

Regular Ketchikan City Council meeting was called to order by Mayor Williams at 7:00 p.m., February 3, 2011, 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 Manager Amylon, Assistant Manager Martin, Finance Director Newell, Human Resources Manager Miller, Port and Harbors Director Corporon, Police Chief Talik, Public Works Director Allen, Electric Division Manager Kline, Telecommunications Division Manager Abbott and City Clerk Suiter.



**PUBLIC HEARING ON RESOLUTION NO. 11-2387 – AMENDING THE
2011 GENERAL GOVERNMENT ANNUAL BUDGET – PUBLIC
HEALTH DEPARTMENT - \$990,000**

Mayor Williams called the public hearing on Resolution No. 11-2387 to order at 7:00 p.m. and requested public testimony.

As there was no testimony, Mayor Williams declared the public hearing closed at 7:01 p.m.



COMMUNICATIONS

Mayor Williams noted several items laid on the table, including: a letter from Dale Robbins regarding the Denali/Hawkins drainage, appointments to boards and commissions, and a lake levels update.

PERSONS TO BE HEARD

Dale Robbins spoke relative to the Denali drainage improvements, reading a letter he had presented to the Council. He proposed a solution of establishing a city-wide assessment for each parcel of property to pay for this and future drainage failures.

Judy Shoup addressed the Denali drainage issue, stating the rain goes everywhere not just the seven lots that are being proposed for an LID. She agreed with Mr. Robbins, stating this is a proactive rather than reactive way to deal with this problem.

Terry Wanzer, representing Ketchikan Historic Commission, handed out the newest issue of “Our Town.” He said it is the only publication of its kind in Alaska, noting there are copies available for the City’s use.

CONSENT AGENDA

Approval of Minutes

Moved by Jason Harris, seconded by Sivertsen approval of the minutes of the special meeting of January 13 and regular meeting of January 20, 2011.

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

Revocable and Limited Permit to Work on or Encroach Upon Platted Access Easement – Reid Building Partnership, LLC

Moved by Jason Harris, seconded by Sivertsen the City Council approve the Revocable and Limited Permit to Work on or Encroach Upon Platted Access Easement to the Reid Building Partnership, LLC for the installation of an awning on its building located at USS 437, Block 14, Lot 5 and authorize the city manager to execute the permit on behalf of the City Council.

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

Liquor License Renewals

Moved by Jason Harris, seconded by Sivertsen the City Council approve the renewal of liquor licenses: Restaurant Eating Place – Good Fortune Restaurant; Club – BPO Elks Lodge #1429 and Loyal Order of Moose #224; and Package Store – Petro Alaska Inc., 1st City Saloon, and Creekside Liquor.

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

Submittal of FY 2012 Department of Environmental Conservation Alaska Clean Water Fund Loan Program Questionnaire - Expansion of Solid Waste Recycling & Handling Facility

Moved by Jason Harris, seconded by Sivertsen the City Council authorize the city manager to submit a program questionnaire under the FY 2012 Department of Environmental Conservation Alaska Clean Water Fund Program in the amount of \$1,000,000 for a low interest loan for the Solid Waste Recycling and Handling Facility Addition Project.

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

UNFINISHED BUSINESS

Closeout of Contract No. 09-10, Denali Avenue Drainage Improvements Project, S&S General Contractors & Equipment Rental, Inc.

Moved by Sivertsen, seconded by Jason Harris the City Council direct the city manager to take such actions as may be required for the City to assume ownership and future maintenance responsibility of the Hawkins/Denali Storm Water Drainage System Improvements Project.

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

Appointments to Boards and Commissions – Mayor Williams

Mayor Williams presented the name of Michael G. Medford as appointment to the Planning Commission, and no objections were heard.

He also presented the name of James (Jay) Rhodes to replace Jack Dawson on the SEAPA Board, as Mr. Dawson had resigned. Councilmember Coose said his belief was that SEAPA was a privately-run company that needs to be run like a business. He felt there should be as many local businessmen on it as possible, so the board can stick to good business practices. Mayor Williams asked for a show of hands in favor of Mr. Rhodes, and at least four hands were shown.

NEW BUSINESS

Budget Transfer – Agreement for Federal Lobbying Services, Hoffman, Silver, Gilman and Blasco

Moved by Coose, seconded by West the City Council approve the 2011 Professional Services Agreement between the City and Hoffman, Silver, Gilman and Blasco for federal lobbying services in an amount not to exceed \$50,416.63; authorize a budget transfer in the amount of \$50,417 from Appropriated Reserves of the General Fund to the Mayor and Council's 2011 Professional Services Account No. 60; and direct the city manager to execute the contract on behalf of the City Council.

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

Budget Transfer – Professional Services Agreement Between the City of Ketchikan and Victor-Four Labor Relations

Moved by Olsen, seconded by Shay the City Council approve the professional services agreement between the City of Ketchikan and Victor-Four Labor Relations for 2011-12 professional labor negotiation services at a cost of \$23,000 plus travel expenses; authorize a budget transfer of \$23,000 from Appropriated Reserves of the General Fund to the Human Resources Division's 2011 Professional Services Account No. 60; and direct the city manager to execute the agreement on behalf of the City Council.

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

**Assignment of Take Home Vehicles to Employees
Residing Outside of City Limits – K-9 Handler and Police
Officer/Detective**

Moved by West, seconded by Jason Harris the City Council authorize assignment of emergency/take home vehicles to the Police Department's K-9 handler and police officer/detective who reside outside of the City limits as detailed in the police chief's report dated January 24, 2011.

Councilmember Sivertsen requested that the item be divided and considered separately.

The split motion before the Council was:

Moved by West, seconded by Jason Harris the City Council authorize assignment of emergency/take home vehicle to the Police Department's K-9 handler who resides outside of the City limits as detailed in the police chief's report dated January 24, 2011.

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

The second motion before the Council was:

Moved by West, seconded by Jason Harris the City Council authorize assignment of emergency/take home vehicle to the Police Department's police officer/detective who resides outside of the City limits as detailed in the police chief's report dated January 24, 2011.

Moved by Sivertsen, seconded by Olsen to amend by suspending assignment of the emergency/take home vehicle until the police chief provides a request and justification to the Council.

Upon request of clarification by the clerk, Mayor Williams said the amendment will substitute as the main motion.

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

Moved by Olsen, seconded by Jason Harris the City Council authorize assignment of emergency/take home vehicle to the Police Department's police officer/detective who resides outside of the City limits as detailed in the police chief's report dated January 24, 2011.

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

**Award of Contract No. 11-01 – 2011 Interim Repairs
Berths I and II, Pool Engineering, Inc. - \$204,000**

Moved by Sivertsen, seconded by Coose the City Council accept the bid of Pool Engineering, Inc. in the amount of \$204,000 for Contract No. 11-01, 2011 Interim Repairs Berths I and II; establish a ten percent contingency in the amount of \$20,400, bringing the total project cost to \$224,400; authorize a budget transfer of \$24,400 from Appropriated Reserves of the Port Enterprise Fund to the Port Department's 2011 Berths I and II Interim Repairs Capital Account; and direct the city manager to execute the contract documents on behalf of the City Council.

Port and Harbors Director Corporon answered questions from the Council.

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

**Cost of Living Adjustment for Non-Represented General
Government and Ketchikan Public Utilities Employees
Effective January 1, 2011**

Upon advice by the acting city attorney, Mayor Williams ruled due to their financial interest, Councilmembers Olsen and Sivertsen would need to abstain from participation in the discussion or vote of this item.

Moved by Jason Harris, seconded by West the City Council authorize a \$0.56 per hour cost of living adjustment for General Government and Ketchikan Public Utilities non-represented employees effective January 1, 2011.

Manager Amylon reminded the Council budgeted for a two percent increase, and with this motion some people would get more than a two percent increase and some would get less. He expressed concern that this would cause an adverse affect on the compensation plan, compromising its structure.

After discussion, the motion was withdrawn with the consent of the second.

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Moved by Jason Harris, seconded by West this item be deferred until the regular meeting of February 17, 2011.

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

The council took a short break at 7:52 p.m. and reconvened at 8:00 p.m.

**Request for Proposals – Professional Management Review
of the Human Resources Division**

Moved by Coose, seconded by West the City Council authorize the city manager to release a Request for Proposals, in order to solicit qualified firms to undertake a professional management review of the Human Resources Division.

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

Elimination of the Business Personal Property Tax

Councilmember Olsen said at the last meeting of the Tax Coordinating Committee there was a request from the Borough to eliminate the business personal property tax, which would lead to elimination of the boat tax from the City books. He noted they said if we could eliminate it they would cover the City for the costs of doing that for this year. He further explained another topic was to vacate the sales tax for a month, preferably November or December. He said the reasoning is that it would promote more purchases locally, but the finance director informed him it would be an \$800,000 - \$900,000 loss for the City.

Mayor Williams declared orders of the day.

**Resolution No. 11-2387 – Amending the 2011 General
Government Annual Budget to Provide a Supplemental
Appropriation for the Public Health Department in the
Amount of \$990,000**

Moved by Jason Harris, seconded by Sivertsen the City Council approve Resolution No. 11-2387 amending the 2011 General Government Annual Budget to provide for a supplemental appropriation for the Public Health Department in the amount of \$990,000; and establishing an effective date.

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

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Contract No. 10-21, Ketchikan General Hospital Master Plan Schematic Design of Option 10-A, Phases 1-4, NAC Architecture - \$504,375

Moved by Coose, seconded by Jason Harris the City Council authorize the city manager to enter into Contract No. 10-21, Ketchikan General Hospital Master Plan Schematic Design of Option 10-A, Phases 1-4, between the City and NAC Architecture of Seattle, Washington, in an amount not to exceed \$504,375 and approve funding from the 2011 Public Health Department's Ketchikan General Hospital Master Plan Capital Account.

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

Contract No. 10-41 – Bethe Substation Transformer

Moved by Sivertsen, seconded by Jason Harris the City Council deny the appeal of Shihlin Electric for the award of Contract No. 10-41, Bethe Substation 34.5kV – 12.47kV Transformer, to Virginia Transformer in the amount of \$319,990.

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

Moved by Sivertsen, seconded by Jason Harris the City Council accept the bid of Virginia Transformer of Pocatello, Idaho in the amount of \$319,990 for Contract No. 10-41, Bethe Substation 34.5kV – 12.47kV Transformer; establish a 15% project contingency in the amount of \$47,998, bringing the total project cost to \$367,998; authorize funding from the Electric Division's 2011 Bethe Substation Replacement Capital Account; and direct the general manager to execute the contract documents on behalf of the City Council.

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

Budget Transfer – Bethe Substation Transformer Assembly Inspection and Final Testing

Moved by Jason Harris, seconded by Kj Harris the City Council authorize the general manager to transfer \$6,000 from the Bethe Substation Replacement Capital Account No. 94 to the Bethe Substation Replacement Travel and Training Account No. 27.

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

Award of Contract No. 10-42, Wholesale Long Distance Purchase Agreement for the Resale of Circuit Switched

Long Distance Minutes for Intrastate, Interstate and International Calling and Other Related Services, between the City of Ketchikan d/b/a Ketchikan Public Utilities and AT&T Alascom

Moved by Jason Harris, seconded by Shay the City Council authorize the general manager to enter into Contract No. 10-42, Wholesale Long Distance Purchase Agreement for the Resale of Circuit Switched Long Distance Minutes for Intrastate, Interstate and International Calling and Other Related Services, between the City of Ketchikan d/b/a Ketchikan Public Utilities and AT&T Alascom and approve funding from the 2011 Telecommunications Division's Contractual Services Account No. 53.

Telecommunications Division Manager Abbott answered questions from the Council.

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

Request for Proposals – Cost Allocations and Rate Design Studies for General Government and KPU Wastewater and Water Utilities

Moved by Sivertsen, seconded by Jason Harris the City Council authorize the city/general manager to release a Request for Proposals, in order to solicit qualified firms to undertake cost allocations and rate design studies for General Government and KPU Wastewater and Water Utilities as detailed in staff's report dated January 28, 2011.

Manager Amylon suggested the Council start giving consideration to being involved in this effort.

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

KPU Advisory Board – Councilmember West

Councilmember West said the KPU Advisory Board met last Thursday, and Tim Whiteley is now the chair. She reported there are some really dedicated and knowledgeable people on the board, and they would like to have more involvement. She stated they would like to take on a project that they can look into more in depth than the Council might have time to do, then report back to the Council with a recommendation. She asked the Council to consider projects that might be appropriate.

Mayor Williams suggested the rate study would be appropriate, and they should review the budget as well.

VOUCHERS

Moved by West, seconded by Jason Harris for approval of vouchers to Ketchikan Daily News in the amount of \$3,805.59.

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

CITY MANAGER'S REPORT

General Government and KPU Appropriated Reserves Through the City Council Meeting of January 20, 2011

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 January 20, 2011.

Report of Federal Lobbyist

Manager Amylon transmitted the January 18 and 26, 2011 reports of the City's federal lobbyist Steve Silver.

Response to Notice of Noncompliance – Department of the Army Permit Number POA-1983-0234, Olson Marine, Inc.

Manager Amylon copied the Council with Olson Marine's response to the Department of the Army that was prepared by Monrean Engineering & Associates. He noted the response was related to the Notice of Noncompliance that was issued on December 14, 2010.

City Council Planning Session of January 13, 2011 – Goals and Objectives Going Forward

Manager Amylon prepared a report detailing what direction staff had been given at the Council planning session of January 13. He stressed that any projected milestones may be impacted by ongoing efforts related to the potential sale of the Telecommunications Division. He addressed several items related to the five topics of discussion: economic development issues; Public Works organizational structure; Human Resources, improvement to the permitting process and community agencies.

Councilmember Shay thanked staff for the report, noting he attended the Grow Ketchikan meeting. He said they discussed permitting and other issues for old and new businesses. Councilmember Jason Harris echoed Mr. Shay's sentiments, saying he appreciated the dates attached to items. Manager Amylon expressed the same appreciation.

Human Resources Division Job Descriptions

As requested by Councilmember Jason Harris at the January 13 Council planning session, Manager Amylon provided for Council review the job descriptions for the positions in the Human Resources Division.

Extension of the City Compensation Plan

At the request of Councilmember Sivertsen at the January 13 Council planning session, Manager Amylon included a preliminary analysis from Finance Director Newell of the financial impact of extending the Compensation Plan.

Police Patrols of City Harbors

Manager Amylon copied the Council with a report from Police Chief Talik summarizing the results of harbor security operation plans. Mr. Talik outlined future plans to continue increased harbor security.

Councilmember Shay expressed appreciation for the increased patrol, as did Councilmember Sivertsen.

General Government Financial Statements for the First Eleven Months Ending November 30, 2010

Manager Amylon provided the General Government financial statements for the first 11 months ending November 30, 2010.

K.P.U. MANAGER'S REPORT

First City Rotary Courteous Service Award Recipient – KPU Customer Service Representative Edermin “Meng” Paule

Manager Amylon included an article from the January 10, 2011 Ketchikan Daily News reporting that KPU Customer Service Representative Edermin “Meng” Paule was one of three recipients of the First City Rotary’s Annual Courteous Service Award. He congratulated Ms. Paule for her excellent work on behalf of the KPU Sales, Marketing & Customer Service Division.

Bethe Substation Property Acquisition

Manager Amylon detailed that negotiations are ongoing to acquire a small portion of property that the existing footprint of the Bethe substation encroaches upon.

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Alaska Energy Authority Recommendations for Renewable Energy Fund Round IV Grant Funding – Whitman Lake Hydroelectric Project

Manager Amylon notified the Council that the Whitman Lake Hydroelectric Project was ranked 34th out of 74 projects recommended by the Alaska Energy Authority for funding statewide, and was funded at the level of \$700,000 out of the requested \$2 million. He reminded the disposition of the grant funding is subject to further review by the Legislature in its current session.

Advisory Work Group for the Alaska Energy Authority’s Development of a Regional Energy Plan for Southeast Alaska

Manager Amylon informed that Electric Division Manager Kline has been asked to participate as a member of an Advisory Work Group to the Alaska Energy Authority as an Integrated Resource Plan is developed for Southeast Alaska. He felt it is critical for KPU to be fully represented and involved as this project moves forward, and has indicated his support for Mr. Kline’s participation.

Ketchikan High School Student, Gates Failing, Selected to Participate in OPASTCO’s Foundation for Rural Education and Development Program

Manager Amylon reported his office issued a press release on January 26, 2011 stating that for the second year in a row students from Ketchikan High School were selected to participate in OPASTCO’s Foundation for Rural Education and Development Program. He said Gates Failing and alternate Brendan Stanton were selected.

Ketchikan Public Utilities Financial Statements for the Quarter Ending December 31, 2010

Manager Amylon transmitted the fourth quarter Ketchikan Public Utilities financial statements for Council review.

CITY CLERK’S FILE – None

CITY ATTORNEY’S FILE – None

FUTURE AGENDA ITEMS

Councilmember Jason Harris said he wanted to see the take-home vehicle policy on the next agenda.

MAYOR AND COUNCIL COMMENTS

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Councilmember Coose questioned a schedule to do the review of the Council meeting the day following the meeting at KTKN, and he encouraged that a schedule be set up. Mayor Williams felt it should be done the same way for both KRBD and KTKN, and after further discussion Councilmember Shay volunteered to attend tomorrow.

Councilmember Shay reminded that community agencies were discussed at the planning meeting, and he, Councilmembers Coose and Sivertsen have information coming and will get together once they receive it. He informed the congressional delegation is interested in developing the potential rare earth project, and he will be attending AML next week in Juneau.

Councilmember Olsen said he got a memorandum from the Information Technology Department, and he requested costs related to it.

Councilmember West pointed out that the Personnel Policy states: "City/KPU vehicles are for official use only. Emergency/take home vehicles will be for the use of assigned fire and police personnel. In addition, contingent upon their residence being located within the City limits, the following personnel will have use of a take home vehicle: Public Works director, Streets and Solid Waste Division managers, Electric Division managers, the Water Division manager, and the Telecommunications Division manager. Emergency/take home vehicles must be parked in off-street parking spaces only. Exceptions to this rule require the prior approval of the City Council." She said it does not speak of the police or fire personnel living outside the City to not have a take home vehicle, and she felt the policy was not violated.

Councilmember Sivertsen said there was a meeting today with the group looking over attorney applications, and a draft RFP for attorney services was received. He noted the group is proceeding in this direction, but without the numbers we won't know what it will cost us. He said this doesn't mean that they won't come back to the table and hire a city attorney, but until the costs are present, there aren't enough numbers to make a decision. He advised a final draft is being done and it will be out soon.

Councilmember Jason Harris echoed Councilmember West's comments, saying he checked with the city attorney who agreed with Ms. West's assessment. He said he didn't want to badger someone or a department because something was interpreted incorrectly by the Council. He went on to thank Manager Amylon for speaking to the Young Professionals group, who very much appreciated his time and words of wisdom. He stated he is excited to get the attorney RFPs back, and be able to make a decision on that. He pointed out there are also good candidates in the resumes.

Mayor Williams said he told the attorney if he needed help, he should bring it back to the Council. He asked the Council to understand what is being suggested relative to the cost of living increases so an informed decision can be made next meeting. He asked Manager

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Amylon if there are new regulations on drinking water, and Manager Amylon said he is not aware of any but that it may be the second round related to the prior regulations.

OTHER NEW BUSINESS – None

EXECUTIVE SESSIONS – None

ADJOURNMENT

As there was no further business, the Council adjourned at 8:40 p.m.

Lew Williams III, Mayor

ATTEST:

Katherine M. Suiter
City Clerk

FYI ITEMS INCLUDED

Boys & Girls Clubs of Southcentral Alaska's Quarterly Activity and Financial Reports –
October Through December 2010
Patchworks Quarterly Activity and Financial Reports – October Through December 2010