

CONSENT AGENDA

POSSIBLE MOTION

**I MOVE TO APPROVE THE CONSENT AGENDA
CONSISTING OF ITEMS A & B**

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
May 22 and May 28 Assembly meetings.



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*

Wednesday, May 22, 2019

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 4 - Wein, Paxton, Mosher, and Nelson

Absent: 3 - Eisenbeisz, Knox, and Bean

IV. PERSONS TO BE HEARD

Benjamin Miyasato expressed concern for the assembly decision of a subcommittee that reviews all staff positions as they become vacant and the hiring freeze.

V. NEW BUSINESS:

A 19-110 Discussion / Direction on final requests for the FY2020 Draft Municipal Budget

Municipal Administrator Keith Brady stated this item was on the agenda to hopefully avoid a special meeting at a later date. Mosher stated the RIDE had been included in the budget the last four years, it received matching grants, and felt it provided a great service. Brady stated the RIDE was not included in the budget as a line item, however there were funds for non-profit/community enterprises. Wein was in support, stated that the RIDE served Sitka well, thought that \$25,000 was a bargain noting that it provided 218 rides a day, and felt it was a wonderful partnership.

A motion was made by Mosher to direct the Administrator to include a request of \$25,000 for the RIDE in the FY2020 budget. The motion PASSED by the following vote.

Yes: 4 - Wein, Paxton, Mosher, and Nelson

Absent: 3 - Eisenbeisz, Knox, and Bean

Wein noted a number of things he would like to make motions on however had concerns in doing so with only four assembly members present. He would like to see CPET Funds or Visitor Enhancement Funds in the six figure range to develop a planting program to hire and plant a core portion of the city to enhance visitor experience.

B 19-109

Discussion / Direction regarding union negotiations (executive session anticipated)

Municipal Administrator Keith Brady noted that union negotiations had started with ASEA, PSEA and negotiations would begin with IBEW in June that included Human Resources Director Matthew lone and outside legal counsel Kimberly Gearity. He stated this meeting would be information for the assembly with regards to what takes place in negotiations, history of previous negotiations, and to receive direction from the assembly with how to move forward with negotiations. He felt an executive session was necessary because of discussions with strategy and possible financial ramifications.

A motion was made by Mosher to go into Executive Session with outside legal counsel Kimberly Gearity, Chief Finance and Administrative Officer Jay Sweeney and Human Resources Director Matthew lone, under the statutory category of discussing a subject, collective bargaining agreements with ASEA, PSEA and IBEW, of the immediate knowledge of which would adversely affect the finances of the City and Borough of Sitka. The motion PASSED by the following vote.

Yes: 4 - Wein, Paxton, Mosher, and Nelson

Absent: 3 - Eisenbeisz, Knox, and Bean

Municipal Attorney Brian Hanson mentioned that there were documents that were needed in executive session and a suspension of the rules was in order.

A motion was made by Mosher to SUSPEND THE RULES to allow documents in executive session. The motion PASSED by the following vote.

Yes: 4 - Wein, Paxton, Mosher, and Nelson

Absent: 3 - Eisenbeisz, Knox, and Bean

The assembly was in executive session from 6:12 to 7:17 p.m.

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

VI. PERSONS TO BE HEARD:

None.

VII. EXECUTIVE SESSION

See item B.

VIII. ADJOURNMENT

A motion was made by Wein to ADJOURN. Hearing no objections, the meeting
ADJOURNED at 7:20 p.m.

ATTEST: _____

Melissa Henshaw, CMC
Acting Municipal Clerk



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City and Borough Assembly

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

Tuesday, May 28, 2019

6:00 PM

Assembly Chambers

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

No agenda changes.

19-111 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)

19-117 Planning Commission: Support for Planning Director hire

Planning Commission Member Randy Hughey read into the record Planning Commission Resolution No. 2019-01 supporting the prompt hire of a Planning Director.

19-112 Homeless Coalition

Gayle Young and Michael Scarcelli of the Sitka Homeless Coalition addressed the

Assembly. They told of their work, their search for a building to serve the homeless population, and stated property on Sister's Lane may be a possibility. Mayor Paxton asked Young and Scarcelli to send an email to him and the Clerk stating what next steps might look like and action needed from the City.

VII. PERSONS TO BE HEARD

Judy Christianson spoke in support of the Homeless Coalition's work.

VIII. REPORTS

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

Mayor - Paxton relayed he had spoke with Senator Stedman's staff regarding Governor Dunleavy's budget, in particular school funding, and thanked Fire Hall staff for organizing Dave Swearingen's memorial service.

Administrator - Brady reported staff was working on the seaplane base grant application, stated progress was being made on refining the scope of work for the No Name/Granite Creek Master Plan, and noted staff was working on the final details of the hospital affiliation project.

Attorney - Hanson reviewed a list of projects he was devoting time and attention to.

Liaison Representatives - Wein reported on the Hospital Board and Investment Committee meetings.

Other - Wein reported on his attendance at the US Coast Guard Memorial Day service.

IX. CONSENT AGENDA

- A 19-113 Approve the minutes of the May 14 Assembly meeting

A motion was made by Knox that this Item be APPROVED. The motion PASSED by unanimous consent.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

- B 19-114 Appoint Brandon Marx to an unexpired term on the Parks and Recreation Committee

A motion was made by Mosher 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:

- C ORD 19-16A Amending Title 22 "Zoning" of the Sitka General Code by modifying Chapter 22.20 "Supplemental District Regulations and Development Standards"

Nelson believed the proposed changes would water down the Code in the name of affordable housing.

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

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

No: 1 - Nelson

D ORD 19-17S

Adopting budgets and capital improvement plan for the General Fund, Internal Service Funds, and Special Revenue Funds for the fiscal year July 1, 2019 through June 30, 2020 (substitute ordinance 1st reading)

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

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

No: 3 - Bean, Wein, and Nelson

E ORD 19-18S

Adopting the budget and capital improvement plan for the Electric Fund for the fiscal year July 1, 2019 through June 30, 2020 (substitute ordinance 1st reading)

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

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

No: 3 - Bean, Wein, and Nelson

F ORD 19-19S

Adopting the budget and capital improvement plan for the Water Fund for the fiscal year July 1, 2019 through June 30, 2020 (substitute ordinance 1st reading)

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

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

No: 3 - Bean, Wein, and Nelson

G ORD 19-20S

Adopting the budget and capital improvement plan for the Wastewater Fund for the fiscal year July 1, 2019 through June 30, 2020 and amending Title 15 "Public Utilities" of the Sitka General Code to increase Section 15.04.320 "Rates and Fees" (substitute ordinance 1st reading)

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

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

No: 3 - Bean, Wein, and Nelson

H ORD 19-21S

Adopting the budget and capital improvement plan for the Solid Waste Fund for the fiscal year July 1, 2019 through June 30, 2020 and amending Title 15 "Public Utilities" of the Sitka General Code to increase solid waste disposal

rates in Section 15.06.020 "Solid Waste Disposal Policy and Rates," Section 15.06.035 "Rates for Treatment and Collection," and Section 15.06.045 "Transfer Station Drop-Off Charges and Special Refuse Collection Charges" (*substitute ordinance 1st reading*)

Eisenbeisz spoke to the 6.5% increase for collections and 2.5% for drop-off and wondered of the reasoning behind the increase. Municipal Administrator Keith Brady stated increases were needed because the Solid Waste Fund was in a deficit and added all cost savings measures had been explored. Bean asked for further explanation from Chief Finance and Administrative Officer Jay Sweeney on the deficit. Sweeney stated in a prior year there had been a budgeting error made where amounts that were necessary to cover increased contractual costs were not included in the Administrator's first budget. Once discovered, the error was brought before the Assembly and corrected in that year. The error totaled approximately 1 million.

A motion to AMEND was made by Eisenbeisz to reduce the collection rate from 6.5% to 2.5%. The motion FAILED by the following vote:

Yes: 3 - Mosher, Nelson, and Eisenbeisz

No: 4 - Knox, Paxton, Wein, and Bean

Sweeney stated reducing the rate would cause the deficit to rise.

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

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

No: 3 - Bean, Wein, and Nelson

I ORD 19-22S Adopting the budget and capital improvement plan for the Harbor Fund for the fiscal year July 1, 2019 through June 30, 2020 (*substitute ordinance 1st reading*)

Bean noted subsidization of this fund was likely in the future.

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

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

No: 3 - Bean, Wein, and Nelson

J ORD 19-23S Adopting budgets and capital improvement plans for the Airport Terminal Fund, the Marine Service Center Fund, and the Gary Paxton Industrial Park Fund for the fiscal year July 1, 2019 through June 30, 2020 (*substitute ordinance 1st reading*)

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

Yes: 5 - Eisenbeisz, Knox, Paxton, Mosher, and Nelson

No: 2 - Bean, and Wein

XII. NEW BUSINESS:**New Business First Reading**

- K ORD 19-24** Amending Sitka Home Rule Charter Article XI "Finance," Section 11.16 "Sitka Permanent Fund," Subsection (B) "Flow of money into the Sitka Permanent Fund," by changing the flow of net proceeds from the sale of any municipal real property solely to the Sitka Permanent Fund to an equal division between the Sitka Permanent Fund and Governmental Capital Project Fund; and, submitting the question of such an amendment to the qualified voters at a Regular Election on October 1, 2019

Paxton voiced support and believed it to be a rational way to proceed. Wein suggested it was premature and noted only preliminary work had occurred on the No Name/Granite Creek project. Without knowing values of that project, he wished to wait until the RFP contract was complete with Jones and Jones. In addition, he recommended the money flow into the Permanent Fund to keep the money in perpetuity and make a draw if necessary. Mosher expressed his desire to allow for the possibility of net proceeds from the sale of any municipal real property to be divided equally between the Permanent Fund and Governmental Capital Project Fund. Bean spoke in opposition and stated the Charter was written in a thoughtful manner; the money was flowing into a fund that created revenue rather than spending money. Knox suggested the Investment Committee provide an opinion on the proposed Ordinance. Eisenbeisz asked for further explanation of the Governmental Capital Project Fund. Jay Sweeney, Chief Finance and Administrative Officer, noted it was an existing fund and required under governmental accounting. Sweeney told of the need to have a separate fund for governmental capital projects as opposed to capital projects for enterprise funds which were budgeted for and contained within those funds. Sweeney explained capital appropriations remained valid and did not lapse until either the funds were spent and the project completed or the purpose for the project no longer existed. Sweeney told of the mechanism for funding governmental capital projects: a capital appropriation was made from the General Fund and then the funds were transferred into the Governmental Capital Project Fund where they remained until such a time the project was complete or the purpose for the funds was no longer required. He noted an alternative would be to take a portion of the General Fund (where the proceeds from a land sale would go) and restrict the fund balance until a time when the Assembly would decide to appropriate the money. Ultimately, once funds were appropriated for a capital project it would need to leave the General Fund and go into the Governmental Capital Project Fund.

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

Yes: 5 - Eisenbeisz, Knox, Paxton, Mosher, and Nelson

No: 2 - Bean, and Wein

Additional New Business Items

- L RES 19-14** Amending the Participation Agreement with the Public Employees Retirement System of Alaska by Sitka Community Hospital being removed from participation in the Public Employees Retirement System

Chief Finance and Administrative Officer Jay Sweeney explained when the municipality joined PERS and SBS, a participation agreement was signed and the system now required an amendment to remove Sitka Community Hospital (SCH) from participation. Sweeney relayed a PERS termination study was complete and the amount to terminate the positions and fulfill the City's obligation to pay was a one-time payment of \$813,166. When exiting PERS, there was also an amount of unfunded liability to be paid which Municipal Administrator Keith Brady estimated to be \$1.6 million per year for a period of 22 years. Sweeney reminded the unfunded liability amount was subject to change based on an actuary study updated annually.

Eisenbeisz wondered of the process for SCH employees currently vested in SBS and PERS. Sweeney stated Tier 1, 2, and 3 employees in PERS could retire given the number of years required to work in order for a full retirement prior to age 65, or retire at age 65. Tier IV employees could decide to retire at any point, however, if prior to age 65 a penalty would be incurred for early withdrawal. He added employees were not forced to rollover their PERS account to another retirement plan but could do so if they desired.

A motion was made by Knox 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

M RES 19-15

Amending the Participation Agreement with the Alaska Supplemental Benefits System of Alaska by Sitka Community Hospital being removed from participation in the Supplemental Benefits System

A motion was made by Mosher 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

N 19-115

Approve an early termination of a lease agreement between the City and Borough of Sitka and Northline Seafoods, LLC for a portion of Block 4, Lot 9A, Gary Paxton Industrial Park

Garry White, Executive Director of the Gary Paxton Industrial Park (GPIP), noted the GPIP Board was recommending an early lease termination of two months due to the cooperative and mutual beneficial relationship between Northline Seafoods and the GPIP. White reported it was a net cost of approximately \$5200. White noted Northline had met all conditions of the lease.

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

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

O 19-116

Discussion / Direction for the June 6 Alaska Municipal League work group meeting regarding online sales tax in Anchorage of what points to negotiate

Nelson wished to receive guidance on points to negotiate for sales tax. She stated she was not in support of retroactive collection. Bean spoke against further taxation. Eisenbeisz wished to gain a better understanding of how exemptions and differing tax rates were going to affect businesses as a whole. He noted taxing internet sales, in turn putting all businesses on a level playing field, would be a benefit to municipalities and businesses. He also wondered of costs to the municipalities. Knox stated the issue was complex and having a streamlined system for the State could be beneficial.

Wein voiced confusion as to why the State would allow the Alaska Municipal League (AML) to be the taxing authority. He believed AML should be pushing the State to be the taxing authority.

XIII. PERSONS TO BE HEARD:

Bobby Pendleton spoke in support of the Sitka Homeless Coalition.

XIV. EXECUTIVE SESSION

None.

XV. ADJOURNMENT

A motion was made by Mosher to ADJOURN. Hearing no objections, the meeting ADJOURNED at 7:52pm.

ATTEST: _____
Sara Peterson, MMC
Municipal Clerk