



# CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS  
330 Harbor Drive  
Sitka, AK  
(907)747-1811

## Minutes - Final

### City and Borough Assembly

*Mayor Matthew Hunter*  
*Deputy Mayor Steven Eisenbeisz,*  
*Vice Deputy Mayor Bob Potrzuski,*  
*Aaron Bean, Kevin Knox, Dr. Richard Wein,*  
*Benjamin Miyasato*

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

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Tuesday, August 14, 2018

6:00 PM

Assembly Chambers

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#### REGULAR MEETING

#### I. CALL TO ORDER

#### II. FLAG SALUTE

#### III. ROLL CALL

**Present:** 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

#### IV. CORRESPONDENCE/AGENDA CHANGES

[18-151](#)

Reminders, Calendars and General Correspondence

#### V. CEREMONIAL MATTERS

Mayor Hunter recognized Brendan Jones for his service on the Port and Harbors Commission.

#### VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Sitka Community Hospital, Municipal Departments, School District, Students and Guests (five minute time limit)

Connie Sipe, President of the Sitka Community Hospital Board, shared an update on the CEO recruitment process.

Sitka Police Lieutenant Lance Ewers reminded of the bear attraction nuisance ordinance and stated the Police Department was issuing citations to individuals who place their garbage cans out prior to pickup day.

[18-150](#)

Special Reports: 1) Sitka Community Hospital - Rob Allen 2) Hospital RFP Consultants - Sarah Cave and Steve Huebner

Sitka Community Hospital (SCH) Chief Executive Officer, Rob Allen provided an update on cash levels, the Electronic Health Records Cerner implementation, and spoke to the recent media reports regarding Medicaid overpayments to providers. Allen noted SCH's reimbursement amount was lower than anticipated.

SCH RFP Consultants, Sarah Cave and Steve Huebner, outlined the Town Hall meeting process for August 20.

## VII. PERSONS TO BE HEARD

Cheri Hample thanked the Assembly for their support of Tobacco 21. She announced a tobacco cessation class was scheduled for September.

Speaking from the Sitka Health Summit CO2 Reducers Group and the Sitka RainPower Project groups were Chandler O'Connell and Brant Brantman. The two relayed concerns about climate change and offered a list of specific policy and administrative actions for the City to pursue. Libby Stortz, also a member of the Sitka Health Summit CO2 Reducers Group, spoke in support of the proposed policy and administrative actions.

## VIII. REPORTS

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

Mayor - Hunter thanked Deputy Mayor Eisenbeisz for attending a recent meeting with Lisa Murkowski to discuss CBS issues.

Administrator - Brady spoke of his visits with Don Young and Lisa Murkowski. Federal priorities and grant opportunities were discussed. Brady invited the public to a Town Hall Meeting on August 20 for citizens to voice their opinions on the Sitka Community Hospital request for proposal process, mentioned interviews had been started for the Library Director and Planning Director positions, and discussions continued on the possibility of a new seaplane base, land needed, and funding.

Liaison Representatives - Potrzuski spoke to the recent Gary Paxton Industrial Park Board meeting, Wein to the Sitka Community Hospital Board meeting, and Miyasato to the Police and Fire Commission meeting. Miyasato thanked the US Coast Guard for their cleanup work at Herring Cove.

Clerk - Peterson reminded of the voter registration deadline for the October 2 Municipal Election, announced early voting for the State Primary Election was happening at City Hall through August 20, read through the list of board vacancies, and announced the citizen initiative and citizen referendum petitions had been certified.

## IX. CONSENT AGENDA

**A**[18-148](#)

Approve the minutes of the July 24 and July 31 Assembly meetings

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

**X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS**

None.

**XI. UNFINISHED BUSINESS:**

- B**     [18-138](#)     Approve the Extension of and Amendment to Agreement between the City and Borough of Sitka and Seafood Producers Cooperative regarding the Sitka Marine Service Center

Assembly members thanked Municipal Attorney Hanson for his additional insurance research.

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

**Yes:** 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

- C**     [ORD 18-34A](#)     Amending Title 4 "Revenue and Finance" of the Sitka General Code, by modifying Chapter 4.24 "Transient Lodging Tax", Section 4.24.020 "Imposition of Transient Lodging Tax"; and, submitting the question of such an amendment to the qualified voters at a regular election on October 2, 2018 (*ballot proposition*)

Mayor Hunter summarized the intent of the ordinance was to raise the transient lodging tax (previously known as bed tax) from 6% to 12% year round and the tax would be exempt from sales tax from 6% yielding a net increase of 1% during the winter months.

Speaking in opposition to the increase was the Greater Sitka Chamber of Commerce, Carol Frasier of Aspen Hotels, Fred Reeder, and Duane Lambeth, owner of Dove Island Lodge.

A discussion of the advantages and disadvantages of raising the tax ensued among Assembly members. Cosponsors Hunter and Knox noted while it was a modest increase it would nonetheless yield additional revenue, reminded the transient lodging tax would be tax exempt, and would indirectly allow for a future Assembly to possibly raise the alcohol tax. It was noted a tax on alcohol could not be higher than a current sales tax.

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

**Yes:** 3 - Potrzuski, Hunter, and Knox

**No:** 4 - Miyasato, Eisenbeisz, Bean, and Wein

- D**     [ORD 18-36](#)     Adding a ballot question on the next municipal regular election to be held on October 2, 2018, on whether to exempt the municipality from the provisions of AS 18.35.301 - 18.35.350, an act prohibiting smoking in certain places (effective October 1, 2018), and, if exempted, Sitka General Code, Chapter 9.20 "Smoking in Public Places and Places of Employment", would continue to be the law for the municipality as to banning smoking in certain public

places (*ballot proposition*)

Public Testimony

Those speaking in opposition were Martha Pearson, Cheri Hample, Doug Osborne, Amanda Roberts, Connie Sipe, Brian Guvenir, and Emily Neenan. Neenan, the Alaska Government Relations Director for the American Cancer Society Cancer Action network, stated Sitka was the only community who had taken up the option allowed by the state law to exempt itself from the statewide public smoking ban.

Kevin Mosher spoke in support of putting the issue to a vote. Helen Craig expressed her dislike of cigarette smoke. Joe Darnell, Chief Investigator of Tobacco Enforcement and Youth Education for the State of Alaska Department of Health & Social Services, stated he was in Sitka assisting with the rollout of Tobacco 21 conducting classes for retail establishments.

Assembly Discussion

The Municipal Clerk noted staff had finished verifying signatures for the citizen initiative filed on August 1 to exempt the municipality from the state law. Peterson stated the sponsors had filed the initiative after it appeared a majority of members were not in favor of the ballot question at their July 31, 2018 meeting. Peterson stated she had certified the petition as sufficient and the proposition would appear on the October 2 ballot.

Eisenbeisz made a motion to postpone the ordinance indefinitely. Emily Neenan spoke in opposition voicing concern over the purpose language section.

**A motion was made by Eisenbeisz to POSTPONE INDEFINITELY. The motion FAILED by the following vote.**

**Yes:** 3 - Miyasato, Eisenbeisz, and Bean

**No:** 4 - Potrzuski, Hunter, Knox, and Wein

**A motion was made by Knox to AMEND the ordinance by striking the sentence in lines 34-37 "The new law imposes an unreasonable negative financial impact on establishments that, under the existing law, have chosen to remain exempt from the smoking prohibition." The motion FAILED by the following vote.**

**Yes:** 1 - Knox

**No:** 6 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Bean, and Wein

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

**Yes:** 2 - Hunter, and Bean

**No:** 5 - Miyasato, Eisenbeisz, Potrzuski, Knox, and Wein

**XII. NEW BUSINESS:**

**New Business First Reading**

- E     [ORD 18-37](#)     Making Supplemental Appropriations for Fiscal Year 2019 (*reappropriation of Fiscal Year 2018 unexpended appropriations*)

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

**Yes:** 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

- F     [ORD 18-39](#)     Amending Title 15 "Public Utilities" of the Sitka General Code by repealing Chapter 15.01 "Electric Utility Policies" Section 15.01.020 "Electrical Rates" (*Plug-In Electric Vehicle Incentive Credit*)

Doug Osborne suggested the Assembly look for a way to encourage and incentivize rather than repeal the code section.

Cosponsors Hunter and Potrzuski spoke to the ordinance. Eisenbeisz stated the incentive was at low cost to the municipality.

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

**Yes:** 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

**No:** 1 - Eisenbeisz

- G     [ORD 18-40](#)     Authorizing a property tax exemption through December 31, 2020 for the Sitka Historical Society, Inc. in the lease premises at Harrigan Centennial Hall

Municipal Attorney Hanson explained the Assembly had approved a lease agreement with two provisions: a waiver of utilities and property taxes for a period of 24 months.

Hunter explained the museum had used all of their reserves for design and construction of the their new space. To allow the museum to regain their financial footing the Assembly had approved the above mentioned exemptions.

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

**Yes:** 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

- H     [ORD 18-41](#)     Amending Title 4 "Revenue and Finance" of the Sitka General Code by modifying Chapter 4.09 "Sales Tax" at Section 4.09.020 "Collection of Tax" (*products not authorized for sales tax exemptions on sales tax free days*)

Hunter stated the proposed ordinance added alcoholic beverages, tobacco products, and marijuana to the list of products not authorized for sales tax exemptions on sales tax free days typically held in November.

Bean recused himself due to his ownership of a marijuana business. He reminded of the economic advantage to businesses during the sales tax free days.

Eisenbeisz inquired whether the proposed ordinance would violate any law because it was a sales tax adjustment that might require voter approval. The Assembly asked Municipal Attorney Hanson to research the question.

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

**Yes:** 5 - Miyasato, Potrzuski, Hunter, Knox, and Wein

**No:** 1 - Eisenbeisz

**Recused:** 1 - Bean

**Additional New Business Items**

- I**      [18-149](#)      Award a professional services contract to Arcticom LLC for the E911 system replacement with a not to exceed amount of \$285,000

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

**Yes:** 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

- J**      [18-152](#)      Discussion / Direction on the administrative policy for the Stortz Gallery at City Hall

Municipal Administrator Brady noted the updated policy set criteria for the type of artwork placed in the gallery, addressed liability of the artwork and put the responsibility on the artist, and continued the position of the volunteer curator recommended by the Sitka Fine Arts.

Assembly members offered their opinions and concerns with the policy and discussed content to be displayed. Municipal Attorney Hanson stated it was the public forum doctrine, limited public forum in this circumstance, that allowed the City to impose content based limitations.

Norm Campbell, curator, expressed disappointment at the need for the policy to be addressed. Heather Bauscher stated it was important to have art in public spaces. Lance Ewers reminded of the recent display that was taken down at City Hall after objections from the public. He suggested that City Hall may not be the most well suited place for an art exhibit. Scott Saline stated he was offended by a recent display with what he felt were political messages.

**A motion was made by Wein to EXTEND to 11pm. The motion FAILED by the following vote. Six votes in the affirmative are needed to extend past 10:30pm.**

**Yes:** 5 - Hunter, Bean, Wein, Knox, Potrzuski

**No:** 2 - Eisenbeisz, Miyasato

Noting the mandatory adjournment time of 10:30pm, the Assembly suggested the item come back for further discussion on August 30.

- K**      [18-153](#)      Discussion / Direction of a request from SEDA for an economic impact analysis of Sitka Community Hospital on the local economy and the effect if current operations were to cease or be sold

The meeting automatically adjourned at 10:30pm before this item was addressed. The Mayor noted this item would be considered by the Assembly on August 28.

**XIII. PERSONS TO BE HEARD:**

None.

**XIV. EXECUTIVE SESSION**

None.

**XV. ADJOURNMENT**

The meeting automatically ADJOURNED at 10:30pm.

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

Sara Peterson, MMC  
Municipal Clerk