

Regular Ketchikan City Council meeting was called to order by Mayor Williams at 7:00 p.m., June 16, 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, City Attorney Seaver, Library Director McQuerry, Port and Harbors Director Corporon, Police Chief Talik, Public Works Director Allen and City Clerk Suiter.

COMMUNICATIONS

Mayor Williams noted two memorandums laid on the table, including a substitute motion relative to the seasonal parking enforcement officer, a notice of the office separation of the firm of Hoffman Silver Gilman & Blasco into its Alaska and Virginia offices, and a lake levels update.

PERSONS TO BE HEARD

Scott Isaacs reported on the marine debris cleanup grant of \$20,000 received from NCA, because this research has never been done this far south. He cited organizations that have been helping conduct the research and cleanup, and requested the Council allow disposal of non-recyclables at the landfill. Mayor Williams asked if there were any objections to accepting such non-recyclables at the landfill for no charge, and none were heard. Mr. Isaacs said he would provide a report to the Council of the research conducted.

CONSENT AGENDA

Mayor Williams asked if there were any objections to moving the final change order on the Knudson Cove Launch Ramp Project to the Consent Agenda, and no objections were heard.

Approval of Minutes

Moved by West, seconded by Sivertsen approval of the minutes of the regular meeting of June 2, 2011.

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

Competitive Bid of Contract No. 11-34 – 2012-2014 Dock Vendor Program

Moved by West, seconded by Sivertsen the City Council authorize the city manager and Port and Harbors director to competitively bid Contract No. 11-34, 2012-2014 Dock Vendor Program, said bid opening to be scheduled for September 6, 2011.

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

Competitive Bid of Contract No. 11-35 – 2012-2014 Food Vendor Program

Moved by West, seconded by Sivertsen the City Council authorize the city manager and Port and Harbors director to competitively bid Contract No. 11-35, 2012-2014 Food Vendor Program, said bid opening to be scheduled for September 6, 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 the Platted, Unimproved Lincoln Street Right-of-Way to Provide Driveway Access – Christopher Hoyt

Moved by West, seconded by Sivertsen the City Council approve the Revocable and Limited Permit to Work on or Encroach Upon the Platted, Unimproved Lincoln Street Right-of-Way to Christopher Hoyt for the purpose of providing driveway access adjacent to his residence at 829 Jackson Street 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.

2011-12 Agreement Between the City of Ketchikan and the Ketchikan Gateway Borough – Payment of Funds to the City of Ketchikan for Library Services

Moved by West, seconded by Sivertsen the City Council approve the agreement between the City of Ketchikan and the Ketchikan Gateway Borough for the payment of funds to the City of Ketchikan for library services during Borough Fiscal Year 2011-12 and authorize the city manager to execute the agreement on behalf of the City Council.

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

Change Order No. 2 (Final) to Contract No. 10-23 – Knudson Cove Launch Ramp, Ketchikan Ready Mix & Quarry, Inc.

Moved by West, seconded by Sivertsen the City Council approve Change Order No. 2 (Final) to Contract No. 10-23, Knudson Cove Launch Ramp, between the City and Ketchikan Ready Mix & Quarry, Inc. in an amount not to exceed \$30,553; authorize funding from the Small Boat Harbors Division's Knudson Cove Launch Ramp

Replacement Capital Account; 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

Ordinance No. 11-1674 – Exempting Granting of An Easement to the Board of Regents of the University of Alaska, As Trustee, for the University of Alaska for a Pile Supported Dock Project on City Real Property from Competitive Bidding and From the Provisions of KMC Chapter 3.12 and City Charter Sections 5-16 and 5-17 – Second Reading

Copies of Ordinance No. 11-1674 were available for all persons present.

Moved by Sivertsen, seconded by Jason Harris the City Council approve in second reading Ordinance No. 11-1674 exempting granting of an easement to the Board of Regents of the University of Alaska, as trustee, for the University of Alaska for a pile supported dock project on City real property from competitive bidding and from the provisions of KMC Chapter 3.12 and City Charter Sections 5-16 and 5-17; approving the grant of the easement; providing for the filing of referendum petitions; and establishing an effective date.

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

Ordinance No. 11-1673 – Amending Ketchikan Municipal Code Section 10.88.040 Entitled “Penalty For Violation;” – Second Reading

Copies of Ordinance No. 11-1673 were available for all persons present.

Moved by Jason Harris, seconded by Olsen the City Council approve in second reading Ordinance No. 11-1673 amending Ketchikan Municipal Code Section 10.88.040 Entitled “Penalty for Violation;” and establishing an effective date.

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

NEW BUSINESS

Budget Transfer – Seasonal Parking Enforcement Officer

Moved by Jason Harris, seconded by Kj Harris the City Council authorize the transfer of \$8,406 from Appropriated Reserves of the General Fund to the Police Department’s 2011

Salary and Wages and Employee Benefit Costs Account Nos. 11 and 16 in the amounts of \$7,560 and \$846 respectively, in order to fund the cost of a seasonal parking enforcement officer position.

Councilmember Coose mentioned the electric carts on the Spruce Mill property are parking on the curve coming around to Main, and it is a hazard.

Public Works Director Allen answered questions from the Council, stating the crews are following the regulations set out in Manual of Uniform Traffic Control Devices to properly paint curbs and other areas.

In response to Councilmember Sivertsen, Police Chief Talik said one of the problems the parking enforcement officer has is getting to take care of parking issues in residential areas because she spends so much time taking care of downtown during summer months.

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

Budget Transfer – Contract No. 11-36, Hazardous Material Consulting Services for the Ketchikan General Hospital Surgery HVAC Improvements Project, PBS Engineering and Environmental

Moved by Sivertsen, seconded by Shay the City Council authorize the city manager to enter into Contract No. 11-36, Hazardous Material Consulting Services for the Ketchikan General Hospital Surgery HVAC Improvements Project, with PBS Engineering and Environmental of Seattle, Washington at a cost not to exceed \$32,365; approve the transfer of \$32,365 from Appropriated Reserves of the Hospital Sales Tax Fund to the Ketchikan General Hospital Surgery Suite HVAC Improvements Project Capital Account; and direct the city manager to execute the contract documents on behalf of the City Council.

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

Funding Options for the Implementation of the Municipal Stormwater Management Master Plan

Moved by Jason Harris, seconded by West the City Council direct staff to proceed with the development of funding options for the implementation of the municipal stormwater master plan as determined appropriate by the City Council.

Mayor Williams said he envisioned an enterprise fund process, with a set monthly fee that may allow bonding. He didn't want to see it taken out of the Public Works Sales Tax

Fund. Councilmember Coose expressed concern about systems running through private property.

Manager Amylon stated his intent to negotiate with the FCS Group to develop a rate structure based on an enterprise fund and options. He responded to Councilmember Coose, saying a lot of the stormwater issues are on private property and to move them to public property would be building up the capital costs involved. He felt the City would be forced to work with property owners to address these issues.

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

Budget Transfer – Contract No. 11-12, Management/Peer Review Relative to the Operations of the Human Resources Division of the City Manager’s Office, Matrix Consulting Group

Moved by Coose, seconded by West the City Council approve Contract No. 11-12, Management/Peer Review Relative to the Operations of the Human Resources Division of the City Manager’s Office, between the City and Matrix Consulting Group of Palo Alto, California at a cost not to exceed \$21,000; authorize the transfer of \$21,000 from Appropriated Reserves of the General Fund to the City Council’s 2011 Professional Services Account No. 60; and direct the city manager to execute the contract documents on behalf of the City Council.

Councilmember Coose requested the Council be interviewed as well as staff, and he would like to see the raw comments and draft documents between the City and Matrix Consulting Group. Councilmember Sivertsen suggested all communications be copied to the clerk’s office to be maintained in a file for the Council to review as desired.

Councilmember Olsen said he felt we were spending \$21,000 to hear that it is up to management to make changes or we need to add staff.

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

Contract No. 09-14, Software and Implementation Services for Enterprise Resource Planning (ERP) System – New World Systems

Moved by Shay, seconded by Sivertsen the City Council approve Contract No. 09-14, Software and Implementation Services for Enterprise Resource Planning (ERP) System, between the City and New World Systems in an amount not to exceed \$632,278; establish a ten percent contingency in the amount of \$63,227, bringing the total project cost to \$695,505; authorize funding from the Financial and Accounting System

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Replacement Capital Account; and direct the city manager to execute the contract documents on behalf of the City Council.

Finance Director Newell answered questions from the City Council, and he explained many of the processes used to determine the right vendor.

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

**Maintenance of Copper Ridge Lane Prior to Acceptance
by the City – Councilmembers Coose and Sivertsen**

Councilmember Sivertsen said the Cooperative Relations Committee met and the Borough expressed concern about the condition of the road at Copper Ridge Lane and the problems with it having so many potholes. He said the road is used by a number of businesses, and he felt the project was close enough that the City could get its grader up there to grade it.

In response to Mayor Williams, Manager Amylon said he hoped the Council would defer consideration of any action on this item until after the executive session to discuss this issue. Mayor Williams said direction would be given after the executive session.

**Recruitment Agreement for the Position of
Telecommunications Division Engineering Manager –
Management Recruiters of Sacramento**

Moved by West, seconded by Sivertsen the City Council authorize the general manager to enter into an agreement with Management Recruiters of Sacramento, California to recruit candidates to fill the position of Telecommunications Division engineering manager as detailed in the general manager's report dated June 9, 2011.

Manager Amylon said we are not getting applicants, with the biggest drawbacks being location and compensation.

Councilmember West said she would prefer the City explore the possibility of the local candidate being qualified before we pursue this proposal. Manager Amylon said he would pose this question to the Telecommunications Division manager and report at the next meeting.

Moved by Kj Harris, seconded by Jason Harris to defer consideration until the next meeting.

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

VOUCHERS

Moved by West, seconded by Shay for approval of vouchers to Ketchikan Daily News in the amount of \$1,570.12.

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

CITY MANAGER'S REPORT

General Government and KPU Appropriated Reserves Through the City Council Meeting of June 2, 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 June 2, 2011.

Police Department Canine Activity Report – May 2011

Manager Amylon provided the May 2011 report of the Police Department canine activities.

Contract No. 10-31 (Construction Manager/General Contractor Construction Services for the Construction of a New Municipal Fire Station) Update – Minutes of Weekly Construction Progress Meeting Nos. 8 and 9

Manager Amylon advised Weekly Construction Progress Meeting Nos. 8 and 9, which were held in Ketchikan/Anchorage/Bellingham on May 24 and May 31, 2011 for Contract No. 10-31, Construction Manager/General Contractor Construction Services for the construction of a New Municipal Fire Station. He provided a copy of the minutes.

Contract No. 10-22 (One Hundred Percent Design of the Ketchikan Public Library Project) Update – Minutes of Weekly Design Progress Meeting No. 9

Manager Amylon copied the Council with the minutes of Weekly Design Progress Meeting No. 9 that was held in Ketchikan/Anchorage on May 31, 2011 respectively for Contract No. 10-22, One-Hundred Percent Design of the Ketchikan Public Library Project.

Public Works Department Project Status Report – May 2011

Manager Amylon transmitted the project status report of the Public Works Department for the month of May 2011.

419 Grant Street

Manager Amylon included photographs of property at 419 Grant Street which can likely be considered as an abandoned/dangerous property. He noted the City may need to intervene to secure the property to make it safe, although staff has attempted to contact the owner who currently does not reside in the City. He noted staff will keep the Council advised.

Budget Work Session

Manager Amylon notified that staff is tentatively targeting Thursday, August 11 for a budget work session. He handed out a paper with tables containing property and sales tax revenue history showing adjustment for inflation. He noted the only reason the City has any cushion is due to sales taxes, which have outpaced inflation. He outlined the debt service due to the new fire station and library, the Raw Fish Tax transferred to Harbors, and a 1% COLA for employees. He said the City cannot continue to absorb the drawdown in reserves it has, and he encouraged the Council to think of these issues prior to the meeting in August.

K.P.U. MANAGER'S REPORT

**Project Status Reports of the KPU Operating Divisions –
May 2011**

Manager Amylon provided the project status reports of the KPU operating divisions for the month of May 2011.

**2010-2011 Alaska Telephone Association Statewide
Telephone Directory Contest**

Manager Amylon reported that Ketchikan Public Utilities was chosen by the Alaska Telephone Association as the winner of ATA's 2010-2011 statewide telephone directory cover contest. He expressed it was a great compliment to have KPU's cover selected by professional artists as the best of the best.

**Maximum Work Hours Guidelines and Action Item
Report**

As reported to the Council following last fall's storm events, the Electric Division developed guidelines as to the maximum hours that employees can work without the appropriate rest interval. Manager Amylon provided a memorandum from Electric Division Manager Kline detailing the new policy as well as an action item report, which addresses other efforts that have been undertaken by the Electric Division to better prepare for such storm events in the future.

Baranof Reservoir Replacement Project

Manager Amylon spoke to pictures he laid on the table, stating the project is going very well.

Whitman Lake Project

Manager Amylon announced that yesterday his office received Forest Supervisor Forest Cole's decision to issue a special use authorization to Ketchikan Public Utilities for the construction and operation of the Whitman Lake Hydroelectric Project. He continued with the exception of the final review of the design plans by FERC and the Forest Service, approval of the special use authorization is the last regulatory hurdle that KPU has had to overcome to proceed with the construction of the project. He felt while approval of the special use authorization is subject to a 45-day appeal period, his office does not anticipate an appeal of the decision. He explained Whitman Lake was listed as one of the projects that could go forward under the settlement agreement recently reached between the Forest Service and the plaintiffs in connection with the litigation regarding the application of the Roadless Rule for Tongass National Forest. He said given approval of the special use authorization by the Forest Service, it is his intent to bring forward a resolution for consideration of placing a ballot proposition before the voters to seek the approval of revenue bonds to fund KPU's share of the project cost.

Manager Amylon continued between now and then staff will be seeking FERC and Forest Service approval of the project's final design, preparing specifications for contracts that can be let prior to the election and awarded shortly thereafter if voter approval is forthcoming. He acknowledged the efforts of Senior Project Engineer Jennifer Holstrom, because she has worked long and hard to bring us to this point. He emphasized it is a big item for KPU, culminating 14 years of effort to try to get the Whitman Lake Project to a point where we can now start getting everything in place for construction.

CITY CLERK'S FILE

Cooperative Relations Committee Requests

Clerk Suiter transmitted two requests from the Cooperative Relations Committee, including: a request for a ballot proposition for an advisory vote to determine if the public feels the use of KPU funds is an appropriate source to fund community agencies; and a request to develop a proposition that would change the City Charter to allow the timeline for filing for office to align more closely to the Borough's timeline. She said her office is ready to move forward as the Council directs.

Discussion was held about the issues presented, and the Council directed the clerk to make a charter change an agenda item next meeting.

CITY ATTORNEY'S FILE – None

FUTURE AGENDA ITEMS – None

MAYOR AND COUNCIL COMMENTS

Councilmember Shay was encouraged by the possibility of homeporting three of the sentinel class vessels in Southeast Alaska, two of which could be here. He commended staff and Mr. Corporon by pursuing this. He mentioned the new House District number, 33. He complimented everyone who talked to the Redistricting Board because it made a difference.

Councilmember West congratulated staff on the hard work on Whitman Lake because it is excellent news.

Councilmember Sivertsen said SEAPA is meeting next week, and one of the things they will be discussing at that time is the budget. He said in the budget there may be money for energy conservation education, and he encouraged the manager to have our marketing staff partner up with them.

Manager Amylon said he has asked staff to have a discussion with the Acting Electric Division manager to get his thoughts, as well as to survey what other electrical utilities are doing and what resources they are bringing to the issue of conservation in a number of locations.

Councilmember Sivertsen said we are going to burn diesels somewhere along the line, but if we can be more conservative, maybe we can burn less.

Councilmember Jason Harris asked about an employee referral bonus program, to which Manager Amylon answered the City does not have one. Mr. Harris continued it may be a way to recruit people to town and be less costly than hiring outside help. He asked for an update on the UV Disinfection Facility.

Manager Amylon said he met with Water Division Manager Kleinegger today, who has met with Mr. Lybrand. He said there is common understanding and agreement that there are four issues left: 1) leaking plant roof, for which new roof panels are in Seattle ready for shipment; 2) a new vent cover for the backup generator needs to be fabricated, and the manufacturer and shipper have agreed to fabricate and ship the cover at no cost; 3) George Lybrand has committed to getting as-builts done and Mr. Kleinegger has indicated progress is being made on that; and 4) electronic cards that needed to be replaced, which has been resolved.

He noted ADEC will not give the City approval until we respond to a number of questions, which is something CH2M Hill is finalizing. He said the issues left will be what, if any, additional claims Southeast Engineering may wish to bring, and what the

Council's position will be relative to the \$1 million plus in liquidated damages that are outstanding.

Mayor Williams said he will be referring all calls on the new road striping to the manager's office. He asked other Councilmembers what day they could meet to consider the city attorney's contract, and after discussion it was determined to meet on Friday, June 24.

OTHER NEW BUSINESS – None

EXECUTIVE SESSIONS

Request for Executive Session – Collective Bargaining Agreement Between the City of Ketchikan and the Public Safety Employees Association

Moved by West, seconded by Jason Harris the City Council declare that consistent with the city manager's memorandum dated June 7, 2011 it is in the best interest of the City to discuss negotiations regarding a collective bargaining agreement between the City of Ketchikan and the Public Safety Employees Association 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 7, 2011, 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.

Both Councilmember Sivertsen and Mayor Williams said they would not be attending the executive session due to conflicts.

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

The Council recessed into executive session at 8:22 p.m. and reconvened at 8:45 p.m.

Vice Mayor West said the Council has completed an executive session to discuss negotiations regarding a collective bargaining agreement between the City of Ketchikan and the Public Safety Employees Association and no action would be taken tonight.

Request for Executive Session – Discussion of Potential Litigation Strategies with Legal Counsel Within the Attorney-Client Privilege Relating to the Failure of George Lybrand to Comply with the Terms and Conditions of the Escrow Agreement Associated with the Purchase of Lot 1 an Lot 5A of Lybrand Subdivision Plat

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Alteration, According to Plat No. 2010-23, Ketchikan Recording District, First Judicial District, State of Alaska

Moved by West, seconded by Olsen the City Council declare that consistent with the city manager's memorandum dated June 12, 2011 it is in the best interest of the City to go into executive session in accordance with KMC 2.04.025(a)(3) and AS 44.62.310(c)(3) to discuss potential litigation strategies with legal counsel within the attorney-client privilege relating to the failure of George Lybrand to comply with the terms and conditions of the Escrow Agreement associated with the purchase of Lot 1 and Lot 5A of Lybrand Subdivision Plat Alteration, according to Plat No. 2010-23, Ketchikan Recording District, First Judicial District, State of Alaska.

Councilmember Sivertsen said he would not participate because of a conflict.

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

The Council recessed into executive session at 8:48 p.m. and reconvened at 8:55 p.m.

Mayor Williams said the Council has completed an executive session to discuss potential litigation strategies with legal counsel within the attorney-client privilege relating to the failure of George Lybrand to comply with the terms and conditions of the Escrow Agreement associated with the purchase of Lot 1 and Lot 5A of Lybrand Subdivision Plat Alteration, according to Plat No. 2010-23, Ketchikan Recording District, First Judicial District, State of Alaska, and no action would be taken tonight.

Request for Executive Session – Discussion of Potential Litigation Strategies with Legal Counsel Within the Attorney-Client Privilege Relating to the Impact of the Application of U.S. Forest Service's Roadless Rule on the Whitman Lake Hydroelectric Project and Future City Projects

Moved by Shay, seconded by Sivertsen the City Council declare that consistent with the general manager's memorandum dated June 7, 2011, it is in the best interests of the City to go into executive session in accordance with KMC 2.04.025(a)(3) and AS 44.62.310(c)(3) to discuss potential litigation strategies with legal counsel within the attorney-client privilege relating to the impact of the application of U.S. Forest Service's Roadless Rule on the Whitman Lake Hydroelectric Project and future City projects.

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

The Council recessed into executive session at 8:56 p.m. and reconvened at 8:59 p.m.

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Mayor Williams said the Council has completed an executive session to discuss potential litigation strategies with legal counsel within the attorney-client privilege relating to the impact of the application of U.S. Forest Service's Roadless Rule on the Whitman Lake Hydroelectric Project and future City projects, and no action would be taken tonight.

Mayor Williams said we have heard news that former Councilmember Tom Coyne passed away. He said our thoughts are with his family, as he has relatives back East. He didn't know of future plans for a service. He explained he and Tom went back to when they were both first elected to the Council in 1987, and he carries a lot of memories.

ADJOURNMENT

As there was no further business, the Council adjourned at 9:00 p.m.

Lew Williams III, Mayor

ATTEST:

Katherine M. Suiter
City Clerk

FYI ITEMS INCLUDED

Lake Levels and System Generation Report for the Month of May 2011
Water Utilization Study Report - May 2011