

## **CONSENT AGENDA**

### **POSSIBLE MOTION**

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**I MOVE TO APPROVE THE CONSENT AGENDA  
CONSISTING OF ITEM A**

**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  
February 26, 28 and March 14 Assembly  
meetings.



# CITY AND BOROUGH OF SITKA

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

## Minutes - Draft

### City and Borough Assembly

**Mayor Gary Paxton**  
**Deputy Mayor Steven Eisenbeisz,**  
**Vice Deputy Mayor Valorie Nelson,**  
**Aaron Bean, Kevin Knox, Dr. Richard Wein, Kevin Mosher**

**Municipal Administrator: Keith Brady**  
**Municipal Attorney: Brian Hanson**  
**Municipal Clerk: Sara Peterson**

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Tuesday, February 26, 2019

6:00 PM

Assembly Chambers

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#### 5:00 PM WORK SESSION: ASSEMBLY ACTION PLANS

##### **19-044** Work Session: Assembly Action Plans

Assembly members gathered to discuss action plans: lobbying, No Name Mountain/Granite Creek, Seaplane Base, CBS Business Friendly, Affordable Housing, and Cold Storage.

#### REGULAR MEETING

##### **I. CALL TO ORDER**

##### **II. FLAG SALUTE**

##### **III. ROLL CALL**

**Present:** 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

##### **IV. CORRESPONDENCE/AGENDA CHANGES**

##### **19-045** Reminders, Calendars and General Correspondence

Assembly member Eisenbeisz noted correspondence from Chief Finance and Administrative Officer Jay Sweeney on the effects of Governor Dunleavy's FY2020 budget on Sitka.

Mayor Paxton referenced item G and stated the Assembly was being asked to approve 3 of 6 actions plans this evening: Lobbying, No Name Mountain/Granite Creek and Cold Storage.

##### **V. CEREMONIAL MATTERS**

None.



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

Tribal Chair Kathy HopeErickson reported on recent events, informed the Tribe had purchased 204 Signaka Way, and reminded of the Government to Government Dinner on March 5.

**19-040**

Special Reports: 1) SCH / SEARHC Affiliation Project - Sarah Cave, and, 2) Update on the Southeast Conference Mid-Session Summit and Alaska Municipal League Winter Legislative Conference - Jay Sweeney, Chief Finance and Administrative Officer

Consultant Sarah Cave provided a report on the affiliation project and reminded of the special meeting February 28 to discuss the asset purchase agreement and facility lease agreement.

Chief Finance and Administrative Officer Jay Sweeney summarized notes from his attendance at the Southeast Conference and the Alaska Municipal League Legislative Meeting.

**VII. PERSONS TO BE HEARD**

Joe Montagna spoke to Governor Dunleavy's budget cuts and urged citizens to testify at the hearings for SB23 and SB24, supplemental PFD. Noah Shepard, a former Jail Officer and patrol recruit, stated he had filed a lawsuit against the City and Lt. Lance Ewers and welcomed an opportunity to speak with the Assembly. Valdez resident, Lee Hart, founder of Confluence spoke to the economic potential of outdoor recreation and invited citizens to attend a meeting on February 27 at Baranof Brewing Company.

**VIII. REPORTS**

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

Administrator - Brady told of his report to the Health Needs and Human Services Commission and offered ways in which the tax burden could be shifted, met with Sitka Trailworks to discuss phase 6 of the Crosstrail, attended the Winter Alaska Municipal League meeting, and shared CBS was one of 200 communities across the U.S. to be recognized as a Tsunami Ready Site by the National Weather Service.

Liaison Representatives - Knox reported on the Parks and Recreation Committee meeting, Nelson on the Historic Preservation Commission, and Wein on the Port and Harbors Commission, Local Emergency Planning Commission, Health Needs and Human Services Commission, and Tree and Landscape Committee.

Clerk - Peterson reminded of a special meeting February 28 and Government to Government Dinner March 5.

**IX. CONSENT AGENDA**

- A 19-037** Approve the minutes of the January 22, 24, 29, 31 and February 12 Assembly meetings



A motion was made by Nelson to approve the Consent Agenda consisting of item A. The motion was approved by a unanimous voice vote.

**X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS**

- B 19-041** Reappoint: 1) Richard Doland to a three-year term on the Building Department Appeals Board in the category of Alternate Seat, 2) Steve Clayton to a three-year term on the Building Department Appeals Board in the category of Alternate Seat, and, 3) Stephen Morse to a three-year term on the Library Commission

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

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

**XI. UNFINISHED BUSINESS:**

- C ORD 19-04** Authorizing the vacation and sale of a 1,660 square foot portion of the right-of-way adjacent to 1318 Sawmill Creek Road

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

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

- D 19-026** Discussion / Direction of the Investment Committee recommendation to add infrastructure exchange-traded funds as an authorized investment asset class (postponed from the February 12 meeting)

Chief Finance and Administrative Officer Jay Sweeney and Investment Committee Chair Mike Reif spoke to the recommendation of the Investment Committee to allow for investment in infrastructure exchange-traded funds (ETFs). Reif noted a goal was to have the Sitka Permanent Fund have a greater return with less risk. In 2018, Alaska Permanent Capital Management (APCM) had recommended Sitka add an additional asset class, exchange traded funds investing in infrastructure. Blake Phillips of APCM reviewed details of infrastructure ETFs and answered questions from the Assembly. Nelson requested investment reports be distributed to the Assembly. Assembly members were supportive of allowing investment in infrastructure ETFs.

A motion was made by Bean to direct staff to bring forward an ordinance\* to allow for investment in infrastructure ETFs. The motion PASSED by the following vote.

\*After the meeting, it was clarified an ordinance wasn't needed rather concurrence from the Assembly.

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

**XII. NEW BUSINESS:**



**E RES 19-07 Supporting Secure Rural Schools Reauthorization**

School Board Member Elias Erickson urged the Assembly to support Resolution 2019-07.

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

**Yes:** 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

**F ORD 19-05 Making supplemental appropriations for Fiscal Year 2019 (Economic Development Projects / GPIIP Lease Reviews) - 1st reading**

Cosponsors Mosher and Paxton explained this was brought forward in an effort to move pending leases forward and encourage economic development at the Gary Paxton Industrial Park (GPIIP). GPIIP Director Garry White stated there were two pending leases, one of which Municipal Attorney Brian Hanson was working on. Hanson reminded that while there lease templates, it still meant considerable time was needed for each lease. In addition, he noted it had previously been the intent for he and White to review GPIIP projects, prioritize, and decide whether or not it would be prudent to go to outside counsel. Some members were opposed to appropriating money from the Southeast Economic Development Fund and suggested funds come from GPIIP working capital. Others wished to see a list of pending projects before appropriating money.

**A motion was made by Mosher that this Ordinance be APPROVED ON FIRST READING. The motion FAILED by the following vote.**

**Yes:** 3 - Eisenbeisz, Wein, and Mosher

**No:** 4 - Knox, Bean, Paxton, and Nelson

**G 19-042 Approve Assembly Action Plans: Lobbying, No Name Mountain / Granite Creek, Seaplane Base, CBS Business Friendly, Affordable Housing, and Cold Storage**

Municipal Administrator Keith Brady answered questions of the Assembly and noted the lobbying pertained to federal projects, that the RFP for No Name Mountain/Granite Creek was being advertised and could be viewed online through Bid Express. The Assembly requested regular updates on the three action plans.

**A motion was made by Nelson to approve the following action plans: 1) Lobbying, 2) No Name Mountain / Granite Creek, and 3) Seaplane Base. The motion PASSED by the following vote.**

**Yes:** 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

**H 19-046 Discussion / Direction / Decision regarding the Sitka Police Department practices and procedures and a possible investigation of the same by the Assembly (possible executive session)**

Cosponsors Nelson and Mosher stated they were concerned about the working environment at the Police Department. Two lawsuits had been filed by employees and now a third as of this afternoon. It was suggested the Assembly consider conducting a



third party investigation. Municipal Attorney Brian Hanson stated the Sitka Home Rule Charter provided authority for the Assembly to conduct an independent investigation. He reminded that the three lawsuits had been accepted by the insurance carrier and outside counsel would be appointed and the process carried out in the judicial setting. He encouraged the Assembly to work with staff to determine the best path moving forward.

**A motion was made by Eisenbeisz to SUSPEND THE RULES to allow for public comment on the agenda item. The motion PASSED by the following vote.**

**Yes:** 6- Bean, Wein, Eisenbeisz, Nelson, Mosher and Paxton

**No:** 1- Knox

Speaking in support of an independent investigation from the public were Alicia Witherspoon, Jeff Kinnan, Mary Ferguson, Noah Shepard, and Ken Buxton. Jayson Christner expressed disappointment at the suggestion of an investigation and believed a process was currently in place to handle personnel matters.

**A motion was made by Bean to go into executive session to discuss legal matters related to a third party investigation of the Sitka Police Department. The motion PASSED by the following vote.**

**Yes:** 7- Nelson, Mosher, Paxton, Eisenbeisz, Wein, Bean and Knox

The Assembly was in executive session from 8:15pm to 8:40pm.

**A motion was made by Bean to reconvene as the Assembly in regular session. The motion PASSED by a unanimous voice vote.**

Mary Ferguson thanked the Assembly and encouraged them to choose an impartial investigator. Retired Police Chief Sheldon Schmitt offered there were professional organizations in Alaska available to perform police department audits.

**A motion was made by Bean to approve forming an Assembly subcommittee to explore options for a third party to investigate the Sitka Police Department and bring back to the Assembly for consideration at the March 12 meeting, along with a possible appropriation. Subcommittee members are: Bean, Wein, and Mosher. The motion PASSED by the following vote.**

**Yes:** 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

### **XIII. PERSONS TO BE HEARD:**

None.

### **XIV. EXECUTIVE SESSION**

#### **I 19-039 Financial / Legal Matters regarding lawsuits involving the Sitka Police Department**

Assembly members wondered if there was a need for the executive session item. Municipal Attorney Brian Hanson said there was a status report to be given however could be postponed to another meeting if the Assembly desired.

**A motion was made by Mosher to go into executive session to receive and**



discuss an update from the Municipal Attorney and outside legal counsel, Michael Gatti and Megan Sandone, regarding financial and legal matters affecting the Municipality as a result of the lawsuits filed by Ryan Silva on August 23, 2018 and Mary Ferguson on October 11, 2018. The motion PASSED by the following vote.

Yes: 7 - Paxton, Bean, Knox, Mosher, Eisenbeisz, Wein, and Nelson

The Assembly was in executive session from 8:50pm to 9:10pm.

A motion was made by Bean to reconvene as the Assembly in regular session. The motion PASSED by a unanimous voice vote.

## **XV. ADJOURNMENT**

A motion was made by Nelson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:14pm.

ATTEST: \_\_\_\_\_

Sara Peterson, MMC  
Municipal Clerk



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### City and Borough Assembly

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**Aaron Bean, Kevin Knox, Dr. Richard Wein, Kevin Mosher**

**Municipal Administrator: Keith Brady**  
**Municipal Attorney: Brian Hanson**  
**Municipal Clerk: Sara Peterson**

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Thursday, February 28, 2019

6:00 PM

Assembly Chambers

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#### SPECIAL MEETING

#### I. CALL TO ORDER

#### II. FLAG SALUTE

#### III. ROLL CALL

**Present:** 6 - Eisenbeisz, Bean, Wein, Paxton, Mosher, and Nelson

**Absent:** 1 - Knox

#### IV. PERSONS TO BE HEARD

None.

#### V. NEW BUSINESS:

##### A 19-043

Discussion / Direction / Decision on the SCH / SEARHC Affiliation Project documents specifically the Asset Purchase Agreement and Facility Lease Agreement (*executive session is anticipated for a portion of the agenda item*)

Municipal Administrator Keith Brady outlined the objectives for the evening which included an update on the asset purchase agreement and facility lease agreement. He relayed the hope was to receive guidance from the Assembly on a date to release the documents to the public.

Cornelia Huebscher voiced concern for the affiliation project and wondered of the transition and continuity of care.

Wein and Nelson wondered of the need to go into executive session. Outside counsel Sandy Johnson stated the negotiations were not complete and there were matters that needed to be discussed confidentially.

**A motion was made by Mosher to go into executive session to discuss**

communications with the Municipal Attorney and Municipal Administrator regarding phase 3 of the CBS/SCH-SEARHC affiliation process - specifically the Asset Purchase Agreement and Facility Lease Agreement, matters the immediate knowledge of which would adversely affect the finances of the municipality, invite in Chief Finance and Administrative Officer, Jay Sweeney, invite to participate telephonically, outside legal counsel Sandy Johnson, consultants Sarah Cave and Steve Huebner, and invite in, if desired and when ready, Rob Allen and Dr. Roger Golub. The motion PASSED by the following vote.

**Yes:** 4 - Eisenbeisz, Bean, Paxton, and Mosher

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

**Absent:** 1 - Knox

The Assembly was in executive session from 6:15pm to 7:48pm and took a break from 7:34pm to 7:39pm. Allen and Golub were not invited in.

A motion was made by Bean to reconvene as the Assembly in regular session. The motion PASSED by a unanimous voice vote.

A motion was made by Bean that the Asset Purchase Agreement and Facility Lease Agreement be released to the public on March 15. The motion PASSED by the following vote.

**Yes:** 6 - Eisenbeisz, Bean, Wein, Paxton, Mosher, and Nelson

**Absent:** 1 - Knox

#### **VI. PERSONS TO BE HEARD:**

None.

#### **VII. ADJOURNMENT**

A motion was made by Bean to ADJOURN. Hearing no objections, the meeting ADJOURNED at 7:52pm.

**ATTEST:** \_\_\_\_\_

Sara Peterson, MMC  
Municipal Clerk





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## Minutes - Draft

### City and Borough Assembly

*Mayor Gary Paxton  
Deputy Mayor Steven Eisenbeisz,  
Vice Deputy Mayor Valorie Nelson,  
Aaron Bean, Kevin Knox, Dr. Richard Wein, Kevin Mosher*

*Municipal Administrator: Keith Brady  
Municipal Attorney: Brian Hanson  
Municipal Clerk: Sara Peterson*

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Thursday, March 14, 2019

6:00 PM

Assembly Chambers

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#### SPECIAL MEETING

#### I. CALL TO ORDER

#### II. FLAG SALUTE

#### III. ROLL CALL

**Present:** 4 - Eisenbeisz, Knox, Wein, and Mosher

**Absent:** 2 - Paxton, and Nelson

**Telephonic:** 1 - Bean

#### IV. PERSONS TO BE HEARD

Eric VanCise School Board Clerk reported on the Sitka School District budget meeting noting they chose to use flat funding.

#### V. NEW BUSINESS:

- A 19-053** Approve a liquor license renewal application for JL Totem, Inc. dba Totem Square Inn at 201 Katlian Street

A motion was made by Knox to approve a liquor license renewal application for JL Totem, Inc. dba Totem Square Inn at 201 Katlian Street, with the condition that the applicant must satisfy the note/payment plan entered into with the City and Borough of Sitka, and forward this approval to the Alcoholic Beverage Control Board without objection. The motion PASSED by the following vote.

**Yes:** 5 - Eisenbeisz, Knox, Bean, Wein, and Mosher

**Absent:** 2 - Paxton, and Nelson



**B 19-054****Discussion / Direction / Decision of the General Fund**

Eisenbeisz outlined that the Finance Department would present on the General Fund and there would be opportunity for staff direction. Municipal Administrator Keith Brady noted the city budgeted as though the Governor's budget would pass and the presentation took into account what could be done with Raw Fish Tax, school bond debt reimbursement, and the contribution to the School District which would take money from capital projects. Chief Finance and Administrative Officer Jay Sweeney noted the budget proposed was to maintain current levels of service with deferred maintenance that included worst case state budget cuts with one exception of the contribution to the School District. Sweeney noted that State Statute did not appear to have guidance for possible changes at a later date of contribution to the school.

Controller Melissa Haley gave an overview of future budget meetings. She told of four budget decisions that needed to be made: General Fund services, support to the School District, repair of infrastructure, and subsidization to other funds/transfers. She gave the forecast of the major sources of revenue. Assessor Wendy Lawrence gave an assessment of trends in property tax noting that senior exemptions had increased. Haley told of unknown revenues and went over assumptions and decisions that needed to be made with regards to revenue to the General Fund. Sweeney went over school bond debt service that included the Performing Arts Center. Haley told of budget expenditures detailing current level of service, school support, and health care costs. She gave details on subsidies and/or transfers out to other funds. She went over the core services of the General Fund noting a 2.4% reduction from FY2019 budget. She told of new and growth of deferred capital projects.

Wein was not in favor of such a small surplus. He stated the need to prioritize projects. He felt cuts were needed to Central Garage and school funding, although added that across the board cuts should be made. Bean commented that 10% cut should be made and the city should be operating at a bare minimum. Mosher agreed that cuts needed to be made, gave the suggestion of increasing the sales tax to 6% year round, increase in the vacancy factor, and have the assembly involved in new hires. He stated his concern of labor cost. Knox didn't feel the assembly should be involved in hiring decisions. He felt that staff had done a lot of work to prepare the budget with a worst case scenario with removal of state funding. He was not in support with an overall cut.

Haley finished presenting on school funding highlighting decision points of what level of funding to set, instructional vs non-instructional, the Performing Arts Center, and Community Schools.

Eisenbeisz thanked staff and felt that the budget presented was with cuts by assuming the worst case scenario from the state.

Knox relayed a possible conflict and disclosed that his wife works at Pacific High School although her position was grant funded this year and that he was the year round head coach with regards to the Blatchley pool. Deputy Mayor Eisenbeisz ruled no conflict at this time.

**A motion was made by Bean to suspend all capital projects for FY2020 with the exception of the Wastewater Treatment Plant, the Secondary Water Source, and Marine Street Substation. The motion FAILED by the following vote.**

**Yes: 2 - Bean, and Mosher**



**No:** 3 - Eisenbeisz, Knox, and Wein

**Absent:** 2 - Paxton, and Nelson

Knox clarified that the projects that would be stopped would not include projects already in progress or that have had appropriations. Brady noted that suspending all but those projects would be approximately 10% of the budget. Sweeney asked for clarification with regards to grant funded projects for example the Sea Plane Base. Knox mentioned the ADA ramp and felt it may need to be done and wondered what other impacts the suspension would create. Sweeney told that some appropriations may be critical and that department heads should speak to the projects. Wein was not in support.

Bean brought up the idea to direct staff to bring back a 10% cut from all funds. Sweeney noted that equaled almost \$3 million. Eisenbeisz would prefer to see a certain dollar amount rather than a percentage.

Brady noted that removal of \$2 million would create an impact to the citizens. Knox was not in support, felt the budget should not be cut any further, and that revenue should be addressed with regards to how the city was collecting it. Eisenbeisz reminded that Enterprise Funds were services, and if staffing was cut, it would affect the economy. Brady informed that staff was overworked and had concerns of impacts to the public. Eisenbeisz was in support in order to see what the impacts would be. Brady stated a new budget could be drafted by March 28th.

**A motion was made by Wein to remove \$2 million from the FY2020 budget in aggregate. The motion PASSED by the following vote.**

**Yes:** 4 - Eisenbeisz, Bean, Wein, and Mosher

**No:** 1 - Knox

**Absent:** 2 - Paxton, and Nelson

**VI. PERSONS TO BE HEARD:**

None.

**VII. EXECUTIVE SESSION**

None.

**VIII. ADJOURNMENT**

**A motion was made by Knox to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:29 p.m.**

**ATTEST:** \_\_\_\_\_

**Melissa Henshaw, CMC  
Acting Municipal Clerk**