

Regular Ketchikan City Council meeting was called to order by Mayor Williams at 7:01 p.m., July 2, 2009, with the following members present: Dick Coose, Jason Harris, Kj Harris, Matthew Olsen, Robert Sivertsen and Marty West. Councilmember Charles Freeman was absent.

The Pledge of Allegiance was given by all persons in the Chambers.

Staff present were Assistant Manager Martin, Finance Director Newell, City Attorney Bradford, Fire Chief Hill, Police Chief Talik, Acting Public Works Director Allen, Electric Division Manager Kline, Telecommunications Division Manager Abbott, Acting Electric Division Operations Manager Adams, Senior Project Engineer Brakke, Senior Project Engineer Holstrom and City Clerk Suiter.

COMMUNICATIONS

Mayor Williams noted there were several items laid on the table, including: additional information regarding the sale of the former Shamrock parking lot; supplemental information relative to the USCG LORAN Station – Shoal Cove; and a request from Ketchikan Youth Initiatives for inclusion of a release of pollution liability in the quitclaim deed of the old water warehouse.

PERSONS TO BE HEARD

Jay Leo Baldwin spoke against the location of the new fire station on the proposed location (Lot 10A-1). He asked the Council to hold up the grant and seek a new location. He encouraged the Council to take into consideration the likelihood of a tsunami and/or an earthquake. He said there needs to be a good location for civil defense.

Mike Hatfield, representing Ketchikan General Hospital, said he was available to answer any questions the Council may have on their project.

Allen Manuel, a Ketchikan Youth Initiatives board member, thanked the Council for their past support. He said they are looking forward to getting things done on the old water warehouse.

Stephen Reeve spoke regarding the potential sale of the Shamrock lot. He said he is concerned about surplusing the lot because of the lack of parking in the area and the fact that it is a potential access point to property above that may provide future parking. He referenced a drawing he provided, and said if it were going to be surplused, his family would purchase it for fair market value.

Scott Shern said he wants to play music on the docks, and sought permission to do so. Mayor Williams noted this type of activity was not allowed on the docks, and referred him to private property owners who were located adjacent to the area.

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CONSENT AGENDA

Approval of Minutes

Moved by Jason Harris, seconded by Coose approval of the minutes of the regular meeting of June 18, 2009.

Motion passed with Kj Harris, Coose, Sivertsen, West, Olsen and Jason Harris voting yea; Freeman absent.

Revocable and Limited Permit to Work on or Encroach Upon Platted Right-of-Way – Community Connections

Moved by Jason Harris, seconded by Coose the City Council approve the Revocable and Limited Permit to work on or encroach upon platted right-of-way to Community Connections for the purpose of stabilizing the rock face behind its building at Deermount and East Streets and authorize the city manager to execute the permit on behalf of the City Council.

Motion passed with Kj Harris, Coose, Sivertsen, West, Olsen and Jason Harris voting yea; Freeman absent.

UNFINISHED BUSINESS

Ordinance No. 09-1630 – Adding A New Subsection (e) to Section 18.44.020 of the Ketchikan Municipal Code Entitled “Charges” to Provide for an Additional Charge to Ambulance Fees When Transport by Airport Ferry is Required – Second Reading

Copies of Ordinance No. 09-1630 were available for all persons present.

Moved by West, seconded by Jason Harris the City Council approve in second reading Ordinance No. 09-1630 adding a new Subsection (e) to Section 18.44.020 of the Ketchikan Municipal Code entitled “Charges” to provide for an additional charge to ambulance fees when transport by airport ferry is required; and establishing an effective date.

Fire Chief Hill answered questions from the Council.

Moved by Coose, seconded by Jason Harris to defer this item until it is determined whether the Borough charges a flat rate or whether the rate varies depending on number of passengers.

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In response to Councilmember Jason Harris, Police Chief Talik said the Police Department is charged for any City police work performed over at the airport, and he noted they are also charging the troopers for escort services or other trooper work performed at the airport.

Motion to defer passed with West, Jason Harris, Sivertsen and Coose voting yea; Olsen and Kj Harris voting nay; Freeman absent.

Appointments to Boards and Commissions – Mayor Williams

Mayor Williams recommended the name of Courtney Enright as a student representative to the Library Advisory Board and asked if there were any objections; none were heard.

NEW BUSINESS

Request for Reserved Parking Space – Rotary House

Moved by Jason Harris, seconded by Kj Harris the City Council defer this item until the next meeting.

Motion to defer passed with Sivertsen, Jason Harris, Coose, Kj Harris, Olsen and West voting yea; Freeman absent.

Sale of the Former Shamrock Parking Lot

Moved by Olsen, seconded by West the City Council direct staff to proceed with the sale of the former Shamrock Parking Lot in such manner as determined appropriate by the City Council.

Councilmember Sivertsen said there are some rights-of-way owned by the City of Ketchikan, and he felt there was a lot of potential for parking in this area. He felt if it were surplused it would hinder the parking potential in that area. He didn't want to surplus the property without a firm plan to provide adequate parking.

Moved by Sivertsen, seconded by Coose the Council defer this item until a plan is developed for the uplands area.

Motion to defer passed with Coose, Jason Harris, West, Kj Harris, Sivertsen and Olsen voting yea; Freeman absent.

Contract No. 09-27 – FERC Part 12D Inspection and Potential Failure Mode Analysis (PFMA) Review, Hatch Acres Corporation - \$86,320

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Moved by Sivertsen, seconded by Jason Harris the City Council approve Contract No. 09-27, Part 12D Inspection and PFMA Review, between Ketchikan Public Utilities and Hatch Acres Corporation in an amount not to exceed \$86,320; authorize funding from the Electric Division's 2009 Professional Services Account No. 60; and direct the general manager to execute the contract documents on behalf of the City Council.

Motion passed with Kj Harris, Olsen, West, Jason Harris, Sivertsen and Coose voting yea; Freeman absent.

Negotiation of a Professional Services Agreement for Contract No. 09-21, NEPA Environmental Assessment and Permitting Support for KPU Line Extension to USCG LORAN Station Shoal Cove – Tetra Tech EC, Inc.

Moved by Jason Harris, seconded by Kj Harris the City Council authorize the general manager to negotiate a professional services agreement between Ketchikan Public Utilities and Tetra Tech EC, Inc. of Bothell, Washington for Contract No. 09-21, NEPA Environmental Assessment and Permitting Support for KPU Line Extension to USCG LORAN Station Shoal Cove, said agreement to be submitted to the City Council for formal review and consideration.

Motion passed with Jason Harris, Sivertsen, Olsen, Coose, Kj Harris and West voting yea; Freeman absent.

Change Order No. 1 to Contract No. 08-56, Line Extension to USCG LORAN Station Shoal Cove – Commonwealth Associates, Inc.

Moved by Sivertsen, seconded by Jason Harris the City Council approve Change Order No. 1 in the amount of \$5,000 to Contract No. 08-56, Line Extension to USCG LORAN Station Shoal Cove, between Ketchikan Public Utilities and Commonwealth Associates, Inc. bringing the total contract cost to \$60,650; authorize funding from the Electric Division's 2009 Shoal Cove Distribution Line Extension Capital Account; and direct the general manager to execute the change order on behalf of the City Council.

Motion passed with Kj Harris, Coose, Sivertsen, West, Olsen and Jason Harris voting yea; Freeman absent.

Ordinance No. 09-1631 – Amending Section 10.24.230 of the Ketchikan Municipal Code Entitled “Low-Speed Vehicle Permits,” By Adding a New Subsection Establishing a Fine for Violation of Section 10.24.230(b)(4) – First Reading

Copies of Ordinance No. 09-1631 were available for all persons present.

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Moved by Jason Harris, seconded by West the City Council approve in first reading Ordinance No. 09-1631 amending Section 10.24.230 of the Ketchikan Municipal Code Entitled “Low-Speed Vehicle Permits,” by adding a new subsection establishing a fine for violation of Section 10.24.230(b)(4); and establishing an effective date.

Moved by Jason Harris, seconded by Sivertsen to amend the fine amount to \$100.

Police Chief Talik answered questions from the Council.

Motion to amend passed with West, Olsen, Jason Harris, Kj Harris, Sivertsen and Coose voting yea; Freeman absent.

Motion, as amended, passed with Sivertsen, Jason Harris, Coose, Kj Harris, Olsen and West voting yea; Freeman absent.

Negotiation of a Professional Services Agreement for Contract No. 09-24, Engineering Services for Modifications to Bethe Substation – Commonwealth Associates, Inc.

Moved by Sivertsen, seconded by Jason Harris the City Council authorize the general manager to negotiate a professional services agreement between Ketchikan Public Utilities and Commonwealth Associates, Inc. of Mt. Vernon, Washington for Contract No. 09-24, Engineering Services for Modifications to Bethe Substation, said agreement to be submitted to the City Council for formal review and consideration.

Motion passed with Coose, Jason Harris, West, Kj Harris, Sivertsen and Olsen voting yea; Freeman absent.

Budget Transfer – Award of Contract No. 09-26, 2009 Bituminous Paving Overlay Program – Secon, Inc. - \$301,350

Moved by West, seconded by Jason Harris the City Council accept the bid of Secon, Inc. in the amount of \$301,350 for Contract No. 09-26, 2009 Bituminous Paving Overlay Program; establish a project contingency of \$30,150, bringing the total project cost to \$331,485; authorize a budget transfer of \$65,655 from the Streets Division 2009 Asphalt Seal Coat Capital Account to the 2009 Overlay Asphalt Streets Capital Account; and direct the city manager to execute the contract documents on behalf of the City Council.

Acting Public Works Director Allen answered questions, noting that the Woodland Avenue overlay is approximately \$28,000 to \$30,000.

Moved by Sivertsen, seconded by Coose to amend by including the Woodland Avenue overlay.

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Motion to amend passed with Kj Harris, Olsen, West, Jason Harris, Sivertsen and Coose voting yea; Freeman absent.

Motion passed with Jason Harris, Sivertsen, Olsen, Coose, Kj Harris and West voting yea; Freeman absent.

**Award of Contract No. 09-20 – ADC Optical Distribution
Frame Equipment – Codale Electric Supply, Inc. -
\$182,052.22**

Moved by Coose, seconded by Sivertsen the City Council accept the bid of Codale Electric Supply, Inc. in the amount of \$182,052.22 for Contract No. 09-20 – ADC Optical Distribution Frame Equipment; establish a three percent contingency in the amount of \$5,547.78 and authorize \$3,000 for shipping costs from Seattle to Ketchikan, bringing the total project cost to \$190,600; approve funding from the Telecommunications Division’s 2009 Fiber to the Home Capital Account; and direct the general manager to execute the contract documents on behalf of the City Council.

Telecommunications Division Manager Abbott answered questions from the Council.

Motion passed with Coose, Sivertsen, West, Olsen and Jason Harris voting yea; Kj Harris voting nay; Freeman absent.

**Ordinance No. 09-1632 – Amending Ketchikan Municipal
Code Title 3, Purchases and Sales – First Reading**

Copies of Ordinance No. 09-1632 were available for all persons present.

Moved by West, seconded by Sivertsen the City Council approve in first reading Ordinance No. 09-1632 amending subsections (b), (c) and (d) of Ketchikan Municipal Code Section 3.12.035 entitled “Purchases of Public Improvements – When Bidding Or Quotations are Required”; amending subsections (b) and (c)(1) of Section 3.12.040 entitled “Purchases of Supplies, Materials, Equipment or Services – When Competitive Bidding or Quotations are Required”; amending Section 3.12.042 entitled “Competitive Bid Appeals Process”; adding a new Section 3.12.043 entitled “Competitive Sealed Proposals”; and establishing an effective date.

Motion passed with West, Olsen, Jason Harris, Kj Harris, Sivertsen and Coose voting yea; Freeman absent.

**Offer of Employment – Telecommunications Division
Engineer**

Moved by Jason Harris, seconded by Coose contingent upon completion of a successful background check and confirmation of credentials, the City Council authorize the general

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manager to offer the position of Telecommunications Division engineer to David Weber of Mohave Valley, Arizona based on a compensation level of 73P at an annual salary of \$89,658; annual vacation accrual of 15 days per year; and moving expenses not to exceed \$10,000.

Assistant Manager Martin and Telecommunications Division Manager Abbott answered questions from the Council.

After discussion, the Council determined to advertise the position of Telecommunications Division engineering manager for four weeks, and if no qualified applications are received, hire a firm to conduct the recruiting process.

Motion passed with Sivertsen, Jason Harris, Coose, Kj Harris, Olsen and West voting yea; Freeman absent.

Budget Transfer – Conveyance of Former Water Division Warehouse by Quitclaim Deed to Ketchikan Youth Initiatives

Moved by Jason Harris, seconded by Sivertsen the City Council authorize a budget transfer of \$25,000 from Appropriated Reserves of the General Fund to the City Council's 2009 Community Promotion Account No. 51, in order for General Government to acquire the former Water Division Warehouse from Ketchikan Public Utilities and direct the city manager to quitclaim the building and property located at 632 Park Avenue as is and with all faults to Ketchikan Youth Initiatives.

Ketchikan Youth Initiatives Administrator Bobbie McCreary answered questions from the Council.

Motion passed with Coose, Jason Harris, West, Kj Harris, Sivertsen and Olsen voting yea; Freeman absent.

Budget Transfer – Memorandum of Understanding for Interim Repairs to Ketchikan General Hospital Surgical Suite

Moved by Sivertsen, seconded by West the City Council direct the city manager to enter into a Memorandum of Understanding with PeaceHealth regarding interim repairs to the Ketchikan General Hospital surgical suite in an amount not to exceed \$96,752 and authorize a transfer of \$96,752 from the 2009 Public Health Department's Ketchikan General Hospital Surgical Suite HVAC Humidifier Capital Account to the Public Health Department's 2009 Ketchikan General Hospital Surgical Suite Interim Repairs Capital Account.

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Ketchikan General Hospital representative Mike Hatfield answered questions from the Council.

Motion passed with Kj Harris, Olsen, West, Jason Harris, Sivertsen and Coose voting yea; Freeman absent.

VOUCHERS

Moved by West, seconded by Jason Harris for approval of vouchers to Ketchikan Daily News in the amount of \$10,827.92.

Motion passed with Jason Harris, Sivertsen, Olsen, Coose, Kj Harris and West voting yea; Freeman absent.

Moved by West, seconded by Jason Harris for approval of vouchers to Alaska Outboard Service in the amount of \$40.40.

Motion passed with Kj Harris, Coose, Sivertsen, West, Olsen and Jason Harris voting yea; Freeman absent.

CITY MANAGER'S REPORT

Schedule of General Government Appropriated Reserves Through the June 18, 2009 City Council Meeting

In his report, Manager Amylon attached a schedule of the current balance of Appropriated Reserves of the various funds of General Government and KPU through the City Council meeting of June 18, 2009.

Report of Federal Lobbyist

Manager Amylon included a May 31, 2009 report from the City's federal lobbyist Steve Silver. Councilmember Coose felt it was important to work with DOT to see how we can work cooperatively.

Asphalt Seal Coating of Downtown Streets

Manager Amylon advised products that staff had been evaluating for asphalt seal coating have a longer cure time than originally anticipated, which precludes them from further consideration during the 2009 cruise ship season. He noted, as such, it is questionable whether the programmed work will be accomplished this year. He further reported his understanding that the Borough will be contracting with an outside consultant to develop a striping plan for on-street parking in the downtown area. He explained since a striping contract must be in place following the street sealing, the recommendation was the project be deferred until next year and the remaining funds be directed to finance the cost of asphalt overlays.

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Councilmember Coose commented that he didn't think we should allow over one-year to find a suitable material. He said we may have to shut a street down even though it could be difficult.

Surplus Vehicles

In response to Councilmember Coose, Manager Amylon provided a report regarding the replacement of surplus vehicles.

Hawkins Street/Denali Avenue Drainage Improvements Project Update – Design of Outlet Structure and Channel

In response to Councilmember Coose, Manager Amylon provided a memorandum from R&M Engineering-Ketchikan addressing the design of the outlet structure and channel.

Partial Closure of Main Street – July 3, 2009 Between the Hours of 4:00 p.m. and 8:00 p.m. – Ketchikan Area Arts and Humanities Council Open House

Manager Amylon relayed a request from the Ketchikan Area Arts and Humanities Council for the closure of a portion of Main Street on July 3 between the hours of 4:00 p.m. and 8:00 p.m. He noted this closure is supported by tour bus operators, who will utilize alternative routes for the buses.

Bar Harbor North Concrete Float Repairs and Water Street Promenade Connection Update

Manager Amylon attached pictures of the Bar Harbor North concrete float repairs and the construction of the Water Street promenade connection for Council review.

Councilmember Jason Harris said he appreciated the pictures as well as the work done on City's floats.

Bids for Contract No. 09-09 – North Yorktown and Jackson Heights Paving Project

Manager Amylon noted the City opened sealed bids for Contract No. 09-09, North Yorktown and Jackson Heights Paving Project, and Southeast Engineering is the apparent low bidder. He said certain components of the bid are somewhat unclear from staff's perspective, and a letter has been issued requesting clarification. He stated upon receipt of a response, staff intends to submit a recommendation at the meeting of July 16, 2009.

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Grant Award for Gateway Center for Human Services

Assistant Manager Martin notified the Council that the notice of grant award for Gateway Center for Human Services was received yesterday, and it was not good news. He said staff is still going through the figures, although we have not seen the program-by-program report, but it should be out next week. He noted, roughly speaking, all funding relative to substance abuse as well as in-patient and out-patient treatment was eliminated. He continued the emergency mental health services took about a \$20,000 cut, and for those three programs alone, the City had applied for roughly \$658,000 and the award is for \$62,000. He said it is almost a \$596,000 reduction. He advised staff is trying to find the right people at the state who will have discussion relative to the appeals process, and there is a 15-day window for appeals process so staff is looking at going down that road. He pointed out one of the things that has come with this, noting the fiscal year starts July 1, is the Council will not be able to wait and meet at the end of July to discuss which direction things are going to go.

In response to Councilmember Coose, Assistant Manager Martin said staff has been able to determine the total amount of dollars the Department of Behavioral Health requested in the governor's budget was approved as requested. He stated what staff doesn't know is if there were cuts in the same manner statewide to other agencies or whether Gateway was singled out. He related staff doesn't know if there were specific deficiencies in the grant application, and the few people at the Department staff has been able to talk with today have been unwilling to answer questions until the actual grant paperwork comes out next week, at which time they will sit down and talk.

Mayor Williams asked if there were any objections to scheduling a special meeting for Thursday, and none were heard.

K.P.U. MANAGER'S REPORT

Ketchikan Public Utilities Financial Statements for the Quarter Ending March 31, 2009

Manager Amylon provided the Ketchikan Public Utilities financial statements for the first quarter ending March 31, 2009.

Appointment of Outside Plant Foreman

Manager Amylon reported that David Ledford has been promoted to the position of Outside Plant Foreman effective June 23, 2009.

Report of June 21, 2009 Telecommunications Outage

Manager Amylon provided a memorandum from Telecommunications Division Manager Abbott regarding the June 21, 2009 telecommunications outage.

CITY CLERK'S FILE – None

CITY ATTORNEY'S FILE – None

FUTURE AGENDA ITEMS – None

MAYOR AND COUNCIL COMMENTS

Councilmember Coose wished everyone a happy Fourth of July, keep the sun shining.

Councilmember Jason Harris questioned what realistic numbers, days of vacation, etc. are needed to fill the position of engineering manager. He said if there are things required from the Council, the Council needs to know. He stated he would be working with some individuals in the community to come up with a solution to KAR House closing. He noted the hospital has indicated there is some frustration, KPD has had some as well as the Alaska State Troopers, with some of the folks in the community who hit the bottle. He said it has become an issue since KAR House has closed and he has had to deal with it on a first-hand basis working in the emergency room. He noted he has spoken with the city attorney and assistant manager today to come up with a solution.

Mayor Williams encouraged him to contact the State as well, since it is their responsibility to take care of it, and they are working with KCC about opening up two drunk tanks.

Councilmember Jason Harris continued it is his understanding we are not really working very hard about the state head tax and making our voice known that we really need to get rid of it.

Relative to the head tax, Mayor Williams said, working through Southeast Conference, the industry has been talking through the mayors to meet with the governor to get her support.

Mayor Williams said SEAPA met last week and the budget was passed. He noted the SEAPA office would be located in Ketchikan, and Petersburg wasn't very happy but we had three votes this year. He reported dispatch would be coming out of Tyee.

Mayor Williams handed out pictures of trees on Fifth Avenue that have been requested for removal. He advised he and Mr. Coose met with Mr. Souza, and he pointed out the trees that would come down. He asked if there were any objections to removing those trees, and none were heard.

OTHER NEW BUSINESS – None

EXECUTIVE SESSIONS

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Request for Executive Session – Collective Bargaining Agreement Between the City of Ketchikan and the International Brotherhood of Electrical Workers, Local 1547

Moved by West, seconded by Jason Harris the City Council declare that consistent with the city manager's memorandum dated June 19, 2009 it is in the best interest of the City to discuss negotiations regarding a collective bargaining agreement between the City of Ketchikan and the International Brotherhood of Electrical Workers, Local 1547 in executive session; in accordance with that finding, the City Council go into executive session in accordance with KMC 2.04.025(a)(1) and (b)(2) and AS 44.62.310(c)(1) and (3) to discuss said negotiations and the auxiliary items described in the city manager's memorandum dated June 19, 2009, which matters include the need to discuss subjects the knowledge of which would have an adverse impact upon the finances of the City and upon the City's ability to negotiate favorable labor settlements.

Motion passed with Kj Harris, Coose, Sivertsen, West, Olsen and Jason Harris voting yea; Freeman absent.

The Council recessed into executive session at 8:25 p.m. and reconvened at 8:35 p.m.

Mayor Williams said the Council has completed an executive session to discuss negotiations regarding a collective bargaining agreement between the City of Ketchikan and the International Brotherhood of Electrical Workers, Local 1547 and no action would be taken tonight.

Request for Executive Session – Discussion of Sales Effort Phase of the Brokerage Services Agreement Between the City of Ketchikan d/b/a Ketchikan Public Utilities and Falkenberg Capital Corporation Pertaining to the Potential Sale of the Telecommunications Division

Moved by West, seconded by Jason Harris the City Council declare consistent with the general manager's memorandum dated June 26, 2009 it is in the best interest of the City Council to discuss financial and other issues that are of a proprietary nature pertaining to the *Sales Effort Phase* of the Brokerage Sales Agreement between the City and Falkenberg Capital Corporation dated May 23, 2008 in executive session; in accordance with that finding, the City Council go into executive session in accordance with KMC 2.04.025(a)(1) and (b)(2) and AS 44.62.310(c)(1) and (3) to discuss financial and other issues that are of a proprietary nature pertaining to the *Sales Effort Phase* of the Brokerage Sales Agreement between the City and Falkenberg Capital Corporation dated May 23, 2008 and the auxiliary items described in the general manager's memorandum dated June 26, 2009, which includes the need to discuss subjects the knowledge of which could have an adverse impact upon the finances of the City of Ketchikan d/b/a Ketchikan Public Utilities.

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Motion passed with Olsen, Coose, Kj Harris and West voting yea; Jason Harris and Sivertsen voting nay; Freeman absent.

The Council recessed into executive session at 8:37 p.m. and reconvened at 8:45 p.m.

Mayor Williams said the Council has completed an executive session to discuss financial and other issues that are of a proprietary nature pertaining to the *Sales Effort Phase* of the Brokerage Sales Agreement between the City and Falkenberg Capital Corporation dated May 23, 2008 and no action would be taken tonight.

ADJOURNMENT

As there was no further business, the Council adjourned at 8:45 p.m.

Lew Williams III, Mayor

ATTEST:

Katherine M. Suiter
City Clerk

FYI ITEMS INCLUDED

Recognition of Swan Lake Hydroelectric Plant Employees
Ketchikan Visitors Bureau's Executive Director Reports – April and May 2009