



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*

Tuesday, February 12, 2019

6:00 PM

Assembly Chambers

WORK SESSION 5:00 PM: Housing - ADU, Tiny Home, Cluster and Cottage Neighborhood Development

19-035 Work Session Materials

The Assembly heard from individuals and groups with respect to housing options - e.g. Mike Vieira, Andrew Thoms, and Sitka Community Land Trust.

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

IV. CORRESPONDENCE/AGENDA CHANGES

19-032 Reminders, Calendars and General Correspondence

None.

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)

Sitka Tribal Council Member Woody Widmark provided an update on activities of Sitka Tribe of Alaska and the Council.

19-028

Special Reports: 1) U.S. Census Bureau - Barbara Miranda, Partnership Specialist 2) Sitka Community Hospital - Rob Allen, CEO

Barbara Miranda, Census Partnership Specialist from Juneau, spoke to the importance of the census and answered questions from the Assembly.

Sitka Community Hospital (SCH) CEO Rob Allen briefed the Assembly on the state of affairs at SCH. Allen emphasized while the situation was difficult, staff was dedicated to providing safe and quality care. He told of changes SCH had made over his tenure, and while financials looked good now, the hospital environment nationwide was rapidly changing and with it brought challenges. He reminded that consultants, past and present, had been consistent in their opinions regarding the sustainability of SCH: a challenging and limited future as a stand-alone critical access hospital in today's environment. Allen believed the SEARHC offer was the last and best offer. If the deal were not to happen, SEARHC would compete even harder for patients, and when the next cash crisis occurred for SCH, SEARHC would have no incentive to purchase SCH's assets, all patients and businesses would go to SEARHC and the City would be left with the retirement bill. Allen stated the current deal met the goals and criteria agreed upon by the Assembly.

VII. PERSONS TO BE HEARD

Carin Adickes, Sitka Community Hospital Board President, stated she was stunned by Rob Allen's comments and expressed frustration at learning the Assembly had scheduled a special meeting on the same night of the upcoming Hospital Board meeting, February 28. Jeff Kinnan stated the care at SCH was excellent.

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

Administrator - Brady noted the new HR Director, Matthew Lone, was scheduled to begin February 27, staff was working on a FRQ for the No Name Mountain / Granite Creek Master Plan and a RFP for the Harrigan Centennial Hall promotion materials. Brady noted he and Mayor Paxton would be in attendance at Alaska Municipal League February 19-21.

Liaison Representatives - Wein reported on the recent Health Needs and Human Services Commission and Library Commission meetings.

Clerk - Peterson reviewed Board / Commission / Committee vacancies and the upcoming meeting schedule.

Other - Wein reminded of the importance of not scheduling meetings on the same night. He noted the Hospital Board was to meet on February 28, the same night as the special Assembly meeting regarding the SCH / SEARHC Affiliation Project. The Clerk noted staff was in the process of rescheduling the Hospital Board meeting.

IX. CONSENT AGENDA

Assembly Member Wein requested all items be pulled from the Consent Agenda for

discussion.

A 19-029

Approve a new liquor license application and restaurant designation permit application for Allen Marine Tours, Inc. dba Allen Marine Tours at Lot 6 Finn Island

Jeremy Plank, Chief Financial Officer of Allen Marine Tours explained the proposed use on Finn Island. Plank stated day tours with a meal and alcoholic beverage were planned.

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

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

B RES 19-03

Adopting the City and Borough of Sitka Local Multi-Hazard Mitigation Plan

Community Affairs Director Maegan Bosak explained in order to be eligible for FEMA funding, if there was an emergency, disaster or with hazard mitigation assistance programs, the City was required to have an approved Multi-Hazard Mitigation Plan. Bosak stated the City completed an approved plan in 2010 and received a grant in 2017 from FEMA to undergo an update as required every five years.

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

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

C RES 19-04

Affirming the 2020 Census Partnership and Complete Count Committee

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

Yes: 5 - Knox, Bean, Wein, Paxton, and Mosher

No: 2 - Eisenbeisz, and Nelson

D RES 19-06

Authorizing a \$163,000 grant application to the Department of Homeland Security and Emergency Management (DHS&EM)

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

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS**E 19-030**

Appoint Tyler Green to an unexpired term on the Port and Harbors Commission

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

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

XI. UNFINISHED BUSINESS:

- F ORD 19-02** Making supplemental appropriations for Fiscal Year 2019 (PERS On-Behalf Payments)
- A motion was made by Nelson that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.**
- Yes:** 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson
- G ORD 19-03** Making supplemental appropriations for Fiscal Year 2019 (Utility Subsidization)
- A motion was made by Nelson that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.**
- Yes:** 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

XII. NEW BUSINESS:

- H RES 19-05** Authorizing the Municipal Administrator to execute a loan application with the Alaska Department of Environmental Conservation (ADEC) for the estimated funding shortfall of \$5,079,500 for the Sitka Wastewater Treatment Plant Rehabilitation Project ("the project") for the completion of the design and construction of the project in accordance with the FY2019 budget
- Municipal Administrator Keith Brady stated an application for a loan was before the Assembly for approval. Environmental Superintendent Shilo Williams spoke to the Wastewater Treatment Plant disrepair and the negative health impacts on staff. Public Works Director Michael Harmon stated the first step was to apply, a financial capacity analysis would be performed and conditions for approval may be made - e.g. the City would need to commit to certain level of rate increases. He reminded this was a rehabilitation project, not a new building. Some Assembly members stated they were not in favor of rate increases however supported moving a loan application forward.
- A motion was made by Knox that this Resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.**
- Yes:** 6 - Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson
- No:** 1 - Bean
- I ORD 19-04** Authorizing the vacation and sale of a 1,660 square foot portion of the right-of-way adjacent to 1318 Sawmill Creek Road
- Eisenbeisz noted this sale would set a precedence for adjacent property owners and saw benefits to retaining and selling. Interim Planning Director Scott Brylinsky told of the internal process for sale of land with review by department heads.
- A motion was made by Nelson that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.**
- Yes:** 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

J 19-033 Approve Amendment No. 6 to lease between City and Borough of Sitka and Sitka Animal Hospital

Dr. David Hunt asked the Assembly to consider the following points as to why a competitive bid was inappropriate: the original lease was written 23 years ago, the City and Sitka Animal Hospital (SAH) had a positive working relationship, SAH employed Sitkans, the veterinary business was unique told of a nationwide shortage of veterinarians, and stated SAH had invested a substantial sum of money to equip the leased area with an x-ray machine, lab equipment, surgical suite and pharmacy. He urged the Assembly to support the terms of exceptions and lease amendment.

Sitka Animal Control Officer Ken Buxton spoke in support of the terms of exceptions and lease amendment.

Eisenbeisz didn't believe the Assembly had grounds to exempt the SAH from competitive bidding. Municipal Attorney Brian Hanson stated the previous lease amendments did not take into account competitive bidding. He suggested it was the role of the Assembly to determine whether or not SAH qualified for the exception, stated Sitka General Code language was quite broad, and believed SAH should be considered for the exception. Wein and Knox spoke in support of the exception. Nelson stated she supported the exception for a lease however not a sale.

A motion was made by Mosher to approve Amendment No. 6 to the lease between the City and Borough of Sitka and Sitka Animal Hospital, approve the terms of exception from competitive bidding and authorize the Municipal Administrator to execute the document. The motion PASSED by the following vote.

Yes: 6 - Knox, Bean, Wein, Paxton, Mosher, and Nelson

No: 1 - Eisenbeisz

K 19-031 Approve a Letter of Intent between the City and Borough of Sitka and Northern Southeast Regional Aquaculture Association for water delivery

Nelson disclosed her husband was the owner of a general contracting company that had performed work for Northern Southeast Regional Aquaculture Association (NSRAA) in various locations. She stated she was an officer of the corporation, not a shareholder. Mayor Paxton ruled Nelson did not have a conflict.

Administrator Brady stated there were concerns that both parties recognized and needed to work through with regards to a final water delivery agreement for NSRAA. Brady referenced the Utility Director, Bryan Bertacchi's, memo. Before the Assembly for approval was a Letter of Intent (LOI). Per the LOI, the City intended to provide up to 14cfs per day of raw water to NSRAA (based on a calendar year average with a maximum continuous flow of 20cfs). Brady explained both parties would meet to work out the technical details for water delivery from the City to NSRAA in a finalized agreement before the need or use of the 20cfs. In the interim, the parties would continue to abide by the 2012 agreement.

NSRAA General Manager Steve Reifensstuhl stated NSRAA had no intention of burdening rate payers (nor had they ever) with NSRAA's request to use additional Blue Lake water for new chinook production at the Gary Paxton Industrial Park. He clarified the issues that had been raised regarding drought, Green Lake hydro maintenance,

Blue Lake tunnel inspection, and Green Lake shutdown were all aspects of running the hatchery that had been dealt with in the past and they were prepared to deal with in the future. Reifensstuhl noted he had corresponded over the past year with the Utility Director and the City offering solutions and mitigation for each issue. The objective of NSRAA's proposal was to have a main water supply and a backup. He noted the proposed water agreement would allow NSRAA additional water from the high pressure line as a backup until they were able to get the pumps and waterline installed at the tailrace of the Blue Lake turbines. In addition, Reifensstuhl stated NSRAA needed the LOI to obtain the initial ADF&G permit noting the hatchery had a completion date of 2022. At that time, NSRAA expected to have all water pumped from the tailrace. He reminded of money in the raw water fund and Sitka Economic Development Fund to potentially pay for the equipment and installation. Reifensstuhl said he had discussed with Silver Bay Seafoods the idea of NSRAA and Silver Bay working with the City to cut costs.

Public Comment

Frank Rogers spoke in support of NSRAA. He reminded each time someone tapped into the penstock, and if Green Lake were down, the City could be forced to run diesel to subsidize power generation. Rogers asked the Assembly to keep this in mind for long-term growth.

Rich Riggs of Silver Bay Seafoods spoke in support of the LOI and NSRAA. He urged the Assembly to support, and City staff to work with NSRAA, to reach an agreement.

Bert Bergman, board member of NSRAA and Seafood Producers Coop, spoke in support of the LOI and urged the Assembly to encourage and support development.

Bob Dryden, former Systems Engineer for the City, noted water rights were complicated. He spoke in support of NSRAA and urged the City and NSRAA to work together to come to agreement on the best way to utilize water.

Anne Davis of Sitka Tribe of Alaska read a letter from the Tribe opposing NSRAA's request for 20cfs of water due to the likely increase in electrical costs to tribal citizens and the amount of free service currently received by NSRAA at the cost of electrical users in Sitka.

Chris Brewton stated the issue at hand was not water, rather energy. He stated a public utility could not give away energy. Brewton suggested non utility connections not be allowed to the high pressure penstock, approve and publish a low rate for the entire Gary Paxton Industrial Park to encourage growth, and authorize a hatchery connection for emergency purposes.

Kent Barkhau, while supportive of NSRAA, believed the highest and best use of the high pressure water was for the generation of electricity. He spoke in support of taking water from the afterbay to use for the hatchery.

Dave Nichols spoke to electrical consumption and wondered how the water NSRAA wanted translated to the total energy being used by Blue Lake.

Eric Jordan spoke in support of the LOI.

Assembly Discussion

Nelson spoke in support of the LOI and urged the parties to work together to address concerns and come to an agreement. Municipal Administrator Keith Brady noted future

agreements would come to the Assembly for approval. Wein encouraged support of NSRAA however had concerns with the LOI and needed further assurance. Bean suggested an amendment be made to the LOI indicating the water be taken from the penstock not to exceed a period of 30 months. Members suggested moving forward with the LOI, discuss and mitigate concerns, and bring forward a document for the Assembly to approve.

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

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

No: 1 - Bean

- L 19-027** Approve a Memorandum of Understanding between Sitka Tribe of Alaska, Sitkans Against Family Violence, and the City and Borough of Sitka Police Department to provide services and enhanced safety to victims of domestic violence and sexual assault

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

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

- M 19-036** Approve Consents of Assignment, for security purposes, from Sitka Tribe of Alaska to First National Bank of Alaska regarding tidelands leases, seaward of the uplands property located at 204 Siginaka Way
- Sitka Tribal Attorney Naomi Palosaari explained the need for the Consents of Assignment related to the purchase of 204 Siginaka Way. These documents would allow internal interests to be assigned in the event there was a default on the part of Sitka Tribe of Alaska. Palosaari further explained in the unlikely event of a default the matter would come back before the Assembly.

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

Yes: 7 - Eisenbeisz, Knox, Bean, Wein, Paxton, Mosher, and Nelson

- N 19-034** Discussion / Direction on amending the seasonal electric rates

Mosher, a cosponsor, explained he was hoping to bring forward an ordinance that would push back the transition to summer and winter rates by a month on each end beginning in FY2020. Currently rates increased in April and carried through September. He proposed an increase beginning in May and ending in October. It was estimated the adjustment would incur a loss of \$80,000.

Paxton suggested prolonging winter rates for an additional two weeks, Wein proposed the idea of rate equalization, while Nelson suggested a flat rate. Eisenbeisz wondered how the \$80,000 shortfall would be paid for.

No formal Assembly action was taken.

- O 19-026** Discussion / Direction of the Investment Committee recommendation to add infrastructure exchange-traded funds as an authorized investment asset

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The item was POSTPONED to February 26 to allow for the Chief Finance and Administrative Officer Jay Sweeney and investment firm to be present.

A motion was made by Bean to POSTPONE this Item to the February 26 Assembly meeting. The motion PASSED by a unanimous voice vote.

XIII. PERSONS TO BE HEARD:

Jeff Kinnan stated his service dog had been stolen and wished to speak to the Assembly about the matter.

XIV. EXECUTIVE SESSION

None.

XV. ADJOURNMENT

A motion was made by Mosher to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:48pm.

ATTEST: _____

Sara Peterson, MMC
Municipal Clerk