



# CITY AND BOROUGH OF SITKA

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

## Minutes - Final

### City and Borough Assembly

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

*Interim Municipal Administrator: Hugh Bevan*  
*Municipal Attorney: Brian Hanson*  
*Municipal Clerk: Sara Peterson*

---

Thursday, February 20, 2020

6:00 PM

Assembly Chambers

---

#### SPECIAL MEETING

#### I. CALL TO ORDER

#### II. FLAG SALUTE

#### III. ROLL CALL

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

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

**Telephonic:** 1 - Knox

#### IV. PERSONS TO BE HEARD

Jeff Favour spoke to the need for a working waterfront and urged the Assembly to retain the Marine Services Center.

#### V. UNFINISHED BUSINESS:

- A** [ORD 20-06](#) Making supplemental appropriations for Fiscal Year 2020 (*Crescent Harbor High Load Dock Project*)

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

**No:** 5 - Eisenbeisz, Knox, Wein, Mosher, and Nelson

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

#### VI. NEW BUSINESS:

- B** [20-046](#) Discussion / Direction / Decision for the FY2021 Municipal Budget with focus

on Enterprise Funds, Internal Service Funds, and specific decision points

Interim Administrator Hugh Bevan stated this was the final budget meeting prior to budget books being prepared.

#### Electric Fund

Controller Melissa Haley reviewed the Electric Fund: change in working capital, depreciation, capital projects (feeder improvements, island improvements, meter replacement/upgrade, harbor meters, Green Lake overhaul phase I), new debt of \$3,000,000 USDA Rural Development Loan, and available working capital as of end of FY2019. Haley told of the proposed 2% rate increase noting the total annual impact of the rate increase was \$37.44. Haley spoke to the Electric Fund decision points: approve additional Relay Control Technician for two-year training period, approve seeking a low interest \$3,000,000 USDA Rural Development Loan (debt service currently in Electric Fund budget), and a decision on whether the General Fund subsidizes the Electric Fund to cover debt service for a period of time.

**A motion was made by Mosher to direct staff (Administrator) to add the additional Relay Control Technician for a two-year training period. The motion PASSED by the following vote.**

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

**Absent:** 2 - Paxton and Christianson

Members stressed it be documented this was for only a two-year period.

**A motion was made by Mosher to approve seeking a low interest \$3,000,000 USDA Rural Development Loan for Phase 1 of the Green Lake Power Plant Overhaul. The motion PASSED by the following vote.**

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

**Absent:** 2 - Paxton and Christianson

Wein reminded there was a limit to the amount of debt the City took on no matter how good the intention.

Assembly members discussed the matter of the General Fund subsidizing the Electric Fund to cover debt service. Eisenbeisz spoke in opposition. Wein wondered if the Green Lake loan could be done if the General Fund weren't to subsidize and preferred to wait and make a decision after more information was provided. Finance staff stated it was premature to make any assumptions not knowing if the Assembly was in support of the project. Bevan said the reason for recommending subsidization out of the General Fund was to protect the working capital in the Electric Fund. It was decided to revisit the matter at a future budget meeting.

#### Water Fund

Haley told of the change in working capital, depreciation, capital projects (water tanks, transmission main condition assessment, Blue Lake slope stabilization), said there was no new debt for FY2021, and told of the available working capital as of end of FY2019. Haley noted a proposed 2% rate increase yielding a total annual impact of \$12.48.

Wastewater Fund

Haley reviewed the change in working capital, depreciation, capital projects (WWTP blower manifold assessment, Lincoln Street lift station valve replacement, WWTP clarifier drive replacement, Thomsen Harbors lift station rehabilitation), told of no new debt for FY2021, and mentioned available working capital as of end of FY2019. Haley said a 2% rate increase had been proposed, an annual impact of \$15.84.

Solid Waste Fund

Haley noted the change in working capital, depreciation, capital projects (scrap yard tank circular concrete structure repairs and transfer station lighting), stated no new debt was planned for FY2021, and told of \$-1.8 million in available working capital as of the end of FY2019. Haley told of the proposed 5.5% rate increase yielding an annual impact of \$40.80. Haley noted the rate increase was driven by the operating costs. Wein believed a comprehensive solid waste management plan was needed. Public Works Director Michael Harmon stated City staff had worked with transfer station employees to better compact materials being shipped out.

Harbor Fund

Haley reviewed the change in working capital, depreciation, capital projects (Crescent Harbor lightering float repairs and Sealing Cove upland/parking lot paving repairs), told of no new debt for FY2021, and noted available working capital as of the end of FY2019. Haley told of the proposed 3% rate increase, however, noted the Port and Harbors Commission had recommended a 5% increase over the next three years and staff was looking for guidance from the Assembly.

**A motion was made by Eisenbeisz to direct staff (Administrator) to include a 5% harbor rate increase in the FY2021 budget. The motion PASSED by the following vote.**

**Yes:** 4 - Wein, Knox, Eisenbeisz, and Nelson

**No:** 1 - Mosher

**Absent:** 2 - Paxton and Christianson

Port and Harbors Commission member Chris Ystad told of the Commission's desire to have a constant rate for a three-year period for planning purposes and told of the Commission wanting to save money for future repairs.

Nelson voiced concern of a 5% rate increase and wondered with a less than favorable fishing season how people could budget for it. Mosher agreed and worried the increase may drive people out of town. Wein spoke in favor of cost averaging however reminding the City was reaching a tipping point with user rate increases.

Airport Terminal Fund

Haley spoke to the change in working capital, depreciation, capital project (exterior painting - front and south side), told of no new debt for FY2021, and noted available working capital as of end of FY2019. Public Works Director Michael Harmon stated the airport rehabilitation project phase 1 would begin in 2022; no funding had materialized

for phase 2.

Marine Service Center

Haley reviewed the change in working capital, depreciation, capital projects (arctic door replacement egress, freezer vestibule entry curtains, replace loading dock bumper, ramp transition, asphalt patch), told of no new debt planned for FY2021, and spoke to available working capital as of the end of FY2019. Members revisited the idea of retaining or selling the Center. Hugh reminded the Assembly had voted on February 11 to move forward with an RFP to sell or lease the Center.

GPIP Fund

Haley spoke to the change in working capital, depreciation, capital project (fixed crane for GPIP dock funded via transfer from Southeast Economic Development Fund), told of no new debt of FY2021, and noted available working capital as of end of FY2019. Members spoke to the idea of a fixed crane and some noted more information was needed. Bevan reminded it was an alternative to the Marine Service Center.

**A motion was made by Wein to remove the fixed crane funding for the GPIP dock until further information was available. The motion FAILED by the following vote.**

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

**No:** 2 - Mosher and Knox

**Absent:** 2 - Paxton and Christianson

General Fund Pending Decisions

Haley reviewed items previously presented that were currently included in the preliminary FY2021 budget: Community Affairs (grant focus) position, Assistant Controller position (succession planning), and a higher salary for the Library Director. Items needing direction were: keep or eliminate vacant engineer position in Public Works Department, whether or not to add in \$15,000 in signing bonuses for new police officers, subsidize debt service of \$185,000 for USDA loan, continue to contract out TV coverage of Assembly meetings at \$9,000/year, and long range infrastructure and financial planning facilitator.

**A motion was made by Mosher to remove the Community Affairs (grant focus) position from the FY2021 budget. The motion FAILED by the following vote.**

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

**No:** 2 - Knox and Eisenbeisz

**Absent:** 2 - Paxton and Christianson

Nelson reminded she had supported the decision to hire lobbyist Blank Rome on the condition the Community Affairs Director position was not filled. Eisenbeisz spoke in support of a grant writing position while Knox spoke of the need for the Community Affairs position. Wein reminded a grant writer could be contracted and preferred to focus on lobbying efforts.

**A motion was made by Nelson to continue to contract live TV coverage of Assembly meetings in the amount of \$9,000 per year. The motion PASSED by the following vote.**

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

**Absent:** 2 - Paxton and Christianson

Nelson believed there to be a lot of people who didn't have access to the available webstreaming of meetings. Wein reminded there was a number of uninformed people and eliminating live TV coverage didn't make sense.

Regarding the matter to keep or eliminate the vacant engineer position in Public Works, Knox believed eliminating the position would cause the Department to fall considerably behind and stress staff. Nelson reminded an option was to contract engineers as had been done in the past.

Assembly members discussed signing bonuses of \$5,000 for three new police officers. Knox and Wein wondered of the benefits. Nelson reminded employees of the Police Department didn't pay a health insurance premium and to give further concessions was wrong. Eisenbeisz understood the strategy but wondered of its effectiveness. Mosher, noting the shortage of officers, suggested a higher signing bonus of \$15,000.

**A motion was made by Eisenbeisz to subsidize the Electric Fund from the General Fund in the amount of \$185,000 to cover debt payment of a USDA loan. The motion FAILED by the following vote.**

**Yes:** 3 - Nelson, Knox, and Mosher

**No:** 2 - Wein and Eisenbeisz

**Absent:** 2 - Paxton and Christianson

Wein stated more information was needed before making a decision.

#### Information Technology Fund

Haley reviewed the change in working capital, depreciation, noted there were no new capital projects, no new debt, and told of available working capital as of the end of FY2019.

#### Central Garage Fund

Haley spoke to the change in working capital, depreciation, noted there was no new debt, stated the sinking fund was at \$5.9 million for vehicle replacement at the end of FY2020, spoke to available working capital, and reviewed composition of the fleet. Haley told of the assets being proposed to be replaced: lineman shop door replacement, Electric Department boom truck, Police Department Ford Explorer Interceptor, Water Department Ford Ranger, and Solid Waste Track Hoe. Bevan noted the list was half of what had originally been submitted by Departments. Some members suggested extending vehicle life further and spoke to a vehicle management system.

Building Maintenance Fund

Haley reviewed the change in working capital, depreciation, and available working capital. Haley stated the goal was to stop the fund from eating away at its working capital. Haley reminded this was a commitment made during last budget cycle; building maintenance staff and finance had developed the model.

**VII. PERSONS TO BE HEARD:**

None.

**VIII. EXECUTIVE SESSION**

None.

**IX. ADJOURNMENT**

**A motion was made by Mosher to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:42 p.m.**

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

**Sara Peterson, MMC  
Municipal Clerk**