

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
March 8, 13, 15 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 Steven Eisenbeisz,
Vice Deputy Mayor Bob Potrzuski,
Aaron Bean, Kevin Knox, Dr. Richard Wein,
Benjamin Miyasato*

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

Thursday, March 8, 2018

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

IV. CORRESPONDENCE/AGENDA CHANGES

None.

V. PERSONS TO BE HEARD

None.

VI. NEW BUSINESS:

A 18-031

Discussion/Direction of local support of public education to the Sitka School District contained in the proposed FY2019 General Fund and other issues pertaining to financial support of educational related activities (*Assembly action may be taken*)

Administrator Keith Brady spoke to the amount of support currently budgeted for the Sitka School District and how that figure was calculated.

Sitka School District Superintendent Mary Wegner and Business Manager Cassee Olin reviewed the District's preliminary FY19 budget, including the District's projected \$2.3 million deficit, an additional request of \$600,000, and answered questions from Assembly members.

School Board members spoke to the importance of quality education and the need for collaboration between the City and School District.

VII. PERSONS TO BE HEARD:

Speaking in support of the School District and funding requests were: Tim Pike, Anders Marius, Mindy Barry, Marlie Loomis and Susan Brandt-Ferguson.

VIII. EXECUTIVE SESSION

None.

IX. ADJOURNMENT

A motion was made by Miyasato to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:12pm.

ATTEST:

Sara Peterson, MMC
Municipal Clerk



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Benjamin Miyasato*

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

Tuesday, March 13, 2018

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 6 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Bean, and Wein

Telephonic: 1 - Knox

IV. CORRESPONDENCE/AGENDA CHANGES

No agenda changes.

18-040 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

Representatives of the Sitka Community Playground group provided an update on the

status of the project. Bridgette Hitchcock and Greg George reported the group had raised \$763,000 through grants, donations from individuals and businesses, and in-kind donations. They announced construction was underway and were hopeful for a grand opening ceremony around the July 4th holiday.

VIII. REPORTS

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

Mayor - Hunter announced he was working with Representative Kreiss-Tomkins on a possible grant for new outdoor infrastructure - e.g. cabin.

Administrator - Brady reported the City had received word on health insurance rates for the next year, reviewed the timeline for the Sitka Community Hospital RFP, shared he had met with the Japanese Head Consul Masatoshi Sato, and announced the Police Department had made a small drug bust over the weekend.

Liaison Representatives - Potrzuski reported on the Parks and Recreation Committee meeting and Wein on the Health Needs and Human Services Commission.

Clerk - Peterson reminded the Assembly of upcoming budget meetings.

IX. CONSENT AGENDA

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

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

A 18-032 Approve the minutes of the February 27 Assembly meeting

This item was APPROVED ON THE CONSENT AGENDA.

B 18-034 Approve liquor license renewal applications: 1) American Legion Post #13 at 205 Lincoln Street, 2) Sitka Golf Association Inc. dba Sea Mountain Restaurant & 19th Hole at 301 Granite Creek Road, 3) Dove Island Lodge & Sitka Sportsfishing Charters, LLC dba Dove Island Lodge on Dove Island

This item was APPROVED ON THE CONSENT AGENDA.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

C 18-033 Reappoint Shauna Thornton to a three-year term on the Port and Harbors Commission

Miyasato thanked Thornton for reapplying.

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

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

XI. UNFINISHED BUSINESS:

D RES 18-04 RECONSIDERATION: Supporting a National Carbon Fee and Dividend

Larry Edwards spoke in support of the motion to reconsider.

Those speaking in opposition to the motion were Joel Hanson, Beth Kindig, Larry Jackson, Kent Barkhau and Kay Kreiss.

Wein, Knox, Miyasato and Potrzuski spoke in opposition.

A motion was made by Potrzuski to RECONSIDER the motion to approve Resolution 2018-04 on first and final reading. The motion FAILED by the following vote. The Clerk announced the vote of 6-1 approving Resolution 2018-04 on February 27, 2018 stood.

Yes: 1 - Bean

No: 6 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, and Wein

E ORD 18-04S Amending Title 15 of the Sitka General Code by adding a new Chapter 15.15 "Utility Cost Subsidization Program" - 1st reading - substitute ordinance

Cosponsors Potrzuski and Knox noted after the February 13 meeting they had met with staff. A substitute ordinance had been brought back to the Assembly for consideration. Potrzuski referenced the changes. Knox reminded a commitment was made during the last budget cycle to help those in need, and while not perfect, this was a starting point and action was needed. Potrzuski commented this program was not designed for individuals with existing payment plans.

Bean while empathetic, stated in light of the current budget deficit he could not support the idea. He suggested the City explore the idea of being regulated by the Regulatory Commission of Alaska. This could open the door to subsidies. Miyasato voiced concern with the subsidy amount of \$400,000 when there was an existing deficit. He wondered of the possibility in reducing the amount to thereby reduce the deficit. Wein believed the program was well meaning however more work needed to be done and suggested the Assembly go through the budget process before making such appropriations. Hunter was hesitant to fund the program with a one time funding source and preferred a more sustainable funding source.

Jay Sweeney, Chief Finance and Administrative Officer, reminded the application period was in the fall with distribution of funds occurring in January. He explained the \$400,000 previously appropriated could be transferred to a new special revenue fund until utilized. Sweeney clarified this was not new revenue to utilities but rather a payment source. The municipality would make a payment to itself on behalf of the customer.

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

Yes: 5 - Miyasato, Eisenbeisz, Potrzuski, Hunter, and Knox

No: 2 - Bean, and Wein

XII. NEW BUSINESS:

- F 18-037** Approve removal of the Solid Waste 4x4 route from the Solid Waste Collection Contract to reduce operating costs by approximately \$71,500 per year

Kim Elliot spoke in support of removal of the route. Ray Majeski and Robin Sherman spoke in opposition.

Public Works Director, Michael Harmon, clarified that not all customers on the 4x4 route would be eligible for the "pack-out" service and that in fact only a small portion of those customers would be eligible. Only homes within 30 feet of the automated truck routes would be eligible for the service, at an additional fee of \$11.50 per month. Folks not eligible would need to move their trash container to a designated area where an automated truck could empty their container. Harmon stated some areas would need to go to a shared tub if there wasn't enough room for several containers. With a user fee model, the additional fee would be \$737 per year per customer in addition to the standard monthly solid waste fee. Harmon believed this wouldn't be a popular option among customers. He explained when the contract was renewed the 4x4 route was not one the contractor was willing to take on nor bid on. Upon entry of the contract, the contractor was asked to provide details as to how much it would cost to provide the additional service, for the City to then decide if they wished to continue with the service. If the route were to remain it would be an increase to the FY19 budget.

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

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

- G 18-035** Approve a liquor license renewal application for JL Sitka, Inc. dba Westmark Sitka Hotel at 330 Seward Street (*executive session anticipated*)

A motion was made by Potrzuski to go into executive session with Chief Finance and Administrative Officer Jay Sweeney to discuss subjects that tend to prejudice the reputation and character of any person and to discuss matters, the immediate knowledge of which, would adversely affect the finances of the City and Borough of Sitka and invite in if desired, and when ready, representatives of JL Sitka, Inc. The motion PASSED by the following vote.

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

The Assembly was in executive session from 7:52pm to 8:23pm.

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

A motion was made by Bean to approve, with the condition that the applicant must satisfy the note/payment plan entered into with the City and Borough of Sitka, a liquor license renewal application for JL Sitka, Inc. dba Westmark Sitka Hotel at 330 Seward Street and forward this approval to the Alcoholic Beverage Control Board without objection. The motion PASSED by the following vote.

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

H ORD 18-07 Amending Sitka General Code Title 21 "Subdivision"

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

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

I ORD 18-06 Adjusting the FY18 Budget (*Library Donation, O'Connell Lightering Facility Repair Project*)

William Wilks, Principal-Managing Partner for Alaska Utility Operations with Parrish, Blessing and Associates, reported on his findings from a telephonic focus group formed to better understand the services and facility amenities yacht users of the O'Connell Bridge facility prefer or require. The goal being to attract Sitka as a yacht docking port. Wilks reviewed three cost model scenarios and answered questions from Assembly members. Wilks noted the facility could recover its direct cost and contribute to the Harbor Enterprise Fund.

Bean reminded the appropriation had doubled and wondered if the project should be delayed to focus on the existing harbors that need repair. Other members voiced support for the project and stated while it was a significant amount of money there was potential for revenue generation.

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

Yes: 6 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, and Wein

No: 1 - Bean

J 18-038 Approve the Gary Paxton Industrial Park Port Tariff No. 1

Gary Paxton Industrial Park (GPIP) Board Director, Garry White, explained the proposed rate structure and noted he had worked with William Wilks of Parrish, Blessing, and Associates Inc. (PBA), a regulatory and economics consulting firm from Anchorage. The intent was to mirror harbor rates and maintain a level playing field. Wilks recommended benchmarking rates for now eventually working towards cost base rates. White added that PBA would assist GPIP with filing the tariff with the Federal Maritime Commission.

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

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

K 18-039 Approve a one year purchase agreement between the City and Borough of Sitka and Green Gold Distributors for raw water in bulk export

Mayor Hunter explained this was an unadvertised executive session, however, was legal as the agenda item had been advertised.

A motion was made by Potrzuski to go into executive session to have a candid discussion with the Municipal Attorney concerning how to avoid legal liability regarding the proposed Green Gold Distributors raw water purchase

agreement and invite in if desired, and when ready, Garry White and/or Bryan Bertacchi. The motion PASSED by the following vote.

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

The Assembly was in executive session from 9:25pm to 9:52pm.

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

Public Testimony

Charles Bingham wished to ensure there was a clause in the contract stating Sitka received primary use. Peter Bradley expressed concern with Sitka's vulnerability to becoming a second hand crisis profiteer through international water sales and noted shortcomings in the contract language.

Assembly Deliberation

Miyasato reminded Section 4.1.a) of the agreement stated, "Sitka shall retain first right and priority to water required for its municipal drinking water supply system and its municipal hydroelectric system...". In addition, he noted Wrangell was suffering from a water shortage and wondered if Sitka could help. Hunter relayed concerns he had heard regarding the quantity of water and the City's capacity to sell water and continue to run the hydros. He noted the City had 9 billion gallons allowed to distribute. Of those 9 billion, a little over 2 billion gallons were encumbered by agreements, leaving us with 6.5 billion gallons to sell in excess of hydro needs and drinking needs.

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

Yes: 6 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, and Bean

No: 1 - Wein

XIII. PERSONS TO BE HEARD:

None.

XIV. EXECUTIVE SESSION

L 18-036 Financial matter: Baranof Island Brewing Company - Forbearance

A motion was made by Potrzuski to EXTEND to 10:45pm. The motion PASSED by the following vote.

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

No: 1 - Eisenbeisz

A motion was made by Potrzuski to go into executive session with Chief Finance and Administrative Officer Jay Sweeney to discuss subjects that tend to prejudice the reputation and character of any person and to discuss matters, the immediate knowledge of which, would adversely affect the finances of the City and Borough of Sitka and invite in if desired, and when ready, Suzan Hess and/or Rick Armstrong of Baranof Island Brewing Company and/or their

Attorney, Brita Speck. Hearing no objections, the Assembly entered executive session from 10:08pm to 10:42pm.

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

A motion was made by Potrzuski to EXTEND to 10:50pm. The motion PASSED by the following vote.

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

Suzan Hess was agreeable to the motion made by Assembly members and stated Baranof Island Brewing Company had previously met with staff to ask for additional time to provide the requested information.

A motion was made by Bean to extend the forbearance agreement between Suzan Hess and/or Rick Armstrong of Baranof Island Brewing Company to the 1st of August, 2018. This is to be contingent upon parties providing a current balance sheet, profit and loss statement, two years tax returns, a complete audit by a third party of the City's choosing paid for by Suzan Hess and/or Rick Armstrong of Baranof Island Brewing Company by June 1, 2018 and direct staff to revisit and revise the Assembly of possible options at that time. *

*Jay Sweeney, Chief Finance and Administrative Officer clarified it was not an audit that was needed but instead a compilation of independently produced financial statements.

The motion PASSED by the following vote.

Yes: 5 - Potrzuski, Hunter, Knox, Bean, and Wein

No: 2 - Miyasato, and Eisenbeisz

XV. ADJOURNMENT

A motion was made by Miyasato to ADJOURN. Hearing no objections, the meeting ADJOURNED at 10:48pm.

ATTEST: _____
Sara Peterson, MMC
Municipal Clerk



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Benjamin Miyasato*

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

Thursday, March 15, 2018

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 5 - Miyasato, Eisenbeisz, Potrzuski, Hunter, and Wein

Absent: 2 - Knox, and Bean

IV. PERSONS TO BE HEARD

Representatives of the RIDE asked the Assembly to consider a funding request of \$25,000.

V. NEW BUSINESS:

A 18-041

Executive Summary of the FY19 General Fund budget from Chief Finance and Administrative Officer, decrementing, decrementing process, and unbudgeted items (*Assembly may take action*)

Administrator Keith Brady reviewed the timeline for the evening. He noted initially there was a \$1.5 million deficit in the General Fund, however, with the work of staff the deficit had been reduced. Jay Sweeney, Chief Finance and Administrative Officer, spoke to the FY19 budget approval timeline and review plan. In addition, Sweeney reviewed the process for making changes to the budget from this point forward. Controller, Melissa Haley, presented a powerpoint presentation of the FY19 General Fund budget. Topics covered were: the schedule and process for the FY19 budget, FY19 General Fund budgeted revenues, expenditures over the last 10 years, decrements to date, undesignated working capital and total fund balance, revenue from sales and property taxes in addition to other General Fund revenue sources, revenue from Federal and

State grants (operating and capital improvements), transfers in from other funds, management fees, personnel changes from FY18 to FY19, salary and benefits by department, travel/training and equipment, transfers out of the General Fund, FY19 General Fund capital projects, and local support for school funding.

B 18-042

Discussion/Direction of the FY19 Municipal Budget and as it relates to the General Fund, other Funds, the School District and the Sitka Community Hospital (*Assembly may take action*)

A motion was made by Wein to eliminate the contracted lobbyist and any associated costs with the lobbyist contract.

Yes: 5 - Miyasato, Eisenbeisz, Potrzuski, Hunter, and Wein

Absent: 2 - Knox, and Bean

After the vote to remove the lobbyist funding, it was determined the funding for the lobbyist existed in the Electric Fund budget not the General Fund as previously thought. With the current information, Eisenbeisz expressed concern with his vote to remove the lobbyist funding without hearing from the Utility Director. Wein gave notice to reconsider the motion and revisit the item at the next budget meeting on March 22.

Speaking from the public, Hugh Bevan wondered if the air pack purchases could be made over several budget cycles. Fire Chief, Dave Miller, explained air packs were purchased on the same day and expired at the same time. He commented it was best practice to have them all with the same expiration date. Without air packs, firefighters would not be able to enter into buildings. Administrator Brady commented it was his decision to remove the air packs from the FY19 budget. The Fire Department was currently in the process of applying for a group grant for the air packs however clarified an appropriation would be needed if the grant was not received.

A motion was made by Eisenbeisz to remove the Fire Department air packs from the General Fund decrement list and add them back to the FY19 budget. The motion PASSED by the following vote.

Yes: 5 - Miyasato, Eisenbeisz, Potrzuski, Hunter, and Wein

Absent: 2 - Knox, and Bean

VI. PERSONS TO BE HEARD:

Rebecca Himschoot wondered if there were areas within the City budget where savings could be made to in turn help the School District. Himschoot stated she served on the State Board of Education and communities across the state were facing cuts.

Hugh Bevan applauded staff for their work. He suggested holding off on the fire truck and ambulance purchases and also reexamining management fees.

Eric Vancise, a member of the School Board, thanked the Assembly and staff, and found the presentation to be very informative.

VII. EXECUTIVE SESSION

None.

VIII. ADJOURNMENT

A motion was made by Miyasato to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:35pm.

ATTEST: _____
Sara Peterson, MMC
Municipal Clerk