

Regular Ketchikan City Council meeting was called to order by Mayor Williams at 7:02 p.m., December 2, 2010, with the following members present: Dick Coose, Jason Harris, Kj Harris, Jack Shay, Robert Sivertsen and Marty West. Councilmember Matthew Olsen arrived at 7:07 p.m.

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

Staff present were Assistant Manager Martin, Finance Director Newell, Acting City Attorney Seaver, Civic Center Manager Jones, Police Chief Talik, Public Works Director Allen, Assistant Public Works Director Brakke, Harbormaster Zetterberg and City Clerk Suiter.

COMMUNICATIONS

Mayor Williams said there were items laid on the table, including a liquor license transfer of location for Creek Street Cabaret, Inc. and a reservoir levels update. He asked if there were any objections to adding the liquor license transfer to the Consent Agenda, and none were heard.

PERSONS TO BE HEARD

Mike Harpold spoke regarding the sale of the Telecommunications Division, stating he felt the Council should consider holding the discussion in public rather than executive session. He said it is something the public should know about, and he failed to see how public knowledge of it would adversely affect the finances of the City. He said mistakes have been made in purchases like this previously. He reminded the City spent \$25,000 last spring how the sale would affect City finances, but no effort was spent in telling people how it would affect them. He expressed it would affect the public by raising their rates and increasing their debt. He felt the biggest loss would be loss of control over the infrastructure in Ketchikan, leaving Ketchikan at the mercy of the business plan of the purchaser. He urged the Council to look at it carefully and make the meeting with Falkenberg tonight public.

Mayor Williams said before accepting any kind of bid or proposal, the information would be put before the public profusely because that is what the Council promised.

CONSENT AGENDA

Mayor Williams suggested moving the items relating to the Ted Ferry Civic Center budget transfer, Resolution No. 10-2378 relating to the Shared Fisheries Business Tax Program, the Electric Division overtime and diesel generation fuel budget transfer, Change Order No. 1 to Contract No. 10-24 Thomas Basin Phase II Improvements and Change Order No. 1 (final) to Contract No. 10-04 Grant Street Retaining Wall and Site Repairs from New Business to the Consent Agenda. He asked if there were any objections, and none were heard.

Approval of Minutes

Moved by Jason Harris, seconded by Coose approval of the minutes of the special meeting of November 15 and regular meeting of November 23, 2010.

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

Liquor License Renewals – Fish Pirate’s Saloon, The Potlatch Bar, 49’er Bar

Moved by Jason Harris, seconded by Coose the City Council approve the renewal of liquor licenses: Beverage Dispensary – Fish Pirate’s Saloon, the Potlatch Bar and 49’er Bar; Package Store – 49’er Bar.

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

Liquor License Transfer – Creek Street Cabaret, Inc.

Moved by Jason Harris, seconded by Coose the City Council approve the transfer of location and name change of liquor license: Beverage Dispensary – Creek Street Cabaret, Inc.

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

Budget Transfer – Ted Ferry Civic Center

Moved by Jason Harris, seconded by Coose the City Council authorize the city manager to transfer \$80 from the 2010 Civic Center Budget Maintenance Supplies Account No. 37 to the Civic Center Travel and Training Account No. 27.

Councilmember Coose asked that something be brought back about why this must be brought to the Council, especially in this small of an amount. He felt it should be fixed. Assistant Manager Martin informed it is in the KMC that any amounts transferred into travel and training must be approved by the Council.

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

Resolution No. 10-2378 – Adopting an Alternative Allocation Method for the FY11 Shared Fisheries Business Tax Program and Certifying That This

Allocation Method Fairly Represents the Distribution of Significant Effects of Fisheries Business Activity in the Southern Southeast Fisheries Management Area

Moved by Jason Harris, seconded by Coose the City Council approve Resolution No. 10-2378 adopting an alternative allocation method for the FY11 Shared Fisheries Business Tax Program, certifying that this allocation method fairly represents the distribution of significant effects of fisheries business activity in the Southern Southeast Fisheries Management Area and establish an effective date.

Comments were made by both Councilmembers Coose and West about where these funds go when they are received.

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

Budget Transfer – Electric Division Overtime and Diesel Generation Fuel

Moved by Jason Harris, seconded by Coose the City Council authorize the general manager to transfer \$94,000 from the Electric Division's Maintenance and Services Account No. 58 to the Overtime Account No. 12, and \$70,000 from the Electric Division's Professional Services Account No. 60 to the Generation Fuel and Lubricants Account No. 29 to fund expenses incurred from the severe fall storms.

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

Change Order No. 1, Contract No. 10-24 – Thomas Basin Phase II Improvements, Western Dock and Bridge

Moved by Jason Harris, seconded by Coose the City Council approve Change Order No. 1 to Contract No. 10-24 with Western Dock & Bridge in the amount of \$192,800, bringing the new total contract amount to \$876,500 and authorize the city manager to execute the change order on behalf of the City Council.

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

Change Order No. 1 (Final) to Contract No. 10-04 – Grant Street Retaining Wall and Site Repairs

Moved by Jason Harris, seconded by Coose the City Council approve Change Order No. 1 (final) to Contract No. 10-04 – Grant Street Retaining Wall and Site Repairs to BAM, LLC, in the amount of \$47,625, bringing the total project cost to \$799,951 and direct the city manager to execute the change order on behalf of the City Council.

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

UNFINISHED BUSINESS – None

NEW BUSINESS

**Proposed Change to Rules of Procedure – Councilmember
Jason Harris**

Moved by Jason Harris, seconded by Sivertsen the City Council approve a change to the Rules of Procedure to separate General Government and Ketchikan Public Utilities New Business items.

The proposed change is:

7. New Business
 - (a) General Government
 - (1)
 - (2)
 - (b) Ketchikan Public Utilities
 - (1)
 - (2)

Councilmember Jason Harris said it was his intent that Unfinished Business also follow the same format. Mayor Williams asked if there were any objections, and none were heard.

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

VOUCHERS

Moved by West, seconded by Sivertsen for approval of vouchers to Ketchikan Daily News in the amount of \$2,682.32.

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

Mayor Williams asked if anyone had objections to considering the executive session at this time, and none were heard.

EXECUTIVE SESSIONS

Request for Executive Session – Consideration of Legal and Financial Issues Associated with the Sales Effort Phase of the Brokerage Services Agreement Between the City of Ketchikan d/b/a Ketchikan Public Utilities and Falkenberg Capital Corporation

Moved by West, seconded by Olsen the City Council declare that consistent with the assistant general manager's memorandum dated November 23, 2010 it is in the best interest of the City Council to review the status of the *Sales Effort Phase* prepared under the brokerage services agreement between the City of Ketchikan d/b/a Ketchikan Public Utilities and Falkenberg Capital Corporation in executive session in accordance with KMC 2.04.25(a) and (b)(2) and AS 44.62.310(c)(1) and (3) to review the status of the *Sales Effort Phase* prepared under the brokerage services agreement between the City of Ketchikan d/b/a Ketchikan Public Utilities and Falkenberg Capital Corporation and the auxiliary items described in the assistant general manager's memorandum dated November 23, 2010, 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, and to receive legal advice related to such matters protected under attorney-client privilege.

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

The Council recessed into executive session at 7:20 p.m. and reconvened at 8:03 p.m.

Mayor Williams said the Council has completed an executive session to review the status of the *Sales Effort Phase* prepared under the brokerage services agreement between the City of Ketchikan d/b/a Ketchikan Public Utilities and Falkenberg Capital Corporation and management provided an update on the status of the potential sale. He noted Council provided direction to legal counsel working with the staff and Falkenberg relative to proceeding with the issue.

CITY MANAGER'S REPORT

Results of the Fire Station Bond Sale

In his report, Assistant Manager Martin attached a memorandum from Finance Director Newell informing the Alaska Municipal Bond Bank sold \$7.2 million in general obligation bonds for financing the construction of the new Fire Station No. 1. He said the effective interest rate will be 3.056% during the 20-year term of the bond, with an annual debt service of \$480,604 after the 45% RZEDB subsidy.

K.P.U. MANAGER'S REPORT – None

CITY CLERK'S FILE

Gaming Permit Applications – Fraternal Order of Eagles, Ketchikan Aerie #162 and First City Rotary of Ketchikan;

December 2, 2010

**and the 2011 Alaska Operator License Application for
Gold Pin Pull Tabs**

Clerk Suiter provided the gaming permit notification for Fraternal Order of Eagles, Ketchikan Aerie #162 and First City Rotary of Ketchikan; and the 2011 Alaska Operator License Application for Gold Pin Pull Tabs. She noted if the Council wished to deny any application, a resolution could be prepared accordingly.

CITY ATTORNEY'S FILE – None

FUTURE AGENDA ITEMS – None

MAYOR AND COUNCIL COMMENTS

Councilmember Shay pointed out there was a Small Business Development Center quarterly report in the packet, and it contains many of the statistics that Councilmember Coose alluded to at a previous meeting, while another one contained in the packet was not quite as good.

Mayor Williams reminded there is a Ketchikan Visitors Bureau member luncheon tomorrow.

OTHER NEW BUSINESS – None

ADJOURNMENT

As there was no further business, the Council adjourned at 8:10 p.m.

Lew Williams III, Mayor

ATTEST:

Katherine M. Suiter
City Clerk

FYI ITEMS INCLUDED

Small Business Development Center Quarterly Activity Reports – July Through September 2010
PatchWorks Quarterly Report – July through September 2010