

Regular Ketchikan City Council meeting was called to order by Mayor Williams at 7:01 p.m., March 4, 2010, with the following members present: Dick Coose, Jason Harris, Kj Harris, Matthew Olsen, Jack Shay, Robert Sivertsen and Marty West.

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, Human Resources Manager Miller, Museum Director Naab, Public Works Director Allen, Electric Division Manager Kline, Assistant Telecommunications Division Manager Lindgren, Electric Division Operations Manager Adams, and City Clerk Suiter.

COMMUNICATIONS

Included in the packet material was a letter from the Downtown Steering Committee expressing support of the Ketchikan Historic Commission's application for a historic preservation grant.

Mayor Williams noted several items laid on the table, including: additional appointments to the Cooperative Relations Committee; and update regarding the City's PERS obligation relative to the transfer of Gateway Center for Human Services to Akeela; a lake levels report current as of March 3, 2010; and a request to remove the executive session relative to the I.A.F.F. negotiations

PERSONS TO BE HEARD

Len Laurance, representing Historic Ketchikan, spoke in support of Resolution No. 10-2321. He referred to a study that was done in 1984 relative to surveying historic properties. He pointed out that Ketchikan has more buildings of historical significance than any other city in the state. He felt it would help grow the economy and make it a better place to live and more attractive to visitors.

Ralph Beardsworth also spoke in support of Resolution No. 10-2321, noting there is a potential for increased profits and sales in a historic area. He said a historic district can set its own restrictions or not as desired. Mr. Beardsworth and Mr. Laurance answered questions from the Council.

Leslie Jackson, representing the Borough Planning Department, expressed support for Resolution No. 10-2321. She outlined some of the process, and answered questions from the Council.

Michael Naab, Museum Director, said there is no board and no restrictions but it simply provides a vehicle for the federal government to recognize historic properties. He also noted no property can be listed on the National Historic Register without the consent of

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the owner. He stated in the case of a district, there has to be consent of more than 50% of the property owners within the area proposed to be a district.

Ms. Jackson continued that the Borough is providing the cash match and the other match would be provided in-kind through the Historic Commission, Planning Department and Museum. She encouraged the Council to support the resolution.

Johnny Laird spoke regarding Senate Bill 881, and handed out several maps for Council review. He addressed some of the impacts of the Bill, noting public meetings have been set up to allow people to comment. He advised if the Bill passes, it will impact guiding operations, sockeye streams as well as public access to prime sites in the Misty Fjords National Monument. He noted the House version is House Bill 2199, which is set to go before Committee this next week. He pointed out most people aren't even aware of it, and it will affect Ketchikan drastically. He said just about every town in Southeast Alaska have moved on this bill, and he encouraged the Council to express itself through a letter because time is of importance. He answered questions from the Council.

Karen Eakes reported on Challenge Day, and handed out answers to the adult surveys that were taken. She said it was a great success, and it was received very positively. She pointed out follow-up is very important, and she felt it has instilled energy in many people. She also said the Ketchikan Wellness Coalition will be holding its first year celebration on March 16 to report on its progress.

Todd Phillips commented on SB881, noting there will be a public meeting next Saturday at the White Cliff Building from noon to 3:00 p.m. He spoke in support of Resolution No. 10-2321, stating it will bring a lot of extra things along with it. He felt it would attract historic cultural travelers, and will promote economic development downtown.

CONSENT AGENDA

Approval of Minutes

Moved by West, seconded by Coose approval of the minutes of the regular meeting of February 18, 2010.

Motion passed with Jason Harris, Sivertsen, Olsen, Shay, Coose, Kj Harris and West voting yea.

Resolution No. 10-2321 – Authorizing the Manager To Submit to the State of Alaska An Application for a Federal Grant for a Historic Survey and Inventory of Downtown Ketchikan and Creek Street

Moved by West, seconded by Coose the City Council approve Resolution No. 10-2321 authorizing the manager to submit to the State of Alaska an application for a federal grant

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for a historic survey and inventory of downtown Ketchikan and Creek Street; and establishing an effective date.

Motion passed with Jason Harris, Sivertsen, Olsen, Shay, Coose, Kj Harris and West voting yea.

UNFINISHED BUSINESS

Resolution No. 10-2320 – Amending Sections 2.62, 2.63, 5.52, 6.1.1, 6.2.1.2 and 6.5.1 of the City of Ketchikan Personnel Rules

Moved by Jason Harris, seconded by West the City Council approve Resolution No. 10-2320 amending Sections 2.62, 2.63, 5.52, 6.1.1, 6.2.1.2 and 6.5.1 of the City of Ketchikan Personnel Rules; and establishing an effective date.

After discussion, the maker withdrew the motion with the consent of the second.

Moved by Jason Harris, seconded by Sivertsen the City Council approve Resolution No. 10-2321(a) amending Sections 2.62, 2.63, 5.52, 6.1.1, 6.2.1.2 and 6.5.1 of the City of Ketchikan Personnel Rules; and establishing an effective date.

The Council took a short break at 7:45 p.m. and reconvened at 7:52 p.m.

Motion failed with West, Jason Harris and Sivertsen voting yea; Shay, Kj Harris, Olsen and Coose voting nay.

Moved by Coose, seconded by Kj Harris the City Council approve Resolution No. 10-2320 amending Sections 2.62, 2.63, 5.52, 6.1.1, 6.2.1.2 and 6.5.1 of the City of Ketchikan Personnel Rules; and establishing an effective date.

Motion passed with Coose, Jason Harris, West, Kj Harris, Sivertsen, Olsen and Shay voting yea.

Appointments to Boards and Commissions

Mayor Williams submitted the following names for the Fire Code Board of Appeals: Fred Monrean (Design Professional – two-year appointment); Richard Hamlin (General Contractor – two-year appointment); Bob Fultz (Industrial Safety – three-year appointment); David Deal (Fire Protection Professional – one-year appointment); Marvin Davis (Business Representative – one-year appointment); and David Zenge (Alternate At-Large – one-year appointment).

He asked if there were any objections, and none were heard.

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Mayor Williams also submitted the names of Councilmember Coose, Councilmember Sivertsen and Mayor Williams as appointments for the Cooperative Relations Committee, and asked if there were any objections. Councilmember Jason Harris felt he had expressed interest in being on the committee, and Mayor Williams said only Mr. Coose and Mr. Sivertsen had called him about it. No objections were expressed.

NEW BUSINESS

Renewal of Insurance Brokerage Services Agreement

Moved by Sivertsen, seconded by West the City Council authorize the city manager and finance director to negotiate a three-year insurance brokerage services agreement with Davies-Barry/Alliant Insurance Services, said agreement to be submitted to the City Council for formal consideration and approval.

Motion passed with Sivertsen, Jason Harris, Coose, Kj Harris, Olsen, West and Shay voting yea.

Draft Swan Lake Operations and Maintenance Budget for the Fiscal Year Ending June 30, 2011

Moved by Shay, seconded by Kj Harris the City Council approve the draft Swan Lake Operations and Maintenance Budget in the amount of \$1,360,670 for the fiscal year ending June 30, 2011 and authorize the general manager and Electric Division manager to present the proposed spending plan to the Southeast Alaska Power Agency.

Electric Division Operations Manager Adams answered questions from the Council. Councilmember Coose suggested that paving the road out there be examined as compared to grading it whenever it rains. Mr. Adams emphasized the budget was a draft that would be submitted to SEAPA for consideration in June.

Motion passed with West, Olsen, Shay, Jason Harris, Kj Harris, Sivertsen and Coose voting yea.

Addendum to Schedule A-1 of the Master Services Agreement for the Procurement of Internet Bandwidth – GCI Communications Corporation

Moved by Sivertsen, seconded by West the City Council authorize the general manager to enter into the Addendum to Schedule A-1 of the Master Services Agreement with GCI Communications Corporation for the procurement of an additional 20 Mbps of Internet bandwidth at a cost of \$4,500 per month plus applicable taxes and surcharges; and approve funding from the 2010 Telecommunications Division's Rentals – Equipment Account No. 61.

Assistant Telecommunications Division Manager Lindgren answered questions from the Council.

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Motion passed with Kj Harris, Coose, Sivertsen, West, Shay, Olsen and Jason Harris voting yea.

Change Order No. 1 to Contract No. 09-31, Fire Department Engine No. 2 Refurbishment – United Fire Service, Inc.

Moved by West, seconded by Jason Harris the City Council approve Change Order No. 1 in the amount of \$19,815.21 to Contract No. 09-31, Engine No. 2 Refurbishment, between the City of Ketchikan and United Fire Service, Inc. of Everett, Washington; authorize funding from the Fire Department's Engine No. 2 Refurbishment Capital Account; and direct the city manager to execute the change order on behalf of the City Council.

Motion passed with Jason Harris, Sivertsen, Olsen, Shay, Coose, Kj Harris and West voting yea.

Negotiation of Contract No. 10-02, Construction Management for Tongass Avenue Utilities Replacement Phase II – R&M Engineering of Anchorage

Moved by Jason Harris, seconded by West the City Council authorize staff to negotiate the terms and conditions of Contract No. 10-02, Construction Management for Tongass Avenue Utilities Replacement Phase II, with R&M Consultants Inc. of Anchorage, said contract to be submitted to the City Council for formal consideration and approval.

[Clerk's Note: The packet item and motion made referred to "R&M Engineering of Anchorage" which was later noted as incorrect. The correct company name is reflected in the motion.]

Motion passed with Shay, Kj Harris, Olsen, West, Jason Harris, Sivertsen and Coose voting yea.

VOUCHERS

Moved by West, seconded by Shay for approval of vouchers to Ketchikan Daily News in the amount of \$4,834.88.

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

CITY MANAGER'S REPORT

Schedule of General Government and KPU Appropriated Reserves Through the February 18, 2010 City Council Meeting

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Manager Amylon provided the Council a schedule of the current balance of Appropriated Reserves of the various funds of General Government and KPU through the City Council meeting of February 18, 2010.

Community Agency Funding Agreements – Financial Reporting Requirements

In response to Councilmember Sivertsen, Manager Amylon advised the community funding agency agreements require only activity reports and not financial reports. He noted they are also required to provide an annual financial report. He said if the Council desires to strictly enforce the current reporting requirements and/or modify them to produce greater accountability, direction should be given accordingly. He reminded that a number of the community agencies are somewhat informally organized and may not have the resources to meet more stringent reporting requirements.

2010 Sales Tax Update

Manager Amylon provided a memorandum from Finance Director Newell regarding sales tax collections for the first quarter of 2010. He noted while sales tax receipts are currently down 4.92% compared to 2009, they are still above the budgetary estimates for 2010.

Appointment of Public Works Director

Manager Amylon announced that effective Monday, February 22, 2010, Clifton Allen was appointed to the position of Public Works Director. Councilmember Shay congratulated Mr. Allen on his appointment.

Designated Legislative Grant Agreement – Design and Construction of Waterfront Promenade

Manager Amylon notified the Council that staff has been able to secure a one-year extension of the grant agreement for design and construction of the Waterfront Promenade. He commented he has directed Public Works Director Allen to meet with the affected property owners to advise them of the status of the grant and, if possible, to develop a plan and timetable for moving the project forward.

General Government and KPU IBEW Employee Health Insurance Premium Increases

Manager Amylon informed the Council, through a memorandum from Human Resources Manager Miller, that the health insurance for KPU and General Government represented employees will increase 3.742%. He noted this means the City and KPU will be paying \$31.00 and \$47.00 more per month for represented General Government and KPU employees respectively.

In response to Councilmember Olsen, Finance Director Newell said a 10% increase was estimated for the budget. He related he did not know the dollar amount.

Transfer of the Gateway Center for Human Services to Akeela, Inc. – Financial Impacts to the City’s PERS Obligations

Manager Amylon reminded the Council as part of the City’s due diligence efforts, there is a potential financial obligation to PERS as a result of withdrawing employees from the retirement system at the time of the transfer of Gateway to Akeela, Inc. He provided a memorandum from Finance Director Newell, outlining that the projected termination costs are much more significant than anticipated. He advised this is directly attributable to Senate Bill 125, which addresses the unfunded obligations of the State’s retirement system. He said additional information is required to identify precisely what the City’s obligations will be. He advised staff continues to discuss the terms and conditions of the transfer of Gateway with Akeela, and once these issues are finalized, he anticipates a special meeting of the Council to make a final decision on moving forward.

Assistant Manager Martin said late this afternoon new numbers have been received for the termination cost liability, which has reduced significantly from the first estimate. In response to Councilmember Kj Harris, Assistant Manager Martin said in the event of a Telecommunications Division sale the PERS cost would be approximately the same.

Councilmember Sivertsen said unfortunately the way the law is written hampers the City from providing quality service in that we are not able to manage our workforce reasonably. He pointed out the language says in a situation such as that at Gateway, if we have a PERS employee who has worked there for two months, upon taking the person out of it the City has to vest them at that time. He felt this is not right and hopefully it is being looked at. He said it is unfair for the state to put that burden on municipalities when they’ve known this situation has existed for a number of years and they financially haven’t fixed it themselves.

Award of First Bank Community Development Grant – Gateway Center for Human Services

Manager Amylon provided a memorandum from Acting Director of Gateway Center for Human Services Medford advising that First Bank has awarded the agency a \$4,000 grant for the development of a sand tray/sand playroom. He acknowledged the efforts of the Gateway staff in pursuing the grant award and expressed his appreciation to First Bank for providing the funding to the City.

Councilmember Shay thanked First Bank for their service and public awareness of issues.

2010 Low-Speed Vehicle Permits

Manager Amylon reported his office intends to issue low-speed vehicle permits as follows:

Anthony Knuteson, Rain Barrel LLC – 10
Delbert Williams – 3

He noted his office believes it is appropriate to hold the final permits in abeyance pending further interest prior to the 2010 cruise ship season, and if no other individual or company expresses an interest prior to May, the remaining two will be issued to either Rain Barrel LLC or Mr. Williams if they wish to obtain them. He said permits are issued only upon proof of ownership of low-speed vehicles.

K.P.U. MANAGER'S REPORT

Bailey Unit No. 2 Rehabilitation – Commissioning of Generator

In response to Councilmembers Coose and Kj Harris, Manager Amylon reported Bailey Unit No. 2 has been operated as part of the commissioning process. He noted diesel fuel consumed during commissioning will not be factored into an additional diesel surcharge.

Electric Cable Crossing from Bailey Power Plant to Ketchikan International Airport

Manager Amylon provided a memorandum from Electric Division Manager Kline regarding the condition of the submarine cable crossing the channel between the shipyard and the airport. Mr. Kline said reported the cable is 26 years old, and 40 years of service can be expected. He said while it is not an immediate concern, it is being factored into longer-term considerations for serving the airport, Clam Cove, Pennock and future development on Gravina with a redundant source of power.

Results of KPU Series U Bond Refinancing

Manager Amylon provided a memorandum from Finance Director Newell reporting that a savings of \$111,248 will be realized as a result of the refinancing of the KPU Series U Bond.

Councilmember Shay congratulated Finance Director Newell on the refinancing.

Ketchikan Lakes Dam Core Wall Overtopping

Manager Amylon transmitted a memorandum from Senior Project Engineer Holstrom outlining deficiencies in the Ketchikan Lake Dam core wall. He noted if FERC mandates the KPU address the deficiencies identified, it will likely require a significant investment over the next two to three years.

Initial Operations of the Swan Lake/Lake Tye Intertie

Manager Amylon copied the Council with a memorandum from Electric Division Manager Kline updating the initial operations of the Swan Lake/Lake Tye Intertie and

its impacts to the Electric Division's system generation. He related there are some issues that need to be worked through between SEAPA and the City.

SEAPA Rebate

Manager Amylon reported the SEAPA Board of Directors has approved a rebate to the purchasing utilities for 2010. He noted KPU will receive \$395,203.70, and timing of the payment has yet to be determined.

Councilmember Sivertsen asked if there was any plan for where the money would go, and if we could put it into a fund that will help with diesel if we need to run the generators. Mayor Williams said it goes into the general KPU Enterprise fund.

CITY CLERK'S FILE – None

CITY ATTORNEY'S FILE – None

FUTURE AGENDA ITEMS – None

MAYOR AND COUNCIL COMMENTS

Councilmember Coose said he attended the SEAPA Board meeting last week, and it was a good meeting. He felt the attitude was positive, and everyone felt we needed to work together to see how we can keep the reservoirs up. He commented there are some challenges because the two generators on the Tyee project need to be rewound. He noted the rebate will not be coming soon because it is based on when SEAPA gets the money that is in escrow from the Alaska Power Authority, which may be six to eight months out.

Councilmember Kj Harris felt it was important for the Council to get out and speak about the sale of the Telecommunications Division. He apologized for any comments taken the wrong way about the library.

Councilmember Shay said his granddaughter's operation was a success and he thanked everyone for their prayers and support. He thanked staff for the flyer that came out with utility bills, saying it was very informative. He advised he would be gone the next meeting and may attend telephonically.

Councilmember Olsen said Foraker has moved the City beyond design relative to the Library project, and into the area of site selection. He said they have inspected some areas within the City to see if they might accommodate it, noting the footprint is about 49,000 square feet. He advised this would accommodate the 16,000 square foot building, the parking spaces and room for additional future expansion.

Councilmember Sivertsen said he recently returned from a trip with the Alaska Pioneer Advisory Board, during which they looked at the Pioneer homes in Alaska. He reported

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there is a goal to put together a five to ten year plan for adding facilities and beds. He said demographics report that the fastest growing population today is the over 65 group. He stated at-home care is keeping elders at home longer so when they move to the Pioneer homes they are coming with medical and other issues that changes the operations in those facilities. He advised they are trying to look at providing the services that are needed. He said the task over the next four months is to review some options, meet with commissioners and hopefully by next budget we will have something to move forward on that.

Councilmember Sivertsen continued by saying he will be attending Sea Trade so will be out of town for the next Council meeting. He noted he may have to call in and attend telephonically.

Councilmember Jason Harris said he is excited about a couple of the big projects as far as getting the second phase of Tongass done, and he really hoped it would go much smoother than Phase I.

Mayor Williams reminded everyone of the March 25 meeting, noting Dave Carlson and Eric from SEAPA will be there to explain things. He expressed he was glad Councilmember Sivertsen is working on the Pioneer Advisory Board, as there is a real need out there. He reported he met with Foraker, as well as the State Arts Council along with Patti Mackey and Dave Kiffer to talk about economic development in the arts. He said the Foraker thing has been very exciting and if we can move ahead with the Fire Department and get some money to start working on that, this group will really help direct us and get us some funding to move ahead. He stated he would probably go to the Sealaska public hearing, as there seems to be some issues. He noted he would be speaking at the Chamber and Rotary Clubs relative to the special election about the Telecommunications Division sale, and he encouraged the Council to discuss it in their respective circles. He asked if anyone could do KRBD tomorrow morning, and Councilmember Shay volunteered.

OTHER NEW BUSINESS – None

EXECUTIVE SESSIONS

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 February 24, 2010 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

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session in accordance with KMC 2.04.025(a)(1) and (b)(2) AS 44.62.310(c)(1) and (3) to discuss said negotiations and the auxiliary items described in the city manager's memorandum dated February 24, 2010, 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 Sivertsen, Jason Harris, Kj Harris, Olsen, West and Shay voting yea; Coose voting nay.

The Council recessed into executive session at 8:36 p.m. and reconvened at 8:38 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 – Collective Bargaining Agreement Between the City of Ketchikan d/b/a Ketchikan Public Utilities and the International Brotherhood of Electrical Workers, Local 1547

Moved by Kj Harris, seconded by Jason Harris the City Council declare that consistent with the general manager's memorandum dated February 24, 2010 it is in the best interest of the City to discuss negotiations regarding a collective bargaining agreement between the City of Ketchikan d/b/a Ketchikan Public Utilities 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 general manager's memorandum dated February 24, 2010, 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 West, Olsen, Jason Harris, Kj Harris, Sivertsen and Coose voting yea; Shay voting nay.

The Council recessed into executive session at 8:41 p.m. and reconvened at 8:55 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 d/b/a Ketchikan Public Utilities and the International Brotherhood of Electrical Workers, Local 1547 and no action would be taken tonight.

Request for Executive Session – Collective Bargaining Agreement Between the City of Ketchikan and the

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**Ketchikan Professional Firefighters Association, Local
2761, I.A.F.F.**

This item was removed from the agenda at the request of management.

ADJOURNMENT

As there was no further business, the Council adjourned at 8:58 p.m.

Lew Williams III, Mayor

ATTEST:

Katherine M. Suiter
City Clerk

FYI ITEMS INCLUDED – None