



# CITY AND BOROUGH OF SITKA

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

## Minutes - Final

### 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*

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Thursday, March 14, 2019

6:00 PM

Assembly Chambers

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#### SPECIAL MEETING

#### I. CALL TO ORDER

#### II. FLAG SALUTE

#### III. ROLL CALL

**Present:** 4 - Eisenbeisz, Knox, Wein, and Mosher

**Absent:** 2 - Paxton, and Nelson

**Telephonic:** 1 - Bean

#### IV. PERSONS TO BE HEARD

Eric VanCise School Board Clerk reported on the Sitka School District budget meeting noting they chose to use flat funding.

#### V. NEW BUSINESS:

- A**     [19-053](#)     Approve a liquor license renewal application for JL Totem, Inc. dba Totem Square Inn at 201 Katlian Street

A motion was made by Knox to approve a liquor license renewal application for JL Totem, Inc. dba Totem Square Inn at 201 Katlian Street, with the condition that the applicant must satisfy the note/payment plan entered into with the City and Borough of Sitka, and forward this approval to the Alcoholic Beverage Control Board without objection. The motion **PASSED** by the following vote.

**Yes:** 5 - Eisenbeisz, Knox, Bean, Wein, and Mosher

**Absent:** 2 - Paxton, and Nelson

**B**     [19-054](#)

## Discussion / Direction / Decision of the General Fund

Eisenbeisz outlined that the Finance Department would present on the General Fund and there would be opportunity for staff direction. Municipal Administrator Keith Brady noted the city budgeted as though the Governor's budget would pass and the presentation took into account what could be done with Raw Fish Tax, school bond debt reimbursement, and the contribution to the School District which would take money from capital projects. Chief Finance and Administrative Officer Jay Sweeney noted the budget proposed was to maintain current levels of service with deferred maintenance that included worst case state budget cuts with one exception of the contribution to the School District. Sweeney noted that State Statute did not appear to have guidance for possible changes at a later date of contribution to the school.

Controller Melissa Haley gave an overview of future budget meetings. She told of four budget decisions that needed to be made: General Fund services, support to the School District, repair of infrastructure, and subsidization to other funds/transfers. She gave the forecast of the major sources of revenue. Assessor Wendy Lawrence gave an assessment of trends in property tax noting that senior exemptions had increased. Haley told of unknown revenues and went over assumptions and decisions that needed to be made with regards to revenue to the General Fund. Sweeney went over school bond debt service that included the Performing Arts Center. Haley told of budget expenditures detailing current level of service, school support, and health care costs. She gave details on subsidies and/or transfers out to other funds. She went over the core services of the General Fund noting a 2.4% reduction from FY2019 budget. She told of new and growth of deferred capital projects.

Wein commented on the small surplus in the presented budget and suggested that we need a much larger surplus to be earmarked for infrastructure and deferred maintenance. He stated the need to prioritize projects. He felt that items such as the five new vehicles slated for purchase be re-evaluated. He noted that cuts in the budget should not be across the board, but should be creatively and strategically made in areas such as the Police Department, Education, Engineering, and Legal for example. Bean commented that 10% cut should be made and the city should be operating at a bare minimum. Mosher agreed that cuts needed to be made, gave the suggestion of increasing the sales tax to 6% year round, increase in the vacancy factor, and have the assembly involved in new hires. He stated his concern of labor cost. Knox didn't feel the assembly should be involved in hiring decisions. He felt that staff had done a lot of work to prepare the budget with a worst case scenario with removal of state funding. He was not in support with an overall cut.

Haley finished presenting on school funding highlighting decision points of what level of funding to set, instructional vs non-instructional, the Performing Arts Center, and Community Schools.

Eisenbeisz thanked staff and felt that the budget presented was with cuts by assuming the worst case scenario from the state.

Knox relayed a possible conflict and disclosed that his wife works at Pacific High School although her position was grant funded this year and that he was the year round head coach with regards to the Blatchley pool. Deputy Mayor Eisenbeisz ruled no conflict at this time.

**A motion was made by Bean to suspend all capital projects for FY2020 with the exception of the Wastewater Treatment Plant, the Secondary Water Source,**

**and Marine Street Substation. The motion FAILED by the following vote.**

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

**No:** 3 - Eisenbeisz, Knox, and Wein

**Absent:** 2 - Paxton, and Nelson

Knox clarified that the projects that would be stopped would not include projects already in progress or that have had appropriations. Brady noted that suspending all but those projects would be approximately 10% of the budget. Sweeney asked for clarification with regards to grant funded projects for example the Sea Plane Base. Knox mentioned the ADA ramp and felt it may need to be done and wondered what other impacts the suspension would create. Sweeney told that some appropriations may be critical and that department heads should speak to the projects. Wein was not in support.

Bean brought up the idea to direct staff to bring back a 10% cut from all funds. Sweeney noted that equaled almost \$3 million. Eisenbeisz would prefer to see a certain dollar amount rather than a percentage.

Brady noted that removal of \$2 million would create an impact to the citizens. Knox was not in support, felt the budget should not be cut any further, and that revenue should be addressed with regards to how the city was collecting it. Eisenbeisz reminded that Enterprise Funds were services, and if staffing was cut, it would affect the economy. Brady informed that staff was overworked and had concerns of impacts to the public. Eisenbeisz was in support in order to see what the impacts would be. Brady stated a new budget could be drafted by March 28th.

**A motion was made by Wein to remove \$2 million from the FY2020 budget in aggregate. The motion PASSED by the following vote.**

**Yes:** 4 - Eisenbeisz, Bean, Wein, and Mosher

**No:** 1 - Knox

**Absent:** 2 - Paxton, and Nelson

#### **VI. PERSONS TO BE HEARD:**

None.

#### **VII. EXECUTIVE SESSION**

None.

#### **VIII. ADJOURNMENT**

**A motion was made by Knox to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:29 p.m.**

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

**Melissa Henshaw, CMC  
Acting Municipal Clerk**