



CITY AND BOROUGH OF SITKA

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

Minutes - Draft

City and Borough Assembly

*Mayor Gary Paxton
Deputy Mayor Steven Eisenbeisz,
Vice Deputy Mayor Valorie Nelson,
Aaron Bean, Kevin Knox, Dr. Richard Wein, Kevin Mosher*

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

Thursday, January 24, 2019

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 6 - Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

Absent: 1 - Bean

IV. PERSONS TO BE HEARD

None.

V. NEW BUSINESS:

A 19-023 Discussion / direction / decision of the Enterprise Funds

Municipal Administrator Keith Brady stated the meeting would be an overview of the enterprise funds that did not include new infrastructure. He gave a general timeline. He told of scenarios that would be gone over with regards to rate increases for each fund. Chief Finance and Administrative Officer Jay Sweeney prefaced the presentation on the need to continue to provide uninterrupted service and how to maintain the infrastructure by looking 10, 20, to 30 years into the future. He stated there would be historical context, and review of current and future compacity with regards to infrastructure. He told of approval of the operating appropriations, capital expenditure plans, user fees, and debt financing which, he told, were all interlinked. He asked for guidance from the assembly. Wein commented on the process and had concerns with the timeline. Mayor Paxton stated if the assembly was not ready in February, decisions could be further out.

Controller Melissa Haley began with a brief history of the electric, water, and

wastewater funds and noted the likelihood of lack of state funding going forward. She went over the electric fund's operating revenue, expense, debt, capital outlays, and user fee scenarios. Sweeney stated that the bonds for both Green Lake and Blue Lake were bonded together and three bonds were interest only payments in order to avoid a high user rate increase. The final Blue Lake debt payment would be in 2049.

Paxton told of his priorities with working toward federal funding. Eisenbeisz affirmatively confirmed with staff that the electric fund user fee increase discussed did not include an increase in the base user fee. Mosher asked about cuts and wondered why they were not being discussed. Haley spoke to risk that may come with cuts. Paxton stated he felt that enterprise funds should stand alone. Nelson stated she was not in favor of user fee increases and suggested contracted employees in order to cut costs. Staff was directed to look at reduced operating costs.

Sweeney stated there were large capital needs into the future for the water fund. Haley went over revenue, expense, capital outlays, debt, and rates. Sweeney and Haley encouraged holding working capital in this fund. Sweeney told of the upcoming Lincoln Street paving project that would require a loan from the State of Alaska.

Haley told of aging infrastructure with regards to the wastewater fund. She explained revenue, expense, capital outlays, debt, and rates. Michael Harmon Public Works Director expanded on the projects. Haley noted that the cost of the projects were stated in today's dollars not taking inflation into consideration. Nelson and Mosher had concerns with a rate increases. Paxton wondered if user fees were not increased in the fund, which capital project would either be postponed or not done. Knox remarked that Sitka was not the only place where increases were taking place and cautioned postponing projects especially with regards to the wastewater fund.

Haley noted that the rates were driven by the operating costs for the solid waste fund which was contracted out. She told of operating revenue, expense, capital outlays, and rates. Brady told of cost savings with regards to taking over the Scrap Yard rather than contracting it out.

Haley showed revenue, expense, capital outlays, debt and rates for the harbor fund. Sweeney noted the projected four major projects in the near future and that grants had been applied for but not yet received. Knox mentioned the idea of a subsidization. Harmon highlighted that the harbor fund was moving away from the master plan, infrastructure was being reduced, and gave the example of the Marine Service Center and the Grid. Sweeney told of the pros and cons of privatizing of a harbor. Nelson was not in support of the subsidization of the harbor system. Knox told of the impacts of shutting down a harbor. Mosher thought that privatizing was worth looking at. Wein thought to not sell the land but rather give a long-term lease. Harmon explained there were models that other communities have done, and suggested using the land around the harbor for revenue. Sweeney listed out the utilities individually noting solid waste disposal was driving the high amount as the harbor systems garbage was picked up daily on week days.

Haley spoke to the Airport Terminal Improvement Project that included \$10 million in grant funding. She noted the Marine Service Center had a small capital project. The Gary Paxton Industrial Park (GPIP) had no capital projects slated but because of the Administration building situation, not enough revenue was coming in to support the fund. Sweeney noted 2 to 3 years when the GPIP capital funding would run out.

Wein encouraged to think outside the current revenues. He felt that we needed to move away from the models of generating funding. Brady noted that staff would bring motions to the next meeting and have an overview of each fund. Paxton thanked staff and assembly.

VI. PERSONS TO BE HEARD:

Garry White Gary Paxton Industrial Park (GPIP) and SEDA Director commented that the GPIP Board of Directors has a strategic plan. He stated he had been working with consultants to look at a future port authority. Charles Bingham used an example that all citizens help pay for school funding, and thought that similarly, there could be benefits of defraying the cost with regards to the harbors.

VI. EXECUTIVE SESSION

None.

VIII. ADJOURNMENT

A motion was made by Nelson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:17 p.m.

ATTEST: _____
Melissa Henshaw, CMC
Acting Municipal Clerk