

POSSIBLE MOTION

I MOVE TO approve Ordinance 2012-30 on
third and final reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2012-30

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA, ALASKA
ADDING A NEW CHAPTER 4.44 TO THE SITKA GENERAL CODE ESTABLISHING
REQUIRED LEVELS OF CASH TO BE MAINTAINED AND A NEW CHAPTER 4.45
TO THE SITKA GENERAL CODE ESTABLISHING A LONG TERM PUBLIC
INFRASTRUCTURE SINKING FUND FOR THE OF REPAIR AND REPLACEMENT
OF GENERAL FUND MUNICIPAL BUILDINGS, STREETS, SIDEWALKS, PARKING
LOTS, AND PARKS

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. CLASSIFICATION. This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.

2. SEVERABILITY. If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstances shall not be affected.

3. PURPOSE. The purposes of this ordinance are to codify requirements to maintain minimum levels of cash within the General Fund, and, to establish a sinking fund for the repair and replacement of General Fund municipal buildings, streets, sidewalks, parking lots, and parks its subsequent use for such restricted purposes.

4. ENACTMENT. The Assembly of the City and Borough of Sitka hereby adds Chapter 4.44 and 4.45 to the Sitka General Code.

Chapter 4.44
REQUIRED LEVELS OF CASH TO BE MAINTAINED IN THE GENERAL FUND

4.44.01 Required Levels of Cash On Hand. The General Fund of the City and Borough of Sitka shall be required to maintain a minimum level of cash and cash equivalents in order to provide for adequate cash flow management and liquidity for the Municipality.

A. The minimum level of cash and cash equivalents to be maintained shall be equal to the total of all budgeted expenditure for the General Fund for the current fiscal year, divided by 4.

38 Transfers from the General Fund balance shall not be considered expenditure for the purposes of
39 this calculation.

40 B. For purposes of this Chapter, cash and cash equivalents shall be defined as cash held in
41 demand deposits, overnight repurchase agreements as defined by SGC 4.28.060 4, money market
42 mutual funds as defined by SGC 4.28.060 5, certificates of deposit as defined by SGC 4.28.060
43 2, and local government investment pools per SGC 4.28.060 6.

44 **4.44.02 Restriction of General Fund Balance.** A portion of the General Fund balance equal to
45 the total of all budgeted expenditures for the General Fund for the current fiscal year, divided by
46 4, (transfers from the General Fund balance shall not be considered expenditure for the purposes
47 of this calculation), shall be restricted as to its use in order to provide for required liquidity of the
48 Municipality and not available for appropriation without a super majority of the Assembly voting
49 in approval. An additional amount of \$2,000,000 shall be restricted as to its use in order to
50 provide funds for responding to an emergency and not available for appropriation without a
51 super majority of the Assembly voting in approval.

52 **Chapter 4.45**

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54 **LONG TERM INFRASTRUCTURE SINKING FUND FOR THE REPAIR AND**
55 **REPLACEMENT OF GENERAL FUND MUNICIPAL BUILDINGS, STREETS,**
56 **SIDEWALKS, PARKING LOTS, AND PARKS**

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59 **4.45.01 Establishment of the Public Infrastructure Sinking Fund.** There shall hereby be
60 created, within the fund structure of the City and Borough of Sitka, a sinking fund for the repair
61 and replacement of General Fund municipal buildings, streets, sidewalks, parking lots, and parks
62 to be hereafter called the Public Infrastructure Sinking Fund.

63 **4.45.02 Determination of the Required Balance of the Public Infrastructure Sinking Fund.**
64 Within 90 days after the start of each fiscal year, the Administrator shall prepare an analysis of
65 the General Fund Balance with an accompanying recommendation as to an amount of the
66 General Fund Balance available for potential transfer to the Public Infrastructure Sinking Fund.
67 This analysis shall first take into account any portions of the General Fund restricted by Section
68 4.44 of the Sitka General Code before recommending any further amounts for potential transfer
69 to the Public Infrastructure Sinking Fund.

70 **4.45.03 Assembly Action.** Within 60 days after presentation of the annual analysis by the
71 Administrator, the amount determined by the Administrator shall automatically be transferred to
72 the Public Infrastructure Sinking Fund, unless a super majority of the Assembly votes to change
73 the recommended amount.

74 **4.45.04 Use of the Sinking Fund.** The Assembly shall annually appropriate an amount from
75 the Public Infrastructure Sinking Fund to be used exclusively for the repair and replacement of

76 General Fund municipal buildings, streets, sidewalks, parking lots, and parks as recommended
77 by the Administrator in his annual budget.

78 **4.45.05 Emergency Transfer of the Sinking Fund.** The Assembly shall have the authority to
79 transfer any portion of the Public Infrastructure Sinking Fund to the General Fund in the case of
80 an emergency threatening public health, safety, or welfare which requires use of public funds.
81 Such a transfer shall require an approval of a super majority of the Assembly.

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83 **EFFECTIVE DATE.** This ordinance shall become effective the day after the date of passage.

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85 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka,
86 Alaska this 9th day of October, 2012.

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Cheryl Westover, Mayor

93 **ATTEST:**

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Colleen Ingman, MMC

99 **Municipal Clerk**

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101 **1st Reading September 11 Amended**

102 **2nd Reading September 25 Amended version**

103 **3rd Reading October 9**

previous comments. She urged the need to expand marketing to Sitka. Gerry Hope spoke on behalf of Alaska Native Brotherhood Building, which was also in high demand and had a similar situation - how to get enough revenue to stay in operation. They found when they charged the dance groups that they used the facility less. Annette Becker, Sitka Youth Advocates, used it around 20 times last year primarily for training and greatly appreciated it. Sabra Jenkins, Oceanwave Quilters, noted the group was planning their 30th Anniversary and wondered if it would be their last show. Pat Alexander spoke to the unintended consequences; this could cause less revenue. Pat Kehoe mentioned the number of organizations that use HCH and that it was a part of the heart of Sitka. Kehoe noted the City needed to do what they could to keep downtown vital and the Centennial Building was a big part of that. Fire Chief Dave Miller informed the Alaska State Firefighters used the building for free but brought in 300 people and a fair amount of money. He noted the EMS Symposium was also held at HCH every other year. He stated locals were able to attend for free. With 80 volunteers to train, it would mean additional travel dollars. He advocated for doubling the size of HCH. Alicia Olsen of the Sitka Seafood Festival relayed they had contracts out with the Food Network and Travel Channel. There was potential to grow in this arena. Ryan Kauffman emphasized the importance of the building to the community. He spoke against the fee change. Linda Wilson spoke to the quality of life in Sitka and the events held at HCH. Ron Field understood both sides; when people used the building to make a profit they should pay. Many of those testifying thanked and complimented the HCH staff for their work.

Assembly Deliberation:

In response to a question by Reif, Kluting estimated \$44,000 in additional revenue would be generated from the rate changes. Kluting believed the nonprofits would go elsewhere thereby reducing the estimated increase by half. Reif was willing to continue looking at the extended hours portion but not the rate increase. Christianson believed the rate changes would result in a loss of funds. He reminded of the economic activity that was generated from the building; there would not be enough money to make a difference to the City, but enough to make a difference to the users. McConnell, involved in many non-profits, did not favor changing the rate system but would be willing to discuss hours. Westover and Hackett wished to discuss the hours of operation. She asked for the Administrator's assistance in placing a survey on the City website regarding HCH hours. Esquiro hoped to get some recommendations on how to reduce the cost of operation for the building. He challenged citizens to come up with solutions.

X. NEW BUSINESS:

New Business First Reading

- G** **ORD 12-06** Amending the Sitka General Code by repealing the sales tax exemption provision currently at Sitka General Code subsection 4.09.100Y for "exemption for retired persons who have reached the age of sixty-five," and adding a new section 4.09.105 entitled "Sales Tax Exemption for Sitka Senior Residents or Members of their households"

Mayor Westover asked Administrator Dinley to explain the comment that former Finance Director Dave Wolff made at the last meeting with regard to the amount of money in reserves. Dinley explained the City had roughly \$9.7 m which the City had set aside for emergencies. The amount did not take into consideration scheduled accounts payable or future commitments that would be invoiced. He also reminded the City had no dedicated funding set aside for all of its infrastructure. For example; the City thought they had a healthy sinking fund for vehicles and learned they only had 40% of what they thought they had.



The motion PASSED by the following vote.

Yes: 6 - Westover, McConnell, Blake, Christianson, Reif, and Hackett

A motion was made by Westover to RECONVENE as the Assembly in regular session. The motion PASSED by a unanimous vote.

H 12-70

Approve a Memorandum of Agreement with the Alliance for the Support of American Legion Baseball in Alaska authorizing them to complete the Moller Field project and to utilize CBS remaining State Grant funds for Moller Baseball Field improvements

Brian Hansen urged the Assembly to support this.

Public Works Director, Michael Harmon, noted the City spent around \$10,000 a year maintaining the existing field. The proposed field has a long life expectancy. Harmon stressed the need to create an infrastructure maintenance/replacement fund noting Sitka had a false sustainable economy with heavy dependence on State funding.

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

Yes: 6 - Westover, McConnell, Blake, Christianson, Reif, and Hackett

I 12-68

Approval of Contract Assistant for the Blue Lake Expansion Project - Electric Department

This item was PULLED prior to the meeting.

J 12-62

Approve a permanent transfer of CBS Property Lot 18 Sawmill Cove Industrial Park to the Water Enterprise Fund including a transfer of \$65,560.00 from the UV Facility Capital Account to SMCIP Fund

Sawmill Cove Industrial Park Director, Garry White, explained the City was looking for a piece of property to put their UV Plant on and approached the Sawmill Cove Board. The Water Enterprise would be investing in this property.

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

Yes: 6 - Westover, McConnell, Blake, Christianson, Reif, and Hackett

K 12-65

Approve a Memorandum of Agreement between DOT&PF and CBS for the Sawmill Cove Waterfront Development Plan and Project Scope

Christianson had to sign off from the meeting at 8:40 PM to address other matters.

Garry White, Sawmill Cove Industrial Park Director, explained CBS was awarded federal funds for the development of waterfront of Sawmill Cove. The study would identify six main projects at the Park: 1) the viability for a larger marine haul out; 2) the ability to tender larger commercial vessels; 3) what type of dock the Park would support; 4) a site assessment of the water structure; 5) a bathometric rocking of the bottom; and 6) whether a rock quarry could be operated safely.

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

Yes: 3 - Westover, Reif, and Hackett

The amendment PASSED by the following vote:

Yes: 6 - McConnell, Blake, Christianson, Esquiro, Reif, and Hackett

No: 1 - Westover

McConnell hoped to see the public educated on the sales tax exemption rules. Christianson noted the main mode of enforcement would be citizens.

A motion was made by Reif to further amend the ordinance by striking all references to publicizing. The motion to amend PASSED by the following vote:

Yes: 6 - Westover, McConnell, Blake, Esquiro, Reif, and Hackett

No: 1 - Christianson

A motion was made by Christianson to amend line 49 of the ordinance from less than twice the federal poverty guidelines to three times the federal poverty guidelines. The amendment PASSED by the following vote:

Yes: 7 - Westover, McConnell, Blake, Christianson, Esquiro, Reif, and Hackett

A recess was taken from 8:22pm to 8:31pm.

The Assembly discussed the ordinance and guidelines for implementation.

A motion was made by Christianson that this Ordinance be PASSED ON FIRST READING AS AMENDED. The motion PASSED by the following vote.

Yes: 5 - McConnell, Blake, Christianson, Reif, and Hackett

No: 2 - Westover, and Esquiro

C ORD 12-17

Adopting Budgets for the Fiscal Year July 1, 2012 through June 30, 2013



McConnell wondered about raising fees for vehicles and how that would help create funds for road infrastructure. She also noted it was crucial to determine funding for the sinking fund. Reif agreed. He expressed the need for growth of the sinking fund.

A motion was made by McConnell that this Ordinance be PASSED ON FIRST READING AS AMENDED. The motion PASSED by the following vote.

Yes: 7 - Westover, McConnell, Blake, Christianson, Esquiro, Reif, and Hackett

VII. PERSONS TO BE HEARD:

None.

VIII. EXECUTIVE SESSION

None.

X. ADJOURNMENT


A motion was made by McConnell that this Ordinance be POSTPONED at the request of Mayor Westover seeing that there were only five members in attendance. The motion PASSED by the following vote.

Yes: 4 - Westover, McConnell, Christianson, and Reif

No: 1 - Esquiro

Absent: 2 - Blake, and Hackett

- A** ORD 12-07S Amending the Sales Tax Exemption at Sitka General Code Subsection 4.09.100N entitled "Over One Thousand Dollars in Sales and Rents of Tangible Personal Property and on Sales of Services," and "Over One Thousand Dollars in Rent or Lease of Real Property on a Monthly Basis."

 Sweeney strongly urged from a staff viewpoint and for the ease of the public in completing their sales tax returns that the month be changed. His staff is unanimous in favoring an October vs. September effective date. Reif suggested having a September date would be burdensome for the retailers and the finance department. The budget is currently balanced; and he hopes this additional revenue will go towards an infrastructure sinking fund. We also need to take into consideration that there are still adventure travelers in the month of September.

A motion was made by Reif that this Ordinance be AMENDED. The motion PASSED by the following vote.

Yes: 5 - Westover, McConnell, Christianson, Esquiro, and Reif

Absent: 2 - Blake, and Hackett

This item was PASSED ON FIRST READING.

- B** ORD 12-06A Amending the Sitka General Code by repealing the Sales Tax Exemption provision currently at Sitka General Code Subsection 4.09.100Y for "Exemption for Retired Persons Who Have Reached the Age of Sixty-Five," and adding a new section 4.09.105 entitled "Sales Tax Exemption for Sitka, Senior Residents."

The mayor doesn't favor tripling the means or having two different ages; she just feels we have complicated it.

Sweeney projects \$200,000 in today's dollars plus or minus \$50,000 in twenty years. He said they certainly would have additional record keeping administration surrounding the photo ID cards. His estimate is it will double the amount of time the application process takes. McConnell mentioned some of the emails she received with regard to exempting food and utilities as perhaps a better route. McConnell asked Hillhouse her thoughts on going this route. Hillhouse talked to the state assessor and he said no one does food other than food stamps; she couldn't find a definition of food in Alaska.

support the budget process starting earlier. Christianson believes we will have a supplemental budget ordinance next month for consideration and urged members to consolidate their desires into one ordinance if possible.


A motion was made by Hackett that this Ordinance be PASSED ON SECOND AND FINAL READING AS AMENDED. The motion PASSED by the following vote.

Yes: 5 - Westover, McConnell, Blake, Christianson, and Reif

No: 2 - Esquiro, and Hackett

F ORD 12-07S

Amending the Sales Tax Exemption at Sitka General Code Subsection 4.09.100N entitled "Over One Thousand Dollars in Sales and Rents of Tangible Personal Property and on Sales of Services," and "Over One Thousand Dollars in Rent or Lease of Real Property on a Monthly Basis."

 Sweeney projected the revenue for a nine month period to be roughly \$500,000 however, he clarified that it is a speculative guess. Reif hopes the additional funds will go into a maintenance/infrastructure "Sinking Fund." Westover cautioned; until we see how it plays out we really have no idea what we will collect.

A motion was made by McConnell that this Ordinance be PASSED ON FIRST READING AS PREVIOUSLY AMENDED. The motion PASSED by the following vote.

Yes: 7 - Westover, McConnell, Blake, Christianson, Esquiro, Reif, and Hackett

I 12-85

Authorize the Administrator to execute an agreement for Contract No. 3 - Supply of Gates and Hoist for the Blue Lake Expansion Project to Linita Design and Manufacturing Corporation - not to exceed \$817,690.00

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

Yes: 7 - Westover, McConnell, Blake, Christianson, Esquiro, Reif, and Hackett

K 12-81

Approve the award and design contract for Centennial Hall Renovations to McCool Carson Green Architects with a not to exceed amount of \$1,217,763

Esquiro brought up the money the city spends on planning and design. It is a costly piece that warrants careful consideration. Mayor has shared some of the same concerns; yet realizes the need to get it right the first time. Harmon informed that the industry standards for percentages are: 7-10% for raw design with no public process. Blatchley Middle School is a good example of that. You add in the public process and it bumps the costs up to 15%, and if you have extensive permitting it goes to 15-18%, sometimes even higher.