

CONSENT AGENDA

POSSIBLE MOTION

**I MOVE TO APPROVE THE CONSENT AGENDA
CONSISTING OF ITEM A**

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
September 26 Assembly meeting.



CITY AND BOROUGH OF SITKA

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

Minutes - Not Viewable by the Public

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: Keith Brady
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson

Tuesday, September 26, 2017

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

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

Telephonic: 1 - Guevin

IV. CORRESPONDENCE/AGENDA CHANGES

Mayor Hunter announced item E was pulled from the agenda. Knox, one of the sponsors, indicated there were additional issues that needed to be addressed. He spoke to the complexity of the tax code and posed the idea of forming a commission to review the tax code to better develop an equitable platform for citizenry and businesses.

17-165

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 (five minute time limit)

None.

VII. PERSONS TO BE HEARD

Fred Fayette, a liveaboard, thanked the Harbor Department for their quick response to his sinking vessel.

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

Mayor - Hunter welcomed attendees of the 2017 Alaska Fire Conference.

Administrator - Brady commended the Police Department for their work in recent arrests involving controlled substances and thanked staff of the Public Works Department for long hours spent repairing water line breaks.

Attorney - Hanson announced Legal Assistant Coral Crenna started Monday.

Liaison Representatives - Potrzuski relayed information from the recent Local Emergency Planning Committee meeting while Hunter reported on the Port and Harbors Commission meeting.

Clerk - Peterson reviewed the details of the upcoming Municipal Election.

IX. CONSENT AGENDA

- A 17-160** Approve the minutes of the September 12 and 14 Assembly meetings

A motion was made by Knox that the Consent Agenda consisting of Item A be APPROVED. The motion PASSED by a unanimous voice vote.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

- B 17-162** Appoint 1) Max Rule to a three-year term on the Investment Committee in the category of alternate, and, 2) Michael Sanders to a three-year term on the Local Emergency Planning Committee in category 2

Guevin expressed appreciation to Rule for applying. Guevin encouraged the Assembly to consider expanding the Committee membership.

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

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

XI. UNFINISHED BUSINESS:

- C ORD 17-32** Adjusting the FY18 Budget (*Solid Waste Fund - Operations*)

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 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

XII. NEW BUSINESS:

- D RES 17-20** Supporting adoption of the second Monday in October as Indigenous Peoples' Day *(1st and final reading)*

Potrzuski, Knox, and Guevin spoke to the importance of the Resolution.

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

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

- E ORD 17-33** ~~Amending Sitka General Code Title 4 "Revenue and Finance" by adding a new Chapter 4.27 "Excise Tax on Marijuana and Marijuana Products" (1st reading)~~ **PULLED**

This item was PULLED from the agenda. No action was taken.

- F 17-161** Discussion/Direction of the Sitka Community Land Trust's request of \$62,000 for contaminated soil remediation costs at 1306 Halibut Point Road *(possible executive session)*

Mayor Hunter summarized the issue. He stated the Sitka Community Land Trust (SCLT) had purchased the "Old City Shops" property on Halibut Point Road for \$1 to develop affordable housing. During site prep, contaminated soil was uncovered. Hunter clarified the revised request amount was \$47,267.

Municipal Attorney, Brian Hanson, noted if the Assembly wished to be informed of legal ramifications, an executive session was warranted.

A motion was made by Bean to go into Executive Session, pursuant to Sitka General Code 2.04.020.D.4, to communicate with the Municipal Attorney concerning a legal matter affecting the Municipality with respect to the land conveyed by the Municipality to the Sitka Community Land Trust. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

The Assembly was in Executive Session from 6:30p.m. to 7:10p.m.

A motion was made by Bean to Reconvene as the Assembly in Regular Session. The motion PASSED by a unanimous voice vote.

Assembly members expressed disappointment hearing of the soil contamination, voiced concern over future construction and wondered if there would be future requests from the SCLT. Knox commented that while taxpayers were being asked to cover the bill, taxpayers created the contamination.

Mim McConnell, SCLT Executive Director, and Randy Hughey, President of the SCLT spoke. McConnell thanked the Assembly for considering the request. She offered that

through Rasmuson grants, \$250,000 had been invested into preparing the land for the halibut point cottages. McConnell added that the income received from a portion of the land to Pet's Choice Veterinary Clinic would also be put towards remediation costs, yet the overall remediation costs were still beyond their means. Hughey shared that if the requested \$47,000 was spread out among the cottage units, the price of the homes would increase roughly \$7,000 each. In answer to a question of future contamination, Hughey indicated on the site (1306 Halibut Point Road), the front three lots were where four to five feet of petroleum was found. On those three lots helical pilings had been suggested. Moving towards the back of the property, less contaminant had been discovered. Hughey explained trenching was necessary to install water, sewer, and electrical to the seven sites and would be done above the contaminants. He said the SCLT had consulted the Public Works Department for alternative development methods. Hughey added approximately 120 yards of the soil (\$50,000 of the bill) was material not tested in the Carson Dorn report of 2006-2007. It was material not a part of DEC required profile of contaminants. The two indicated the project would not stop if the City chose to deny the request, however, it would make it difficult for the SCLT to help the target population they're aiming for. Hughey mentioned funding assistance was not available from DEC and another grant they had received could only be used for operations.

Hunter spoke to the need for affordable housing in Sitka and reminded of the efforts the City had made to help - e.g. transfer of land on Lillian Drive and the Old City Shops property. Hunter further reminded that an agreement had been entered into and that the City had received multiple assurances from the SCLT that they were prepared to deal with contaminants. While uncomfortable moving forward with other phases of the project, Hunter wondered of the possibility for the SCLT to complete phase one with no further digging and consultation from the Public Works Department. McConnell and Hughey noted their focus was to complete the seven homes for occupancy. If that was all the SCLT was able to complete, they would consider that a success. Bean thanked the group for their work, and while Sitka was an expensive place to live, did not feel affordable housing was the government's role. If taxpayers started funding affordable housing, the market wouldn't play out. Swanson agreed stating the City did not belong in real estate. Eisenbeisz noted when the advisory vote passed in 2006 to use the Old City Shops for affordable housing, he didn't believe the intent was for the City to fund it. He wished to see the costs passed along to the future buyers.

A motion was made by Potrzuski to direct staff to draft an agreement with the Sitka Community Land Trust to use up to \$47,267 on remediation efforts. The motion PASSED by the following vote.

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

No: 3 - Swanson, Eisenbeisz, and Bean

Chief Finance and Administrative Officer, Jay Sweeney, offered in addition to the agreement, a budget adjustment was required. It was clarified the Assembly wished to have the agreement and budget adjustment (for a grant) come forward at a future meeting.

Doug Osborne, member of the SCLT Board, spoke in support of the project and funding request and reminded we had all inherited the situation. He preferred not to pass it on to new families and instead make the cottages as affordable as possible.

Knox reminded of the long standing need for affordable housing and stated it was about doing not only what was fair but what was just. Potrzuski stated the issue needed to

be resolved, and while he wouldn't vote for a funding request again in the future, affordable housing was a critical problem facing Sitka. Guevin thanked the SCLT for their hard work and efforts. He believed it was the government's responsibility to provide housing, transportation, and health and human services for its citizens. Guevin stated it would be a success to get seven affordable homes on the market. Hunter commented that if the City was the source of the pollution, then it should clean the site. He also restated that the City had given away land for a \$1 that was worth a few hundred thousand. Like Potrzuski, this was where he was drawing the line on City contributions for the SCLT.

G 17-163

Discussion/Direction/Decision of the Administrator's annual recommended transfer to the Public Infrastructure Sinking Fund

Hunter reminded that per Sitka General Code, every year the Administrator was required to prepare an analysis of the General Fund and recommend a potential transfer amount to the Public Infrastructure Sinking Fund (PISF). He summarized the options. The Assembly could take no action, transfer the \$1.1 million to the PISF, or divide it among funds.

Hunter noted the City's deferred maintenance and infrastructure needs, reminded of the budget deficit and the possibility of using the surplus for that need. He also recognized the surplus could be used to help out needy funds such as the Harbor Fund. Knox, Eisenbeisz, and Potrzuski spoke in support of moving the transfer amount to the PISF. Guevin agreed. Assembly members complimented staff for their work.

A motion was made by Eisenbeisz to transfer \$1,100,000 to the Public Infrastructure Sinking Fund. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

H 17-164

Adopt the Chief Finance and Administrative Officer's interpretation of the term "sales unit" as set forth in Sitka General Code 4.09.100 (N), and, further clarify the term "sale unit" as it pertains to the provision of services and bundled invoices

Chief Finance and Administrative Officer, Jay Sweeney, explained with the increase of the taxable sales transaction limit to \$12,000 (October 1), the Finance Department had received several inquiries as to what comprised a separate sales unit. Currently, "sales unit" was defined by the vendor. Sweeney referenced his memo to the Assembly in which he provided his personal interpretation and examples. When asked about enforcement, Sweeney added that the sales tax code was managed by voluntary compliance. Knox noted the complexity of the tax code and commented that voluntary compliance put the liability back on businesses if they didn't have the same interpretation as the City. While some members expressed hesitancy, others offered that if additional clarification was needed in the future, the Assembly could revisit the issue.

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

Yes: 5 - Swanson, Eisenbeisz, Guevin, Potrzuski, and Hunter

No: 2 - Knox, and Bean

XIII. PERSONS TO BE HEARD:

None.

XIV. EXECUTIVE SESSION

None.

XV. ADJOURNMENT

A motion was made by Swanson to ADJOURN. Hearing no objections, the meeting
ADJOURNED at 8:52pm.

ATTEST:

Sara Peterson, CMC
Municipal Clerk