

CONSENT AGENDA

POSSIBLE MOTION

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

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
June 25 Assembly meeting.



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, June 25, 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

Mayor Paxton announced item R was pulled from the agenda as it was not ready for discussion.

19-141 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)

Mary Miller, Superintendent of the Sitka National Historical Park, offered the Park's service in helping to find a mutual solution to historic preservation issues surrounding Stevenson Hall, a building on the Sheldon Jackson campus, a National Historic Landmark.

19-131 FEMA National Floodplain Insurance Program Presentation

Representatives from FEMA, Karen Wood-McGuinness and Ted Perkins, briefed the Assembly on the National Floodplain Insurance Program, told of the benefits of

continuing participation in the program and answered questions.

19-137**Update on the SCH / SEARHC Affiliation Project - Jay Sweeney and Brian Hanson**

Chief Finance and Administrative Officer Jay Sweeney provided an update on the SCH/SEARHC Affiliation Project. He stated the Asset Purchase Agreement (APA) had been signed and the exchange of documents completed on June 12 and the focus was now on executing requirements and stipulations of the APA and Facility Lease Agreement. Sweeney stated the transaction date would be July 31 at midnight and spoke to the closure of Acute Care, Home Health transition, and noted Long Term Care and Mountainside would remain in the same locations post closure.

VII. PERSONS TO BE HEARD

None.

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

Mayor - Paxton relayed he had met with Acting Administrator Dave Miller and staff regarding the Assembly Action Plans.

Administrator - Acting Administrator Dave Miller briefed the Assembly on his work as Administrator and Fire Chief over the last two weeks.

Attorney - Hanson reviewed a list of projects he was devoting time to and thanked Legal Assistant Coral Crenna.

Liaison Representatives - Wein reported on the meetings of the Tree and Landscape Committee and Health Needs and Human Services Commission. Nelson told of the recent Historic Preservation Commission meeting.

Clerk - Peterson spoke to vacancies on the Board, Commissions, and Committees and told of the seats to be filled on the Assembly and School Board in the October 1, 2019 municipal election.

Other - Wein attended the June 24 Sitka Community Hospital Foundation meeting and relayed at that meeting the Foundation had divided up \$181,000 to organizations in the community.

IX. CONSENT AGENDA

A motion was made by Nelson that the Consent Agenda consisting of items A & B be APPROVED. The motion PASSED by the following vote.

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

A 19-132

Approve the minutes of the June 11 Assembly meeting

This item was APPROVED ON THE CONSENT AGENDA.

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- B 19-133** Approve an application for the renewal of a standard marijuana cultivation facility license for Northern Lights Indoor Gardens LLC at 1321 Sawmill Creek Road Suites M, N, O, and P
- This item was APPROVED ON THE CONSENT AGENDA.**
- C 19-134** Approve an application for the renewal of a retail marijuana store license for Northern Lights Indoor Gardens LLC at 1321 Sawmill Creek Road Suites N, O, and P
- Eisenbeisz asked to be recused and stated his company had a relationship with Northern Lights Indoor Gardens LLC. There was no objection.
- A motion was made by Knox that this Item be APPROVED. The motion PASSED by the following vote.**
- Yes:** 6 - Knox, Bean, Wein, Paxton, Mosher, and Nelson
- Recused:** 1 - Eisenbeisz
- X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS**
- D 19-135** Appoint Susan Compagno to a three-year term on the Parks and Recreation Committee
- Wein thanked Compagno for volunteering to serve.
- 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:**
- E ORD 19-25** Adopting the budget for Sitka Community Hospital for a portion of the fiscal year July 1, 2019 through June 30, 2020
- Wein noted the dollar amount reflected April assumptions and wondered why the appropriation of \$422,000 being requested in item G was not coming out of the month one budget for Sitka Community Hospital (SCH). Chief Finance and Administrative Officer, Jay Sweeney, noted it was a possibility. He reminded SCH funds leftover would remain in the tobacco tax fund to pay down the PERS liabilities.
- A motion was made by Mosher 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
- F ORD 19-26** Amending Title 15 "Public Utilities" of the Sitka General Code by modifying Chapter 15.01 "Electric Utility Policies", Section 15.01.020 "Electrical Rates" which will shift the period for seasonal electric rates
- A motion was made by Mosher 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 19-27 Making supplemental appropriations for fiscal year 2019 (legal fees and administration contracted services - Sitka Community Hospital sale)

Bean reminded the money being earned at Sitka Community Hospital for the month of July could be used to pay the legal and consulting fees.

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

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

No: 3 - Bean, Wein, and Nelson

XII. NEW BUSINESS:

New Business First Reading

H ORD 19-28 Making supplemental appropriations for fiscal year 2020 (water transmission main emergency repair)

Nelson wondered if the work would go out to bid. Public Works Director Michael Harmon explained previously the Public Works Department had issued a bid soliciting for on-call contractors to respond for emergency issues. K&E was currently the only contractor on the list and had been the selected contractor for the project. Bean wondered if the Department had the resources to do the repairs in-house. Harmon noted some projects were completed in-house, however, this particular project was beyond the Department's equipment and man power. He stated a month ago the Department had discovered a break in the 24-inch water transmission to town on Sawmill Creek Road by the Indian River Bridge. Harmon noted the break appeared to be increasing over time and was considered an emergency repair. The alternative would be a six month process of a design effort, bid, and only able to order materials until after the bid was awarded. With an emergency repair, materials could be ordered immediately. Harmon reminded this was the main line to town and that Sawmill Creek Road was at serious risk. Bean believed the City was in the habit of getting away from code when it came to putting things out to bid. Nelson believed the City was violating Sitka General Code and the procurement policy. Eisenbeisz asked if there had been health studies performed on the HDPE plastic. Harmon stated not that they were aware of however reminded the pipe was approved by DEC. Wein and Mosher suggested the contracting and procurement process be reviewed in the near future.

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

I ORD 19-29 Making supplemental appropriations for fiscal year 2020 (No Name Mountain Master Plan)

Wein hoped if this was approved that the City would not find itself in a situation where the cost was more than \$165,000. Eisenbeisz shared he would have rather seen this request as part of the budget process. Public Works Director Michael Harmon

explained it was a high level master plan that would provide options for zoning, include a public process through the Planning Commission and look for direction from the Commission for goals and guidance. Harmon believed the thought process for a separate appropriation was so that the Assembly could be better informed with a scope of work before them.

A motion was made by Mosher 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 ORD 19-30

Reducing FY2019 appropriations and making supplemental appropriations for FY2020 (harbor security cameras)

Harbormaster Stan Eliason explained this project was for cameras failing at Eliason and Thomsen Harbor, video quality was poor and the system was outdated. As an aside, he noted the importance of cameras and offered cameras were scheduled to be part of the Crescent Harbor rebuild.

A motion was made by Knox 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

K ORD 19-31

Reducing FY2019 appropriations and making supplemental appropriations for FY2020 (police department heat pump)

Wein noted it was projected the Police Department as a whole would come in under budget by approximately \$400,000 this year. Eisenbeisz wondered because of the dual ownership of the building, by the state and the city, at what part would the state contribute. Interim Administrator Dave Miller stated he would research the question and get back to the Assembly.

A motion was made by Mosher 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

Additional New Business Items

L RES 19-18

A final resolution of the Assembly of the City and Borough of Sitka to remove Keith Brady as Administrator of the City and Borough of Sitka

A motion was made by Mosher that this Item be APPROVED ON FIRST AND FINAL READING. The motion PASSED by the following vote.

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

No: 2 - Eisenbeisz, and Knox

M 19-140

Discussion / Direction / Decision on the appointment of an Interim Administrator

Paxton wished to appoint Fire Chief Dave Miller as Interim Administrator. In addition, he noted his preference before recruiting for a permanent Administrator was for the Interim to hire a Planning Director and Human Resources Director. If appointed, Paxton reminded Miller's salary should be temporarily adjusted to be commensurate with that of the Administrator. He noted Miller was also requesting the addition of a half time

position at the Fire Department. Mosher spoke in support of the appointment of Dave Miller. Eisenbeisz disclosed he was a volunteer lieutenant at the Fire Department. Paxton ruled there was no conflict. Bean stated if Miller was appointed, more money would need to be spent at the Fire Department and noted Miller couldn't be in both places at once. He suggested the Assembly hire an Interim Administrator who wasn't in government. Eisenbeisz noted the process to hire a permanent Administrator could potentially take a year. Others disagreed and felt the process would go much faster with the current Assembly. Miller thanked staff at the Fire Hall, Administration, and Clerk's Office. He welcomed the opportunity to serve as Interim Administrator.

A motion was made by Wein to appoint Dave Miller as Interim Administrator and to include a salary adjustment equal to the rate of pay authorized for the Municipal Administrator position.

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

N 19-136

Approve Municipal Attorney Brian E. Hanson as the point of contact, with the power and duty to direct and supervise, and signator moving forward for all matters related to the Sitka Community Hospital affiliation with Southeast Alaska Regional Health Consortium

Wein wondered of any conflicts Hanson may have. Hanson relayed at this stage of the affiliation process he did not feel there were any conflicts. The Asset Purchase Agreement had been signed and now the project was in a transitional phase.

A motion was made by Nelson to approve Municipal Attorney Brian E. Hanson as the point of contact, with the power and duty to direct and supervise, and signator moving forward for all matters related to the Sitka Community Hospital affiliation with Southeast Alaska Regional Health Consortium. The motion PASSED by the following vote.

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

XIII. PERSONS TO BE HEARD:

None.

XIV. EXECUTIVE SESSION

O 19-127

Financial Matter: Baranof Island Brewing Company Forbearance Agreement (carried over from 6/11 meeting)

Bean left at 8:05 p.m.

A motion was made by Knox to go into executive session with Chief Finance and Administrative Officer Jay Sweeney to discuss subjects that tend to prejudice the reputation and character of any person and to discuss matters, the immediate knowledge of which, would adversely affect the finances of the City and Borough of Sitka and invite in if desired, and when ready, Rick Armstrong of Baranof Island Brewing Company. The motion PASSED by the following vote.

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

The Assembly was in executive session from 8:06 p.m. to 8:25 p.m.

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

A motion was made by Nelson to declare Baranof Island Brewing Company in default of their economic development loan and direct the Municipal Attorney to pursue collection action. The motion PASSED by the following vote.

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

Non-voting: 1 - Bean

P 19-128

Legal Matter: Rutter dba 738 Taxi LLC lawsuit (carried over from 6/11 meeting)

A motion was made by Knox to go into executive session to receive and discuss a report from Municipal Attorney Brian Hanson regarding financial and legal matters affecting the Municipality as a result of the lawsuit filed by Sigurd Rutter dba 738 Taxi LLC on May 20, 2019, against the City and Borough of Sitka, Donald Kluting and Keith Brady. The motion PASSED by the following vote.

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

The Assembly was in executive session from 8:30 p.m. to 8:45 p.m.

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

Q 19-129

Legal Matter: Equipment Tampering / Power Theft Claim by the City and Borough of Sitka against a customer (carried over from 6/11 meeting)

A motion was made by Nelson to go into executive session to receive and discuss a report from Municipal Attorney Brian Hanson regarding legal matters with respect to a claim by the City and Borough of Sitka of equipment tampering and power theft against a customer. The motion PASSED by the following vote.

Yes: 5 - Eisenbeisz, Paxton, Wein, Nelson, and Knox.

Mosher was non-voting as he had stepped out of the room for a moment.

The Assembly was in executive session from 8:50 p.m. to 9:03 p.m.

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

R 19-138

Legal Matter - Proposed Assignment of Sitka Community Hospital's services contract to Southeast Alaska Regional Health Consortium under the Asset Purchase Agreement

This item was PULLED from the agenda.

S 19-139

Legal Matter - Schedule 6.4(a) of the Asset Purchase Agreement (Sitka Community Hospital affiliation with Southeast Alaska Regional Health

Consortium)

A motion was made by Knox to go into executive session with the Municipal Attorney to discuss a legal matter affecting the municipality regarding schedule 6.4(a) of the Asset purchase Agreement (Sitka Community Hospital affiliation with Southeast Alaska Regional Health Consortium). The motion PASSED by the following vote.

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

The Assembly was in executive session from 9:08 p.m. to 9:26 p.m. Mosher left the meeting at 9:20 p.m.

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

XV. ADJOURNMENT

A motion was made by Knox to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:28 p.m.

ATTEST:

Sara Peterson, MMC
Municipal Clerk