



CITY AND BOROUGH OF SITKA

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

Minutes - Final City and Borough Assembly

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

Municipal Administrator: Mark Gorman
Municipal Attorney: Robin L. Koutchak
Municipal Clerk: Sara Peterson, CMC

Thursday, April 23, 2015

5:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 5 - Hunter, Swanson, Miyasato, Eisenbeisz, and Putz

Telephonic: 1 - Guevin

IV. PERSONS TO BE HEARD:

Assessor Randy Hughes introduced his replacement Wendy Lawrence.

V. CONSENT AGENDA:

A [ORD 15-27](#) Amending SGC Chapter 4.44, "Southeast Alaska Economic Development Fund"

A motion was made by Swanson to approve the Consent Agenda consisting of Items A and B. The motion PASSED on the following vote.

Yes: 5 - Hunter, Swanson, Miyasato, Eisenbeisz, and Putz

Absent: 1 - McConnell

Telephonic: 1 - Guevin

B [15-054](#) Award a contract for the Jarvis Bulk Fuel Tank API 653 Cleaning and Inspection to Enterprise Engineering, Inc. - \$79,800

This item was APPROVED on the Consent Agenda.

V. UNFINISHED BUSINESS:**C** [ORD 15-23](#)

Amending the SGC in Title 15 Public Utilities, under Chapter 15.01 Electric Utility Policies, at Section 15.01.020 Electrical Rates, by increasing Electric Rates to fund approved Electrical Utility Capital Projects including the Blue Lake Hydroelectric Expansion Project and establishing an Energy Assistance Fund and an Electric Vehicle Incentive

Valorie Nelson expressed her concerns surrounding raising electric rates. She contended that if the City wanted to encourage usage to use flat rates. Nelson stated people were struggling.

Bradley Shaffer stated that the risk of non payment of bonds had been transferred to the residents. He believed a raise in rates would only burden the lower income people. He contended that if the rates were increased they would be met with market resistance resulting in folks conserving too much and yet another increase in rates to meet bond covenants.

Miyasato asked about flat rate research versus graduating rates. Utility Director, Chris Brewton, responded the residential rates were made up of a fixed charge and a graduated charge. He offered several examples using varied kilowatt usage confirming that this rate structure did level rates with a narrow band of differences.

Eisenbeisz asked if the city had worked up just flat rates. Brewton replied no and explained the result would be the lower end user rates would increase dramatically. Putz related that the rates were close enough in her mind especially if you were trying to encourage higher consumption. Brewton explained that a 500 KW customer would see a \$4.00 increase in their bill. Higher consumption customers would see even lower increases. With a flat rate, the low consumption users were paying an effective rate much higher than average or high consumption users.

Deputy Mayor confirmed that it was a flat charge with some minor deviations and explained if we were to raise consumption in the near future there would be increased loads. Brewton was optimistic of the new load growth. Deputy Mayor questioned a ten year outlook and the possibility of 5% plus increases. Sweeney mentioned an additional sub-station on Halibut Point Road. Those types of items were out there. However, a model had been built that would include funding for things like transformers. Sweeney cautiously believed another rate increase would not be required but could not guarantee it. The only revenue that could go to the rate stabilization fund was revenue above the 125% bond requirements. Hunter wanted to make sure that the ordinance that had the lower rates would do the job. How does this one time infusion get us to sustainability? Sweeney replied, it cushioned the shock to the consumers, but the bottom line was there would be \$2.5 M into that fund. If the citizens were to pass a property tax increase to help subsidize electric rates that would be another possibility. Brewton offered that with the Southeast Economic Development Funds giving us the ability to install interruptibles at locations such as Blatchley Middle School and City/State Building we would recover costs of those projects, it had been proven. Putz asked about the Energy Assistance program and wondered if a person could make a one time contribution? Sweeney said we have that ability right now. Hunter liked the option that we could go a third of the way and end up with a slightly lower rate increase than the original rate ordinance. He saw this as giving us the ability to pay for this year, get us through next year and then we would need to revisit.

A motion was made by Swanson that this Ordinance be PASSED ON FIRST

READING. The motion PASSED by the following vote.

Yes: 4 - Hunter, Miyasato, Guevin, and Putz

No: 2 - Swanson, and Eisenbeisz

Absent: 1 - McConnell

D [ORD 15-17](#)

Amending Subsection 15.01.020 of SGC Electrical Rates by increasing electric rates to fund approved Electrical Utility Capital Projects including the Blue Lake Hydroelectric Expansion Project and establishing an Energy Assistance Fund

Bradley Shaffer inquired about increased loads and interruptibles. Hunter had asked that same question with regard to interruptible service and replied they could install an electric boiler that would replace oil usage. The rate for interruptible power would remain roughly 10 cents less than oil and would max out at 11 cents. Hunter made the motion to reconsider because initially it didn't make sense to him either, but now it did. Deputy Mayor believed that even with the interruptibles that the city would be looking at additional rate increases in the future.

A motion was made by Putz that the motion to APPROVE Ordinance 2015-17 on First Reading be RECONSIDERED. The motion was reconsidered and APPROVED on First Reading by the following vote.

Yes: 4 - Hunter, Swanson, Miyasato, and Putz

No: 2 - Eisenbeisz, and Guevin

Absent: 1 - McConnell

VII. PERSONS TO BE HEARD:

Chief Miller announced that there would be an airport disaster drill the evening of April 24.

Sandy Coble, Senior Center site manager, spoke to a personal experience of caring for her elder mother and how much she valued the Senior Center services. She appreciated the Assembly's support in continuing to promote the City in a partnership with the Senior Center.

Robb Farmer invited the community to a poet cafe and an author writer event.

VIII. ADJOURNMENT

With no further business the special meeting ADJOURNED at 5:55 PM.

Attest: _____
Colleen Ingman, MMC
Municipal Clerk