

Regular Ketchikan City Council meeting was called to order by Mayor Williams at 7:01 p.m., July 7, 2011, with the following members present: Dick Coose, Kj Harris, Matthew Olsen, Jack Shay, Robert Sivertsen and Marty West. Councilmember Jason Harris was absent.

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

Staff present were Manager Amylon, Assistant Manager Martin, Fire Chief Share, Human Resources Manager Miller, Port and Harbors Director Corporon, Police Chief Talik, Public Works Director Allen, Water Division Manager Kleinegger and City Clerk Suiter.

COMMUNICATIONS

Mayor Williams said there were two memorandums laid on the table from the manager, including an update regarding wood/electric boilers, and a revised cost estimate regarding the Whitman Lake Hydroelectric Project.

PERSONS TO BE HEARD

Kathleen Light, Director of Ketchikan Area Arts and Humanities Council, updated the Council on events taking place in the arts community. She discussed the Fiber Show, the upcoming Blueberry Arts Festival, the Year of the Artist, as well as the visit from the Prince Rupert delegation.

Patti Fay Hickox spoke regarding the newly painted parking designations on the street, saying parking was removed in her area. She felt things were more into the tourists and money. She also referred to the snow routes, and thanked the Council for all the work they do. She encouraged the Council to remember the local people when new regulations are made.

Michael Bateman also spoke about parking, noting he runs a business out of his home and parking is a big ordeal. He felt the spaces taken with the new markings adversely affect him, as there are times his business is run out of his vehicle.

Dave Rubin thanked the Council for all the support in creating “The Rock,” and he presented the Council with a poster of it listing councilmembers’ names along with Borough assemblymembers’ names.

Don Petrey challenged the Council to look at alternative power, noting the new fire station could have small wind turbines on its roof that would provide enough power to operate the station. He expressed support for wood pellet boilers for the library and fire station, stating there was a lot of material available in the area for pellets.

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Tom Caffrey addressed the Council and urged them to seriously consider heat pumps. He pointed out they are low cost to operate and cooling is an added benefit. He asked the Council to request reports on what can be done with heat pump technology. He answered questions from the Council.

Margaret Cloud spoke in opposition to the water spigot being turned off at the Public Works building. She felt it was an insignificant amount of water. She pointed out that during dry spells the water hauler businesses get overwhelmed and it can often take up to five weeks before one gets a load of water. She also expressed concern for visitors who empty their RV vehicles in the same area, who might be expecting to fill up their vehicle's water.

Larry Jackson informed he was going to install a pellet press by the end of summer. He asked the Council to consider that installing wood pellet boilers makes the manufacturing of wood products in this area more tenable, because it would provide a place for the byproduct to be utilized. He suggested the possibility of purchasing heat from the Discovery Center if they have the excess BTUs. In response to Councilmember West, he said he should be able to produce enough pellets to heat three or four buildings the size of the new Fire Department. He answered other questions from the Council, addressing cost, moisture content, and supply.

Thomas Bellanich discussed the quality of water, stating that water is now considered the new "blue gold." He talked about the warning that was printed in the newspaper, information about chloramination, the suffering resulting from use of chloramination, information from Susan Pickford, and the laws and regulations. He suggested the City look at other federal funds and grants to take the next step which is filtration.

CONSENT AGENDA

Councilmember Shay requested separate consideration of the item relating to the encroachment permit for Olson Marine, and he made a minor clarification to the minutes.

Mayor Williams suggested moving several items from New Business to the Consent Agenda, including: the resolution relating to a charter change for election filing periods; the award of Contract No. 11-24, management services for the Jackson/Monroe Streets and 4th/7th Avenues Reconstruction Project; a budget transfer for the 2011 Water Division Overtime Account; the offer of employment for the position of Electric Division manager; and a budget transfer for the Electric Division manager placement fee. He asked if there were any objections, and none were heard.

Approval of Minutes

Moved by West, seconded by Kj Harris approval of the minutes of the special meeting of June 9 and regular meeting of June 16, 2011.

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

Change Order No. 1 to the Contract for 2010 Financial and Compliance Audit – Mecham, Richardson and Company

Moved by West, seconded by Kj Harris the City Council approve Change Order No. 1 to the 2010 Financial and Compliance Audit Contract between the City and Mecham, Richardson and Company in the amount of \$5,250, increasing the contract amount from \$60,000 to \$65,250 and direct the city manager to execute the change order on behalf of the City Council.

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

Contract No. 11-27, Pre-Construction Phase Services and Construction Phase Work for the Ketchikan Public Library – Dawson Construction, Inc.

Moved by West, seconded by Kj Harris the City Council approve Contract No. 11-27, Pre-Construction Phase Services and Construction Phase Work for the Ketchikan Public Library, between the City and Dawson Construction, Inc. at a cost not to exceed \$10,000; authorize funding from the Library Department's 2011 Facilities Replacement Capital Account; and direct the city manager to execute the contract documents on behalf of the City Council.

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

Memorandum of Agreement Providing for a Twelve-Month Extension of Contract No. 06-20 – Bayview Cemetery Maintenance and Operations, PM Landscaping

Moved by West, seconded by Kj Harris the City Council authorize the city manager to execute the Memorandum of Agreement extending contract No. 06-20, Bayview Cemetery Maintenance and Operations, between the City of Ketchikan and PM Landscaping for the 2011-2012 contract year.

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

Resolution No. 11-2407 – Requesting Municipal Assistance Funding From the Alaska Department of Environmental Conservation Pursuant to the State Fiscal

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Year 2013 Municipal Matching Grant Program for the City of Ketchikan Solid Waste Recycling and Handling Facility Expansion Project (Construction of a 4,800 Sq. Ft. Recycling Addition)

Moved by West, seconded by Kj Harris the City Council approve Resolution No. 11-2407 requesting Municipal Assistance Funding from the Alaska Department of Environmental Conservation pursuant to the State Fiscal Year 2013 Municipal Matching Grant Program for the City of Ketchikan Solid Waste Recycling and Handling Facility Expansion project; agreeing to provide the local share of projects as required; and establishing an effective date.

Councilmember Shay requested that members of the Borough Solid Waste Committee receive copies of this resolution.

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

Comprehensive Storm Drainage Study Final Report – Contract No. 10-08, Tetra Tech Alaska, LLC

Moved by West, seconded by Kj Harris the City Council accept the Storm Water Management Plan prepared by Tetra Tech Alaska, LLC under Contract No. 10-08 and direct staff to pursue implementation of the report’s finding and recommendations and to submit such action items as may be required for future consideration by the City Council.

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

Budget Transfer – Crating and Shipping Costs Associated with the Molds Used in Casting “The Rock”

Moved by West, seconded by Kj Harris the City Council authorize the city manager to transfer \$2,825 from the Appropriated Reserves of the Economic and Parking Development Fund to the Tourism and Economic Development Department’s Materials and Services Account No. 89 to provide for the cost of the crating and shipping of the molds used in casting “The Rock” from Portland, Oregon to Ketchikan.

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

Resolution No. 11-2404 – Supporting the Submission of an Application by the State of Alaska Department of Fish and Game for a Federal Aid Sport Fish Restoration Act

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Grant for Preliminary Design of Replacement of the City's Bar Harbor Launch Ramp

Moved by West, seconded by Kj Harris the City Council approve Resolution No. 11-2404 supporting the submission of an application by the State of Alaska Department of Fish and Game for a federal aid Sport Fish Restoration Act Grant for preliminary design of replacement of the City's Bar Harbor launch ramp; and establishing an effective date.

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

Resolution No. 11-2410 – Authorizing Submittal of an Application for Grant Funding in the Amount of \$3,374,910 from the State of Alaska Department of Environmental Conservation as Designated in the State of Alaska Fiscal Year 2012 Capital Budget Through the Alaska Department of Environmental Conservation Municipal Water, Sewerage, and Solid Waste Matching Grants Program Prioritized Listing of Projects and Associated Costs for the Jackson/Monroe Streets and 4th/7th Avenues Water and Sewer Replacement Project

Moved by West, seconded by Kj Harris the City Council approve Resolution No. 11-2410 authorizing submittal of an application for grant funding in the amount of \$3,374,910 from the State of Alaska Department of Environmental Conservation as designated in the State of Alaska Fiscal Year 2012 Capital Budget through the Alaska Department of Environmental Conservation Municipal Water, Sewerage, and Solid Waste Matching Grants Program Prioritized Listing of Projects and associated costs for the Jackson/Monroe Streets and 4th/7th Avenues Water and Sewer Replacement Project; and establishing and effective date.

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

Resolution No. 11-2409 – Authorizing Submittal of an Application for Grant Funding in the Amount of \$2,540,606 from the State of Alaska Department of Environmental Conservation as Designated in the State of Alaska Fiscal Year 2012 Capital Budget Through the Alaska Department of Environmental Conservation Municipal Water, Sewerage, and Solid Waste Matching Grants Program Prioritized Listing of Projects and Associated Costs for the Alaska Avenue Water and Sewer Mains Replacement Project

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Moved by West, seconded by Kj Harris the City Council approve Resolution No. 11-2409 authorizing submittal of an application for grant funding in the amount of \$2,540,606 from the State of Alaska Department of Environmental Conservation as designated in the State of Alaska Fiscal Year 2012 Capital Budget through the Alaska Department of Environmental Conservation Municipal Water, Sewerage, and Solid Waste Matching Grants Program Prioritized Listing of Projects and associated costs for the Alaska Avenue Water and Sewer Mains Replacement Project; and establishing an effective date.

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

Resolution No. 11-2408 – Requesting Municipal Assistance Funding from the Alaska Department of Environmental Conservation Pursuant to the State Fiscal Year 2013 Municipal Matching Grant Program for Ketchikan Public Utilities and City of Ketchikan Water and Wastewater Capital Improvement Programs (Jackson/Monroe and 4th/7th Avenues Water and Sewer Replacement)

Moved by West, seconded by Kj Harris the City Council approve Resolution No. 11-2408 requesting municipal assistance funding from the Alaska Department of Environmental Conservation pursuant to the State Fiscal Year 2013 Municipal Matching Grant Program for Ketchikan Public Utilities and City of Ketchikan Water and Wastewater Capital Improvement Programs; agreeing to provide the local share of projects as required; and establishing an effective date.

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

Resolution No. 11-2406 – Requesting Municipal Assistance Funding from the Alaska Department of Environmental Conservation Pursuant to the State Fiscal Year 2013 Municipal Matching Grant Program for Ketchikan Public Utilities and City of Ketchikan Water and Wastewater Capital Improvement Programs (Extension of Water and Sewer Mains from Ketchikan Ready Mix to Don King Road)

Moved by West, seconded by Kj Harris the City Council approve Resolution No. 11-2406 requesting Municipal Assistance Funding from the Alaska Department of Environmental Conservation pursuant to the State Fiscal Year 2013 Municipal Matching Grant Program for Ketchikan Public Utilities and City of Ketchikan Water and

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Wastewater Capital Improvement Programs; agreeing to provide the local share of projects as required; and establishing an effective date.

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

Resolution No. 11-2394 – Proposing that the Filing Period as Candidate for Mayor or Councilperson Be Changed

Moved by West, seconded by Kj Harris the City Council approve Resolution No. 11-2394 proposing that the filing period as candidate for mayor or councilperson be changed; proposing that Section 10-3 of the City Charter be amended to reflect that filing period; and providing that such amendment be submitted to the voters for approval or rejection at the regular election to be held on October 4, 2011.

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

Contract No. 11-24, Project Management Services for Jackson/Monroe Streets and 4th/7th Avenues Reconstruction – Dowl HKM

Moved by West, seconded by Kj Harris the City Council authorize the city manager to enter into Contract No. 11-24 with Dowl HKM of Juneau, Alaska to provide for Project Management Services for the reconstruction of Jackson/Monroe Streets & 4th/7th Avenues in the amount of \$150,000 and approve funding from the 2011 Streets, Wastewater and Water Divisions' Jackson/Monroe Streets and 4th/7th Avenues Reconstruction Capital Accounts.

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

Budget Transfer – 2011 Water Division Overtime Account

Moved by West, seconded by Kj Harris the City Council authorize the general manager to transfer \$63,500 from Appropriated Reserves of the KPU Enterprise Fund to the Water Division's 2011 Overtime and Employee Benefit Costs Account Nos. 12 and 16 in the amount of \$50,000 and \$13,500 respectively, in order to fund projected overtime expenditures through the end of the year.

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

Offer of Employment – Electric Division Manager

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Moved by West, seconded by Kj Harris the City Council authorize the general manager to offer the position of Electric Division manager to Timothy F. McConnell of Anchorage, Alaska based on a compensation level of Step R of Grade 7-84 providing an annual salary of \$126,709; annual vacation accrual of 20 days per year; and relocation assistance not to exceed \$25,000.

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

**Budget Transfer – Electric Division Manager Placement
Fee, Management Recruiters of Sacramento**

Moved by West, seconded by Kj Harris the City Council authorize the general manager to transfer \$32,945 from Appropriated Reserves of the KPU Enterprise Fund to the Electric Division’s Professional Services Account No. 60 for the payment of a placement fee to Management Recruiters of Sacramento, California for the position of Electric Division manager.

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

UNFINISHED BUSINESS

**Recruitment Agreement for the Position of
Telecommunications Division Engineering Manager –
Management Recruiters of Sacramento – Deferred from
June 16, 2011**

The motion before the Council was:

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.

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

NEW BUSINESS

**Revocable and Limited Permit to Work On or Encroach
Upon Platted, Unimproved City Right-of-Way – Olson
Marine, Inc.**

Moved by Shay, seconded by Coose the City Council approve the Revocable and Limited Permit to Work On or Encroach Upon Platted, Unimproved City Right-of-Way to Olson

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Marine, Inc. for the installation of a driveway and authorize the city manager to execute the permit on behalf of the City Council.

Engineering Technician Barry answered questions from the Council.

Moved by Shay, seconded by West to defer to the next meeting to allow the adjacent property owners to be apprised of the action.

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

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

Amendment No. 5 to Contract No. 10-30, Professional Services Agreement for the Design of the Ketchikan Public Library – Design of Wood Pellet Boiler System, Bettisworth Welsh Whiteley, LLC

Moved by Coose, seconded by West the City Council direct the city manager to enter into Amendment No. 5 to Contract No. 10-30, Professional Services Agreement for the design of the Ketchikan Public Library, between the City and Bettisworth Welsh Whiteley at a cost not to exceed \$49,313 and authorize funding from the 2011 Library Facilities Replacement Capital Account.

Manager Amylon and Tim Whiteley answered questions from the Council.

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

Change Order No. 1 to Contract No. 10-21 – Ketchikan General Hospital Master Plan Schematic Design of Option 10-A, Phases 1-4, NAC Architecture

Moved by Sivertsen, seconded by West the City Council approve Change Order No. 1 to 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 \$59,386; authorize funding from the 2011 Public Health Department's Ketchikan General Hospital Master Plan Capital Account; and direct the city manager to execute the change order on behalf of the City Council.

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

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Resolution No. 11-2412 – Amending the Compensation Plan for the Reclassification of the Position of Legal Secretary to Paralegal Within the Law Department

Moved by KJ Harris, seconded by Shay the City Council approve Resolution No. 11-2412 amending the Compensation Plan for the reclassification of the position of legal secretary to paralegal within the Law Department; and establishing an effective date.

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

The Council took a short break at 8:25 p.m. and reconvened at 8:30 p.m.

Negotiation Amendment No. 6 to Contract No. 09-33, Professional Services Agreement for the Design of the Ketchikan Municipal Fire Station – Design of Wood Pellet Boiler System, Bettisworth Welsh Whiteley, LLC

Moved by Coose, seconded by Shay the City Council direct the city manager to negotiate Amendment No. 6 to Contract No. 09-33, Professional Services Agreement for the design of the Ketchikan Municipal Fire Station, between the City and Bettisworth Welsh Whiteley, LLC to provide for the installation of such site infrastructure as may be required to accommodate the placement of a containerized wood pellet boiler system with a two-month pellet supply container in lieu of the oil-fired burner, said amendment to be submitted to the City Council for formal consideration and approval.

There was a lengthy discussion, during which Manager Amylon, Tim Whiteley, Kent Crandall and Fire Chief Share answered questions.

Manager Amylon clarified that the intent is to do the containerized system now, have the mechanical room sized to accommodate that inside at a later date if the decision is made to put it in there, and the reinforcement of the floor now. Councilmember Coose agreed, stating he would leave it to the architects to bring the Council back a final design on how to tweak it to deal with the Fire chief's concern about space, but he felt it needs to be done now so we are looking to the future and we need to leave the oil-fired burner out of the scenario.

In response to Councilmember KJ Harris, Tim Whiteley confirmed that there is a problem with having the pellets wet. He said they may not absorb water initially, but if they are wet and it is freezing they may be a frozen bulk. He said since we don't have an infrastructure here for delivery, it is impossible for him to tell the Council that it won't or will be a problem. Mayor Williams expressed concern about delivery of the pellets.

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

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Change Order No. 2 to Contract No. 10-03, Phase II Design for Replacement of Bethe Substation – Commonwealth Associates, Inc.

Moved by Sivertsen, seconded by Coose the City Council approve Change Order No. 2 in the amount of \$39,112 to Contract No. 10-03, Phase II Design for Replacement of Bethe Substation, between KPU and Commonwealth Associates, Inc.; authorize funding from the Electric Division's Bethe Substation Capital Account; and direct the general manager to execute the change order on behalf of the City Council.

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

Budget Transfers – Contract No. 11-13, Water/Wastewater/Storm Drainage Cost Allocation and Rate Design Study

Moved by Shay, seconded by Sivertsen the City Council direct the general manager to enter into Contract No. 11-13, Water/Wastewater/Storm Drainage Cost Allocation and Rate Design Study, with FCS Group of Redmond, Washington at a cost not to exceed \$117,715; approve budget transfers in the amounts of \$31,918 and \$31,918 respectively from Appropriated Reserves of the Wastewater Services and KPU Enterprise Funds to the 2011 Wastewater and Water Divisions' 2011 Water/Wastewater Cost Allocation and Rate Design Study Capital Accounts; and authorize funding in the amounts of \$51,880, \$31,918 and \$31,918 respectively from the Streets Division's 2011 Storm Drainage System Improvements Capital Account and the Wastewater and Water Division's 2011 Water/Wastewater Cost Allocation and Rate Design Study Capital Accounts.

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

Resolution No. 11-2411 – Providing for Submission to the Qualified Voters of the City at the Municipal Election to be Held in the City on October 4, 2011, of a Proposition as to Whether the City Should Issue Municipal Utilities Revenue Bonds in a Principal Amount Not-to-Exceed \$15,000,000 to Provide Funds to Acquire, Construct and Equip Hydroelectric Generating Facilities at Whitman Lake

Moved by West, seconded by Olsen the City Council approve Resolution No. 11-2411 providing for submission to the qualified voters of the City at the municipal election, to be held in the City on October 4, 2011 of a proposition as to whether the City should issue municipal utilities revenue bonds in a principal amount not to exceed \$15,000,000

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to provide funds to acquire, construct and equip hydroelectric generating facilities at Whitman Lake; and establishing an effective date.

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

Discussion Relative to Whitman Lake Hydroelectric Project – Councilmember Sivertsen

Moved by Sivertsen, seconded by Olsen the City Council direct staff to open discussions regarding the Whitman Hydro Project at its earliest convenience with SEAPA.

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

VOUCHERS

Moved by West, seconded by Olsen for approval of vouchers to Ketchikan Daily News in the amount of \$4,149.62.

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

CITY MANAGER’S REPORT

General Government and KPU Appropriated Reserves Through the City Council Meeting of June 16, 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 16, 2011.

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. 10, 11 and 12

Manager Amylon advised Weekly Construction Progress Meeting Nos. 10, 11 and 12, were held in Ketchikan/Anchorage/Bellingham on June 7, 14 and 21, 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. 10-30 (One Hundred Percent Design of the Ketchikan Public Library Project) Update – Minutes of Weekly Design Progress Meeting Nos. 10, 11 and 12

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Manager Amylon copied the Council with the minutes of Weekly Design Progress Meeting Nos. 10, 11 and 12 that were held in Ketchikan/Anchorage on June 7, 14 and 21, 2011 respectively for Contract No. 10-30, One-Hundred Percent Design of the Ketchikan Public Library Project.

2011 Sales Tax Report No. 3

Manager Amylon transmitted an update from Finance Director Newell regarding sales tax collections for 2011.

Contract No. 11-21 Update – Jackson/Monroe Streets & 4th/7th Avenues Reconstruction Project, Miller Construction Co., Ltd.

Manager Amylon provided an update for the month of June from the Engineering Division relative to Contract No. 11-21, Jackson/Monroe Streets & 4th/7th Avenues Reconstruction Project.

2012 State Capital Budget

Manager Amylon informed that Governor Parnell issued 153 vetoes of funds that had been appropriated by the Legislature in the 2012 Capital Budget. He provided a list of projects funded within House District 1, and a comparison of the City/KPU approved appropriations in the Legislature's Capital Budget and those approved by Governor Parnell. Mr. Amylon expressed appreciation to the City's lobbyists and the department heads and division managers for their efforts in securing the funding.

Library Building Committee Design Work Session – LEED Practices/Certification

Manager Amylon advised the Library Building Committee will have a work session to discuss LEED practices/certification on Thursday, July 7, 2011 from 2:00 to 3:30 p.m. at the Ted Ferry Civic Center.

General Government Financial Statements for the First Four Months Ending April 30, 2011

Manager Amylon transmitted the General Government financial statements for the first four months ending April 30, 2011.

Berths I and II Rehabilitation Project Update – Potential Acquisition of the Ketchikan Visitors Office Building

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Manager Amylon provided an appraisal of the Ketchikan Visitors Bureau's building as requested by the Council, and notified the Council that staff is pursuing alternatives relative to purchasing the building as it relates to the Berths I and II Rehabilitation Project. He expected more definitive information will be known by the end of August.

Police Department Canine Activity Report – June 2011

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

General Government Financial Statements for the First Five Months Ending May 31, 2011

Manager Amylon transmitted the General Government financial statements for the first five months ending May 31, 2011.

Report on the Renewal of the City's Blue Cross Health Insurance Plan for the Fiscal Year 2011-2012

Manager Amylon copied the Council with a report from Finance Director Newell noting an increase in health insurance. He concurred with Mr. Newell's assessment that the disparity in costs incurred by non-represented employees and those represented by IAFF, PSEA and IBEW employees will likely be a bargaining issue.

Councilmember Sivertsen expressed concern about the rates relative to the non-represented employees.

2011 ADEC Inspection of the Deer Mountain Landfill

Manager Amylon reported the Deer Mountain Landfill received a compliance rating of 97% from the ADEC, and he noted comments from the ADEC Inspector Sandra Woods stating the staff is "to be commended on the overall general operations of your landfill." He acknowledged the Public Works Department and the Solid Waste Division for their efforts.

Councilmember Shay offered his congratulations to staff.

Millar Street Bridge Project

Manager Amylon informed the preparation on Millar Street bridge begins tomorrow, stating that S&S Contractors is in town for a week for paving. He continued not only will Millar Street be done, but they will be working relative to final improvements to Tongass Avenue that will alleviate the ponding.

Review of the Human Resources Division

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Manager Amylon said staff met with Matrix Consulting Group relative to the review of the Human Resources Division. He said they will be in town the week after next and staff will be contacting the Council in the next several days if they are interested to meet with them.

K.P.U. MANAGER'S REPORT

Report of June 26, 2011 Power Outage

Manager Amylon provided a report from Senior Electrical Systems Engineer Donato regarding the June 26, 2011 power outage.

Report of June 29, 2011 Telephone Outage

Manager Amylon transmitted a report from Telecommunications Division Manager Abbott regarding the June 29, 2011 power outage.

Contract No. 10-19 Update – Baranof Reservoir Replacement Construction Project, Skarr Construction, Inc.

Manager Amylon provided an update relative to the Baranof Reservoir Replacement Construction Project through June 25, 2011.

CITY CLERK'S FILE – None

CITY ATTORNEY'S FILE – None

FUTURE AGENDA ITEMS

Mayor Williams said staff is going out to bid for the dock vendor booths, and he has had three tour folks who are involved in this, that would like to come to the Council to talk about some potential changes. He said he would like to see this on the agenda.

MAYOR AND COUNCIL COMMENTS

Councilmember Coose asked if staff inquired as to how much electricity the Niblack Mine would be using, and Manager Amylon said it will be 20-25 megawatts. He said the lesser amount would be for the mine and the majority for the processing facility. Mr. Coose continued that people are having trouble with the new parking lines, and he remembered the Council had asked staff to refresh the existing lines. He noted what happened was the distances were changed, and he has had a number of people complain about them. He noted the fireworks will go off on Saturday night at 11:00.

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Councilmember Kj Harris noted those folks who live in town pay for their water, and if people want to come into town to get water, they are going to have to pay for it. He said maybe we need to get a metered system or something like that set up, but everybody needs to pay for it.

Councilmember Shay said he was delighted to meet with the Prince Rupert delegation at Clover Pass, and it looks like there is a great deal of cooperation between them and Ketchikan in a number of arenas. He thanked everyone who participated. He noted he will be taking a tour of the electrical facilities. He said he will be attending the AML meeting in August in Sitka, and he will be representing the mayor at the mayors' meeting as well as being a member of the AML Board of Directors. He encouraged everyone to read their Touchstone and advise him what we should be pushing for. He thanked the manager for the report on the Niblack Mine, because he felt they would be our fiscal salvation in the future. He informed there would be a benefit for Councilmember Kj Harris at the Moose Club on the 15th.

Councilmember Olsen said there was a Library Building Committee meeting today, and it focused on the LEED Certification. He said it was very productive and informative, and we met all the water remediation issues.

Councilmember West questioned whether there was an ordinance that prohibits the sell-back of power to the utility, and Manager Amylon said it comes into play with the power sales agreement with SEAPA. He said any power has to come from SEAPA other than our existing hydros. He noted none of the utilities have had the opportunity to sit down with SEAPA to flush it out. Ms. West said it seems the Council might request the KPU Advisory Board come up with some kind of conservation campaign or some kind of incentives to have people use heat pumps or alternative energy, as an another way of having additional hands on deck for that. She felt it seems like a rate increase is inevitable, but we should explore other alternatives to mitigate the percentage of what the increase will be.

Councilmember Sivertsen said some years back the operation of using water from the Public Works warehouse was curtailed, not due to the economics, but due to liability. He said with people filling their tanks from the spigot the City can be considered potentially liable. He thought people might still go to their friends and use water, and the amount going outside the City is probably minimal. He thanked the Electric staff for a tour of the facilities, stating it was very informative. He wondered if the City should put out an RFP for the delivery of wood pellets, by figuring out our annual consumption, give them criteria such as delivered and dry, etc. He felt the Council could still discuss the delivery systems as he felt there were some options that are truly very expensive. He noted we have a hook lift truck at the landfill capable of hauling large round containers that has an auger to load stuff. He said we may want to use our own equipment until such time as there is a delivery system in town.

Councilmember Coose felt the Council should ask RISE to pursue grants for the stuff we are doing, because he felt it was a part of the agreement we have with them. He said

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SEAPA voted to have a rebate to the communities, and he said the rebate for Ketchikan was approximately \$800,000. He expressed money was kept in the SEAPA budget for conservation education.

Councilmember Sivertsen continued he has heard a number of comments about the parking lines, and while he understands there are certain standards perhaps some of them are guidelines. He felt we could go back and review what we've done. He didn't feel the City's intent was to go out and ticket people who are over those lines, but rather to have people park orderly so we can get more vehicles in that space.

Mayor Williams said he was thrilled with the State's capital budget, and although he would like to have gotten much more on Whitman he was happy with \$8 million. He said there was a lot of pressure for other projects and he was happy with what we got. He said he and Attorney Seaver discussed the attorney's contract, and there will be a meeting on Friday, July 15 at noon with the committee. He said he wanted to get everything done so at the next meeting it can be approved. He noted Commissioner Mark Lukin of DOT will be in tomorrow. He commented the yellow-painted lines on corners are bad because we lost parking spots. He said he would check on the Public Works water issue.

OTHER NEW BUSINESS – None

EXECUTIVE SESSIONS

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 West, seconded by Sivertsen the City Council declare that consistent with the General Manager's memorandum dated June 29, 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 Shay, KJ Harris, Olsen, West, Sivertsen and Coose voting yea; Jason Harris absent.

The Council recessed into executive session at 9:37 p.m. and reconvened at 9:43 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 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.

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

Moved by Kj Harris, seconded by Shay the City Council declare that consistent with the city manager's memorandum dated June 29, 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 29, 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 labor settlements.

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

The Council recessed into executive session at 9:45 p.m. and reconvened at 10:00 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.

ADJOURNMENT

As there was no further business, the Council adjourned at 10:00 p.m.

Lew Williams III, Mayor

ATTEST:

Katherine M. Suiter
City Clerk

FYI ITEMS INCLUDED

Unapproved Minutes of the June 10, 2011 Ketchikan Gateway Borough/City of Ketchikan Cooperative Relations Committee Meeting