

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 26th and August 2nd Assembly meetings.



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
1332 Seward Ave.
Room 229
Sitka, AK
(907)747-1811

Minutes - Draft

City and Borough Assembly

Mayor Mim McConnell
Deputy Mayor Matt Hunter
Vice-Deputy Mayor Benjamin Miyasato
Aaron Swanson, Steven Eisenbeisz
Tristan Guevin, and Bob Potrzuski

Municipal Administrator: Mark Gorman
Acting Municipal Attorney: Brian Hanson

Tuesday, July 26, 2016

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 5 - Hunter, Swanson, Eisenbeisz, Guevin, and Potrzuski

Absent: 2 - McConnell, and Miyasato

IV. CORRESPONDENCE/AGENDA CHANGES

16-135 Reminders, Calendars and General Correspondence

V. CEREMONIAL MATTERS

16-134 1) Service Award - PJ Ford Slack 2) Citation - U.S. Coast Guard Day

Deputy Mayor Hunter read a service award in recognition of PJ Ford Slack's service as a Library Commission member. In addition, Hunter read and presented a Citation to the U.S. Coast Guard in honor of U.S. Coast Day on August 4.

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

Robb Farmer, Library Director, invited the public to a Harry Potter event at the Library on July 30.

16-138 Update on Municipal Attorney hire process - Mark Danielson

Human Resources Director, Mark Danielson, stated a number of applications had been received and distributed to Assembly members for review. A special meeting was scheduled for August 9 at 5:00 p.m. to select applicants to be interviewed.

VII. PERSONS TO BE HEARD

Lloyd Platson of Sitka Counseling and the HOPE Coalition announced Sitka Counseling had been a recipient of City and Borough of Sitka FY16 Non Profit Grant Funding and thanked the Assembly for their support. Platson stated the funding had been used to implement a prevention program for prescription opioid and heroin abuse.

Members of the ad hoc committee Citizens Concerned For Sitka spoke: Beverly Brill and Marjorie Parmelee voiced concerns with Finance Department operations including employee turnover and lack of sales tax collection. Gail Roderick urged the Assembly to remove itself from the current bulk water export contracts and explore other alternatives. Joe Meador shared ideas for suggested changes to the City tax codes.

VIII. REPORTS

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

Deputy Mayor - Hunter invited the community to attend the Kramer Avenue landslide commemoration event and unveiling of the William Stortz portrait at City Hall on August 18.

Administrator - Gorman reported he and Mayor McConnell had recently met with Rear Admiral McAllister of the Coast Guard who is new to Alaska.

Clerk - Peterson advised of the August 5 filing deadline for Assembly and School Board.

IX. CONSENT AGENDA

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

Yes: 5 - Hunter, Swanson, Eisenbeisz, Guevin, and Potrzuski

Absent: 2 - McConnell, and Miyasato

A 16-132 Approve the minutes of the July 12 Assembly meeting

This item was APPROVED ON THE CONSENT AGENDA.

B 16-133 Approve a new seasonal liquor license (Restaurant/Eating Place) for Trinity Business Services, LLC dba Halibut Point Crab & Brew at 4513 Halibut Point Road

This item was APPROVED ON THE CONSENT AGENDA.

C RES 16-13 Increasing permanent and temporary moorage rates (*first and final reading*)

Kevin Knox, Chair of the Port and Harbors Commission, expressed the desire of the Commission to sustain the harbor system as a well maintained and robust infrastructure. Knox stated the Commission was dedicated to working with the Assembly and the community to determine how to best support the Harbor Enterprise Fund. Potrzuski stressed the importance of the fishing fleet to Sitka, thanked the Commission for their service, and noted the severity of the fiscal situation. Hunter reminded that the Assembly recently acted on a recommendation of the Citizens' Taskforce to contribute \$100,000 from Raw Fish Tax directly to the Harbor Fund. This contribution made a lower rate increase possible from what was originally projected for FY17.

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

Yes: 5 - Hunter, Swanson, Eisenbeisz, Guevin, and Potrzuski

Absent: 2 - McConnell, and Miyasato

D ORD 16-25 Amending Title 15 of the Sitka General Code to increase rates at Chapter 15.04 "Sewer System" Sections 15.04.100 entitled "Service Connection Charge", 15.04.320 entitled "Rates and Fees", Chapter 15.05 "Water System" Sections 15.05.240A entitled "Service Connection Charge", 15.05.620 entitled "Rates and Fees"

Hugh Bevan believed there had been increased operational costs with the Fund.

Administrator Gorman stated the intent of the rate increases was to minimally adjust for inflation.

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

Yes: 5 - Hunter, Swanson, Eisenbeisz, Guevin, and Potrzuski

Absent: 2 - McConnell, and Miyasato

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

None.

XI. UNFINISHED BUSINESS:

E ORD 16-22 Adjusting the FY16/FY17 Budgets

Eisenbeisz stated he would be voting in opposition to the ordinance due to a lack of information provided on the disaster declaration work.

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

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

No: 1 - Eisenbeisz

Absent: 2 - McConnell, and Miyasato

F ORD 16-23 Amending Chapter 4.19 "Sitka Permanent Fund" by adding a new Section 4.19.020 "Annual Transfer to Permanent Fund"

Eisenbeisz agreed with the need to inflation proof the Permanent Fund, however, did not agree with the outlined process and suggested a Charter change if that is what was ultimately needed. Hunter understood the concern but reminded the suggested process was legal and ultimately, to inflation proof the Permanent Fund, was the right thing to do. Gorman clarified that the take out from the Permanent Fund was not being reduced but instead, the Fund would be replenished.

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

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

No: 1 - Eisenbeisz

Absent: 2 - McConnell, and Miyasato

G ORD 16-24 Amending Chapter 4.28 "Investment Policy" by replacing Section 4.28.120 "Assets Mix Policy for the Permanent Fund", with 4.28.120 "Assets Mix Policy"

Eisenbeisz questioned the need for "Investment Managers" on line 53 and wondered if it was limiting. Administrator Gorman offered it could be genericized in the event that the Permanent Fund was internally managed.

A motion was made by Eisenbeisz to AMEND the Ordinance and strike the words "The Investment Managers of" from line 53. The amendment PASSED by the following vote.

Yes: 5 - Hunter, Swanson, Eisenbeisz, Guevin, and Potrzuski

Absent: 2 - McConnell, and Miyasato

Hunter believed "Investment Managers" to be an individual or firm. "Investment Managers" was not the name of the firm.

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

Yes: 5 - Hunter, Swanson, Eisenbeisz, Guevin, and Potrzuski

Absent: 2 - McConnell, and Miyasato

Municipal Clerk's note

The amended sentence reads:

4.28.120 Assets Mix Policy. The Sitka Permanent Fund shall employ a total return investment strategy in their choice of investments for the Permanent Fund and shall have discretion to change the asset mix and composition of the Portfolio to maximize return, subject to the following broad restrictions:

After reviewing the approved amendment to Ordinance 2016-24 it was determined that additional changes would need to be made for syntax purposes. The Municipal Clerk made the following changes to the first

sentence of 4.28.120 maintaining the intent of the amendment. Codification of the sentence will read:

4.28.120 Assets Mix Policy. The management of the Sitka Permanent Fund shall employ a total return investment strategy in its choice of investments for the Permanent Fund and shall have discretion to change the asset mix and composition of the Portfolio to maximize return, subject to the following broad restrictions:

XII. NEW BUSINESS:

H 16-136 Update and Discussion/Direction/Decision of a ballot proposition to increase the millage rate and create a residential real-property home-owners exemption of up to \$50,000

Administrator Gorman explained the City and Borough of Sitka (CBS) would begin the FY18 budget process with a \$2.5 million deficit. The deficit included funding Public Works capital projects at \$1.5 million but did not include a subsidy to the Electric Department nor other Citizens' Taskforce (CTF) recommendations. Gorman explained the deficit would grow to \$3 million if a 2 mill increase were approved by voters and recommendations of the CTF were included in the FY18 budget. To add CTF recommendations with no increase in the millage rate, the deficit would grow to \$5 million. He named the following as possible budget reductions: school support, parks and ballfields, convert roads to gravel, and public safety - reduction of police officers. Gorman stated citizens have high demand and a low tolerance for reductions in services. Gorman stressed the need for additional revenue sources and shared some possibilities: millage increase, maintain year round 6% sales tax, excise tax on bulk fuel, vehicle registration fee, increase sales tax cap to \$10,000, eliminate senior sales tax exemption, and eliminate non profit sales tax exemption.

Public Comment:

Alene Henning spoke against a property tax increase. School Board member, Tom Conley, thanked the Assembly for their support and expressed concerns about the availability of future funding from the City and Borough of Sitka (CBS) and the State of Alaska. Joe Meador urged the Assembly to be cautious in the ballot proposition language and offered the outcome should benefit both the CBS and the citizens. Shirley Robards spoke in opposition to eliminating the senior sales tax exemption. Hugh Bevan offered a millage rate increase should be tied to a specific use.

Assembly Discussion:

Members Potrzuski, Guevin, Eisenbeisz, Swanson, and Hunter spoke in support of placing a ballot question before the voters to increase the millage rate from 6 mills to 8 mills. Guevin reminded this would put the question before the voters. He believed a larger increase was needed to give future Assemblies the ability to maintain infrastructure but was comfortable moving forward with a 2 mill increase. Assembly members discussed the possibility of using revenue raised from the millage increase to subsidize the General Fund and either remove sales tax on certain groceries or subsidize the electric fund to lessen rate impacts to citizens.

Direction to Staff:

Prepare a ballot proposition for a 2 mill increase to be placed before voters at the October 4, 2016 regular election. The Assembly stated they would intend the revenue generated from 2 mills be used to: 1) subsidize the General Fund and 2) use the remaining mill to either eliminate sales tax on groceries or subsidize the electric fund to lessen rate impacts. Staff was asked to prepare two ordinances for future Assembly consideration: one to eliminate sales tax on groceries and one to subsidize

the Electric Fund. It was decided a special meeting would be held August 2 for consideration of first reading of the ballot proposition.

I 16-137

Update and Discussion/Direction of the bulk water contracts with Alaska Bulk Water Inc. and Arctic Blue Waters (Canada) Inc.

Garry White, Director of the Gary Paxton Industrial Park (GPIP) Board, informed the Assembly that Alaska Bulk Water Inc. (ABWI) and Arctic Blue Waters (Canada) Inc. had not made their required payments as of June 30 and therefore the contracts were null and void. The GPIP Board met recently and determined they would continue to advertise for prospective bulk water clients. Administrator Gorman stated the GPIP Board was discussing the appropriate marketing strategy for bulk water and how to reach out to more established entities. White noted there were high logistical costs with transporting water. He added that ABWI had invested capital to build a mooring buoy system with a floating pipeline to load ships. Eisenbeisz noted ABWI would be offered a month to month lease on the tidelands and the uplands infrastructure they had put in place which was beneficial to the City and Borough of Sitka and ABWI. Gorman stated he was comfortable with the direction the GPIP Board was taking.

XIII. PERSONS TO BE HEARD:

None.

XIV. EXECUTIVE SESSION

None.

XV. ADJOURNMENT

A motion was made by Swanson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:12pm.

ATTEST: _____
Sara Peterson, CMC
Municipal Clerk



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Minutes - Draft

City and Borough Assembly

*Mayor Mim McConnell
Deputy Mayor Matt Hunter
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Aaron Swanson, Steven Eisenbeisz
Tristan Guevin, and Bob Potrzuski*

*Municipal Administrator: Mark Gorman
Acting Municipal Attorney: Brian Hanson*

Tuesday, August 2, 2016

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 5 - Hunter, Swanson, Miyasato, Guevin, and Potrzuski

Absent: 2 - McConnell, and Eisenbeisz

IV. PERSONS TO BE HEARD

None.

V. NEW BUSINESS:

- A **ORD 16-26** Amending the Home Rule Charter of the City and Borough of Sitka for purposes of increasing the property tax limit to eight-tenths (0.008) of one percent; and submitting the question of such an amendment to the qualified voters at a regular election on October 4, 2016 (ballot proposition)

Potrzuski believed this was the best way to proceed noting the Assembly had taken a long long at the Citizens' Taskforce (CTF) recommendations. Administrator Gorman reminded the public that the Assembly was not taking action to raise property tax. The Assembly instead was taking action to allow the citizens to take action and vote on property tax. Guevin remarked he was excited to see this going forward to the voting public. He noted when the Assembly established the CTF they were asked to bring forward recommendations on taxes, fees and revenues that were more sustainable and more equitable. Coupling a potential millage increase with either removing sales tax on groceries or subsidizing electric rates was a step in the right direction to more sustainable revenue and fees.

VI. PERSONS TO BE HEARD:

School Board member, Tom Conley, spoke to the finances of the Sitka School District including potential budget shortfalls for FY18.

VII. EXECUTIVE SESSION

None.

VIII. ADJOURNMENT

A motion was made by Miyasato to ADJOURN. Hearing no objections, the meeting ADJOURNED at 6:08pm.

ATTEST:

Sara Peterson, CMC
Municipal Clerk