

# **CONSENT AGENDA**

## **POSSIBLE MOTION**

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**I MOVE TO APPROVE THE CONSENT AGENDA  
CONSISTING OF ITEMS A, B, C & D**

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 12 Assembly meeting.



# 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*

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Tuesday, July 12, 2016

6:00 PM

Assembly Chambers

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#### REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

**Present:** 5 - McConnell, Hunter, Swanson, Miyasato, and Guevin

**Absent:** 2 - Eisenbeisz, and Potrzuski

IV. CORRESPONDENCE/AGENDA CHANGES

No agenda changes.

**16-131** Reminders, Calendars and General Correspondence

V. CEREMONIAL MATTERS

**16-125** Service Awards - Don Jones, Grant Miller, and Marijuana Advisory Committee Members

Mayor McConnell presented certificates for Don Jones, Grant Miller, Levi Albertson, Andrew Hames, Darrell Windsor, Joseph D'Arienzo, Pamela Ash, Lindsay Evans, Jay Stelzenmuller, Bob Potrzuski, and Steven Eisenbeisz.

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

**16-126** Sitka Comprehensive Plan Update - Maegan Bosak

Maegan Bosak, Planning and Community Development Director, briefed the

Assembly on the progress and schedule of the Comprehensive Plan update.

**VII. PERSONS TO BE HEARD**

Ken Sprague, of StartUp Sitka, announced an event would be held July 25 providing small businesses with the opportunity to engage with local professionals and learn about business development tools.

Michelle Putz thanked the Assembly for their service and encouraged members to not be afraid to make tough decisions.

Alene Henning expressed concern that the newly passed ordinance prohibiting cell phone use while driving was not being enforced.

**VIII. REPORTS**

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

Mayor - McConnell announced she was meeting with Lt. Governor Mallott while he was visiting Sitka on July 15.

Administrator - Gorman relayed, due to a warmer winter, electric consumption had decreased by 2.5%; announced the utility assistance donation component of utility bills was active; and shared Governor Walker's decision to reduce school bond debt would cost Sitka approximately \$620,000.

Clerk - Peterson reminded of upcoming election dates, precinct locations, and filing period for Assembly and School Board candidacy.

**IX. CONSENT AGENDA**

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

**Yes:** 5 - McConnell, Hunter, Swanson, Miyasato, and Guevin

**Absent:** 2 - Eisenbeisz, and Potrzuski

**A 16-127 Approve the minutes of the June 28 Assembly meetings**

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

**B RES 16-11 Approving submittal and execution of a Municipal Harbor Facility grant application to the State of Alaska, Department of Transportation and Public Facilities (ADOT&PF) in the amount of \$5,000,000 for the project entitled Crescent Harbor Float Replacement - Phase I**

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

**C RES 16-12 Approving submittal and execution of a Municipal Harbor Facility grant**

application to the State of Alaska, Department of Transportation and Public Facilities (ADOT&PF) in the amount of \$1,500,000 for the project entitled Eliason Harbor Electrical Replacement

This item was APPROVED ON THE CONSENT AGENDA.

D ORD 16-22 Adjusting the FY16/FY17 Budgets (*first reading*)

This item was APPROVED ON THE CONSENT AGENDA.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

E 16-128 Appoint Hugh Bevan to an unexpired term on the Gary Paxton Industrial Park Board of Directors

Assembly members thanked Bevan for applying.

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

Yes: 5 - McConnell, Hunter, Swanson, Miyasato, and Guevin

Absent: 2 - Eisenbeisz, and Potrzuski

XI. UNFINISHED BUSINESS:

F ORD 16-06S Renaming and amending Chapter 4.40 of the Sitka General Code, "Uncollectable Accounts and Bad Debt Write-Offs" and amending Sections 4.40.010 "Definitions", 4.40.020 "Policies", and 4.40.030 "Records and Reporting" and adding Sections 4.40.040 "Write-Off of Uncollectable Accounts", 4.40.050 "Utility Debts Remain with Real Property", and 4.40.060 "Authority to Offset"

Clyde Bright voiced concern that with passage of this ordinance renter debt would be passed along to landlords. In response, Hunter clarified line 204 (Section 4.40.050 Utility Debts Remain With Real Property) of the ordinance only set aside a title for a reserved section if in the future the City wished to develop that area of the Code. As written, the ordinance would not have any debt remain with the property or landlords. Hunter added if an individual moved from Sitka and did not leave a forwarding address, the City was unable to collect that debt. In closing, Hunter noted the reserved section on line 204 was added as a recommendation from the Municipal Solutions Report. Guevin spoke in opposition stating a comprehensive debt collection policy should have a safety net for low income and lower middle income households.

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

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

No: 1 - Guevin

Absent: 2 - Eisenbeisz, and Potrzuski

**XII. NEW BUSINESS:**

**New Business First Reading**

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

Administrator Gorman stated this topic had been before the Investment Committee for a couple of years. The overriding concern was the Charter stated the draw down of the Permanent Fund was 6% of the Fund on an annual basis. Investment advisors stated this was not sustainable and recommended a draw down of between 4 to 4.5%. As part of the annual budget submission, the Administrator would include an amount of funds to be transferred from the General Fund to the Permanent Fund during the subsequent fiscal year. The purpose of the transfer would be to reduce the effective take out from the Permanent Fund. The initial transfer would take place in FY2018 and would be .50% of the average market value of the Sitka Permanent Fund for the past three years. The amount of the annual transfer would increase by .50% per subsequent fiscal year, to a maximum of 2.0%. Hunter stated this was a responsible and wise move.

**A motion was made by Miyasato that this Ordinance be APPROVED on FIRST READING.**

**Yes:** 5 - McConnell, Hunter, Swanson, Miyasato, and Guevin

**Absent:** 2 - Eisenbeisz, and Potrzuski

**H 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"

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

**Yes:** 5 - McConnell, Hunter, Swanson, Miyasato, and Guevin

**Absent:** 2 - Eisenbeisz, and Potrzuski

**Additional New Business Items**

**I 16-129** Approve the standard marijuana cultivation facility license for Green Leaf, Inc.

Hunter stated a considerable amount of detail had been required by the State and he was comfortable with the request. McConnell reminded that in addition to the State requirements, there were local requirements such as the conditional use permit process that had been met.

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

**Yes:** 5 - McConnell, Hunter, Swanson, Miyasato, and Guevin

**Absent:** 2 - Eisenbeisz, and Potrzuski

**J 16-130 Discussion/Direction of a draft ballot proposition to increase the millage rate**

Administrator Gorman introduced the key components of the draft ballot proposition modeled after the Juneau millage rate cap. Gorman stated the Assembly would need to determine what they would like to see the cap increased to and the maximum amount it could be increased each year. Gorman stated the annual millage rate could not exceed an amount determined by the Assembly with the exception of taxes necessary to pay for debt service on new voter approved bonds. If we were at a cap of 9 mills and the voters approved a general obligation bond to repair roads for example and the cost associated with that was determined to average out to an additional 1.7 mills per year, the total mill rate would be 10.7 mills. The draft ballot proposition as written would eliminate the sales tax on groceries (a revenue loss of approximately \$1.2 million), add a \$50,000 homestead exemption (a revenue loss of approximately \$500,000) and make a commitment to funding the School District at a certain percentage of the cap.

Assessor, Wendy Lawrence, reiterated the proposed model was a budget driven mill rate with a cap on the maximum mill rate. Lawrence stated ideally the maximum mill rate should be based on the worst case scenario budget deficit. Using an example of a \$3.5 million budget deficit in FY18, with no reduction in expenditures, Lawrence indicated the mill rate would be 9.26 mills. Gorman reminded this ballot proposition, if approved by the voters, would not cover all of the deficit in FY18. Other funding sources for Public Works (e.g. roads) and electric subsidization would need to be found. The annual millage rate would be determined by the Assembly each year based on budget needs. Lawrence reiterated that voter approved services such as general obligation bonds, paid for with property tax, would be over and above the maximum limit if we were at that capped limit.

**Assembly Discussion:**

Hunter spoke in opposition to setting a cap that was too high, however, realized if the millage rate was kept at 6 mills the City will lose significant services that are valued. Hunter proposed a 10-12 mill rate cap with no more than an increase of 1 to 2 mills each year. In addition, he stated the home owner exemption and school funding was critical to include. Hunter suggested adding verbiage to inflation proof the home exemption. Guevin spoke in support of the overall framework, a cap of 12 mills, and an annual increase not to exceed 2 mills. He noted this was a step in the right direction and an investment in the quality of life for Sitkans. Swanson, Miyasato and McConnell were also supportive of a 12 mill rate cap and an annual increase not to exceed 2 mills. McConnell expressed concern about the continued decline of assistance from the State and the need for the City to plan. Assembly members agreed on funding the School District at a minimum of 95% but doing so over a three or four year period.

Gorman reminded passage of this proposition would not solve all of the City's financial problems. The City would need to continue to grow the economy, be efficient in City services and look at other revenue sources. If the proposition failed, the City would need to continue to spend reserves and most likely exhaust those funds within 4 to 5 years.

Direction to the Administrator was to prepare a ballot proposition for the July 26 meeting with a cap of 12 mills not to increase/decrease 2 mills annually and the school funding to be at a minimum of 95% of the cap within 4 years, starting at 92%. In addition, Gorman stated an ordinance would come forward at the July 26 meeting to appropriate \$40,000 for public advocacy and education of the ballot proposition. It was anticipated the proposition would be placed before voters at the October 4 regular election.

**XIII. PERSONS TO BE HEARD:**

Hugh Bevan noted he had performed an analysis of the FY17 budget and stated between 2000 and 2017 there had been an internal growth rate of 3%. He suggested a 5 year plan to control the growth of the General Fund operating budget.

Clyde Bright expressed a need for a larger tax base and continued economic development.

Mim McConnell, speaking on behalf of the Sitka Community Land Trust, stated there would be a Chamber of Commerce After Hours Open House at 125 Lillian Drive on July 14 at 5pm. McConnell announced this was the first house built by the Sitka Community Land Trust.

**XIV. EXECUTIVE SESSION**

None.

**XV. ADJOURNMENT**

A motion was made by Miyasato to ADJOURN. Hearing no objections, the meeting ADJOURNED at 7:39 pm.

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