

Regular Ketchikan City Council meeting was called to order by Mayor Williams at 7:02 p.m., October 20, 2011, with the following members present: Sam Bergeron, Dick Coose (via teleconference), Kj Harris, Matthew Olsen, Jack Shay, Robert Sivertsen (via teleconference) 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, Library Director McQuerry, Marketing Manager Cushing, Port and Harbors Director Corporon, Public Works Director Allen, Electric Division Manager McConnell and City Clerk Suiter.

COMMUNICATIONS

Mayor Williams said there were items on the table, including: SLR Corporation's 40 CFR 63 Subpart ZZZZ Compliance Strategy for the Bailey Power Plant and a resignation letter from Library Director McQuerry.

PERSONS TO BE HEARD

Library Director McQuerry introduced the new Library Director, Linda Gens. Ms. Gens said she is happy to be here and it has been great getting to know people and the library.

Dave Hashagen spoke regarding Ordinance No. 11-1682, expressing concern related to visitors on a person's vessel and their conduct. He also felt reference to boat owners who were under the influence was specifically aimed at the commercial fishing industry.

Patti Mackey, President and CEO of the Ketchikan Visitors Bureau, said she is available to answer any questions when the item regarding the KVB building is discussed.

CONSENT AGENDA

Mayor Williams asked if there were any objections to moving the item regarding the award of the Electrical Digger Derrick Truck to Terex Utilities, Inc. to the Consent Agenda, and none were heard.

Approval of Minutes

Moved by West, seconded by Shay approval of the minutes of the regular meeting of October 6 and special meetings of October 10, 2011.

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

Resolution No. 11-2422 – Authorizing an Application for Additional Denali Commission Grant Funding for Design of a Drive-Down Ramp

Moved by West, seconded by Shay the City Council approve Resolution No. 11-2422 authorizing an application for additional Denali Commission grant funding for design of a drive down ramp; and establishing an effective date.

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

Ordinance No. 11-1683 – Repealing Subsection (a)(2) of Section 13.09.010 of the Ketchikan Municipal Code Entitled “Designated Penalty for Violation” Relating to Access to the Port of Ketchikan; Renumbering Existing Subsections (3) Through (26) of that Subsection as Subsections (2) Through (25) – First Reading

Copies of Ordinance No. 11-1683 were available for all persons present.

Moved by West, seconded by Shay the City Council approve in first reading Ordinance No. 11-1683 repealing subsection (a)(2) of Section 13.09.010 of the Ketchikan Municipal Code entitled “Designated-Penalty for Violation” relating to access to the Port of Ketchikan; renumbering existing Subsections (3) through (26) of that subsection as Subsections (2) through (25); and establishing an effective date.

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

Revised Change Order No. 2 to Contract No. 10-31, Construction Manager/General Contractor Construction Services for the Construction of a New Fire Station – Dawson Construction, Inc.

Moved by West, seconded by Shay the City Council rescind its October 6, 2011 approval of Change Order No. 2 in the amount of \$54,133 to Contract No. 10-31, Construction Manager/General Contractor Construction Services for the Construction of a New Municipal Fire Station, between the City and Dawson Construction, Inc.; approve Revised Change Order No. 2 in the amount of \$56,133 to Contract No. 10-31; authorize funding from the 2011 Main Street Fire Station Replacement Capital Account; and direct the city manager to execute the revised change order on behalf of the City Council.

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

Corrected Right-of-Way and Utility Easements Between the City and the Great Alaskan Lumberjack Show, LLC and the Wharf, LLC and Easements for Utility Line between Ketchikan Public Utilities and the Great Alaskan Lumberjack Show, LLC and John R. Dawson

Moved by West, seconded by Shay the City Council approve Corrected Right-of-Way and Utility Easements between the City and the Great Alaskan Lumberjack Show, LLC and the Wharf, LLC and Easements for Utility Line between Ketchikan Public Utilities and the Great Alaskan Lumberjack Show, LLC and John R. Dawson and authorize the city manager to execute the documents on behalf of the City Council.

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

Budget Transfer – Bids for Contract No. 11-42, Electrical Digger Derrick Truck, Terex Utilities - \$288,940

Moved by West, seconded by Shay the City Council accept the bid of Terex Utilities, Inc. in the amount of \$288,940 for Contract No. 11-42, Electrical Digger Derrick Truck; authorize a budget transfer in the amount of \$13,940 from the Electric Division's 2011 Additional Projects Capital Account to the Vehicle & Moving Equipment Capital Account; approve funding in the amount of \$288,940 from the Electric Division's 2011 Vehicle & Moving Equipment Capital Account; and direct the general manager to execute the contract documents on behalf of the City Council.

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

UNFINISHED BUSINESS

Ordinance No. 11-1682 – Adding New Provisions To and Amending Title 13 Entitled “Port of Ketchikan” and Title 14 Entitled “Boat Harbor Facilities Code” of the Ketchikan Municipal Code – Second Reading

Copies of Ordinance No. 11-1682 were available for all persons present.

Moved by West, seconded by Kj Harris the City Council approve in second reading Ordinance No. 11-1682 adding new provisions to and amending Title 13 entitled “Port of Ketchikan” and Title 14 entitled “Boat Harbors Facilities Code” of the Ketchikan Municipal Code; and establishing an effective date.

Port and Harbors Director Corporon answered questions from the Council.

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

Ordinance No. 11-1678 – Approving a Lease Agreement Between Ketchikan Public Utilities and Alascom, Inc. for Certain Real Property Located at 2900 Tongass Avenue, Ketchikan, Alaska – Second Reading

Copies of Ordinance No. 11-1678 were available for all persons present.

Moved by West, seconded by Coose the City Council approve in second reading Ordinance No. 11-1678 approving a lease agreement between Ketchikan Public Utilities and Alascom, Inc. for certain real property located at 2900 Tongass Avenue, Ketchikan, Alaska; providing for the filing of referendum petitions; and establishing an effective date.

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

NEW BUSINESS

Resolution No. 11-2425 – Recognizing Judith McQuerry for Her Years of Service at the Ketchikan Public Library

Moved by Olsen, seconded by Shay the City Council approve Resolution No. 11-2425 recognizing Judith McQuerry for her years of service at the Ketchikan Public Library; and establishing an effective date.

Susan Fisher, representing Friends of the Library, endorsed the resolution and spoke to Ms. McQuerry's hard work on behalf of the library.

Ms. McQuerry said she would never have believed 32 years ago she would still be here. She said she is very much looking forward to being a patron at the new public library, although she will volunteer to participate in Story Time.

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

Ordinance No. 11-1684 – Amending Section 13.10.030 of the Ketchikan Municipal Code to Reduce the Passenger Wharfage Fees – First Reading

Copies of Ordinance No. 11-1684 were available for all persons present.

Moved by West, seconded by Sivertsen the City Council approve in first reading Ordinance No. 11-1684 amending Section 13.10.030 of the Ketchikan Municipal Code to reduce the passenger wharfage fees; and establishing an effective date.

Councilmember Bergeron said he would like additional information about what the City's wharfage fees and head taxes are compared to other ports on the West Coast. He felt the City's taxes and fees are some of the lowest in the western hemisphere, and without going through the budget and hearing other demands that we have on the Port Enterprise Fund that it would warrant continuing on with the revenue.

Moved by Bergeron, seconded by Shay to defer this until the second regular Council meeting in November.

Motion to defer passed with Shay, Harris, Olsen, West, Bergeron, Sivertsen and Coose voting yea.

Ordinance No. 11-1685 – Approving Cooperation Agreement Between the Ketchikan Gateway Borough, the City of Ketchikan and the Ketchikan Indian Community Authorizing a Payment In Lieu of Taxes – First Reading

Copies of Ordinance No. 11-1685 were available for all persons present.

Moved by West, seconded by Shay the City Council approve in first reading Ordinance No. 11-1685 approving a cooperation agreement between the Ketchikan Gateway Borough, the City of Ketchikan and the Ketchikan Indian Community authorizing a payment in lieu of taxes; providing for the filing of referendum petitions; and establishing an effective date.

Moved by Bergeron, seconded by Shay to defer until the first meeting in November.

He clarified the information he wanted was to see why this was fair and equitable, and the limited information presented did not allow him to do that.

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

Phase Two of the Berths I and II Replacement Project – Disposition of the Ketchikan Visitors Bureau Building

Moved by Coose, seconded by Bergeron the City Council defer consideration of this item until the second meeting in November or special meeting prior to that if it can be arranged.

After discussion, Mayor Williams said a special meeting would be scheduled for November 10, 2011.

Motion to defer passed with Harris, Coose, Sivertsen, West, Shay, Olsen and Bergeron voting yea.

Amendment No. 2 to Contract No. 11-27, Construction Manager/General Contractor Services for the Construction of a New Municipal Public Library – Dawson Construction, Inc.

Moved by Olsen, seconded by Bergeron the City Council approve Amendment No. 2 to Contract No. 11-27, Pre-Construction Phase Services and Construction Phase Work for the Ketchikan Public Library, between the City and Dawson Construction, Inc.; increase the Guaranteed Maximum Price by \$8,684,226 from \$107,991 to \$8,792,217; authorize funding from the Library Department's 2011 Facilities Replacement Capital Account; and direct the city manager to execute Amendment No. 2 on behalf of the City Council.

Councilmember Bergeron questioned the viability of the proposed pellet storage area, and said he would like to work with management and the architect to look at other avenues to avoid a stand up silo in front of the library or underground storage.

Laura Medford addressed the Council on behalf of the Library Building Committee, congratulating the Council for reaching this milestone. She outlined the goals accomplished to date.

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

The Council took a short break at 8:05 p.m. and reconvened at 8:10 p.m. Councilmember Sivertsen signed off the teleconference during the break.

KPU Sales, Marketing & Customer Service Division

Manager Amylon reminded the Council of its action to reorganize the sales and customer service efforts of the Telecommunications Division as well as relocating staff to the Plaza location. He felt the results that will be shown tonight from Mr. Cushing are a real tribute to the front line people in the Marketing and Telecommunications Divisions.

Sales, Marketing & Customer Service Division Manager Cushing addressed the Council, and handed out a graph tracking complaints received, business phone sales and IPTV sales. He explained the elements that make up the graph, tying in specific milestones with dates. He said essentially what the graph says is the results are fantastic and even unprecedented. He pointed out none of it would have been possible without the vision of Van Abbot as to what it would take for these offerings. He also said the results are the result of a culture change at KPU, and now every day is a full and busy day. He encouraged the Council if they run into any employees from Teleco or marketing, to

thank them for what they do because they produce results. Mr. Cushing answered questions from the Council.

Manager Amylon updated the Council on Universal Service support and the effects on the Telecommunications Division revenue and any potential buyer. He answered questions from the Council.

Councilmember Coose commented he would like to see a proprietary five-year business plan from what it is and what we're going to have to invest in this, and what our net income is going to be. He felt this would be important as we look at the division long range.

Air Quality Compliance Strategy Report

Manager Amylon reminded the Council there were some pretty onerous federal regulations that are on the horizon that the City will need to comply with relative to emission standards at the Bailey Power Plant and North Point Higgins.

Senior Project Engineer Holstrom reminded the Council approved in July a contract with SLR Corporation to develop a strategy for compliance with the new EPA carbon monoxide emissions limits. She noted they have just completed their report, and introduced Mr. Al Trbovich.

Mr. Trbovich outlined events that brought the EPA to the point of issuing the regulations, and said their analysis shows that the four large engines at the Bailey plant are under this rule, which will require compliance by May of 2013. He reported the direction from EPA was to reduce CO emissions by at least 70%, and to do that emission control technology must be installed. He explained the cost for doing this for all four engines means a cost along the lines of \$1.5 million.

Mr. Trbovich continued to explain a couple of actions taken, one of which was to send a letter to the administrator of EPA Region 10 in Seattle asking him to make a determination that the Bailey Plant engines are emergency engines, which are not subject to the controls. He felt the definition of the rule was probably broad enough that if the administrator wanted to use his discretion, he could make that determination. He explained the other thing that has been done was to write a letter to the Office of Air Quality Procedures and Standards in North Carolina, asking them to reconsider the rule as it applies to plants that are situated in a rural community and somewhat isolated. He didn't know if they would be successful in getting EPA to re-write the rule, but it was worth asking the question.

Failing those two efforts, Mr. Trbovich said that under the rule the City will be required to make the investment and to install the equipment no later than May 2013. In response to Mayor Williams, he felt the EPA was pretty good at responding within a month to six weeks. He noted the intent is to followup to make sure the letter was received, and to push a little bit. He felt the turn around time for OAQPS was probably a little longer

because they work slower, and he said followup would be made. Manager Amylon noted the congressional delegation was copied with both letters.

Councilmember Coose suggested making sure our federal delegation was aware of what was happening, as they have been making efforts to tone down EPA's unnecessary requirements.

VOUCHERS

Moved by West, seconded by Olsen for approval of vouchers to Ketchikan Daily News in the amount of \$40.00.

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

CITY MANAGER'S REPORT

Schedule of General Government and KPU Appropriated Reserves Through the City Council Meeting of October 6, 2011

Manager Amylon provided the Council a schedule of the current balance of Appropriated Reserves of various funds of General Government and KPU through the City Council meeting of October 6, 2011.

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 Nos. 26 and 27

Manager Amylon advised Weekly Construction Progress Meeting Nos. 26 and 27 were held in Ketchikan/Anchorage/Bellingham on September 27 and October 4, 2011 for Contract No. 10-31, Construction Manager/General Contractor Construction Services for the construction of a New Municipal Fire Station. He provided copies of the minutes.

Contract No. 11-27, Construction Manager/General Contractor Services for the Construction of a New Municipal Public Library – Minutes of Weekly Design/Construction Progress Meeting Nos. 25 and 26

Manager Amylon provided minutes for the weekly design/construction progress meeting Nos. 25 and 26 for Contract No. 11-27.

Contract No. 11-02, Phase I of Berths I and II Replacement Project Weekly Construction Meeting Minutes of September 30 and October 7, 2011

Manager Amylon transmitted the September 30 and October 7, 2011 minutes for the weekly construction meetings for Contract No. 11-02, Phase I of Berths I and II Replacement Project.

2011 Cruise Ship Passenger Traffic Update No. 3

Manager Amylon provided a memorandum from Finance Director Newell detailing the cruise ship passenger counts through the end of 2011. Mr. Newell pointed out traffic increased by 23,006 passengers, or 2.8% over 2010.

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

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

Second Avenue Retaining Wall Repair

Manager Amylon provided a memorandum from Senior Project Engineer Jurczak, which detailed the repairs that were made by Pool Engineering, Inc. on the failed retaining wall above 1819 Second Avenue.

Creek Street Salmon

Manager Amylon transmitted pictures of the carved salmon display pedestal from the upper end of Creek Street that was removed on September 28, 2011. He noted the artwork is in very bad condition and will be stored at the Public Works Department Warehouse until it can be dried out. He stated his intent to work with Museum Director Naab to have the salmon evaluated to determine what alternative may be available for its restoration.

Public Works Department Project Status Report – September 2011

Manager Amylon transmitted the September project status report for the Public Works Department.

2012 Budgets

Manager Amylon notified the Council that two weeks from tonight, he and the finance director will be presenting the drafts of the General Government and Ketchikan Public Utilities budgets for 2012.

K.P.U. MANAGER’S REPORT

Project Status Reports of the KPU Operating Divisions – September 2011

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

CITY CLERK'S FILE – None

CITY ATTORNEY'S FILE

Activity Report – August and September 2011

City Attorney Seaver provided a report of the activities of the attorney's office for the months of August and September 2011.

FUTURE AGENDA ITEMS – None

MAYOR AND COUNCIL COMMENTS

Councilmember Harris said the EPA requirements were probably a good idea in the beginning, but they sure are killing a lot of ideas now.

Councilmember West echoed Councilmember Harris' comment.

Councilmember Shay said Mahoney Lake is being pursued by several entities, and asked what the City's official position is. Manager Amylon said the City has no formal interest in the project in terms of moving its development forward, but certainly would welcome that project going forward. He said it is his understanding there are discussions between SEAPA and other involved parties who control the license. He said we'd wait to see how it manifests itself.

Councilmember Shay went on to say he was at the Transportation Committee meeting, and the Transportation Infrastructure Fund, which is being spearheaded by this committee, looks like something we can support. He explained there are three different measures which would give an appropriation to the Transportation Infrastructure Fund. He said he knew the legislature is traditionally opposed to any sort of dedicated fund, so it may have some tough going. He felt we need to study it, and he will furnish information for the Council. He also reported his granddaughter is playing volleyball, her hair is growing back, and she is doing very well. He said he will attend the AML Conference in November.

Councilmember Coose said he attended the meeting regarding the Southeast Alaska Transportation Plan, and the fear is that DOT is trying to reinvent the wheel for the plan. He said he suggested they look at the last decision they made about the update instead of reinventing the wheel. He said they are trying to re-route all traffic to Prince of Wales and then north, so if anyone wanted to go north on the ferry we may have to be driving to POW. He thanked Librarian McQuerry for her service at the library.

Councilmember Bergeron said it is good to be back, and he questioned whether it would be good to put out a resolution indicating our displeasure at having to do this. He felt it was preposterous to be considering spending \$1.5 million on generators we run 400

hours a year. He said we are in the middle of the biggest recession since the Great Depression, and they want us to spend money on something we don't need.

Mayor Williams said the problem with the EPA regulations is that it is not going to get better, and he has been watching how they are affecting other generation systems too. He felt we should wait until we hear back from the letters that have already been sent before sending any more, because if we can get something done through the northwest office, that would be great. He said he was present at the Transportation Committee meeting as well, and said he understood the plan and had some questions. He questioned the disposition of the salmon from Creek Street as well as the season's paving that wasn't accomplished. He noted the passing of Carol Fader, stating he enjoyed talking with Mr. Fader whenever he could. He felt Mr. Fader contributed to this town profusely and made a difference in the community and his own life.

Councilmember Shay noted he was the City mayor when Mr. Fader was the Borough mayor and they used to get together every week to discuss matters.

OTHER NEW BUSINESS – None

EXECUTIVE SESSIONS – None

ADJOURNMENT

As there was no further business, the Council adjourned at 8:56 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 September 2011

Water Utilization Study Report – September 2011

Ketchikan Area Arts & Humanities Council, Inc.'s Quarterly Activity and Financial Reports –
July Through September 2011