



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
1332 Seward Ave.
Room 229
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*

Tuesday, August 11, 2015

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Putz

IV. CORRESPONDENCE/AGENDA CHANGES

[15-139](#) Reminders, Calendars and General Correspondence

V. CEREMONIAL MATTERS

None.

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

Rob Allen, CEO of Sitka Community Hospital (SCH), reported cash was stable, staff was continuing to work on the electronic health records program, announced a \$50,000 challenge grant had been offered by Ral West and John Hardwick to be used for capital projects, and shared the Hospital Board had approved SCH a tobacco free campus effective August 24.

[15-138](#) Sitka Community Development Corporation - Randy Hughey

Sitka Transient Float Project Update - PND Engineers, Inc.

It was announced the Sitka Community Development Corporation would provide a report at a future Assembly meeting.

Dick Somerville of PND Engineers, Inc. provided an overview of the Sitka Transient Float project scope and budget, wave conditions, float design criteria, and project completion schedule.

VII. PERSONS TO BE HEARD

Suzan Hess, President of the Greater Sitka Chamber of Commerce, distributed a resolution in support of utilizing bed tax collected by the City and Borough of Sitka for the purpose of marketing Sitka as a destination.

Doug Osborne announced there would be a meeting August 11 to discuss the overall benefits of electric vehicles.

Kevin Knox, President of Baranof Barracudas Swim Club and race director of Change Your Latitude open water swim, congratulated all those who swam and thanked local business sponsors.

Evy Kinnear, President of the Sitka Convention and Visitors Bureau (SCVB) and co-founder of Fortress of the Bear, urged the Assembly to allow SCVB to continue providing visitor services to Sitka.

Kathy Jones, Executive Chef of Westmark and Totem Square, spoke to the utilization of collected bed tax and urged the Assembly to support the Sitka Convention and Visitors Bureau.

General Manager, Joe List of Westmark urged the Assembly to support the Sitka Convention and Visitors Bureau.

Robb Farmer, Library Director, publically thanked participants of the summer reading program and those volunteers who helped make the program a success.

VIII. REPORTS

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

Mayor - McConnell noted she had attended the Coast Guard Day picnic at Keet, which had a great turnout. She reported on the State of Alaska's Transboundary Partner Dialogue in Juneau last week. The subtext was: Respect, Candor, Results. This meeting was an opportunity for the Lt. Governor and three cabinet members (ADF&G, DNR, DEC) to provide information, and to listen and learn from the invited Alaskans on their knowledge, history and thoughts on the overall water quality, habitat integrity and resource sustainability of our transboundary rivers, specifically the Taku, Stikine and Unuk. Other Sitkans attending included three Sitka Tribal Council members Wilbur Brown, Michael Baines and Bob Sam, and Waterkeeper representative, Guy Archibald. Attendees were directed to assigned seats at round tables for the day's discussions, which were set up to answer three questions, with answers reported back to all the attendees. The questions were: 1) Baseline Data - What is needed in information and science? 2) Participation & Collaboration - Whose issue is it? How can we work together? 3) Communication & Resources - Can we share and learn from one another? What resources and structure is needed going forward? The Lt. Governor repeatedly stated his interest in using a collaborative process to make decisions for the state. This Dialogue was an example of what he had in mind. McConnell learned the following: there is interest in having the Alaska

tribes convene with the 1st Nation tribes to address common concerns and issues; time is not on our side as the Canadian government is expediting the permitting process for the BC mines; a heightened response from Alaskans and US citizens is needed to raise this to the US State Department level, from whom a response is needed to show that the US is taking this seriously; any agreement with Canada concerning this issue is useless without a way to enforce it. At the end of the event, the Lt. Governor asked for volunteers to form a smaller group which could work with the Transboundary Working Group, which consists of Mallott and the 3 cabinet members, as they move forward. I volunteered for this committee. And finally, here in Sitka, at the conclusion of the Sitka Seafood Festival, I was on a Transboundary panel after the showing of the movie, "The Breach".

Administrator - Gorman noted continued discussions with the State regarding possible City and Borough of Sitka management of Halibut Point Recreation Area, reported four statements of interest had been received for providing visitor services and indicated contract negotiations had begun with the Chamber of Commerce. Gorman noted the Aspen Hotel was in the process of purchasing property at 210 Lake Street to build a five story hotel.

Liaison Representatives - Miyasato attended the Library Commission meeting and reported the Commission had voted to change the name of the Library to Sitka Public Library.

IX. CONSENT AGENDA

- A [15-140](#) Approve the minutes of the July 28 Assembly meeting

This item was APPROVED ON THE CONSENT AGENDA.

- B [15-141](#) Approve a liquor license ownership transfer and restaurant designation permit for GraCED, Inc dba The Larkspur Cafe at 2A Lincoln Street Suite 1A

This item was APPROVED ON THE CONSENT AGENDA.

- C [RES 15-15](#) Authorizing the application for loans to the Alaska Department of Environmental Conservation under the Alaska Drinking Water Fund for Marine Street water improvements and a water storage study, and under the Alaska Clean Water Fund for Marine Street sewer improvements, Crescent lift station replacement and wastewater treatment plant HVAC improvements

Hugh Bevan raised questions as to the level of CBS debt and wondered how much citizens could bear.

Michael Harmon, Public Works Director, provided clarification on the Wastewater Treatment Plant HVAC Improvements project.

Chief Finance and Administrative Officer, Jay Sweeney, spoke to the fiscal note provided to the Assembly and ongoing annual demands for expensive infrastructure replacement. Sweeney stated sustained rate increases were needed.

Eisenbeisz encouraged a public information campaign to help citizens understand the condition of infrastructure.

A motion was made by Hunter to APPROVE this Resolution on first and final reading. The motion PASSED by the following vote.

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

No: 2 - Swanson, and Eisenbeisz

- D** [RES 15-16](#) Designating the Municipal Administrator and the Chief Finance and Administrative Officer as authorized officials to execute all documents necessary to sell all financial holdings held in accounts in the name of the City and Borough of Sitka with Putnam Investments, and, to authorize the liquidation of such accounts

This item was APPROVED ON THE CONSENT AGENDA.

- E** [15-143](#) Authorize awarding a sole source contract with WS Construction on an emergency basis for a lump sum of \$84,800 for replacement of failing floatation at the West Transient Dock

This item was APPROVED ON THE CONSENT AGENDA.

- F** [15-145](#) Approve award of contracts to the following for Electric Department consulting/technical services: 1) Northstar Power Engineering, the amount not to exceed \$300,000 for FY16, 2) Electric Power Systems, Inc., the amount not to exceed \$700,000 for FY16, and 3) Design Southeast, the amount not to exceed \$200,000 for FY16

Administrator Gorman confirmed these contracts fell under the guidelines of sole source justification. Acting Utility Director, Jeff Wheeler, explained the need for each contract and services to be provided.

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

Yes: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Putz

- G** [15-146](#) Approve award of contracts to the following for Electric Department consulting/technical services in FY15: 1) Electric Power Systems, Inc. in the amount of \$476,850.80 and 2) Northstar Power Engineering in the amount of \$57,955.10

This item was APPROVED ON THE CONSENT AGENDA.

- H** [15-147](#) Approve award of a contract to Northern Construction Service in the amount of \$4,986,329 for completion of the Sitka Transient Float Replacement project

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

- I [15-148](#) Approve Amendment No. 5 to Alaska Bulk Water, Inc.'s bulk water export contract

Putz wondered if there was a deposit outside the contract value that would cover removal costs. Garry White, Gary Paxton Industrial Park Board Director, stated there were not other funds outside the contract and further explained the details of the agreement. If the infrastructure was not removed it would become the property of the City and Borough of Sitka (CBS). White offered the amendment was brought forth by the Park Board and was of benefit to CBS.

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

Yes: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Putz

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

- J [15-142](#) Reappoint Carol Berge to a three-year term on the Local Emergency Planning Commission

Assembly members thanked Berge for her service.

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

Yes: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Putz

XI. **UNFINISHED BUSINESS:**

- K [ORD 15-37A](#) Amending Section 2.12.010 City and Borough of Sitka Hospital Board and Section 2.12.070 Organization, formally dissolving the existing Sitka Community Hospital Board (SCH) and its framework and re-establishing and reorganizing membership under new criteria by decreasing voting membership from seven to five with the goal of providing financial welfare and economic financial stability to Sitka Community Hospital. The new membership will include one non-voting, ex-officio CBS standing seat (and alternate) appointed by the Municipal Administrator

Putz suggested in the future it would be wise to take ideas to the respective Board if changes were needed. Hunter felt the ordinance provided movement in the right direction, however, felt the process could have been handled better. McConnell and Guevin agreed. Guevin recognized the need for change and a solid operational plan. Eisenbeisz cautioned the Assembly on having a high level CBS staff person on the Board and offered instead that the CBS staff person be a non-voting, ex-officio member.

A motion was made by Eisenbeisz to AMEND the Ordinance to have the CBS staff member be an ex-officio seat and add one more at large seat to maintain the 5 member board. The AMENDMENT PASSED by the following vote.

Yes: 4 - Swanson, Eisenbeisz, Guevin, and Putz

No: 3 - McConnell, Hunter, and Miyasato

Assembly members offered opinions on the amendment.

It was noted the Ordinance would need to come back before the Assembly for a final reading as the amendment was of a substantive nature.

A motion was made by Hunter to APPROVE this Ordinance as AMENDED. The motion PASSED by the following vote.

Yes: 6 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, and Guevin

No: 1 - Putz

L [ORD 15-40](#) Adjusting the FY15 and FY16 Budgets

Eisenbeisz asked for clarification on the vote-by-mail line item. Municipal Clerk, Sara Peterson, explained that her predecessor, Colleen Ingman, had started researching vote-by-mail before retiring and although Peterson had decided not to pursue vote-by-mail for the 2015 election she felt it would be beneficial to continue building the framework so that in the event the municipality chose to move in this direction a solid framework was in place.

A motion was made by Hunter that this Ordinance be APPROVED on second and final reading. The motion PASSED by the following vote.

Yes: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Putz

XII. NEW BUSINESS:

M [15-149](#) Discussion/Decision regarding complaints filed by Marko Dapceвич regarding a water line fee and water and sewer charges for 104 Remington Way

Assembly member Hunter stated he was a neighbor of Marko Dapceвич and had paid the contractor to do work on his property in conjunction with this project. Hunter added he had previously talked with Dapceвич about these issues. However, felt he could be objective. The Assembly did not feel it was necessary for Hunter to recuse himself.

Dapceвич provided a summary of the issues before the Assembly and spoke to the memo provided by Attorney Robin Koutchak. Dapceвич requested that the Assembly divide the motion as they were two separate issues.

Gorman summarized the two requests before the Assembly and gave an overview of staff's interpretation. He further stated it was necessary for revisions to be made to the Code to provide better clarification regarding owner accounts and vacation rates.

Assembly members Hunter and Eisenbeisz offered their opinions on the two issues.

Attorney Robin Koutchak spoke to the memo she wrote.

A motion was made by Eisenbeisz to split the proposed motion into two separate motions because they were two separate issues. The motion PASSED

by the following vote.

Yes: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Putz

A motion was made by Putz to APPROVE the request filed by Marko Dapceвич for the reimbursement of a water line connection fee in the amount of \$731.00. The motion FAILED by the following vote.

No: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Putz

A motion was made by Putz to APPROVE the request filed by Marko Dapceвич for the reimbursement of water and sewer service fees in the amount of \$310.41 that were collected during the time Marko Dapceвич was disconnected from the municipal water system. The motion FAILED by the following vote.

Yes: 2 - Swanson, and Miyasato

No: 5 - McConnell, Hunter, Eisenbeisz, Guevin, and Putz

N [15-150](#)

Conceptual approval of a proposal to add City and Borough of Sitka property to the Gary Paxton Industrial Park for development opportunities

Garry White, Director of the Gary Paxton Industrial Park (GPIP) Board, provided an overview of the subject property and noted there had been a demand for property and business development at the Park. White did not envision that there would be property available at the Park that would meet the \$500,000 mark requiring a vote of the people. White indicated the area would need to be rezoned and future development proposals would be brought forward to the GPIP Board for its recommendation to the Assembly.

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

Yes: 6 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, and Putz

No: 1 - Guevin

O [ORD 15-41](#)

Amending Sitka General Code Chapter 4.09 "Sales Tax" by adding a new Section 4.09.050 "Non-Profit Activities Enhancement Fund," modifying Section 4.09.100L "Exemptions" by clarifying sales made by nonprofit charitable organizations; amending Section 4.09.420 "Definitions" by modifying Subsection "I." to include outcry, silent auctions, and admission fees as sales and adding Subsections "O" "Donation", and "P" "Admission Fee" (*first reading*)

Mayor McConnell and Assembly member Putz recused themselves because of employment with nonprofits.

Putz, speaking as a member of the public, cautioned the Assembly that the following agenda item was related to this ordinance.

Ann Wilkinson, Erika Knox, John Welsh, Lisa Busch, and Mim McConnell spoke in opposition to the ordinance.

Chief Finance and Administrative Officer, Jay Sweeney, read an email to the

Assembly dated June 9, 2015 regarding current provisions of the Sitka General Code pertaining to the taxability of sales by non-profit entities.

Sweeney stated the additional taxation brought in by the passage of this ordinance would be approximately \$100,000. He added there was difficulty with enforcement and with individuals understanding the current exemptions. This ordinance would provide some clarity.

Guevin and Hunter spoke in opposition to the ordinance. Miyasato spoke in support of the ordinance and reminded the public and Assembly that it encouraged compliance. Hunter offered that this might be an issue for the Citizens' Taskforce to look at.

A motion was made by Miyasato that this Ordinance be APPROVED on first reading. The motion FAILED by the following vote.

Yes: 1 - Miyasato

No: 4 - Hunter, Swanson, Eisenbeisz, and Guevin

Recused: 2 - McConnell, and Putz

P [15-144](#) ~~Approve the removal of the Finance Director's existing sales tax interpretation regarding taxability of fundraisers-~~ PULLED

A motion was made by Eisenbeisz to POSTPONE this item to the August 25, 2015 Assembly meeting. The motion PASSED by the following vote.

Yes: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Putz

Q [15-151](#) Appoint two Assembly members to serve on the Marijuana Advisory Committee

Assembly members Eisenbeisz and Putz offered to serve on the Marijuana Advisory Committee.

XIII. PERSONS TO BE HEARD:

Charles McGill announced he had started a new business in Sitka providing dog waste removal and disposal.

XIV. EXECUTIVE SESSION

XV. ADJOURNMENT

A motion was made by Hunter to ADJOURN. Hearing no objections, the meeting ADJOURNED at 10:20pm.

ATTEST: _____
Sara Peterson, CMC
Municipal Clerk