

Special Ketchikan City Council meeting was called to order by Mayor Williams at 7:00 p.m., August 11, 2011, with the following members present: Dick Coose, Jason Harris, Kj Harris, Robert Sivertsen, Marty West, Matthew Olsen (via teleconference) and Jack Shay (via teleconference).

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

Staff present were Manager Amylon, Assistant Manager Martin, Finance Director Newell, Public Works Director Allen, Police Chief Talik, Museum Director Naab, Port and Harbors Director Corporon, Electric Division Manager McConnell, Fire Chief Share and Deputy City Clerk Stanker.

COMMUNICATIONS - None

PERSONS TO BE HEARD

Joe Williams, urged the Council to discuss the legal issues of not replacing Ryus Float. He noted when the large ships were in port, the entrance of Ryus float is completely blocked. He expressed concern regarding the replacement of our wood docks with concrete. He indicated historic Ketchikan had wood docks and streets, and he felt at least part of the new docks should be replaced with wood.

NEW BUSINESS

2012 Budget Preparatory Work Session with the City Council

Mayor Williams suggested going around the table to give everyone a chance to give instruction to staff and state what they would like to see in the 2012 draft budget.

Councilmember Sivertsen indicated he appreciated all the work that goes into the budget documents. He suggested the current capital projects be evaluated, along with building and maintaining reserves. He noted the capital budget will grow and the operational budget will shrink, and was concerned about the future of our employees. He stated with the current economic times, state and federal funding could stop. He concluded we need to make sure our crews are the right size and have the proper equipment to do the maintenance.

Councilmember Kj Harris was concerned with all the money that was being spent. He indicated the new bonding would mean more taxes and the people of this community have enough taxes.

Councilmember West stated her main concerns were the KPU telephone sale that hasn't gone through and the water and wastewater rates. Noting both would increase revenue.

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She felt at this point the Council has a lot of tough decisions before them. She indicated she welcomes the upcoming conversations.

Mayor Williams said he would like to see what the budget would look like keeping all the same services as 2011. He commented we need to look at the water and wastewater costs so it covers the service provided.

Councilmember Coose requested Manager Amylon to offer an explanation of the budget.

Manager Amylon stated the document itself is self-explanatory. He noted the City offers a great variety of services, and maintains a balanced budget without a significant burden on the tax payers. He stated the big challenge before the Council is how to incorporate the additional debt service in the General Fund from the new library and fire station. He felt at the same token the KPU side has the potential loss of revenue from the Telecommunication Division due to pending reforms and universal service funding. He concluded there will be an additional debt service from the Whitman Lake Hydroelectric Project.

Finance Director Newell concurred with Manager Amylon's comments and indicated if the sales and property tax base were increased, the increase in debt services for the fire station and the library would not be as big of an issue. He noted the bottom line is with the additional debt service being added to the General Fund, we will be drawing down on the reserves at some point.

Councilmember Coose was not in support of any tax increases with regard to the mill rate. He stated we still need to be cutting back on reserves. He felt there were several capital projects that could be delayed. He was concerned regarding the water and wastewater rates not supporting themselves. He indicated the landfill cost could be cut to offset a rate increase in the Water and Wastewater Divisions. He concluded the Community Agency Program has to have a set amount of money, and a set process for the distribution of funds.

Councilmember Jason Harris stated his concern regarding the budget is what the main items are that City government has to provide to the community. He indicated the need to project out for the next few years, prioritize and stick to those projects, then move forward. He concluded with the need to develop a list of needs and wants, and as time goes on phase the wants in as funds become available.

Councilmember KJ Harris requested information regarding our current debt service. Mayor Williams requested information as to retiring debt service. Manager Amylon stated no debt is retiring in the General Fund, but on the KPU side there is one issue that will be retiring in two years. Mayor Williams requested specific information on retiring projects.

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Finance Director Newell answered question from the Council regarding the debt service that would be retiring.

Mayor Williams indicated he really liked Councilmember Jason Harris's idea on prioritizing our capital projects. He also liked Councilmember Coose's idea on what kind of relief we could do on the landfill.

Councilmembers Olsen and Shay lost telephone connection at this point in the meeting.

Mayor Williams called a short break at 7:30 p.m. and reconvened at 7:35 pm.

Clerk's Note: (Councilmember Olsen indicated he was listening on line and would email his comments in. He did not rejoin the meeting at this time).

Councilmember Shay stated the projected reserves and recommended minimums seemed rational. He was concerned about the looming debt and debt retirement. He was grateful for the information given in their packet regarding the capital improvement program. He concluded that things were going fairly well, but we need to take a serious look at our current projects and costs.

Councilmember Coose didn't see the need to keep \$2.5 million in the Public Works Sales Tax Fund. He stated that was basically equivalent to a one year budget and wanted some justification for it to remain there. He was concerned about the capital project under KPU for a 4G mobile plan, stating we need to see a good business plan to make sure it's cost effective before we move in this direction. He had concerns regarding the new library design with the high ceilings and large amounts of glass and indicated it would be a good time for Council to look at that so we don't end up over budget with a library we can't afford. He indicated the building needs to be clean and simple.

Mayor Williams spoke regarding the Public Works Sales Tax going into the General Fund to offset the need to raise property taxes.

Councilmember Kj Harris indicated he was looking forward to the next session.

Councilmember Jason Harris questioned staff as to whether Council should prioritize the capital project list for 2012 now or give direction to staff and come back in another special meeting.

Manager Amylon indicated 2012 budget presented today will be close to what staff will present for the 2012 budget. He noted things could be added or removed from the list presented today as a result of prioritizing needs or resources that may not available.

Mayor Williams gave direction to staff to bring back a budget of the same service level. He definitely wants to look into service cost cuts at the landfill to offset water and wastewater increases. He suggested pulling the destruction of condemned buildings in

town for now. He noted the retiring debt service will help with the additional Whitman Hydroelectric Project cost.

Councilmember Jason Harris indicated there must be other options for removing the condemned buildings, and gave requested City Attorney Seaver look into it.

Public Works Director Allen answered question from Council.

Manager Amylon made reference to Councilmember Coose's comment regarding the cost estimates of the new library regarding the foundation and the boiler system, as well as any discrepancies between what was designed and the estimate provided by the architect and Dawson. He indicated the Library Building Committee will be meeting next week to review some of these issues and will offer recommendations to Council for input.

MAYOR AND COUNCIL COMMENTS

Councilmember Coose referenced Mr. Williams comments on Ryus Float and wondered if we should consider eliminating Ryus Float all together.

Port and Harbors Director Corporon answered questions from Council.

Councilmember Coose continued regarding the increased cost of the wood pellet heating system for the new library and requested the additional cost come from an expert.

Councilmember Jason Harris made reference to a comment made in recent editorial regarding his unwillingness to move forward with renewable energy. He stated he was not against renewable energy, but there were a lot of discrepancies and felt he had presented an option to move forward until the discrepancies could be resolved.

Councilmember Sivertsen indicated he made phone calls regarding the cost of installing and maintaining a pellet stove, and was provided information that was not provided by our paid consultants. He continued he would like to see a balanced budget and understood the need to hold reserves, but they need to be reasonable.

Councilmember Shay urged everyone to attend the meeting on energy efficiency at the Robertson Building tomorrow.

Mayor Williams questioned prior legal issues regarding Ryus Float. Manager Amylon indicated there were some legal implications with the land that was given to the City. He stated he would have to talk with the city attorney and come back with a report for Council.

Mayor Williams noted it was election time and urged persons to run for City Council. He also referenced a meeting he had with SEAPA and noted a report would be forth coming regarding new projects for the future.

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ADJOURNMENT

As there was no further business, the Council adjourned at 8:00 p.m.

Lew Williams III, Mayor

ATTEST:

Kim Stanker
Deputy City Clerk