



# 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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Thursday, August 30, 2018

6:00 PM

Assembly Chambers

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#### SPECIAL MEETING

#### I. CALL TO ORDER

#### II. FLAG SALUTE

#### III. ROLL CALL

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

**Absent:** 1 - Eisenbeisz

#### IV. CORRESPONDENCE/AGENDA CHANGES

[18-156](#)

Reminders, Calendars and General Correspondence

Item J was moved to beginning of New Business. Mayor Hunter received a letter from the SAFV Shelter requesting consideration of permitting and inspection fee waivers for their upcoming building expansion and renovation project. The Municipal Clerk shared the letter with other assembly members via email.

#### 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)

None.

**VII. PERSONS TO BE HEARD**

Public Works Director Michael Harmon introduced Municipal Engineer Cliff Richter. Richter stated he had been welcomed by staff and was impressed by how hard working city staff was.

Blossom Twitchell suggested education within the community in light of the recent hospital request for proposals events, noted there were many questions from the community, and spoke to the benefits of knowing the basics of native issues and politics.

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

Mayor - Hunter deferred to the Administrator to report on Alaska Municipal League (AML).

Administrator - Brady reported he and Eisenbeisz went to Denali for AML and mentioned a main topic of cyber security as municipalities and cities had been targeted recently. He stated the Gavan Hill landslide mapping was in draft form and noted infrastructure for Keet Gooshi Heen Elementary School and Sitka High School were in low risk zones. The report would be shared shortly. He noted ongoing negotiations with the Chamber contract. He met with Senator Sullivan and USCG Commandant Admiral Karl Schultz.

Liaison - Knox reported on Parks and Recreation Committee. Wein reported on the Hospital Board.

Clerk - Henshaw noted advanced voting will begin September 17 at City Hall and absentee voting by mail and fax was available.

**IX. CONSENT AGENDA**

- A**     [18-157](#)     Approve a liquor license renewal for JD & PR Colton and JP & TE Colton dba the Nugget Restaurant at 600 Airport Road Ste A

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

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

- B**     [18-158](#)     Reappoint James Poulson to a three-year term on the Historic Preservation Commission and appoint James Poulson to an unexpired term on the Parks and Recreation Committee

Miyasato thanked the applicant. Wein noted that Poulson represented an asset and interest and was committed to the process for the Historic Preservation Commission.

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

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

**Absent:** 1 - Eisenbeisz

**XI. UNFINISHED BUSINESS:**

[18-152](#)

Discussion / Direction on the administrative policy for the Stortz Gallery at City Hall

Wein noted that Sitka was a fine arts community, thought that City Hall needed to reflect that, and that there should be trust in the judgement of artists and curator.

Lucy Phillips suggested input from the artist community for the curator position. Robert Hattle had concern with the tragedy that also affected others and wondered if in the display that the others could also be recognized. Libby Stortz stated that she would have liked the idea of also honoring the Diaz brothers as an integral part of the gallery. She suggested to let the curator make the decisions of the censorship. Jay Sweeney expressed concerns of uncensored art and gave examples. Blossom Twitchell was in support of having the art uncensored.

Municipal Attorney Brian Hanson commented on the word "uncensored" and stated there was limitation within the form. He would look toward the constitutional limitations. Municipal Administrator Keith Brady had concerns with uncensored art as staff was disrupted by art that was displayed previously and they felt threatened by the public. Bean noted the curator would be appointed by the Administrator and approved by the assembly. Knox had concerns with politicizing the curator position and felt censorship could be problematic. Miyasato thanked previous curator Norm Campbell and members of the public. He was in agreement with including the Diaz brother's memory. He was in support of uncensored art. Potrzuski noted the first amendment would allow the assembly to have limited artwork in the gallery. He had concerns with the building being public and that there were employees that are subject to it on a daily basis. He stated it is not just an art gallery, this was city hall and there was business to conduct there. Wein agreed with the assembly approval of curator. Knox told of staff that felt threatened by the controversial art from members of the public previously. Hanson noted the gallery created a limited public forum for art. He stated there was constitutional limitations but no censorship with exceptions i.e., disruption of workplace, safety and health of workers. Mayor suggested a sign by each piece of art with the curator information and where to direct complaints. Potrzuski noted it was people not the art that created a hostile workplace. Bean mentioned that a disclaimer could handle some of the issues and the reason for assembly approval. He thought to leave in the hands of the curator and not have a written policy. He stated there could be a disclaimer and curator contact information. Brady reminded the space was a place of work and people come to this building for a place of business. He had concerns with it being an unsafe space for his staff.

**A motion was made by Wein to provide a venue at City Hall for the William Stortz Gallery an uncensored public art space subject to curation by a curator appointed by the Administrator and approved by the Assembly. The motion PASSED by the following vote.**

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

**Absent:** 1 - Eisenbeisz

**D** [ORD 18-37](#)

Making Supplemental Appropriations for Fiscal Year 2019 (*reappropriation of Fiscal Year 2018 unexpended appropriations*)

Wein noted \$65,000 was to complete the hospital request for proposals process.

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

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

**Absent:** 1 - Eisenbeisz

- E**     [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*)

**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 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

**Absent:** 1 - Eisenbeisz

- F**     [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

Sheila Finkenbinder a member of the Board of Directors of the Sitka Historical Society thought it was reasonable to exempt the museum from property tax.

Wein recognized the the value of the Historical Society.

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

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

**Absent:** 1 - Eisenbeisz

- G**     [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*)

Bean recused himself. Municipal Attorney Brian Hanson noted the issue of taxation and type of amendment by voter approval. He researched and reached out to the state assessor and there may be issues with alcohol and marijuana purchases. He needed additional time and requested a postponement.

**A motion was made by Miyasato that this ordinance be POSTPONED to the meeting of September 25. The motion PASSED by the following vote.**

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

**Absent:** 1 - Eisenbeisz

**Recused:** 1 - Bean

## **XII. NEW BUSINESS:**

- J**     [18-159](#)     Discussion / Direction / Decision to move forward with the Sitka Seaplane

### Base and land acquisition

Municipal Administrator Keith Brady asked for direction from the assembly on whether or not to pursue a seaplane base.

Kevin Mulligan provided a report in support of a Sitka seaplane base. He told of benefits and impacts of remote areas that needed Sitka and a seaplane base. He read from correspondence from Baranof Wilderness Lodge, NSRAA, Port Armstrong Hatchery, in support of a Sitka seaplane base and land acquisition. He noted that there were still grants available for this. He told of the benefits of visitors coming to Sitka if there were a seaplane base in Sitka. He felt there was a responsibility for the outlying communities. He stated the current seaplane facility was insufficient. He noted it could be treated as an airport and there could be federal funding available.

Municipal Administrator Keith Brady estimated the project to cost \$15 million. Mayor Hunter noted 93.7% would be covered as a cost to the project from FAA. Knox mentioned the opportunity 100% covered by grants. Mayor Hunter suggested giving direction to staff to pursue, then a resolution from the assembly. Brady updated that staff has reached out and conversations have taken place with the state including the department of education. The property has been assessed by the state higher than the municipal assessment. He noted that the Coast Guard has encroached on some of the land. In order to be included for funding to be able to apply for grant, with no obligation, Brady stated paperwork was needed to be sent and a resolution would be needed. Wein thought a seaplane base was long overdue, had many advantages, and felt the city had lost the ability to be a hub and thought it was an important part of the rural status.

### Public Comment

Sheila Finkenbinder was in support of the Seaplane Base and noted the economic potential. Floatplane owner, Dave Gordon expressed his support. Sherri Aitkin, Visit Sitka was in support. Joe List representing Westmark Sitka, Fish Baranof and Totem Square was in support thought it would be a boost to the economy.

### Assembly Deliberation

Bean felt this was needed and clarified that a new facility would be pursued with grant funding. Miyasato thanked Mulligan for the information he provided in his report.

**A motion was made by Knox to have the Administrator pursue as a priority, a Sitka seaplane base and land acquisition.**

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

**Absent:** 1 - Eisenbeisz

### New Business First Reading

**H**     [ORD 18-42](#)     Making Supplemental Appropriations for Fiscal Year 2019 (FY2018 Purchase Orders)

**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

**Absent:** 1 - Eisenbeisz

**Additional New Business Items**

- I     [RES 18-18](#)     Approving submittal and execution of Alaska Drinking Water Fund Loan applications to the State of Alaska Department of Environmental Conservation totalling up to \$18,000,000 for the project entitled Critical Secondary Water Supply

Municipal Administrator Keith Brady told of waiver conversations with representatives, state officials, and EPA. Mayor Hunter explained a filtration waiver was being pursued and reminded that when the penstock needs to be shut down, surface water was still needed from the creek that would need filtration.

Public Works Director Michael Harmon stated the project was steady, recommended rates were passed for loan funding to keep project on schedule. He said this was driven by the penstock closure for maintenance to the dam. Potrzuski wondered how bulk water related to this issue, since it used part of the system. Harmon stated the penstock was used by bulk water. Environmental Superintendent Shilo Williams told of what would cause a boil water notice and that there hadn't been a city wide boil water notice that she was aware of. They are typically localized/small and isolated. Harmon told of assembly involvement throughout the project. Chief Finance and Administrative Officer, Jay Sweeney reminded the resolution would allow the Administrator to apply for the loan and that an appropriation would be needed. He added that the loan was the most economical way to finance the fund and that the current loan rate was 1.5%. Bean wondered if the rate increased today, based on assumption, what would cause us to have to go back and raise rates and the cost were to go over \$18 million. Harmon stated the interest rate would be locked in. Mayor Hunter was in support of passing the resolution and the assembly could make another motion to direct the project to come back for final or before the contract was awarded. Bean thought to postpone. Harmon noted the ability to do maintenance and inspections to the dam to meet FERC requirements. Wein was not in support of the \$18 million and expressed the need from the state. He was concerned with change orders and felt Indian River could suffice as a secondary source. Bean was not in support and stated he did not feel this was needed at this time. Potrzuski felt that a secondary water supply was important and reminded that an inspection was needed by the dam by law and it would have to be closed. Mayor Hunter noted this project came to be because of changes in regulations however was concerned with rate increases.

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

**Yes:** 4 - Miyasato, Potrzuski, Hunter, and Knox

**No:** 2 - Bean, and Wein

**Absent:** 1 - Eisenbeisz

**A motion was made by Potrzuski to come back for final approval by the Assembly before any contract is awarded.**

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

**Absent:** 1 - Eisenbeisz

**K**     [18-160](#)     Update on Pittman-Robertson funding opportunities and grant application for potential cabin development

Mayor Hunter explained the federal money available for cabin development. He stated direction was given to the Administrator to investigate. Municipal Administrator Keith Brady added the Parks and Recreation Committee suggested locations. Mayor Hunter felt it could increase opportunities for travelers and locals. Wein told of funding and mandates for the use of cabins. He had concerns with the maintenance that would have to be guaranteed in perpetuity. Brady asked for direction.

Lance Ewers confirmed that the grant was for hunting, trapping, and some wildlife viewing.

**A motion was made by Wein to direct city staff to pursue and be mindful of the requirements for successful granting.**

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

**Absent:** 1 - Eisenbeisz

**XIII. PERSONS TO BE HEARD:**

Jeff Kinnan stated the red tape was unbelievable with regards to an environmental impact statement.

Richard Wein clarified that at the last meeting he had made a factual error with regards to his comment on mythology.

**XIV. EXECUTIVE SESSION**

**L**     [18-161](#)     Legal personnel matter / lawsuit involving the Sitka Police Department

Municipal Attorney Brian Hanson recommended the Police Chief not participate in executive session.

**A motion was made by Knox to go into executive session to discuss communications with the Municipal Attorney concerning a legal personnel matter and lawsuit affecting the municipality, the immediate knowledge of which would adversely affect the finances of the municipality and invite in, if desired and when ready, Police Chief Jeff Ankerfelt. The motion PASSED by unanimous consent.**

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

**Absent:** 1 - Eisenbeisz

The Assembly was in executive session from 9:37 p.m. to 10:25 p.m.

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

**A motion was made by Potrzuski to pursue \$10,000 appropriation for legal fees. The motion PASSED by the following vote.**

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

**Absent:** 1 - Eisenbeisz

**A motion was made by Bean to extend the meeting to 10:45 p.m. The motion PASSED by the following vote.**

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

**Absent:** 1 - Eisenbeisz

**A motion was made by Hunter to pursue a \$100,000 appropriation for legal defense.**

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

**Absent:** 1 - Eisenbeisz

#### **XV. ADJOURNMENT**

**A motion was made by Potrzuski to ADJOURN. Hearing no objections, the meeting ADJOURNED at 10:27 p.m.**

**ATTEST:** \_\_\_\_\_  
**Melissa Henshaw, CMC**  
**Acting Municipal Clerk**