

Regular Ketchikan City Council meeting was called to order by Mayor Williams at 7:00 p.m., September 15, 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 Assistant Manager Martin, Finance Director Newell, City Attorney Seaver, Acting Police Chief Dossett, Public Works Director Allen, Electric Division Manager McConnell and City Clerk Suiter.



**PUBLIC HEARING ON RESOLUTION NO. 11-2418 –
AMENDING THE 2011 GENERAL GOVERNMENT BUDGET –
FIRE DEPARTMENT-\$53,460, LIBRARY DEPARTMENT- \$3,300,
AND HARBOR DEPARTMENT-\$105,000**

Mayor Williams called the public hearing on Resolution No. 11-2418 to order at 7:01 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: an updated Ordinance No. 11-1679; an announcement regarding the selection of a new library director; a correction for the agenda item regarding the shipyard electric rate; a notice of the retirement of the Telecommunications Division manager; and an item reporting on a landslide at the Granite Basin Diversion Dam.

PERSONS TO BE HEARD

Kathleen Light, speaking on behalf of the Ketchikan Area Arts and Humanities Council, handed out material relating to the upcoming Torch Nights Series and updated the Council on events taking place in the arts community. She concluded by noting that more people in Ketchikan attend arts-related events than the national average, stating that people in Ketchikan really support the arts.

Lallete Kistler, representing the Performing Arts Center, requested the Council put the Performing Arts Center on the CEDS list. She felt this would help in obtaining other grants needed to finish the center. She related progress made to date, and cited the ways

the facility will be used. She answered questions from the Council, saying the total cost of the project is about \$5.2 million and they have raised approximately \$1.2 million.

CONSENT AGENDA

Mayor Williams suggested moving several items to the Consent Agenda, including: the emergency fix to the City-owned retaining wall at 1819 Second Avenue; the resolution amending the 2011 General Government Budget; the easement at the Main School parking lot; the resolution relating to the draft 2012-2015 STIP; and the financial and compliance audit for the year ending December 31, 2011. He asked if there were any objections.

Councilmember West felt the item relating to the emergency fix to the retaining wall should remain in New Business. No other objections were heard.

Approval of Minutes

Moved by Jason Harris, seconded by West approval of the minutes of the special meeting of August 11, 2011.

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

**Budget Transfer – Information Technology Department
Travel and Training Account**

Moved by Jason Harris, seconded by West the City Council authorize the city manager to transfer \$3,000 from the 2011 Information Technology Department’s Contract Services Account No. 53 to the Information Technology Department Travel and Training Account No. 27.

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

**Resolution No. 11-2418 – Amending the 2011 General
Government Annual Budget to Provide Supplemental
Appropriations for the Fire Department - \$53,460; the
Library Department - \$3,300; and the Harbor
Department - \$105,000**

Moved by Jason Harris, seconded by West the City Council approve Resolution No. 11-2418 amending the 2011 General Government Annual Budget to provide for supplemental appropriations for the Fire Department in the amount of \$53,460, the Library Department in the amount of \$3,300 and the Harbor Department in the amount of \$105,000; and establishing an effective date.

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

Negotiation of Easements at Main School Parking Lots – Edmonds Street

Moved by Jason Harris, seconded by West the City Council rescind the motion from October 5, 2000 regarding the negotiation of easements to the Main School Parking Lot walkway; exempt the exchange of a 5'0" portion of USS 437, Block 16, Lot 7 for a separate 5'0" portion of USS 437, Block 16, Lot 5-A from competitive bidding as provided by Ketchikan Municipal Code 3.12.060(d)(1); and direct the city manager to notify the property owners of their responsibility to fund appraisal of the property, plus survey, platting, recording and other costs attendant to the transaction.

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

Resolution No. 11-2419 – Addressing the Draft 2012-2015 Alaska Statewide Transportation Improvement Program (STIP); Requesting Additions to the Draft STIP

Moved by Jason Harris, seconded by West the City Council approve Resolution No. 11-2419, endorsing the inclusion of local projects in the Draft 2012-2015 STIP, requesting the inclusion of projects evaluated by the Project Evaluation Board, and requesting additional funding be allocated towards the Off-System Bridges and Trestles to perform actions as enumerated by the Memorandum of Agreement between the State of Alaska Department of Transportation & Public Facilities and the City of Ketchikan; and establish an effective date.

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

Financial and Compliance Audit for the Year Ending December 31, 2011 – Mecham, Richardson and Company

Moved by Jason Harris, seconded by West the City Council approve a single-year contract with Mecham, Richardson and Company in the amount of \$60,000 for a financial and compliance audit for the year ending December 31, 2011; establish a \$3,500 contingency; and authorize the city manager to execute the contract on behalf of the City Council.

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

UNFINISHED BUSINESS

Ordinance No. 11-1679 – Amending Ketchikan Municipal Code Section 3.04.100 Entitled “Exemptions” by Adding a New Subsection (aa) Concerning a Sales Tax Exemption for Sales by Nonprofit Organizations – Second Reading

Copies of Ordinance No. 11-1679 were available for all persons present.

Moved by Sivertsen, seconded by Jason Harris the City Council approve in second reading Ordinance No. 11-1679 amending KMC Section 3.04.100 entitled “Exemptions” by adding a new subsection (aa) concerning a sales tax exemption by nonprofit organizations; and providing for an effective date.

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

NEW BUSINESS

Presentation to the City Council – Partial Personal Property Tax Exemption – Ronald Brown, Ketchikan Gateway Borough Director of Assessment

Ronald Brown, Director of Assessment for the Ketchikan Gateway Borough, presented the Council with a proposal for a partial personal property tax exemption. He provided a package relating to partial personal property tax exemption possibilities. He included figures in the material relating to the effect of different levels of exemption, noting that even a small exemption would relieve his office of much work as small accounts generate the most work. He felt a tax exemption would help business startups. He answered questions from the Council.

Mayor Williams said he would request staff provide information during budget deliberations. He asked if councilmembers had any issues with that, and no objections were heard.

Councilmember Olsen said he would like to see this tied to some of the funding for the new library. He felt there was an outstanding issue where currently the Borough kicks in partial funding for operation of the library, but as soon as we secure the bond it would be appropriate the Borough start picking up some of that tab. When he asked if staff could begin negotiations with the Borough regarding the subject, Councilmember Coose pointed out the Cooperative Relations Committee is looking at it.

Update from Councilmember Shay Relative to the Funding of Community Agencies

Councilmember Shay said the committee tasked with this subject has been working hard, and the initial thought is to put a certain amount in the budget for the purpose of funding community agencies.

Councilmember Sivertsen reported the committee has worked hard to bring in a policy that works for funding of the agencies. He pointed out the Council has to decide if it wants to continue to fund the agencies, and if they do he felt the process would keep it away from budget time, allow flexibility and input. He thought the amount to go into that account would be established by Council action at budget time. He said this is the time to bring the policy forward for approval, and there will be a copy of it in the next packet.

Failed City-Owned Retaining Wall at 1819 Second Avenue – Declaration of Public Emergency

Moved by West, seconded by Olsen pursuant to paragraph (7) of Section 3.12.050 of the Ketchikan Municipal Code, the City Council declare the failed retaining wall above 1819 Second Avenue as a public emergency; direct the assistant city manager to proceed with the procurement of such contractors, equipment and materials as necessary to repair the area in question; and approve funding in the amount of \$36,000 from the 2011 Water/Tremont Streets Stabilization Capital Project.

Assistant Manager Martin and Public Works Director Allen answered questions from the Council, pointing out there are other areas in town that may fail such as this.

Councilmember Sivertsen expressed his feeling that we have a tremendous amount of large, complicated projects. He felt the engineering staff is doing a very dedicated job to try to manage them but there are a lot. He expressed the Council needs to sit down with staff to figure out priorities through the engineering department to try to continue to be on top of the infrastructure issues and the day-to-day engineering challenges for the maintenance department. He said larger capital projects eat up a lot of time, and staff work on them for 1 – 1½ years. He felt the Council should be looking at contracting some of that out. He said they do a fine job, but they are overwhelmed.

Mayor Williams said during budget time the Council can look at what the projects are, prioritize which ones money can be put into to have somebody on the outside do some engineering so staff can focus on some of the smaller ones.

Public Works Director Allen pointed out much of the funding availability hinges on shelf-ready projects, so this would be helpful.

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

**City Council Discussion Relative to the Appointment of a
City Councilmember to the Ketchikan General Hospital
Governing Board – Councilmember Jason Harris**

Councilmember Jason Harris said he has been to hospital administration on several occasions and requested through staff that the City have a seat on the governing board of the hospital. He noted early on when he first got on the Council, it was frustrating that we were in a substantial lawsuit over the hospital building and issues we were having with the contractor. He felt there was a disconnect between the Council and hospital administration in the respect of their ability to function as a tenant in that building. He felt it was important that the Council and the governing board have a similar mindset as to where things need to go. He requested the Council help make a bigger statement that it is important to have a better working relationship by having someone on the hospital governing board. He said it is even more crucial to have someone on the governing board with the pending bond issue. He expressed disappointment this hasn't happened before now, and that there hasn't been a better working relationship before this. He noted no PeaceHealth officials were available to attend the meeting, which was unfortunate. He concluded there really needs to be an improved working relationship with the hospital.

Councilmember Kj Harris volunteered to be appointed. Mayor Williams said it would be appropriate to direct the manager to formerly invite Mr. Branco to discuss the issue at a meeting.

Moved by Sivertsen, seconded by Jason Harris the City Council direct staff to pursue the recommendation to have a member of the Council added to the hospital's governing board.

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

**Contract No. 11-38 – City-Wide Water, Sewer and Storm
Drainage Replacement and Improvement Design Project
Priority List**

Moved by Shay, seconded by West the City Council accept the projects identified in the assistant city manager's report dated September 8, 2011 for incorporation into Contract No. 11-38, City-Wide Water, Sewer and Storm Drainage Replacement and Improvement Design; with such other revisions as deemed appropriate by the City Council.

The identified projects included:

- Schoenbar Road Water and Sewer Mains Replacement Project (Valley Forge – Park Avenue)
- Park Avenue and Harris Street Water and Sewer Mains Replacement Project (Bawden – Freeman Street)
- First Avenue and Madison Street Water and Sewer Mains Replacement Project
- Adams Street Water and Sewer Mains Replacement Project (Third Avenue – Fourth Avenue)

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- Second Avenue Water and Sewer Mains Replacement Project (Elliot Street – Adams Street)
- Wastewater Treatment Plant A Forcemain Replacement and Flow Meter Installation Project
- Chatham Avenue Water, Sewer and Stormdrainage Replacement Project (Hill Road – Denali Street)
- East Branch of Hilltop Drainage Project (Carlanna – Baranof)
- West Branch of Hilltop Drainage Project (Baranof – Ravine)
- Hilltop (Hill 1, Hill 2A) Drainage Project (ravine to Landing Hotel & Restaurant)
- Dunton Street Water and Sewer Mains Replacement Project (Schoenbar – Dunton Viaduct)
- Woodland Avenue Sewer and Water Mains Replacement Project
- Revetment Way Sewer Main Replacement Project
- Salmon Row Sewer Main Replacement Project
- Valley Forge Drive Drainage Improvements Project
- Ketchikan Lakes Road at Lotus Street (Ketch-4) Drainage Project
- Peterson Street Water and Sewer Mains Replacement Project
- Woodside Drive Sewer and Water Main Replacement Project
- East Fairy Chasm Sewer and Water Main replacement Project
- Brown Deer Road at Fairy Chasm (Schoen-1) Drainage Project
- Lund, Millar, Gorge, Sales Water and Sewer main Replacement Project
- Water Street Water and Sewer Main Replacement Project
- Young Street and Warren Street Water, Sewer and Stormdrainage Replacement Project
- Water-8 Jim Creek Inlet Access Project
- Tongass Avenue Phase III (Third Avenue – Tremont Street) Water and Sewer Mains Replacement Project
- Hemlock Street, First Avenue, Second Avenue and Third Avenue Sewer Replacement Project
- Second Avenue, Monroe Street and 1½ Alley Sewer Replacement Project
- Arm-11: Pipe at KPU Telecommunications
- Arm-7: Fifth Avenue at Holy Name
- Nadeau Water and Sewer Mains Replacement Project
- First Avenue Water and Sewer Mains Replacement Project (White Cliff – Adams)
- New-12: 1712 First Avenue Under Tongass Drainage Improvement Project
- Mid-Block Second and First Avenues at Austin Sewer Replacement
- Front and Mill Streets Water and Sewer Projects
- Stedman Street Utilities Replacement (Deermont – Mill)
- Grant Street and Bawden Street Sewer Replacement (Edmonds – Schoenbar Trail; Pittinger – Park Avenue)
- Downtown Residential District Sewer Mains Project (Pine, Upper Front, Revilla, Main, Cedar, etc.)
- Downtown Commercial District Sewer Replacement Project (Dock, Mission, etc.)
Brown Way Water, Sewer and Staircase Replacement
- Carlanna Lake Road and East First Street Water and Sewer Mains Replacement Project
- Buren Road Sewer Replacement Project (Arnold – Denali)
- Baranof Avenue Water and Sewer Mains Replacement Project (Jackson Street – Carlanna Lakes Road)
- Denali Avenue Sewer and Water Replacement Project (Hill – Evergreen)
- Heckman Drain at Tongass (Hec-2) Drainage Project
- Arnold Avenue and Anderson Street Sewer, Water and Stormdrainage Project
- Hill-3 East Branch Hilltop Drainage Project (Downstream of Baranof Avenue)
- Hill-5, Hill-8: 48” CMP Hawkins – Baranof Project
- Shoreline Phase I Utilities Extension Project (design completion)

Assistant Manager Martin said one of the bigger parts of this is to identify the project areas that are shown. He pointed out the CIP list at the back of the packet that has years attached to the list.

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

Declaration Establishing a Sales Tax Holiday on October 15, 2011

Moved by West, seconded by Sivertsen pursuant to Section 3.04.035 of the Ketchikan Municipal Code, the City Council declare a Sales Tax Holiday on October 15, 2011 and suspend the collection of the sales tax on goods and services during the Sales Tax Holiday as outlined in the finance director's report dated September 9, 2011.

Councilmember Olsen expressed concern about the numbers behind this action. He said the Tax Committee has had two meetings about this, and the City members have both times requested information from Borough staff. He reported the closest thing they can provide is Wrangell lost \$22,000 in sales tax revenue over a two-day weekend back when the northern route of the Inter-Island ferry was open. He continued we are not sure how much we will lose and he would feel better if he knew. He said Mr. Brown's report was excellent and we have the information in front of us that we can use to make an informed decision.

Moved by Olsen, seconded by Jason Harris to amend by removing the suspension from all sales tax occurring from the sale of alcohol and tobacco.

Motion to amend passed with Kj Harris, Coose, Sivertsen, West, Shay, Olsen and Jason Harris.

Discussion was held relative to the time frame needed by merchants regarding making changes to implement the sales tax holiday. City Attorney Seaver answered questions from the Council.

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

Alaska Ship and Drydock Rate Change Calculations for October 1, 2011

Moved by Olsen, seconded by West the City Council approve the adjusted electric rate calculations effective October 2011 between Ketchikan Public Utilities and Alaska Ship and Drydock pursuant to the Power Sales Agreement.

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

VOUCHERS

Moved by West, seconded by Olsen for approval of vouchers to Ketchikan Daily News in the amount of \$2,154.59.

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

CITY MANAGER'S REPORT

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

Assistant Manager Martin included a report that summarizes the Jackson/Monroe Streets & 4th/7th Avenues Reconstruction Project activities during the month of August.

Contract No. 10-30 (One Hundred Percent Design of the Ketchikan Public Library Project) Update – Minutes of Weekly Design Progress Meeting Nos. 20, 21 and 22

Assistant Manager Martin copied the Council with the minutes of Weekly Design Progress Meeting Nos. 20, 21 and 22 that were held in Ketchikan/Anchorage/Bellingham on August 23 and 30, and September 6, 2011 for Contract No. 10-30, One-Hundred Percent Design of the Ketchikan Public Library Project.

Contract No. 10-31 – (Construction Manager/General Contractor Construction Services for the Construction for a New Municipal Fire Station) Update – Minutes of Weekly Construction Progress Meeting No. 21, 22 and 23

Assistant Manager Martin advised Weekly Construction Progress Meeting Nos. 21, 22 and 23 were held in Ketchikan/Anchorage/Bellingham on August 23 and 30, and September 6, 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.

2011 Sales Tax Report No. 5

Assistant Manager Martin provided for Council review Report No. 5 from Finance Director Newell regarding the sales tax collections for 2011.

Comments to ADOT/PF Relative to the 2012-2015 STIP

Assistant Manager Martin transmitted comments to the Council that were filed with the Alaska Department of Transportation and Public Facilities regarding three of the City's projects that did not make it into the 2012-2015 STIP.

Relative to the Waterfront Promenade Project, Councilmember Coose expressed he felt the delay in this project was our problem. Assistant Manager Martin disagreed, citing a significant amount of discussion relative to easements and changes, and getting what is needed from various property owners to move the project forward. He said Engineering technician Barry has been on top of it since the beginning and staff has done everything possible to get the project done. He felt the matter was whether the City would get what is needed to build the project. Mr. Coose commented on the issue being the ownership of the retaining wall, and the stakes in the ground show it is not the property owners. He felt if it fails, it is our fault.

Mayor Williams said it goes back to a former attorney, and City staff has always maintained the retaining wall is not the City's property.

2011 Cruise Ship Passenger Traffic Update No. 2

Assistant Manager Martin included a memorandum from Finance Director Newell regarding cruise ship passenger counts through August 28, 2011.

Public Works Department Project Status Report – August 2011

Assistant Manager Martin provided the August 2011 Project Status Report for the Public Works Department.

Draft SFY 2013 ADEC Municipal Matching Grant Project Scoring

Assistant Manager Martin copied the Council with a memorandum from Public Works Engineering Technician Barry transmitting the State ADEC comments on projects for the SFY 13 Municipal Matching Grant Program.

New Library Director

Assistant Manager Martin informed the Council that an offer of employment has been accepted by Ms. Linda Gens of Guthrie, Oklahoma for the position of library director. He cited the compensation package.

K.P.U. MANAGER'S REPORT

Project Status Reports of the KPU Operating Divisions – August 2011

Assistant Manager Martin supplied the project status reports for the KPU operating divisions for the month of August 2011.

**Notice of Retirement – Telecommunications Division
Manager Van Abbott**

Assistant Manager Martin notified the Council that Telecommunications Division Manager Van Abbot will be retiring as of December 30, 2011, although he will be on vacation leave starting September 24, 2011.

**GraniteBasin Diversion Dam Landslide and Response
Action**

Assistant Manager Martin transmitted a memorandum from Electric Division Manager McConnell detailing the sequence of events and responses to the recent landslide at the Granit Basin Diversion Dam. He commended KPU Electric Division staff and Pool Engineering for their rapid response to the weather related event.

CITY CLERK'S FILE – None

CITY ATTORNEY'S FILE – None

FUTURE AGENDA ITEMS

Councilmember Shay requested the item of including the Performing Arts Center on the CEDS list be added to the next agenda.

Councilmember Olsen requested either a full meeting during budget session to discuss Public Works, or possibly a special meeting.

MAYOR AND COUNCIL COMMENTS

Councilmember Jason Harris requested an update on the permitting process. Assistant Manager Martin said the next part is to meet with the stakeholders, the contractors, and the Homebuilders Association. He said the intent is to schedule that meeting sometime in October after the construction season ends.

Councilmember Kj Harris reminded all it is voting time, and no matter who you vote for, get out there and vote. He indicated he would like to see more than a 20% turnout.

Councilmember Shay reported he attended the Board of Directors meeting of AML, where Coastal Zone Management was discussed. He said he attended the Southeast Conference, where the agenda was very full. He commented on several items he received at the conference. He said there was a big push to put maritime industries into the economic arena, and pellets were discussed. He noted there was a big Prince Rupert delegation in attendance. He said the Niblack Mine was essentially going forward, as was the Bokan Mountain. He felt both would be essential to our economy. He noted he

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attended the dedication of the ferry terminal improvements, which has been named the Wally Kubley Ferry Terminal.

Councilmember West wished Mr. Abbott well in his retirement, and she was sorry we were not able to hire locally for the new library director. She reported there are disaster preparedness classes tomorrow and Saturday, details of which are in the newspaper. She commended Public Works Director Allen for their hard work in challenging times. She expressed lack of understanding and frustration as to why locals must incur debt when the state has billions of dollars.

Mayor Williams said he attended Southeast Conference, and discussed issues with the mayor of Juneau. He noted there is a special meeting scheduled for Thursday relative to the library foundation.

OTHER NEW BUSINESS – None

EXECUTIVE SESSIONS – None

ADJOURNMENT

As there was no further business, the Council adjourned at 8:35 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 August 2011