

Regular Ketchikan City Council meeting was called to order by Mayor Williams at 7:00 p.m., December 1, 2011, with the following members present: Sam Bergeron, Dick Coose, Kj Harris, DeAnn Karlson, Matthew Olsen, Robert Sivertsen and Marty West.

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

Staff present were Manager Amylon, Assistant Manager Martin, Finance Director Newell, Fire Chief Share, Human Resources Manager Miller, Port and Harbors Director Corporon, Acting Police Chief Bengaard, Electric Division Manager McConnell, Acting Telecommunications Division Manager Lindgren, Water Division Manager Kleinegger, Public Works Director Allen and City Clerk Suiter.



**PUBLIC HEARING ON ORDINANCE NO. 11-1686 – AMENDING
CHAPTER 11.12, TELECOMMUNICATIONS SERVICE AND
RATES**

Mayor Williams called the public hearing on Ordinance No. 11-1686 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.



**PUBLIC HEARING ON RESOLUTION NO. 11-2431 – AMENDING
THE 2011 GENERAL GOVERNMENT ANNUAL BUDGET – PORT
DEPARTMENT - \$85,980**

Mayor Williams called the public hearing on Resolution No. 11-2431 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 said there were several items laid on the table, including: a request to add a budget transfer for the structural stabilization of 347 Bawden Street; a request to add approval of evening construction activities for Phase I Berths I and II Replacement Project; and a request to withdraw the executive session relating to potential litigation related to the Ketchikan General Hospital Surgery Suites HVAC Improvements.

He asked if there were any objections to adding the two new items to the agenda and withdrawing the executive session, and none were heard.

PERSONS TO BE HEARD

Bud Withem spoke regarding take-home vehicles, expressing there was an expense involved. He urged the Council to consider it seriously.

Don Wright discussed stall rentals, stating that the Port and Harbors Department rents out his stall in his absence. He continued that if he returns early, there is a boat in his stall and the Harbors people may not be able to contact the owner to move the boat. He also mentioned that his skiff is not allowed to tie up in the stall he rents when his larger boat is in dry dock.

Kathleen Light, Director of Ketchikan Area Arts and Humanities Council, spoke to the activities of the organization during November and December. She addressed the gallery's Bifoss exhibit, the Waddington exhibit, the Winter Arts Faire, the Winter Art Walk and First Fridays. She said there will be no gallery show in December, and they will be having a community conversation regarding arts in January.

CONSENT AGENDA

Approval of Minutes

Moved by West, seconded by Coose approval of the minutes of the special meetings of November 10, 15, 21 and regular meeting of November 17, 2011.

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

Resolution No. 11-2428 – Adopting An Alternative Allocation Method for the FY12 Shared Fisheries Business Tax Program and Certifying That This Allocation Method Fairly Represents the Distribution of Significant Effects of Fisheries Business Activity in the Southern Southeast Fisheries Management Area

Moved by West, seconded by Coose that the City Council approve Resolution No. 11-2428 adopting an alternative allocation method for the FY12 Shared Fisheries Business Tax Program, certifying that this allocation method fairly represents the distribution of significant effects of fisheries business activity in the Southern Southeast Fisheries Management Area and establishing an effective date.

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

Liquor License Renewals

Moved by West, seconded by Coose the City Council approve the renewal of liquor licenses: Package Store – Sourdough Liquor Store and Kaptain’s Keg; Beverage Dispensary – Best Western Landing/Jeremiahs, Mike’s Elbow Room, and Sourdough Bar.

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

Resolution No. 11-2431 – Amending the 2011 General Government Annual Budget to Provide a Supplemental Appropriation for the Port Department in the Amount of \$85,980

Moved by West, seconded by Coose the City Council approve Resolution No. 11-2431 amending the 2011 General Government Annual Budget to provide a supplemental appropriation for the Port Department in the amount of \$85,980; and establishing an effective date.

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

Budget Transfer – City Clerk Travel and Training Account

Moved by West, seconded by Coose the City Council authorize the transfer of \$850 and \$850 respectively from the City’s Clerk’s 2011 Office Supplies and Advertising/Publishing Account Nos. 39 and 50 to the Travel and Training Account No. 27.

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

Mayor Williams asked if there were any objections to moving the resolutions honoring retiring employees to this point in the meeting, and none were heard.

Resolution No. 11-2423 – Recognizing Van Abbott for His Years of Service at the Ketchikan Public Utilities Telecommunications Division

Moved by Sivertsen, seconded by Harris the City Council approve Resolution No. 11-2423 recognizing Van Abbott for his years of service at the Ketchikan Public Utilities Telecommunications Division; and establishing an effective date.

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

Mayor Williams handed a copy of the resolution to Mr. Abbott, and Mr. Abbott thanked the Council for the years of solid support in the tough endeavor of changing a telephone company into a telecommunications company. He also thanked Dan Lindgren who has worked along side him to make that happen, as well as other professional staff. He recognized all the craft workers, and said without everyone pulling in the same direction we couldn't have made it.

Resolution No. 11-2432 – Recognizing Shawn Caskey for His Years of Service at the Ketchikan Public Utilities Electric Division

Moved by West, seconded by Sivertsen the City Council approve Resolution No. 11-2432 recognizing Shawn Caskey for his years of service at the Ketchikan Public Utilities Electric Division and establishing an effective date.

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

Mayor Williams handed a copy of the resolution to Mr. Caskey, and Mr. Caskey said it was his privilege to work with the people he worked with. He said we have a great and very knowledgeable group of people who work for KPU. He encouraged more cooperation with South East Alaska Power Authority, and he encouraged everyone at KPU to stay together because we are the ones who keep the lights burning.

UNFINISHED BUSINESS

Ordinance No. 11-1688 – Amending Subsection (D) of Ketchikan Municipal Code Section 13.10.030 Entitled “Imposition of Passenger Wharfage Fees” – Second Reading

Copies of Ordinance No. 11-1688 were available for all persons present.

Moved by Sivertsen, seconded by Olsen the City Council approve in second reading Ordinance No. 11-1688 amending Subsection (d) of the Ketchikan Municipal Code Section 13.10.030 entitled “Imposition of Passenger Wharfage Fees;” and establishing an effective date.

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

Ordinance No. 11-1686 – Amending Chapter 11.12, Telecommunications Service and Rates, of the Ketchikan Municipal Code – Second Reading

Copies of Ordinance No. 11-1686 were available for all persons present.

Moved by Coose, seconded by Sivertsen the City Council approve in second reading Ordinance No. 11-1686 amending Chapter 11.12, Telecommunications Service and Rates, of the Ketchikan Municipal Code; providing for a public hearing; and establishing an effective date.

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

NEW BUSINESS

Ketchikan Legislative Liaison FY 2013 Community Priority List

Moved by Coose, seconded by West the City Council approve the Ketchikan Legislative Liaison FY 2013 Community Priority List as determined by the Executive Lobbying Committee at its meeting of November 17, 2011.

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

Offer of Employment – Police Chief

Moved by Sivertsen, seconded by West the City Council authorize the city manager to offer the position of police chief to Alan Bengaard of Ketchikan, Alaska based on Step J of Grade 7-78 of the Compensation Plan, which provides for an annual salary of \$96,993.

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

Resolution No. 11-2430 – Amending the City of Ketchikan Personnel Rules, Section 2.9 Vehicles

No discussion was held and no motion was made on this item.

Resolution No. 11-2429 – Amending Council Resolution No. 10-2316 in Order to Consolidate the Joint Cooperative

Relations, Joint Tax and Joint Solid Waste Committees into One Joint Committee Between the City of Ketchikan and the Ketchikan Gateway Borough

Moved by Harris, seconded by West the City Council approve Resolution No. 11-2429 amending Council Resolution No. 10-2316 in order to consolidate the Joint Cooperative Relations, Joint Tax and Joint Solid Waste Committees into one joint committee between the City of Ketchikan and the Ketchikan Gateway Borough; repealing previous resolutions and/or appointments establishing such committees; and establishing an effective date.

Moved by Sivertsen, seconded by Olsen to defer consideration of this item until the next regular meeting.

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

Amendment No. 9 to Contract No. 07-25, City of Ketchikan Berths I and II Rehabilitation and Master Planning Study, PND Engineers, Inc.

Moved by Sivertsen, seconded by West the City Council approve Amendment No. 9 in the amount of \$786,400 to Contract No. 07-25, City of Ketchikan Berths I and II Rehabilitation and Master Planning Study, between the City and PND Engineers, Inc.; authorize funding from the Berths I and II Replacement Capital Account; instruct PND Engineers, Inc. to prepare the design and bid documents for Phase II as one contract, including the construction of a new tour/restroom facility; and direct the city manager to execute the amendment on behalf of the City Council.

Port and Harbors Director Corporon answered questions from the Council. Manager Amylon explained the proposal submitted from PND included two separate designs for contracts, one for the dock and one for the building. He emphasized the motion is slightly different based on staff's recommendation and experience to maintain the contract with one contractor. He said having two different contractors occupying the same space with a different schedule could result in lawsuits and arbitration. He went on to discuss the tight timeline, and explained how the motion should be amended to provide for a contractor for the building and another for the dock.

Moved by Olsen, seconded by West to defer consideration to the next meeting.

Manager Amylon spoke to delaying the project for a year because of the timeline, in order to allow the Council's concerns to be addressed. He said staff is being backed into a corner by deferring a decision, because he had no faith that it can get done by the beginning of the 2013 season.

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

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

Various General Government Departmental Budget Transfers

Moved by West, seconded by Sivertsen the City Council authorize the city manager to transfer \$444,342 from various accounts, in order to address requests for additional funding from various departments as outlined in the Finance director's report of November 23, 2011.

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

Budget Transfer for the Declaration of the Structural Stabilization of 347 Bawden Street as a Public Emergency and Authorization of Emergency Repairs, Pool Engineering, Inc.

Moved by West, seconded by Sivertsen pursuant to paragraph (7) of Section 3.12.050 of the Ketchikan Municipal Code, the City Council declare the structural stabilization of 347 Bawden Street as a public emergency; authorize the city manager to negotiate an agreement with Pool Engineering, Inc. for emergency repairs; and approve a budget transfer in the amount of \$20,000 from Appropriated Reserves of the Public Works Sales Tax Fund to the Engineering Division's 2011 Abatement of Dangerous Buildings Capital Account.

Public Works Director Allen answered questions from the Council. He emphasized the concern for public safety.

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

Evening Construction Activities, Contract No. 11-02, Phase I of Berths I and II Replacement Project

Moved by Coose, seconded by Sivertsen the City Council authorize Dutra Construction to perform concrete form work on Berth II during evening hours beginning the night of December 5, 2011 for a period of approximately four weeks as part of Contract No. 11-02, Phase I of Berths I and II Replacement Project.

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

The Council took a short break at 8:20 p.m. and reconvened at 8:27 p.m.

Change Order No. 1 to Contract No. 11-06 – UV Facility Warehouse Design, May Engineering Services, LLC

Moved by Sivertsen, seconded by Coose the City Council authorize the general manager to enter into Change Order No. 1 to Contract No. 11-06, UV Facility Warehouse Design, between KPU and May Engineering Services, LLC in an amount not-to-exceed \$5,760 for the redesign of the UV Facility Warehouse as detailed in the November 12, 2011 proposal from Joseph G. May; and approve funding from the 2011 KPU Water Division UV Facility Warehouse Capital Account.

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

Independent Review of the Whitman Lake Hydroelectric Project –Kleinschmidt Associates

Moved by Sivertsen, seconded by Coose the City Council authorize the general manager to enter into a professional services agreement with Kleinschmidt Associates at a cost not to exceed \$13,500 for an independent review of the Whitman Lake Hydroelectric Project as detailed in the senior project engineer's report dated November 23, 2011.

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

Discussion of and Direction on Whitman Lake – Councilmembers Coose and Sivertsen

Councilmember Coose said at the last SEAPA meeting, as they were working on getting Whitman Lake into the system, the thought came up about SEAPA building the project instead of KPU.

Councilmember Sivertsen said SEAPA has the ability to get low-interest bonds, and he felt they may be able to change the time table and run it out 30 years instead of 15. He noted there are a lot of complicated issues related to such a transfer, but he felt the sooner we get started and identify those issues, the better. He expressed his concern about the big community projects moving forward, and he felt it would take a lot of effort on everybody's part and it should be discussed. He said SEAPA gave direction to bring back options about the Power Sales Agreement, considering the construction of the Whitman Lake Project. He continued they are looking at all the different things they can do, coming up with a memorandum of agreement as to how they can operate. He said the power sales agreement is an important part of the document, because it says that Whitman can't be used before the SEAPA projects are exhausted so it will be hard to pay

it back on limited run. He said we need to run it, and if it needs to be run by SEAPA and put back in, then we need to look at it.

Manager Amylon said they are meeting with SEAPA's Dave Carlson on Tuesday and will relay the comments tonight. He said he would like to keep both options open relative to us building it, but not necessarily excluding the possibility of SEAPA moving it forward. He continued after the last SEAPA board meeting, there were initial discussions between Dave Carlson and Electric Division Manager McConnell, and staff has been running some models. He said they will be in a better position to meet with Mr. Carlson next Tuesday and talk about what would be the best option. He expressed the most challenging aspect he sees about moving SEAPA ownership forward, is it will not be transferred prior to construction being started due to FERC timelines. He provided a couple of examples, noting the correct assumption about the power sales agreement. He felt, in the context of Whitman having to come behind existing SEAPA facilities, there is a more critical issue. He explained he has had discussions with Senator Stedman and the executive director of AEA. He stated if you look at the SEAPA power sales agreement for the SEAPA service region (Petersburg, Wrangell, Ketchikan), the provision that makes Whitman have to come behind Tyee and Swan will also apply to any future independent project that someone may want to develop, including any future SEAPA project that may be constructed down the road. Manager Amylon said this will make it real challenging for any project going forward. He stated his long-term belief that Whitman is going to be consumed sooner rather than later, and there will be a need for other projects. He felt the IRP needed to address this issue. He said staff would try to bring back something from their meeting on Tuesday. He felt the power from Whitman should be power dedicated to Ketchikan.

Budget Transfer – Transcoding Equipment Acquisition

Moved by West, seconded by Bergeron the City Council authorize a budget transfer in the amount of \$47,850 from Appropriated Reserves of the KPU Enterprise Fund to the 2011 Telecommunications Division's 2011 Headend Expansion Capital Account, in order to acquire transcoding equipment to provide a select number of high definition channels to customers who are not served by fiber or bonded copper.

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

VOUCHERS

Moved by West, seconded by Harris for approval of vouchers to Ketchikan Daily News in the amount of \$2,674.33.

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

CITY MANAGER'S REPORT

Schedule of General Government and KPU Appropriated Reserves Through the City Council Meeting of November 17, 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 November 17, 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. 31, 32 and 33

Manager Amylon advised Weekly Construction Progress Meeting Nos. 31, 32 and 33 were held in Ketchikan/Anchorage/Bellingham on November 1, 8 and 15, 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. 30, 31 and 32

Manager Amylon provided minutes for the weekly design/construction progress meeting Nos. 27, 28 and 29 that were held in Ketchikan/Anchorage/Bellingham on November 1, 8 and 15, 2011 for Contract No. 11-27, Construction Manager/General Contractor Services for the construction of a New Municipal Public Library.

Contract No. 11-02, Phase I of Berths I and II Replacement Project Weekly Construction Meeting Minutes of October 28, November 4 and 11, 2011

Manager Amylon transmitted the October 28, November 4 and 11, 2011 minutes for the weekly construction meetings for Contract No. 11-02, Phase I of Berths I and II Replacement Project.

Police Department Canine Activity Report – October 2011

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

Gravina Island Cleanup

Manager Amylon included a memorandum from Port and Harbors Director Corporon which included a slide presentation that was prepared by Borough Code Enforcement Officer Cegelske regarding the recently completed Gravina Island cleanup project.

2011 Sales Tax Report No. 8

Manager Amylon provided a memorandum from Finance Director Newell regarding sales tax collections for 2011.

Financial and Accounting System Replacement Project – Update No. 7

Manager Amylon included a memorandum from Finance Director Newell regarding the Financial and Accounting System Replacement Project.

K.P.U. MANAGER’S REPORT

Granite Basin Diversion Dam Restoration

Manager Amylon reminded of the landslide that had occurred at the Granite Basin Diversion Dam, and provided a summarization of the restoration effort.

Bailey Power Plant Scrubbers

Manager Amylon said there was a meeting yesterday with representatives of EPA Region 10 and other EPA folks from back East to talk about the City’s \$1.5 million scrubbers. He noted he went into the meeting thinking we weren’t getting anywhere, but they have asked us to provide them with additional information and seem receptive to working with us. He explained if not for an outright waiver, there may be alternatives where we can at least decrease the amount of investment that may be required. He felt if we can do some things showing them that although technically we are on the federal highway system because of the marine highway system, we can give them credible argument that we in fact are rural. He said we are going to be aggressively pursuing that, but he didn’t want to mislead anybody because it is not a done deal.

CITY CLERK’S FILE

Gaming Permit Application – Ketchikan Swim and Dive Booster Club; and the 2011 Alaska Operator License Application for Gold Pin Pulltabs

Clerk Suiter provided the gaming permit notification for Ketchikan Swim and Dive Booster Club; and the 2011 Alaska Operator License Application for Gold Pin Pulltabs. She noted if the Council wished to deny any application, a resolution could be prepared accordingly.

CITY ATTORNEY’S FILE – None

FUTURE AGENDA ITEMS – None

MAYOR AND COUNCIL COMMENTS

Councilmember Harris faceitously thanked everyone for not showing up to talk to Kj and the Council at Annabelles. He felt the Council must be doing a good job and no one has any complaints.

Councilmember Coose welcomed Ms. Karlson to her first meeting. He said the PLEDAC Committee met today, trying to get a new start on what the committee can do. He reminded it is a joint committee with the City, Borough, Saxman and the public to try to deal with anything planning and economic development oriented.

OTHER NEW BUSINESS – None

EXECUTIVE SESSIONS

Request for Executive Session – Collective Bargaining Agreement Between the City of Ketchikan and the International Brotherhood of Electrical Workers, Local 1547

Moved by Sivertsen, seconded by Olsen the City Council declare that consistent with the city manager’s memorandum dated November 20, 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 International Brotherhood of Electrical Workers, Local 1547 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 November 20, 2011, which matters include the need to discuss subjects the knowledge of which would have an adverse impact upon the finances of the City and upon the City’s ability to negotiate favorable labor settlements

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

The Council recessed into executive session at 9:00 p.m. and reconvened at 9:19 p.m.

Mayor Williams said the Council has completed an executive session to discuss negotiations regarding a collective bargaining agreement between the City of Ketchikan and the International Brotherhood of Electrical Workers, Local 1547 and no action would be taken tonight.

Request for Executive Session – Collective Bargaining Between the City of Ketchikan d/b/a Ketchikan Public Utilities and the International Brotherhood of Electrical Workers, Local 1547

Moved by West, seconded by Sivertsen the City Council declare that consistent with the general manager’s memorandum dated November 20, 2011 it is in the best interest of the City to discuss negotiations regarding a collective bargaining agreement between the City of Ketchikan d/b/a Ketchikan Public Utilities and the International Brotherhood of

December 1, 2011

Electrical Workers, Local 1547 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 general manager's memorandum dated November 20, 2011, which matters include the need to discuss subjects the knowledge of which would have an adverse impact upon the finances of the City and upon the City's ability to negotiate favorable labor settlements.

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

The Council recessed into executive session at 9:21 p.m. and reconvened at 9:24 p.m.

Mayor Williams said the Council has completed an executive session to discuss negotiations regarding a collective bargaining agreement between the City of Ketchikan d/b/a Ketchikan Public Utilities and the International Brotherhood of Electrical Workers, Local 1547 and no action would be taken tonight.

ADJOURNMENT

As there was no further business, the Council adjourned at 9:25 p.m.

Lew Williams III, Mayor

ATTEST:

Katherine M. Suiter
City Clerk

FYI ITEMS INCLUDED

Southeast Senior Services' Quarterly Activity and Financial Reports - July Through September 2011