

CONSENT AGENDA

POSSIBLE MOTION

**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 March 9, 14, and 16 Assembly meetings.



CITY AND BOROUGH OF SITKA

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

Minutes - Draft

City and Borough Assembly

Mayor Matthew Hunter
Deputy Mayor Bob Potrzuski
Vice-Deputy Mayor Steven Eisenbeisz
Tristan Guevin, Kevin Knox
Aaron Bean, and Aaron Swanson

Municipal Administrator: Mark Gorman
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson

Thursday, March 9, 2017

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 6 - Swanson, Eisenbeisz, Guevin, Hunter, Knox, and Bean

Telephonic: 1 - Potrzuski

IV. PERSONS TO BE HEARD

None.

V. NEW BUSINESS:

A 17-029

Executive Summary of the FY18 General Fund budget from Chief Finance and Administrative Officer including decrements

Jay Sweeney, Chief Finance and Administrative Officer, reviewed critical aspects of the FY18 budget, outlined uncertainties in the budget due to external decisions not yet made, and answered questions from Assembly members on individual items included in the decrement list: SEDA funding, Sitka Community Playground, Senior Center transportation, Police Officer position, and Electric Department subsidization.

Full Decrement List:

Administrator/Assembly/Clerk (\$6,474 - travel and training; \$35,000 - lobbying; \$2,000 - Administrator/Mayor contingencies; \$23,500 - other expenses)
Non-Profits (\$6,300 SEDA; \$10,800 Historical Society; \$40,000 Sitka Community Playground)
Senior Center (\$38,000 - transportation/vehicles)
Finance (\$16,200 - travel and training)

Assessing (\$63,000 - temp wages)
 Planning and Community Development (\$1,000 - travel and training;
 \$44,500 - contracted/purchased services; \$1,200 - other expenses)
 Police (\$75,000 - contracted/new building; \$93,743 - Police Officer position;
 \$10,000 - training and travel; \$12,816 - overtime)
 Fire (\$40,000 - overall reduction)
 Public Works (\$214,000 - overall reduction)
 Library (\$2,000 - travel and training; \$300 - cell phone stipend; \$300 - supplies,
 \$3,040 - repairs/maintenance; \$525 - contracted/purchased services; \$500 - tools/small
 equipment; \$500 - advertising; \$500 - rent equipment; \$10,000 - books and publications;
 \$3,000 - other expense)
 Harrigan Centennial Hall (\$3,000 - overall reduction)

B 17-030

Discussion/Direction of budget requests not included in the FY18 budget: 1) the RIDE, and 2) Others (*Assembly action may be taken*)

Guevin, disclosed he was employed by Sitka Tribe of Alaska, one of the three RIDE operational partners. While in support of public transportation, Guevin stated he did not feel pressure from his employer to vote in favor of the funding request, and had spoke with Municipal Attorney, Brian Hanson, about any possible conflict of interest. Hanson did not feel there was a conflict of interest. Mayor Hunter ruled Guevin did not have a conflict of interest and welcomed him to participate.

Connie Sipe, Executive Director of Center for Community, and Erin Walker-Tolles, Executive Director of Catholic Community Service spoke to the funding requests for the RIDE and Senior Center. Sipe and Walker-Tolles urged the Assembly to support the funding requests.

Bob Purvis and Sandy Koval, Senior Center Manager, voiced support for the RIDE and Senior Center funding requests.

Alene Henning, spoke to a concern outside of these two funding requests; cell phone use while driving. She reminded this use was against the law.

A motion was made by Guevin to reinstate the funding for the Senior Center Care-A-Van in the amount of \$38,000 for the FY18 budget. The motion PASSED by the following vote.

Yes: 6 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, and Knox

No: 1 - Bean

A motion was made by Guevin to include \$25,000 in the FY18 budget for the RIDE. The motion PASSED by the following vote.

Yes: 4 - Guevin, Potrzuski, Hunter, and Knox

No: 3 - Swanson, Eisenbeisz, and Bean

C 17-023

Discussion/Direction of the FY18 Municipal Budget and as it relates to the General Fund, other Funds, the School District and the Sitka Community Hospital (*Assembly action may be taken*)

Garry White, Sitka Economic Development Director, and Roger Hames urged the Assembly to reconsider the reduction of \$6,300 to SEDA. White reminded SEDA had previously taken a 10% cut resulting in a reduction of staff hours. He added the proposed reduction would result in a further reduction of staff hours. Hames reminded the Assembly of the importance of economic development in Sitka and the role that SEDA fills.

Fred Reeder, spoke to the possible removal of the senior sales tax exemption and urged the Assembly to consider eligibility requirements similar to that of the Alaska Permanent Fund Dividend rather than the proposed idea of means testing. He offered that while it was possible to determine an individual's income level, expenses varied from individual to individual.

Nancy Davis encouraged the Assembly to consider a year-round 6% sales tax.

Administrator, Mark Gorman, requested the Assembly provide direction on resources to be used for the \$63,000 added back into the budget (\$38,000 for the Senior Center and \$25,000 for the RIDE).

A motion was made by Guevin to reduce the Electric Subsidy earmark by \$63,000 in the FY18 budget. The motion PASSED by the following vote.

Yes: 6 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, and Knox

No: 1 - Bean

VI. PERSONS TO BE HEARD:

Hugh Bevan voiced support for a new Police Department facility, Sandy Koval spoke to ways in which the City might raise money for the General Fund - e.g. round up to nearest dollar at grocery stores, and Chief Finance and Administrative Officer, Jay Sweeney, reviewed the budget meeting schedule.

VII. EXECUTIVE SESSION

None.

VIII. ADJOURNMENT

A motion was made by Swanson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:55pm.

ATTEST: _____
Sara Peterson, CMC
Municipal Clerk



CITY AND BOROUGH OF SITKA

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

Minutes - Draft

City and Borough Assembly

Mayor Matthew Hunter
Deputy Mayor Bob Potrzuski
Vice-Deputy Mayor Steven Eisenbeisz
Tristan Guevin, Kevin Knox
Aaron Bean, and Aaron Swanson

Municipal Administrator: Mark Gorman
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson

Tuesday, March 14, 2017

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 5 - Swanson, Guevin, Hunter, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

IV. CORRESPONDENCE/AGENDA CHANGES

Mayor Hunter announced the agenda had been readvertised due to the addition of item D - update and discussion/direction on the Municipal Administrator selection process.

17-032 Reminders, Calendars and 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)

None.

VII. PERSONS TO BE HEARD

None.

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

Mayor - Hunter announced he, along with the Administrator and Community Affairs Director, had met with representatives of Senator Murkowski's office. A topic of conversation was ways in which the Senator's office might be able to assist Sitka in finding funding sources for various projects.

Administrator - Gorman reported on the visit with Senator Murkowski's office, updated the Assembly on the FY18 budget planning process, and announced bilingual signage had been placed on the Harrigan Centennial Hall rooms.

Attorney - Hanson reported, in the near future, he would be distributing a six month activity report to the Assembly on the work of the Legal Department.

Liaisons - Assembly member Knox reported on the Parks and Recreation Committee meeting and Mayor Hunter provided an update on the recent Port and Harbors Commission meeting.

Clerk - Peterson reminded the Assembly of upcoming meetings.

IX. CONSENT AGENDA

A motion was made by Swanson that the Consent Agenda consisting of Items A & B be APPROVED. The motion PASSED by the following vote.

Yes: 5 - Swanson, Guevin, Hunter, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

- A 17-033** Approve the minutes of the February 28, March 2 and March 7 Assembly meetings

This item was APPROVED ON THE CONSENT AGENDA.

- B RES 17-05** Supporting legislation to facilitate implementation of an Alaska Ground Emergency Medical Transport supplemental reimbursement program in Alaska

This item was APPROVED ON THE CONSENT AGENDA.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

- C 17-034** Appoint Beth Smith to a three-year term on the Parks and Recreation Committee

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

Yes: 5 - Swanson, Guevin, Hunter, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

XI. UNFINISHED BUSINESS:

D 17-041 Update and Discussion/Direction on the Municipal Administrator selection process

Mark Danielson, Human Resources Director, reviewed the options: 1) proceed with current candidates, 2) advertise again, or, 3) utilize the services of a recruiting agency.

Consensus of the Assembly was to proceed with the list of current candidates.

E ORD 17-05S Amending Sitka General Code Chapter 15.01 entitled "Electric Utility Policies" by amending Section 15.01.020 entitled "Electrical Rates"

Note - this ordinance replaced Ordinance 2017-05 that was heard on first reading February 28, 2017.

Harriet Beall spoke in opposition to raising electric rates.

Bean encouraged the Assembly to explore the possibility of becoming regulated by the Regulatory Commission of Alaska and, in addition, suggested the Commission review rates and policies. Hunter thanked Bean for bringing this idea forward, however, noted the timing was off in order to meet July 1 budget requirements. He reminded that to become regulated it would take a vote of the people. Hunter said, while painful, he was satisfied with the rate proposals; hoping this was the final step to getting the rates where they needed to be to cover debt service. Guevin agreed and stated it was the responsible decision. Guevin clarified, however, that he was uncomfortable moving one or both of these ordinances forward without a needs based subsidy in place for citizens who may be financially challenged by the rate increase. Knox shared the same sentiment yet reminded delaying passage of the rate ordinance(s) would only exacerbate the financial problem of the Electric Fund. Gorman stated for every two weeks of delay, it would cost the City approximately \$75,000 in meeting the current debt service.

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

Yes: 4 - Swanson, Guevin, Hunter, and Knox

No: 1 - Bean

Absent: 2 - Eisenbeisz, and Potrzuski

F ORD 17-06S Amending Sitka General Code Chapter 15.01 entitled "Electric Utility Policies" by amending Section 15.01.020 entitled "Electrical Rates" to allow for a seasonal increase in electrical rates

Note - this ordinance replaced Ordinance 2017-06 that was heard on first reading February 28, 2017.

Swanson and Knox expressed support of the ordinance, noting seasonal rates would flatten out monthly costs and eliminate major swings in utility bills.

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

Yes: 4 - Swanson, Guevin, Hunter, and Knox

No: 1 - Bean

Absent: 2 - Eisenbeisz, and Potrzuski

XII. NEW BUSINESS:

New Business First Reading

G ORD 17-08 Amending Sitka General Code Chapter 4.09 "Sales Tax" at 4.09.350 "Procedures on Delinquencies"

Mayor Hunter stated the Ordinance would offer relief, under certain circumstances, for businesses tardy in remitting sales tax returns.

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

Yes: 5 - Swanson, Guevin, Hunter, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

H ORD 17-07 Adjusting the FY17 Budget (grants, Greater Sitka Chamber of Commerce, Inc.)

Guevin recommended a process be implemented outlining how the remaining 8% of the Visitor Activities Enhancement Fund, that wasn't allocated for the Chamber of Commerce - visitor services, be used. Guevin suggested the money could be used for visitor enhancement. Gorman noted there was approximately \$160,000 in the Fund and anticipated growth of \$35-50,000 per year.

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

Yes: 5 - Swanson, Guevin, Hunter, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

Additional New Business Items

I 17-036 Approve a final plat for a major subdivision filed by Shee Atika for Lot 16 of Ethel Staton Subdivision

Mayor Hunter disclosed his parents owned property across the street from this subdivision and therefore was recusing himself as there could be a potential conflict of interest. Knox, liaison to the Planning Commission, indicated this subdivision had been before the Commission several times and Shee Atika Inc. staff had worked extensively with Planning Department staff to address questions and concerns.

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

Yes: 4 - Swanson, Guevin, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

Recused: 1 - Hunter

J 17-037 Approve a retail marijuana store license for Green Leaf, Inc. at 4612 Halibut Point Road

Bean, the applicant, recused himself.

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

Yes: 4 - Swanson, Guevin, Hunter, and Knox

Absent: 2 - Eisenbeisz, and Potrzuski

Recused: 1 - Bean

K 17-039 Authorizing the application for new Passenger Facilities Charges to fund the Sitka Rocky Gutierrez Airport terminal improvements

Mayor Hunter explained the application was for the collection of passenger facility charges to help fund airport terminal improvements.

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

Yes: 5 - Swanson, Guevin, Hunter, Knox, and Bean

Absent: 2 - Eisenbeisz, and Potrzuski

L 17-038 Appeal of the denial of a public records request filed by Marko Dapceovich (possible executive session)

Municipal Attorney, Brian Hanson, offered procedural advice for the appeal. Hanson reminded the Assembly they were sitting as a quasi-judicial body. In addition, Hanson cautioned the Assembly, that the hearing comments must be directed to documents withheld pursuant to the attorney client privilege. Hanson outlined actions the Assembly could take: the decision whether or not to grant the appeal, review the privileged attorney-client communications in executive session, waive the privilege, postpone decision, or request outside counsel.

Hanson, reminded that if any Assembly member had contact with the appellant with regards to the public records request those contacts should be disclosed to the Assembly. Bean read an email dated March 14, 2017 to the Assembly stating he wished to waive his attorney client privilege in relation to Mr. Dapceovich's public records request and shared that he had released email communication between himself, Mr. Hanson and Mr. Gorman to Mr. Dapceovich. Bean commented that Dapceovich had raised the same concerns he did back in October and reiterated his thoughts on the mishandling of the bidding process for the Gary Paxton Industrial Park dock project. Mayor Hunter asked Assembly member Bean to recuse himself.

Dapceovich disagreed with the procedural advice given by Hanson and stated he had requested Hanson provide the privileged information to the Assembly prior to the Hearing.

Mayor Hunter outlined the Hearing process and reminded comments should be directed to documents withheld pursuant to the attorney client privilege and whether

those documents should be released.

Hearing

Applicant/Staff presentations: Dapceвич stated the information withheld did not fall under attorney client privilege. Hanson said he had withheld the documents to protect his client, the Assembly. Hanson reminded, the Assembly could release the communications; he, however, did not have the right to release them.

Applicant/Staff response or clarifying statements: Dapceвич explained privilege was protected communications between the attorney and the client. He stated the client had to be privileged to the communications and the Assembly hadn't been. Hanson replied he had a legal obligation not to release these documents. The purpose of the appeal was to decide whether or not to release them.

A motion was made by Swanson to GO INTO EXECUTIVE SESSION, and exclude all staff, to review the communications that are the subject of this appeal which by law are required to be confidential and/or concern legal matters affecting the Municipality or legal consequences of past, present or future Municipal actions, i.e., the Gary Paxton Industrial Park dock contract. The motion PASSED by the following vote.

Yes: 4 - Swanson, Guevin, Hunter, and Knox

Absent: 2 - Eisenbeisz, and Potrzuski

Recused: 1 - Bean

The Assembly was in executive session from 7:58pm to 8:32pm.

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

Mayor Hunter announced the Assembly had read the documents. Swanson felt the information was privileged but wished to waive his right. Guevin and Hunter believed the Municipal Attorney was correct in his decision to withhold the documents. Knox agreed.

A motion was made by Knox TO DENY THE APPEAL. The motion PASSED by the following vote.

Yes: 4 - Swanson, Guevin, Hunter, and Knox

Absent: 2 - Eisenbeisz, and Potrzuski

Recused: 1 - Bean

Assembly members discussed waiving the attorney client privilege and releasing records, however, decided to wait until the Municipal Attorney, or outside legal counsel, reviewed and advised on the matter. Mayor Hunter stated if two Assembly members were interested in sponsoring a future agenda item to discuss the release of the documents to contact the Municipal Clerk.

XIII. PERSONS TO BE HEARD:

Bean requested that the privileged information shared with the Assembly in executive session be provided to him. Hanson invited Bean to stop by his office to review the documents in person.

XIV. EXECUTIVE SESSION

See Item L

XV. ADJOURNMENT

A motion was made by Swanson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:55pm.

ATTEST: _____
Sara Peterson, CMC
Municipal Clerk



CITY AND BOROUGH OF SITKA

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

Minutes - Draft

City and Borough Assembly

Mayor Matthew Hunter
Deputy Mayor Bob Potrzuski
Vice-Deputy Mayor Steven Eisenbeisz
Tristan Guevin, Kevin Knox
Aaron Bean, and Aaron Swanson

Municipal Administrator: Mark Gorman
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson

Thursday, March 16, 2017

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 6 - Swanson, Guevin, Potrzuski, Hunter, Knox, and Bean

Absent: 1 - Eisenbeisz

IV. PERSONS TO BE HEARD

None.

V. NEW BUSINESS:

A 17-040

Administrative report containing overview of long term fiscal and capital improvement plans, proposed capital expenditures, and resulting proposed user fee increases and changes in working capital for each of the eight Enterprise Funds

Chief Finance and Administrative Officer, Jay Sweeney, stated the goal for the evening was to review the eight Enterprise Funds: Electric, Water, Wastewater, Solid Waste, Harbors, Airport Terminal Fund, Marine Service Center, and Gary Paxton Industrial Park.

Sweeney explained Enterprise Funds differed from the General Fund in several ways: 1) they were established to operate as a business; 2) they levied user fees for the provision of some service; and 3) user fees were established by the Assembly at rates necessary to generate cash flow sufficient to pay for ongoing operating expenses and to accomplish long-term fiscal and infrastructure plans.

Assembly members chose to review the following Enterprise Funds: Electric, Water, Wastewater, Solid Waster and Harbors. It was decided to postpone further discussion of the remaining Enterprise Funds (Airport Terminal Fund, Marine Service Center, and Gary Paxton Industrial Park) until the next budget meeting on April 6.

A motion was made by Potrzuski to POSTPONE continued discussion of item A and POSTPONE items B, C, & D to Unfinished Business at the April 6 Special Meeting. The motion PASSED by the following vote.

Yes: 6 - Swanson, Guevin, Potrzuski, Hunter, Knox, and Bean

Absent: 1 - Eisenbeisz

B 17-042 Discussion/Direction/Decision on proposed Enterprise Fund operating outlays

This Item was POSTPONED to April 6.

C 17-043 Discussion/Direction/Decision on proposed Enterprise Fund capital outlays

This Item was POSTPONED to April 6.

D 17-044 Discussion/Direction/Decision on proposed Enterprise Fund user fee increases

This Item was POSTPONED to April 6.

E 17-045 Discussion/Direction/Decision of the FY2018 Enterprise Funds or General Fund and as they relate to other Funds, the School District, and the Sitka Community Hospital

Municipal Administrator, Mark Gorman, provided an update on the FY18 budget deficit. He summarized the changes made at the March 9th budget meeting: adding an appropriation for the RIDE of \$25,000, restored funding of \$38,000 for Senior Center transportation/vehicle cost, and a reduction of \$63,000 in the electric subsidization fund. In addition, Gorman noted some other changes that had occurred: a decrease in revenue sharing of \$128,859 and an increase of \$111,451 in senior citizen property tax exemptions. Gorman shared he had received comments from SEDA Board members concerned about the proposed 10% reduction in funding. As a result of those conversations, Gorman offered to bring this concern to the Assembly and advocate for different avenues to restore some of the cuts for non-profits. Gorman suggested two possibilities: 1) use some of the money put aside for utility assistance, and, 2) use money from the Visitor Activities Enhancement Fund.

F 17-046 Update and Discussion/Direction on the Municipal Administrator selection process (*possible executive session*)

A motion was made by Swanson to go into executive session to discuss subjects that may tend to prejudice the reputation and character of Muncipal Administrator candidate, Patrick Jordan, and invite in Human Resources Director, Mark Danielson, and Patrick Jordan, if desired. The motion PASSED by the following vote.

Yes: 6 - Swanson, Guevin, Potrzuski, Hunter, Knox, and Bean

Absent: 1 - Eisenbeisz

The Assembly was in executive session from 8:28pm to 8:36pm.

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

A motion was made by Potrzuski to remove Patrick Jordan from the Municipal Administrator candidate list. The motion PASSED by the following vote.

Yes: 6 - Swanson, Guevin, Potrzuski, Hunter, Knox, and Bean

Absent: 1 - Eisenbeisz

VI. PERSONS TO BE HEARD:

None.

VII. EXECUTIVE SESSION

See Item F.

VIII. ADJOURNMENT

A motion was made by Knox to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:38pm.

ATTEST:

**Sara Peterson, CMC
Municipal Clerk**