



# 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*

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Thursday, April 25, 2019

6:00 PM

Assembly Chambers

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#### SPECIAL MEETING

#### I. CALL TO ORDER

#### II. FLAG SALUTE

#### III. ROLL CALL

**Present:** 4 - Bean, Wein, Paxton, and Mosher

**Absent:** 2 - Eisenbeisz, and Knox

**Telephonic:** 1 - Nelson

#### IV. PERSONS TO BE HEARD

Speaking in support of full school funding were Beth Short Rhoades, Eric Jordan, Bridget Hitchcock, Susan Brandt Ferguson, Connie Kreiss, Kristen Homer, Kate Johnson, Jeanine Brooks, Carolyn Macintyre, Guada Nilo, Issam Samman, Stephen Courtright, Angela Hill, Linda Behnken, Math Trafton, Joe Montagna, Dr. Cindy Westergaard, Harvey Brandt, Katherine Prussian, Jack Peterson, Lexi Hackett, Steve Fish, Martha Pearson, Simon Gorbaty, Jeff Pearson, Matt Groen, Marnie Chapman, Bennie Grace Nabua, Howard Wayne, Emily Demmert, and Kelly Buxton. A suggested revenue idea was to increase the mill rate by 2 mills with the revenue dedicated to school funding.

#### V. NEW BUSINESS:

#### A 19-090 Discussion / Direction / Decision of the FY2020 Draft Municipal Budget as it relates to the General Fund, Enterprise Funds, and other Funds (*Assembly action may be taken*)

Municipal Administrator Keith Brady reviewed the budget process and noted the discussion for tonight would focus on the General Fund and Enterprise Funds. Brady noted the the School District budget was due April 30 and after receipt the City would

have 30 days to respond as to its level of funding. He stated the May 2 budget meeting would focus on Internal Service Funds, Special Revenue Funds, plus any final changes to the Enterprise or General Funds and added the Assembly would also make a decision on school funding. He relayed the final budget would be given to the Assembly on May 6 with first and second readings of budget ordinances scheduled for May 14 and May 28.

Regarding the General Fund, Brady reviewed the surplus amount, relayed there was a savings of \$599,000 from a decrease in health insurance costs, stated school support was at 92% of published maximum allowable, told there was \$720,000 in subsidies to other funds due to Governor Dunleavy's budget, reported no significant changes to services, and capital projects were at a level that contributed to increased deferred maintenance. Assembly members asked questions relating to the surplus, school funding, public infrastructure sinking fund, PERS termination, and escrow amounts for the Hospital. Brady spoke to items in the state budget impacting the municipality's budget and answered questions: elimination of school bond debt reimbursement, raw fish tax, funding to schools and elimination of community assistance. Wein wondered of ending deficit numbers on the the FY2020 changes. Bean asked for clarification on revenue from the Electric Department and school funding. Mary Wegner, School Superintendent, explained the funding formula and told of student enrollment numbers. Brady reviewed a comparison slide of the General Fund FY2019 to FY2020 and spoke to key decision points across all utility enterprise funds: maintain or change proposed rate increases, elimination or postponement of budgeted capital projects, look at possible delay of any rate increases for utilities, and review projects driving the rate increases.

Brady spoke to the Electric Fund and noted a 0% increase for FY2020, however, a 2% increase (\$4.77/month) for FY2021. Controller Melissa Haley noted projections going forward were for a 2% increase each year. Nelson spoke to the need for decreasing costs as opposed to asking citizens to pay more. Bean wondered of how much was earned from rate payers. Utility Director Bryan Bertacchi stated there was \$18 million coming in, minus the debt cost, leaving an \$8 million operating budget. Bean urged the Assembly to have a discussion about forming a community utility co-op.

Brady reviewed the Water Fund, Wastewater Fund, Solid Waste Fund, Harbor Fund, Airport Terminal Fund, Marine Service Center Fund, and GPIP Fund. Wein noted the overall cost of utility increases was \$144 for FY2021.

Bean made a motion to implement a hiring freeze. He noted the intent was for there to be a reduction of full-time employees through attrition. Nelson while amenable to the motion, didn't want to preclude the hire of a Planning Director.

**A motion was made by Bean to implement a hiring freeze across all city departments effective immediately. Going forward a subcommittee of the Assembly will review all open staff positions as they become open and come back with recommendations to the whole Assembly whether or not that position should be filled or not. The motion PASSED by the following vote.**

**Yes:** 4 - Bean, Wein, Mosher, and Nelson

**No:** 1 - Paxton

**Absent:** 2 - Eisenbeisz, and Knox

Wein stated the Library was a hub for the community with an incredible number of visits and worthwhile programs offered.

A motion was made by Wein to increase the FY2020 budget by \$15,000 to allow for the Library to be open on Sundays. The motion PASSED by the following vote.

**Yes:** 5 - Bean, Wein, Paxton, Mosher, and Nelson

**Absent:** 2 - Eisenbeisz, and Knox

Bean asked the status of the Utility Subsidization Fund and the reappropriation of those funds to another use, e.g. school funding. Controller Melissa Haley stated \$200,000 went into the fund for FY2019. Haley said the program began in January and the applicants were committed through the calendar year (\$45,000) and the next round would begin in 2020. Assembly members suggested discussion occur at the May 2 budget meeting.

Wein spoke to overtime costs of the Police Department in previous years of \$300,000. In FY2020 anticipated overtime costs were \$250,000. He wished to make a motion to limit overtime costs to \$50,000 and if it were to exceed that amount to consult the Assembly with an appropriation. Paxton and Nelson spoke in opposition of the idea and wished to give interim Police Chief Baty some time to get acclimated in his new position as interim Police Chief.

A motion was made by Wein to request the Police Department to inform the Assembly, through the Administrator, when there is more than \$50,000 of overtime. The motion FAILED by the following vote.

**Yes:** 3 - Bean, Wein, and Mosher

**No:** 2 - Paxton, and Nelson

**Absent:** 2 - Eisenbeisz, and Knox

Bean encouraged the Assembly to consider the idea of an incinerator at the Gary Paxton Industrial Park as a way to decrease costs. The Assembly requested Administrator Brady explore the issue and report back to the Assembly. Brady noted the cost for shipping was \$2 million and \$1 million to collect.

## VI. PERSONS TO BE HEARD:

Carolyn Macintyre spoke to comments made by the Assembly in their evening deliberation: property tax exemptions, capital projects, and library funding.

## VII. EXECUTIVE SESSION

None.

## VIII. ADJOURNMENT

The meeting ADJOURNED at 9:45pm.

ATTEST: \_\_\_\_\_

Sara Peterson, MMC  
Municipal Clerk