

# **CONSENT AGENDA**

## **POSSIBLE MOTION**

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**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  
December 19 and December 23 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 Kevin Mosher,  
Kevin Knox, Dr. Richard Wein, Valorie Nelson, Thor Christianson*

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

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Thursday, December 19, 2019

6:00 PM

Assembly Chambers

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#### SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

**Present:** 6 - Christianson, Eisenbeisz, Knox, Wein, Paxton, and Mosher

**Absent:** 1 - Nelson

IV. PERSONS TO BE HEARD

None.

V. NEW BUSINESS:

A 19-266 Review of the FY20 Municipal Budget and Discussion / Direction / Decision on parameters for the FY21 Municipal Budget

Interim Municipal Administrator Hugh Bevan reviewed the FY21 budget meeting schedule and stated the goal for this meeting was to review the FY20 budget, become familiar with structure and terminology, and receive feedback from the Assembly on key points for FY21.

Controller Melissa Haley began by providing an overview of the FY20 General Fund budget as adopted highlighting General Fund services, subsidization to other funds, support to the School District and repair of infrastructure (capital projects). She spoke of significant anticipated variances (no loss of raw fish tax, first quarter sales tax revenue had exceeded the budget, and personnel expenses were on track with only 78% of the budget expended) and noted the unknowns were: the PILT amount, when vacant positions would be filled, and the impact of online remittances for October to December. Haley listed top revenue sources for the City of sales tax (45% of total

revenue) and property tax (23%). An analysis of school funding was provided. Members gave direction to fund to the cap as defined by the State. Haley provided a summary on General Fund debt; it was requested detailed information be provided at a future budget meeting. Haley reviewed the FY20 General Fund staffing levels and vacancies. Some members wished to discuss adding back in the Community Affairs Director position to the FY21 budget while others did not. FY20 donations were reviewed: non-profit grants, Sitka Historical Society, SEDA, SAFV, and the Ride. Lastly, Haley reviewed the Enterprise Funds, challenges associated with each, and proposed rate increases.

The following direction was given for development of the FY21 budget:

- \* Assume State revenue sharing will be the same as previous year
- \* Assume Federal PILT revenue will be \$600,000
- \* Assume State fish tax revenue will be \$900,000
- \* Assume Federal Secure Rural Schools revenue will be \$500,000
- \* Assume State contribution to school bond debt repayment will be the same as previous year
- \* Include the Community Affairs Director position in the FY21 budget for discussion and modify the job description to include grant writing
- \* Assume status quo for City staff levels
- \* Assume a 2% increase in water rates
- \* Assume a 2% increase in sewer rates
- \* Assume a 5.5% increase in solid waste rates
- \* Assume a 3% increase in harbor rates
- \* Assume school funding will be to the cap as defined by the State with the out-of-cap funding the same as previous year

#### VI. PERSONS TO BE HEARD:

George Paul spoke to the Assembly about various issues. He stated he disagreed with the recent resolution passed regarding the Roadless Rule, hoped the Congressional Delegation stood firm in reopening the Tongass, and stressed a need for industry in Sitka. Paul expressed concern with the increased cost of living in Sitka and noted his family was trying to determine whether to stay in Sitka.

#### VII. EXECUTIVE SESSION

None.

#### VIII. ADJOURNMENT

A motion was made by Christianson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:28 p.m.

ATTEST: \_\_\_\_\_  
Sara Peterson, MMC  
Municipal Clerk



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ASSEMBLY CHAMBERS  
330 Harbor Drive  
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## Minutes - Draft

### City and Borough Assembly

*Mayor Gary Paxton  
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Kevin Knox, Dr. Richard Wein, Valorie Nelson, Thor Christianson*

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

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Monday, December 23, 2019

6:00 PM

Assembly Chambers

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#### REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

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

**Telephonic:** 1 - Christianson

IV. CORRESPONDENCE/AGENDA CHANGES

**19-279** Reminders, Calendars, and General Correspondence

Knox stated agenda item M was worded in such a way that it appeared a decision was going to be made this evening. He believed further discussion was needed prior to making any decision. Other members stated it was worthwhile to keep the item on the agenda and discuss.

**A motion was made by Knox to POSTPONE item M to the January 14 meeting. The motion FAILED by the following vote.**

**No:** 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

V. CEREMONIAL MATTERS

None.

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

**19-267** Special Report: Greater Sitka Chamber of Commerce / Visit Sitka - Rachel Roy and Laurie Booyse

Rachel Roy and Laurie Booyse of the Chamber of Commerce / Visit Sitka provided an update. Booyse reviewed the upcoming conferences they were assisting with, said the 2020 cruise ship calendar had been published, and stated approximately 220,000 cruise ship passengers were expected in 2020. Roy told of work on the FY21 budget plan.

**VII. PERSONS TO BE HEARD**

None.

**VIII. REPORTS**

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

Mayor - Paxton wished everyone a happy holiday season.

Interim Administrator - Bevan stated a Planner I had been hired, recruitment efforts were still in place for a Utility Director, and the Library Director applicant had declined a recent hire offer. Bevan noted work had started on Crescent Harbor and Phase 6 of the Cross Trail project.

Attorney - Hanson told of the projects he and Senior Engineer David Longtin had completed over the last few weeks.

Liaison Representatives - Knox spoke to the recent public meeting regarding the seaplane base. Wein told of his attendance at the seaplane base meetings and Planning Commission meeting.

Clerk - Peterson stated the next regular meeting was January 14.

Other - Wein said he enjoyed attending the City employee holiday party.

**IX. CONSENT AGENDA**

**A motion was made by Nelson that the Consent Agenda consisting of items A, B, C, & D be APPROVED. The motion PASSED by the following vote.**

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

**A 19-269** Approve the minutes of the December 10 Assembly meeting

**This item was APPROVED ON THE CONSENT AGENDA.**

**B 19-276** Approve a liquor license renewal application for House of Liquor at 705 Halibut Point Road Suite D

**This item was APPROVED ON THE CONSENT AGENDA.**

**C 19-277** Approve a liquor license renewal application for the Longliner Lodge and

Suites at 485 Katlian Street

This item was APPROVED ON THE CONSENT AGENDA.

- D 19-278 Approve a liquor license renewal application for Sitka Jet Center, Inc dba Sitka Hotel at 118 Lincoln Street

This item was APPROVED ON THE CONSENT AGENDA.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

None.

XI. UNFINISHED BUSINESS:

- E ORD 19-41 Making supplemental appropriations for Fiscal Year 2020 (Administration - Personnel / Contract Services)

Interim Administrator Hugh Bevan explained the Human Resources Director position remain unfilled. He stated the \$20,000 appropriation covered funding for outside counsel Kimberly Gearity to provide oversight of Human Resources until April at which time the new Administrator could decide how to proceed. Wein wondered what the status of the Prothman contract was with regards to the Human Resources position. Bevan stated according to Prothman they had fulfilled their duties.

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

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

- F ORD 19-42 Clarifying the Sitka General Code by amending Title 4 "Revenue and Finance" Chapter 4.09 "Sales Tax" and amending Title 15 "Public Utilities" Chapter 15 "Electric Utility Policies" (Clerical Inaccuracies)

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 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

XII. NEW BUSINESS:

New Business First Reading

- G ORD 19-43 Making supplemental appropriations for Fiscal Year 2020 (Cross Trail Project Phase 6)

Interim Administrator Hugh Bevan stated the appropriation accounted for money the City had accepted from Sitka Trail Works for money raised for Phase 6 of the Cross Trail Project. Lynne Brandon of Sitka Trail Works thanked financial contributors.

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

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

### Additional New Business Items

- H RES 19-28** Adopting an alternative allocation method for the FY20 Shared Fisheries Business Tax Program and certifying that this allocation method fairly represents the distribution of significant effects of fisheries business activity in FMA 18: Central Southeast Area

Chief Finance and Administrative Officer Jay Sweeney explained the State of Alaska collected fisheries business taxes from processors and people who exported unprocessed fishery resources from Alaska. Sweeney said a portion of the revenue generated from the tax was then distributed to municipalities and noted Sitka was required to choose an application method. He stated in the past, Sitka had selected the alternative application method.

**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 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

- I 19-273** Approve hire offer for Larry Reeder as Assessor

Wein wished to know what qualities had made Reeder the best candidate. Interim Administrator Hugh Bevan stated besides his knowledge, Reeder had a good personality, was enthusiastic, and a good fit for Sitka. Wein asked Bevan to explain what the level 3 state license requirement consisted of. Bevan commented Reeder would need to demonstrate to the State that he had studied Alaska law.

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

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

- J 19-272** Approve a letter of support for Leo's Hope

Cosponsor Knox explained this letter of support was specific to the work of Leo's Hope. Leo Jimmy explained the level 3.5 intensive inpatient treatment service was equivalent to the care provided formerly by the Bill Brady Healing Center.

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

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

- K 19-268** Approve Amendment No.2 to the Payment for Services Agreement between the Sitka Tribe of Alaska and the City and Borough of Sitka

Municipal Attorney Brian Hanson explained in 1998 the Assembly had entered into a Memorandum of Understanding (MOU) with Sitka Tribe of Alaska. Hanson said part of the MOU addressed how the two governments were to cooperate on matters related to taxes and agreements regarding payments in lieu of taxes. In 2001, the Payment for Services Agreement (PSA) was entered into between the two governments. In the



PSA, there was a process outlined for STA to receive relief from taxes upon acquiring real property. Hanson stated the amendment before the Assembly was to account for property at 204 Siginika Way that Sitka Tribe of Alaska had acquired in 2019. He noted the STA received a break on real property taxes because their government provided other forms of consideration to the public for the way they run their government. Knox wondered in the future if there was a mechanism to make this decision administratively rather than having to make an amendment each time there was a property change. Hanson stated that was a possibility, however, would need to be discussed by the two governments. Wein wondered of the values of the property and noted the information he received was incomplete. Hanson reminded the action before the Assembly was not to review the property in the PSA, however, could be done so at another time.

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

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

**L 19-270**

**Approve proceeding with a Request for Proposals for the Cruise Ship Passenger Transit Services between Old Sitka Dock and Harrigan Centennial Hall parking area for FY21 and FY22**

Chris McGraw of Halibut Point Marine Services, owner of Old Sitka Dock, noted the City had been funding a portion of the transportation for the cruise ship passengers from Old Sitka Dock to Harrigan Centennial Hall through an request for proposal (RFP) process since 2013. Each passenger paid a \$5 tax to the State of Alaska which in turn was funneled to the City through CPET funds. McGraw recommended the Assembly proceed with the RFP process.

Christianson said initially the 2013 RFP process was a chance for the Dock to get going and wondered if the process was still appropriate. Wein concurred with Christianson and stated the estimated number of passengers expected in 2020 was 190,000 equating to contract appropriation of \$204,000. For the second year of the contract, the passenger count was anticipated to be 240,000 an appropriation of \$257,000. He reminded buses had an impact on infrastructure and stressed a need for oversight of the project. Nelson spoke in support and stated economically it was important to get tourists to the downtown area. Mosher agreed. Knox and Eisenbeisz suggested basing the RFP numbers on actual numbers rather than the manifest. In addition, they spoke to traffic issues and environmental concerns - e.g. oil spills at Harrigan Centennial Hall. Bevan noted the recommended changes from the Assembly: contractor responsibility for oil spills and billing based on actual number of passengers.

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

**Yes:** 6 - Christianson, Eisenbeisz, Knox, Paxton, Mosher, and Nelson

**No:** 1 - Wein

**M 19-271**

**Update on the proposal for a marine haulout at the Gary Paxton Industrial Park / land trade followed by Discussion / Direction / Decision to proceed with a Request for Proposals for approximately 17 acres of Lot 1 USS 3670 known as 4951 Halibut Point Road**

Interim Administrator Hugh Bevan stated Halibut Point Marine had submitted a proposal to finance and construct a haul out at the Gary Paxton Industrial Park (GPIP) in exchange for a 17 acre parcel of land at 4951 Halibut Point Road. The Legal

Department had come to the conclusion that such a trade was not allowed under the Sitka Home Rule Charter and Sitka General Code but rather a competitive process was needed. Bevan noted the GPIIP Board had done a lot of research with regards to a haulout.

#### Assembly Discussion

Mosher spoke in support of a RFP process. Eisenbeisz understood the need for a RFP but didn't want to see it so narrowly focused that there was only one response received. Nelson suggested there be two RFPs - one for the land and one for the haulout. Wein stated it was a complex issue and believed it to be premature to move forward with a RFP. Christianson spoke in support of an RFP for review at a work session.

#### Public Testimony

The Municipal Clerk read a written statement submitted by Christian Fabian speaking to a haulout and the need to ensure such a decision would be profitable. Kelly Warren spoke in support of a marine shipyard and separating the issues into two RFPs. Chris McGraw stated Halibut Point Marine would be closing the boatyard prior to the 2021 summer season, explained the property at 4951 Halibut Point Road could be used for shore excursions with minimal development. Mike Poutney, a resident living near Old Sitka Dock, spoke in support of the marine haulout, two RFPs, and told of the impacts of living near the dock. Caven Pfeiffer commented the current shipyard was inadequate, spoke in support of a shipyard, to proceed quickly but cautiously. Jeff Farvour stated a need for a haulout and suggested a taskforce be created to explore the best facility for Sitka. Mike Nurco spoke in support of forming a workgroup to assist in identifying needs. John Murray stressed the need for a planning process and not to rush. Bonnie Richards believed the current proposal circumvented the bidding process and urged the Assembly to take their time. Cale LaDuke stressed the need for the formation of a committee to explore Sitka's shipyard needs in order to build the best facility possible. Jeremy Serka spoke in support of a haulout and said a shipyard could be more than just a place for working on boats but also a place for tradesmen to work. Eric Jordan spoke in support of a haulout, the creation of a taskforce, two RFPs, and the consideration of multiple sites. Tom Gamble while supportive of the marine industry, believed the discussion of a landtrade to be premature.

#### Assembly Consensus

Assembly direction to the Interim Administrator was to develop two RFPs - one for the land and one for the haulout and hold a work session on each issue. Final RFPs would then come back to the Assembly for discussion.

- N 19-274** Discussion / Decision on sending an Assembly Member to attend the Seatrade Cruise Global event in Miami, FL April 20-23
- Concurrence of the Assembly was to send Valorie Nelson to Seatrade Cruise Global.

- O 19-275** Discussion / Decision on adding select staff to the "assembly@cityofsitka.org" group email address
- Knox believed it would be helpful for the Administrator, Attorney, and Clerk to see the correspondence in order to help be prepared to speak to items and help facilitate business. Christianson agreed. Others believed the additions would create a lack of transparency.

**A motion was made by Christianson to add the Municipal Administrator, Municipal Attorney, and Municipal Clerk to the "assembly@cityofsitka.org"**

group email address. The motion FAILED by the following vote.

Yes: 3 - Christianson, Knox, and Paxton

No: 4 - Eisenbeisz, Wein, Mosher, and Nelson

**XIII. PERSONS TO BE HEARD:**

None.

**XIV. EXECUTIVE SESSION**

None.

**XV. ADJOURNMENT**

A motion was made by Mosher to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:05 p.m.

ATTEST: \_\_\_\_\_  
Sara Peterson, MMC  
Municipal Clerk