



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, May 2, 2019

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

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

IV. PERSONS TO BE HEARD

None.

V. NEW BUSINESS:

- A 19-095** Authorize Mayor Paxton to sign a joint letter in response to Governor Dunleavy's proposed budget
- Bean spoke in opposition and voiced support for the Governor's budget. He noted it was a sustainable budget, one that prohibited over spending, and had engaged communities to have difficult conversations. Wein noted the letter was from the Alaska Municipal League and reminded the letter spoke to broad support for municipal funding.
- A motion was made by Knox that this Item be APPROVED. The motion PASSED by the following vote.**
- Yes:** 6 - Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson
- No:** 1 - Bean
- B 19-092** Discussion / Direction / Decision of the FY2020 Draft Municipal Budget as it relates to the Internal Service Funds, Special Revenue Funds, Trust and Agency Funds, and other Funds (Assembly action may be taken)

While potential impacts from the state budget were expected, Mayor Paxton reminded of the positive matters happening in Sitka.

Municipal Administrator Keith Brady told of the outline for the evening: review of Internal Service Funds, Trust Funds, and Special Revenue Funds, decision on school funding, and then other budget matters the Assembly may wish to address.

Brady noted the Internal Service Funds provided centralized services to Public Safety (Police, Fire, Ambulance, SAR), Enterprise Funds, General Governmental (Administration, Assembly, HR, Attorney, Finance, Planning, Assessing), Harrigan Centennial Hall, Sitka Public Library, and Public Works. Brady reviewed the Information Technology Fund. Bean wondered of deficit amounts and noted not enough money was being set aside. Controller Melissa Haley explained it was an accounting method to aid staff in factoring in technology that was losing value each year. Wein asked for an explanation in differences between FY19 and FY20 revenue. Brady noted it was due to the completion of certain projects.

Brady reviewed the Central Garage Fund, spoke to the fleet age, and told of planned acquisitions for FY2020. Wein suggested gps trackers be placed on vehicles to discourage employees from driving needlessly. Public Works Director Michael Harmon and Public Works Maintenance and Operations Superintendent Harry Greene spoke to the need for excavator replacement.

Next, Brady reviewed the Building Maintenance Fund and Trust and Agency Funds: Cemetery Agency, Rowe Trust, Permanent Fund, and Debt Service Fund - School Bonds. Brady and Haley answered questions of the Assembly with regards to school bond debt.

The following Special Revenue Funds were discussed: Pet Adoption Fund, Utility Subsidization Fund, Sitka Asset Forfeiture Fund, Justice Assistance Grant, State Asset Forfeiture Fund, Homeland Security Grant, Library Building Fund, Southeast Alaska Economic Development Fund, GPIP Contingency Fund, Sitka Community Hospital Dedicated Fund (formerly Tobacco Excise Tax Fund), Student Activities Travel Fund, Fisheries Enhancement Fund, Commercial Passenger Vessel Excise Tax (CPET) Fund, Visitor Enhancement Fund, Revolving Fund, Guarantee Fund, Library Endowment Fund, and Bulk Water Fund. Wein suggested the Assembly consider placing the current fund balance of the Southeast Alaska Economic Development Fund into the Permanent Fund. Members found the idea interesting but wished to have more time to consider. In the meantime it was suggested the idea be brought to the Investment Committee for a recommendation to the Assembly. With regards to the CPET, Wein wondered of the legality of the appropriation. Brady noted Juneau had made considerable progress in helping to determine what were appropriate uses.

C 19-093

Discussion / Direction / Decision of local support of public education to the Sitka School District contained in the updated FY2020 General Fund and other issues pertaining to financial support of education related activities *(Assembly action may be taken)*

Sitka School District Superintendent Mary Wegner, spoke to the FY2020 budget. Collauna Marley, Beth Short Rhoads, Patty Dick, Linda Behnken, and Rebecca Poulson spoke in support of full funding and the need to make education a priority. It was suggested the Assembly consider long term solutions to funding such as an increase in property tax to be dedicated to school funding.

Nelson reminded there was a segment of the population struggling financially who

couldn't take on an increase in taxes. Eisenbeisz reminded a mill increase was placed before the voters in 2017 and the proposition failed. While the suggested amount would bridge the gap for this year, without additional revenue, he worried for future years. Knox, Paxton, and Mosher spoke in favor noting the importance of education and a way to bridge the gap. Wein wondered of secure rural school funding. Wegner noted an assumption for the funding had not been included in the FY2020 budget. In addition, Wein asked of a lawsuit as it related to a \$20 million holdback. Wegner explained the value to the School District was \$187,000 for FY2019 that the Governor and Department of Education had not released. Wegner stated the lawsuit called for the release of funds by June 30. Bean wondered of the projected fund balance as of June 30. Cassee Olin, Business Manager for the School District, reminded the District wasn't allowed to have more than 10% in the fund balance per State Statute, anything over 10% would go to the State. Eisenbeisz wondered if a situation arose in which the City was funding over the cap how that would be handled. Olin stated there was a mechanism to place the money in a special revenue fund to be used for instructional purposes. Bean reminded the Assembly had given clear direction to the Administrator regarding cuts and believed that same message had been given to the District, however, believed the District budget was not reflective of that direction. While supportive of education, he spoke in opposition to funding \$7,078,700.

A motion was made by Knox to make a determination that the amount of money to be made available from local sources in FY2020 to the Sitka School District shall be equal to the amount of \$7,078,700, an additional amount not to exceed \$150,000 for building repair and maintenance, and \$57,000 for the Performing Arts Center utilities. These amounts are inclusive of all funding to be distributed to the Sitka School District in FY2020. The Municipal Administrator shall prepare the official statement notifying the Sitka School District that this shall be the amount made available by the Assembly for school purposes. The motion PASSED by the following vote.

Yes: 4 - Eisenbeisz, Knox, Paxton, and Mosher

No: 3 - Bean, Wein, and Nelson

D 19-094

Discussion / Direction / Decision of the FY2020 Draft Municipal Budget including Enterprise Funds and/or General Fund and as they may relate to other Funds, the Internal Service Funds, Special Funds, and the School District (Assembly action may be taken)

Brady noted this was a catch-all item if the Assembly wished to take further budget action.

Eisenbeisz queried of the status of a grant writer position and believed the return would outweigh the investment. Brady noted there had been no action however he recommended a contract position. He also noted the importance for a lease manager. Wein wondered of the net shed assessment in the budget. Public Works Director Michael Harmon explained the structure was built in the 1960s and hadn't been assessed since then. With the high use it was important to ensure its safety. Wein also asked of the budget item for an air taxi ADA ramp. Harmon noted this was a request from Alaska Seaplanes to allow for better transport of disabled passengers.

A motion was made by Mosher to authorize the Municipal Administrator to hire, when ready, a full time Chief of Police, as well as one full time lieutenant position at the Police Department. The motion PASSED by the following vote.

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

VI. PERSONS TO BE HEARD:

Dr. Jennifer McNichol, Chair of the School Board, thanked the Assembly for their support of school funding.

VII. EXECUTIVE SESSION

None.

VIII. ADJOURNMENT

A motion was made by Mosher to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:28pm.

ATTEST: _____

Sara Peterson, MMC
Municipal Clerk