

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
June 11 Assembly meeting.



CITY AND BOROUGH OF SITKA

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

Minutes - Draft

City and Borough Assembly

*Mayor Matthew Hunter
Deputy Mayor Bob Potrzuski
Vice-Deputy Mayor Steven Eisenbeisz
Tristan Guevin, Kevin Knox
Aaron Bean, and Aaron Swanson*

*Interim Municipal Administrator: Phillip Messina
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Tuesday, July 11, 2017

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

IV. CORRESPONDENCE/AGENDA CHANGES

Assembly Member Bean requested budget items in Ordinance 17-23 be addressed individually.

17-127 Reminders, Calendars and General Correspondence

V. CEREMONIAL MATTERS

17-124 Service Award - Dorik Mechau (Library Commission)

Mayor Hunter read a service award acknowledging Dorik Mechau for his years of service on the Library Commission.

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

17-123 Bags for Change - Michelle Putz

Members of the volunteer group, Bags for Change, spoke to the need for reducing the amount of plastic bags used in the community. Group members wished to see local legislation developed implementing a fee on each plastic bag with 50% of the

fees generated being used to fund the Sitka School District and 50% used to stabilize residential electric rates.

VII. PERSONS TO BE HEARD

Iris Nash stated she was leaving Sitka to deliver her baby. She expressed frustration in the lack of continuity regarding providers while in Sitka.

VIII. REPORTS

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

Mayor - Hunter stated the Town Hall meeting scheduled for July 17th had been postponed. He relayed a local business owner had approached the City about buying Sitka Community Hospital. Hunter felt it was best to postpone the Town Hall meeting to allow the Assembly time to revisit the process and gather more information. Hunter clarified the Sitka Community Hospital worksession scheduled for July 13th and special Assembly meeting set for July 18th would still be held.

Attorney - Hanson noted he would be conducting Legal Assistant interviews at the end of July.

Clerk - Peterson reviewed vacancies on City Boards and stated the candidate filing dates for the Municipal Election.

Liaisons - Potrzuski noted the Local Emergency Planning Commission had recessed for the summer.

IX. CONSENT AGENDA

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

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

A 17-121 Approve the minutes of the June 27 Assembly meeting

This item was APPROVED ON THE CONSENT AGENDA.

B 17-125 Approve a liquor license ownership transfer and restaurant designation permit for Beak LLC dba Beak Restaurant at 2 Lincoln Street Suite 1A

This item was APPROVED ON THE CONSENT AGENDA.

C RES 17-14 Approving submittal and execution of a Municipal Harbor Facility Grant application to the State of Alaska Department of Transportation and Public Facilities (DOT&PF) in the amount of \$5,000,000 for the project entitled Crescent Harbor Float Replacement - Phase I

Eisenbeisz felt that even with a grant, the City could not afford the project and wished to wait until the money had been saved before moving forward. Other Assembly

members voiced support for the project, stating the floats were in need of repair and reminded delaying the repair would only lead to further infrastructure and financial problems. Jay Sweeney, Chief Finance and Administrative Officer, confirmed the 6% recommended rate increases (recommended through 2035) included funding for the debt service for bonding for Crescent Harbor. Bean suggested the Assembly consider a landing tax for commercial harbor users to help with funding.

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

Yes: 4 - Guevin, Potrzuski, Hunter, and Knox

No: 3 - Swanson, Eisenbeisz, and Bean

D RES 17-15

Approving submittal and execution of a Municipal Harbor Facility Grant application to the State of Alaska Department of Transportation and Public Facilities (DOT&PF) in the amount of \$1,500,000 for the project entitled Eliason Harbor Electrical Replacement

Eisenbeisz spoke in opposition to the project, stating it was unaffordable for the City to proceed, and reminded that by submitting this application and receiving the grant, the City was committing. Potrzuski reminded Sitka was a fishing community and a funding source was needed for this project. He added that receiving a large portion from the state, through this grant, would be helpful.

Michael Harmon, Public Works Director, offered the cost of construction inflation was 3 to 4% each year. Looking at the prior project cost of 13 million, a 3 to 4% inflation increase would be roughly \$400,000. Harbor rate increases of 6% were projected to bring in approximately \$60-\$70,000; not enough to keep up with construction inflation. Harmon stated it would be impossible to save the required amount of cash for project replacement.

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

Yes: 4 - Guevin, Potrzuski, Hunter, and Knox

No: 3 - Swanson, Eisenbeisz, and Bean

E RES 17-16

Supporting Sea Level Consulting's application under the FY17 Historic Preservation Fund Grant program for Certified Local Governments

This item was APPROVED ON THE CONSENT AGENDA.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

F 17-122

Appoint Taylor Colvin to an unexpired term on the Planning Commission

Mayor Hunter thanked the applicant for his willingness to serve.

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

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

XI. UNFINISHED BUSINESS:

- G ORD 17-21** Amending Sitka General Code Title 15 to increase rates at Chapter 15.04 "Sewer System" Sections 15.04.100 entitled "Service Connection Charge", 15.04.320 entitled "Rates and Fees"; and Chapter 15.05 "Water System" Sections 15.05.240A entitled "Service Connection Charge", 15.05.620 entitled "Rates and Fees"; and Chapter 15.06 "Solid Waste System and Refuse Collection" Sections 15.06.020 entitled "Solid Waste Disposal Policy and Rates", 15.06.030 entitled "Receptacles Available", 15.06.035 entitled "Rates for Treatment and Collection", 15.06.045 entitled "Special Refuse and Treatment Charges"

Hugh Bevan wondered what portion of the rate increases would be reserved for future infrastructure replacement.

Jay Sweeney, Chief Finance and Administrative Officer, explained every dollar of the increases was earmarked for future infrastructure and set forth in fiscal plans. Public Works Director, Michael Harmon, clarified there were some operational adjustments in the Solidwaste Fund. Sweeney stated the City was currently covering operating costs with the current rate increases; any extra revenue generated would flow to working capital and increase working capital to help pay for future infrastructure.

Helen Craig spoke in opposition to the Ordinance.

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

Yes: 4 - Guevin, Potrzuski, Hunter, and Knox

No: 3 - Swanson, Eisenbeisz, and Bean

- H ORD 17-22** Adjusting the FY17 Budget (PERS)

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

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

XII. NEW BUSINESS:

- I ORD 17-24** Adjusting the FY18 budget (*downtown shuttle pilot project*) first reading

Elizabeth Faulker spoke in support of the downtown shuttle pilot project. Helen Craig suggested the route include stops outside of the downtown area.

Interim Administrator, Phil Messina, stated he had met with Sitka Tribe of Alaska (STA) General Manager, Lisa Gassman, and the two were working on a Memorandum of Understanding between the City and STA. Messina noted there would be three stops on the route. STA was willing to pilot the project for a month, beginning as soon as July 16. Messina stated business owners would need to collaborate if they wished to have the project extend past the 30 days.

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

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

J 17-126

Approve 1) a lease agreement, with amended terms, between Northline Seafoods, LLC and the City and Borough of Sitka for Block 4, Lot 4 of the Gary Paxton Industrial Park, and, 2) a lease agreement between Northline Seafoods, LLC and the City and Borough of Sitka for a portion of Block 4, Lot 9A of the Gary Paxton Industrial Park

Helen Craig urged the Assembly to be responsible in voting.

Garry White, Director of the Gary Paxton Industrial Park, explained there were two leases before the Assembly for consideration. He explained the amended lease for Lot 4 allowed Northline to purchase the property after 5 years if the terms of the lease had been met.

A motion was made by Guevin to DIVIDE THE QUESTION. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

Block 4 Lot 4 Discussion

Eisenbeisz was uncomfortable approving the lease. He noted it would lock the City into a sale, the property would be sold in 2022 for 2014 values, was fiscally irresponsible, and was opposed to the employee lease credits.

White explained the lease rates being charged were based off of current market rate values. He noted in the past, the Industrial Park had tried to get a 9% return on the value of the property, in this case based on \$554,000 per year. With regards to employee lease credits, White explained the Board had offered these credits in the past, and in this particular case, the Board considered it to be offered as part of a lease start up. In addition, he stated, with the lease terms, the Board wanted to see job creation for 5 years prior to selling. After 5 years, Northline could purchase the property at today's value of \$554,000 contingent on: 1) Northline having 4 full time equivalent employees making over \$36,000 annually, and, 2) the City retained the first right of refusal to purchase the property in the event Northline wished to sell the property.

Hunter spoke in support of the lease and spoke to the need for new business and industry in Sitka. Guevin also spoke in support of the lease and cited the benefit to the community and economic development opportunities.

A motion was made by Swanson to APPROVE, as recommended by the Gary Paxton Industrial Park Board, a lease agreement, with amended terms, between Northline Seafoods, LLC and the City and Borough of Sitka for Block 4, Lot 4 of the Gary Paxton Industrial Park. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

Block 4 Lot 9A Discussion

Eisenbeisz spoke in support of the lease. Knox agreed and stated the project built a future for the entire Industrial Park.

A motion was made by Swanson to APPROVE, as recommended by the Gary Paxton Industrial Park Board, a lease agreement between Northline Seafoods, LLC and the City and Borough of Sitka for a portion of Block 4, Lot 9A of the Gary Paxton Industrial Park and authorize the Interim Municipal Administrator to execute these documents. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

K ORD 17-23 Adjusting the FY17/FY18 budgets (*reappropriations*) first reading

Assembly member Bean wished to discuss the Ordinance by line item.

Police Chief, Jeff Ankerfelt, spoke to the Police Department reappropriation request of \$74,417 for the Justice Center Design Project. Ankerfelt stated the City was providing the necessary leadership to move the project forward. He noted a community group had been formed, architectural firms were being interviewed, and Sitka Tribe of Alaska was involved in the process. Ankerfelt stated the current facility was substandard, and while fiscally a terrible time to move this forward, it would be negligent not to.

Jay Sweeney, Chief Finance and Administrative Officer, spoke to the reappropriation request from Sitka Community Hospital for \$156,192 and noted additional details would be included in the July 25 packet.

Michael Harmon, Public Works Director, spoke to the reappropriation request of \$70,000 from the Engineering Department to revise and update the 2002 City and Borough of Sitka Specification Standards for Construction. While the 2002 revision was done in-house, Harmon stated it was an issue of allocation resource and believed it was not the best use of staff time to be done in-house.

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

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

L ORD 17-25 Amending Sitka General Code Title 2 "Administration" by adding a new Chapter 2.10 entitled "Defense and Indemnification of Officers and Employees" first reading

Municipal Attorney, Brian Hanson, stated the need for preparation of this Ordinance came to his attention after the recent litigation brought forward by Marko Dapcevich. Hanson stated there were no code provisions that provided defense and indemnification for City employees and officials. Upon further investigation, Hanson learned that this type of provision was common throughout the state and jurisdictions outside of Alaska.

Knox spoke in support of the Ordinance and noted in his research he found multiple municipalities across the Nation that had adopted such an ordinance to provide protection to those serving their communities.

Bean, while in support of the Ordinance, wished to see further definition of sections - for example, scope of service and grievance procedures. Bean also questioned whether the Municipal Attorney should be tasked with determining whether an official or employee was performing official duties in good faith as outlined in 2.10.030(B). Hanson explained scope of service was a phrase of art used in the legal community and interpreted uniformly and regularly by the courts. Hanson clarified that grievance procedures would take precedence as stated in Section 2.10.080. With regards to the Municipal Attorney determining whether an official or employee was performing official duties in good faith, Hanson explained this was a common delegation in statute.

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

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

XIII. PERSONS TO BE HEARD:

Dr. Richard Wein thanked Dorik Mechau and Carolyn Servid for their many years of service and contributions to the community. With regards to agenda items C and D, he suggested that the Assembly continue to inform the public of moorage rates and the real costs associated with these projects.

XIV. EXECUTIVE SESSION

None.

XV. ADJOURNMENT

A motion was made by Swanson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:42pm.

ATTEST: _____
Sara Peterson, CMC
Municipal Clerk