

I. CALL TO ORDER

Mayor Cobb called the meeting to order at 7:00 pm in the City Council chambers.

II. PLEDGE OF ALLEGIANCE

The city council led in the Pledge of Allegiance

III. ROLL CALL

Mayor Dave Cobb	Council member Dorothy M. Moore
Council member Karen Ables	Council member Steve McCann
Council member Mike Wells	
Council member Prax	

IV. APPROVAL OF MINUTES OF THE REGULAR MEETING OF June 6, 2011

The minutes from June 6, 2011 were approved as presented.

V. PUBLIC APPEARANCES

VI. PUBLIC BUSINESS FROM THE FLOOR

Sharon Crisp of Copper Valley Electric Association reported that it has been a very low water year for hydro generation which will affect everyone's summer utility rates. If circumstances change rates will be adjusted accordingly, but at this point electricity will be more expensive than normal throughout the summer.

VII. CITY MANAGER/CITY CLERK/CITY ATTORNEY/MAYOR REPORTS

CITY MANAGER

Due to his absence during the previous week Mr. Hozey was unable to provide the City Council with a written report for this meeting, but instead gave a verbal report. He stated that it is time for annual maintenance to be performed on the Emergency Warning siren. Mr. Hozey explained that while it is tested once a week, it is also necessary for more extensive testing annually. This testing will occur from June 28th-July 1st. He stated that last year the City had forgotten to notify the public of the testing in advance but this year proper notification will be given. Mr. Hozey stated that the

Salmonberry Ski Hill site is being cleared and the tow rope machine has been put out to bid, which is due back on June 30th. He also mentioned that the T-ball restroom renovations bids are due back on June 30th. Mr. Hozey also stated that the Sea Otter demolition bids are out as well, due back on June 6th, while the high school bleachers and gym floor bids are due back on the seventh. Mr. Hozey reported that they are on a fairly aggressive schedule to get the VCT pedestal power units installed and are currently on schedule with plans to complete the project at the end of June or early July.

CITY CLERK

Ms. Pierce reminded the Council and the public that the Providence Medical Center of Valdez was having a community leader's luncheon Tuesday, June 21, 2011, as well as a community lunch at the hospital that was open to the public. She also mentioned the training at Prince William Sound Community College that she and other city of Valdez department heads had attended. The training was for the upcoming emergency response drill with Alyeska in July, in which the city will participate. Ms. Pierce stated that, although she was not able to attend the entire training, she thought all of it was quite beneficial and that any questions or comments should be directed to Eric Phillips, who had acted as City Manager for the event.

CITY ATTORNEY

Joe Levesque stood in for the City Attorney, Bill Walker. Mr. Craig Richards was due to report during the executive session on the TAPS litigation, but since they had not received the letter they had been hoping for, the executive session was canceled.

VIII. CONSENT AGENDA

IX. NEW BUSINESS

1. Approval of Amended Settlement Agreement with AML/JIA Regarding Insurance Coverage Litigation

MOTION: Council member Moore moved, seconded by Council member Ables, to approve the amended settlement agreement with AML/JIA.

Mayor Cobb asked Mr. Levesque for a statement on the matter at hand. Mr. Levesque confirmed that everything in the agenda statement was accurate. He explained that the \$113,000 was money that the City spent defending the contract claim which AML/JIA excluded as part of our insurance policy. Under the original settlement AML/JIA stated that they would make the City whole and as soon as any money was recovered in the lawsuit from Sea Hawk, the City would be reimbursed the \$113,000 they had spent. However, when AML/JIA spoke with their reinsurance they discovered that according to their contract the reinsurance had to be made whole before any other party. It was then negotiated that they would be paid first and the City would be paid afterwards.

Council member Mike Wells asked if AML/JIA would cover all of the costs going forward. Mr. Levesque confirmed this and explained that AML/JIA would pay the coverage, the indemnification and the defense from the Sea Hawk case.

Council member Moore questioned if AML/JIA would be repaying the 1,558,000 dollars owed to the City in one year, or over a period of a few years. Mr. Levesque explained that this money covers all money expended by the City in the Sea Hawk defense except \$113,000. He said that this money encompasses all legal expenses from the time the lawsuit was filed until this past April. The coverage will be all legal fees and costs from the time the lawsuit was filed through April of this year. Council Member Moore postulated that the money coming in should offset expenses made. However, Mr. Hozey explained that it would not appear in the budget that way because the Council chose to spend that money on other projects. The City Council could have chosen to apply that money to the law budget, but instead directed it elsewhere.

VOTE ON THE MOTION: 6 yeas, 1 absent (Sorum), motion carried

2. Approval of Contract to the McDowell Group for a Feasibility and Resource Analysis Associated with Relocating the Home Port of the CDQ Fishing Fleets in an Amount Not to Exceed \$75,000

MOTION: Council Member Moore moved, seconded by council member Ables, to approve a contract award to the McDowell Group for feasibility and resource analysis associated with the relocating of the Home Port of the CDQ fishing fleets in an amount not to exceed \$75,000.

Mr. Hozey explained that the purpose of this study is to assess the probability of Valdez being used as a home port by a CDQ fishing fleet. He stated that if the study showed little promise, then it would be easy for the City of Valdez to back out.

Mayor Cobb stated that this is not something we have to convince them to do which is very positive for Valdez. The McDowell Group is actually aggressively pursuing this on their own.

Council member McCann questioned the possibility for a CDQ fishery to make Valdez its home port. He was wary of doing this "homework"; he saw it as a waste of money as Valdez would probably not be considered unless it spent millions of dollars setting up new infrastructure first. Mayor Cobb replied that if it got to that point it would be a partnership between the City of Valdez and the CDQ group. As to the question of whether or not Valdez is a viable candidate as a home port, Mayor Cobb pointed out that, while we have no railroad, we do have Petro Star and other appealing factors that could make Valdez a very attractive location for this opportunity.

Council member Wells stated that phasing of the study is essential to this process. He explained that an opportunity is being presented for some port in the state; currently that port is Seward. However, he explained, it would be beneficial to the City of Valdez to

attract the attention of one of the six CDQ groups. He cited the fact that it was not a large sum of money and that the City of Valdez was not committing to anything but rather coming up with a plan to open up discussion. Mr. Wells stated that even if the CDQ does not choose Valdez as a home port, having this study done would open Valdez up to fisheries development.

Council member Moore wanted to look at what the other ports have and see what the City of Valdez is up against. The City of Valdez, she explained, cannot depend on one or two economic development areas. Council member Moore indicated that there should be at least five, in case of misfortune, so that the city can continue to grow. She concluded that opening up the City of Valdez to fishery development would be of benefit to the entire community.

Council member Ables concurred with Council member Wells and Council member Moore, stating it would be foolish not to look into this.

VOTE ON THE MOTION: 5 yeas, 1 nay (McCann), 1 absent (Sorum), motion carried.

3. Approval of Jail Services Contract with the State of Alaska

MOTION: Council member Wells moved, seconded by Council member Moore to approve the Jail Services contract with the State of Alaska.

Mr. Hozey asked Bill Comer, Chief of Police, to speak about the details of the new contract. Chief Comer indicated that he was unsure of why the State of Alaska was paying more this year compared to any other year. The Police Department had simply expected a renewal of their contract, but they received almost 100% funding for the jail this year unsolicited. Council member Wells asked Chief Comer if there had been any changes in the agreement over the years. Chief Comer replied in the negative stating that the last significant change in the agreement was to reduce the jail from a thirty day facility to a ten day facility, but that change was implemented over ten years ago at the very least.

Council member Moore asked if the Valdez Police Department was spending up to ten percent of public money on a state operation. Chief Comer agreed, but thought the number was subjective and hard to pin down.

VOTE ON THE MOTION: 6 yeas, 1 absent (Sorum), motion carried

X. RESOLUTIONS

1. #11-40 – Authorizing a Special Assessment District for the Homestead Road Sewer Project

MOTION: Council member Ables moved, seconded by Council member Moore, to approve Resolution No. 11-40.

Council member Wells stated that he had talked with Lisa Von Bargaen, Community Development Director, about the 90 day timeline. He asked that Administration entertain the idea of extending the timeline to 3-5 years to allow the public time to adjust. Ms. Von Bargaen stated that Mr. Wells had indicated that one person had made this request to him however she had not had anyone ask her specifically to extend the time period, though she was open to discussion on the matter. Council member Wells brought up the extension that was made to the Loop Road special assessment and Ms. Von Bargaen confirmed it had been extended up to a year.

Council member Ables asked Ms. Von Bargaen what steps would be taken if people did not want to hook up to the sewer line. Ms. Von Bargaen deferred to Mr. Levesque for the specifics, but said that there are remedies in the code that cover such occurrences. The City can charge up to 300 dollars a day for non-compliance and for those properties not already hooked up, they can be denied a building permit, nor allowed to develop their property further if they continue to be out of compliance.

Council member Ables asked if of the 200 ft circumference are there any buildings outside of that. Ms. Von Bargaen replied that there are no properties outside of 200 feet. She stated that it is actually not a building outside of 200 feet it is the property line and no one is outside of that radius.

Council member Ables then asked if there was anyone in that neighborhood who does not want the sewer line. Ms. Von Bargaen replied in the negative.

Council member McCann asked if estimates of total costs have been given to the residents. Ms. Von Bargaen stated that a high end estimate based on the installation of cast pipe from the sub out to their home and that distance was given to residents. She stated that some residents might chose to use plastic pipe to save costs. She indicated that the estimate did not include costs such as internal plumbing costs or the cost of abandoning septic tanks since those costs are specific to each individual residence.

Council member Prax stated that they were told that this project needed to be done for the sake of public health, so therefore if we are going to do it, it should be done as soon as possible. If the City was going to go forward with this project, he reasoned, extending the time frame for residences to hook up to the new system should not be given.

Council member Prax asked if all of the lots are developed. Ms. Von Bargaen stated that four are undeveloped. However, Ms. Von Bargaen reported that two of four want the line installed anyway.

Council member McCann asked what would happen if someone sells their property before their debt to the City is paid off. Ms. VonBargaen stated that when special assessments must be handled the same way as unpaid property taxes where at the time of sale all monies must be paid to the City and would not be transferred to the new owner.

Council member Moore expressed her concerns that 90 days may not be a realistic timeframe. She indicated that severe weather could hinder the construction processes. Ms. Von Bargaen informed her that in case of unreasonable acts of weather or contactor incapability, the City of Valdez would be willing to work with the home owners if and when anything occurred.

Council member Ables concurred with what Council member Prax had said earlier; this project should not wait. The question was raised about payments. Ms. Von Bargaen explained that payments will be paid quarterly as opposed to annually, and so therefore should be easier for the home owners to reconcile with.

Council member Wells also voiced his concern about the 90 day timeline. He reiterated Council member Moore's concern about the weather, noting that by this timeline the project would be done by November. He questioned whether that was realistic. Ms. Von Bargaen stated that it seemed realistic. She let it be known that Harris Sand and Gravel wanted to be finished by August 30th, and that they should be able to finish the project in less than 60 days.

Council member Prax asked Ms. Von Bargaen if the option for work on private sewer lines was available. She responded in the affirmative, stating that there are at least two companies in Valdez interested in offering their services if required in this regard. Council member Prax equated the idea to killing two birds with one stone for the home owners living on Homestead Road.

VOTE ON THE MOTION: 5 yeas, 1 nay, (Prax), 1 absent (Sorum), motion carried.

1. #11-41 –#11-41 – Amending the 2011 Budget in the Reserve Fund and Capital Facilities Fund by Transferring and Authorizing the Expenditure of Funds for the Homestead Road Paving Project

MOTION: Council member Ables moved, seconded by Council member Moore to approve Resolution No. 11-41.

Council member Wells reiterated his support of the sewer portion of this project but does not support the paving portion. Council member Prax stated his opposition to the entire project. He expressed his dismay at the lack of numbers provided at the last session, and his concern that the City Council was once again frivolously spending money. Council member Moore disagreed, stating that as she has heard of this paving project for the last five years, so it was not as if this was being done on a whim. She then asked if any of the AML/JIA money was going to help fund this project. Mr. Hozey replied that the AML/JIA money has been designated for school projects. He indicated that when this project came up, Administration was not prepared for this expense. Therefore, he reported that the only way to fund this project was to dip in to the major renovation reserve and that is the funding source that will pay for this project.

Public Discussion:

Cindy Butheras, Homestead Road resident, addressed the Council stating that because of commercial business that occurs on their street several semi trucks drive down their road on nearly a daily basis. She indicated that also they get RV traffic during the summer time with motor homes trying to reach the water. She reported that traffic is continual and causes a lot of dust issues for residents.

Randy Butheras, Homestead Road resident, voiced his opinion to Council that he supported Council member Prax's opinion of doing everything at once to avoid additional costs. He stated that waiting would likely only result in cost increases and he asked Council to carefully consider that. He stated also that he felt the residents have been unrightfully punished for turning down the chip seal proposal suggested last year as an experiment. He indicated that residents did not feel that was a good use of public money to just do an experiment to see how the product worked. They decided that it was in the best interest of everyone to do it right the first time.

Council Member Joe Prax wanted it noted for the record that 38,000 dollars per lot is a large sum for paving.

VOTE ON THE MOTION: 4 yeas, 2 nays (prax and wells), 1 absent (Sorum) motion carried

3#11-42 – Providing For The Submission To The Qualified Voters Of The City At The Regular Municipal Election To Be Held On October 4, 2011 the Question Of Amending Chapter XII Of The Valdez City Charter Titled Contracts

MOTION: Council member Ables moved, seconded by Council member Moore to approve Resolution No. 11-42.

Mr. Levesque explained exactly what change would result from this amendment stating that the Charter would be rewritten so that the City Council could approve contracts longer than five years. If the people of the city of Valdez approved of this amendment, it would allow the Council to make longer contracts as long as it was approved by a

supermajority of the City Council. Another change would be to clarify the purchasing authority given to the City Manager. At the current time there appears to be a disconnect between the authority granted the City Manager under the Procurement Code and the limitations listed under the Charter. All contracts are supposed to be made by the City Council per the Charter, but the Manager's need to efficiently procure goods and services within his designated authority is important for the routine flow of city business.

Council member Moore asked if this change would mean that instead of having to go to the public to make a change to the Charter, this would allow the Council to by ordinance, make changes to contract procedures. Mr. Levesque replied in the affirmative and added that if the voters approve this change then when the City Council approves an ordinance, the ordinance will allow Administration to deal with it on a day to day basis. If the City Council wants decisions to come to through them they may address those specifications in the ordinance.

Mayor Cobb explained that it could essentially allow the City Council to approve changes in the length of contracts without having to go to the Public for approval.

Council member McCann asked about the spending authority of the City Manager and when that amount would be determined. Ms. Pierce clarified that currently within the municipal code there is a section that gives the City Manager a spending authority. There is a procedure within the code of how he may use his spending authority. Ms. Pierce clarified that the reason this is coming forward now is because the Clerk has determined that the Charter has conflicting language with the municipal code. Ms. Pierce read the section of the Charter that applies to this matter which indicates that all contracts should be approved and handled by the City Council which is in conflict with the code.

Mr. Hozey stated that also the term "contract" is not well defined in the Charter. This change would allow that clarification to be made in ordinance. Mr. Hozey stated that the Clerk has been working with the attorney to allow Council to craft this in ordinance form to include the City Manager's spending authority and whatever definitions they feel should apply.

Council member Wells stated that he does not take changing the charter lightly and that he does think that it is important that this goes to the voters to allow the Council to make this decision.

Council member Prax stated that he felt that it should be more cumbersome for the City of Valdez to spend money, not less. He indicated that if the charter worked as needed, it should be left as it is.

Mr. Levesque explained that the City Council does not have to change what is already being done rather; this change will clarify what is already being done.

Council member Prax asked if it could change how things are being done. Mr. Levesque affirmed this, stating that if and when this ordinance comes, the City Council would have the ability to change the rules if they decided to do so.

Mr. Hozey stated that within the code this is happening now which is in conflict with the Charter and this change would ensure that the City was following both correctly.

VOTE ON THE MOTION: 6 yeas, 1 absent (Sorum), motion carried

Ms. Pierce made it known that there would be a detailed summary on the ballot so that the voters will understand what they are voting on.

4. 11-43 – Amending the 2011 City Budget in the General Fund and the Capital Facilities Fund to Accept Litigation Settlement Revenue From AML/JIA and Authorize its Expenditure

MOTION: Council member Ables moved, seconded by Council member Moore to approve Resolution No. 11-43.

Council member Wells asked what the current balance was in the Council contingency fund. Mr. Hozey replied that it was currently at about \$200,000 and that adding this would bring it up to approximately \$760,000. Mr. Hozey stated that another option would be to put it into the major renovation reserve account.

MOTION: Council member Wells proposed an amendment to the motion moved by Council member Moore, seconded by Council member Ables to transfer the \$561,359.39 into the major renovation reserve fund rather than the Council contingency fund.

VOTE ON AMENDED MOTION: 6 yeas, 1 absent (Sorum), motion carried.

VOTE ON THE MOTION: 6 yeas, 1 absent (Sorum), motion carried.

XI. REPORTS

1. Fishing in the Valdez Small Boat Harbor

Council member Ables expressed her gratitude in regards to the fact that the City council had not let this issue fall on the wayside. The Valdez small boat harbor should be a no fishing zone, and she appreciated both the report and the measures that had been presented in said report. Council member Wells agreed that informing the public is a good first step. The Council briefly discussed the rule, and came to the agreement that a person can fish off the rocks in the small boat harbor, but that fishing from a boat not tied up to a slip is not permitted, motored or otherwise.

Council member Prax felt that Diane Kinney, Ports and Harbor Director, did nice job of addressing what needed to be addressed rather than attacking laws in a superfluous manner.

Mayor Cobb stated that his concern still remains that Fish and Game is the only one who can close waters to fishing other than the Coast Guard. He stated that unless Fish and Game is involved in this and in one of their rules and regulations states this fishermen will challenge this. Ms. Kinney stated that this discussion had taken place with the Ports and Harbor Commission and that at this time they thought they would try this approach this summer and see how it goes. If they have to get tougher in the future they will.

2. Building Permit Report
3. Building Inspection Report

XII. COUNCIL BUSINESS FROM THE FLOOR

COUNCIL MEMBER MOORE

Council member Moore stated that she is beginning to feel that we are not going to get audit as originally planned. She explained that there are some differences in opinions on how things are reported with the Providence Valdez Medical Center which may slow down this process making the audit late. She also stated that additional monies might need to be expended as a result of these delays.

Council Member Moore reported on the Theatre Conference, stating that it went very well. 310 people registered and by all accounts had a smashing time. She believed that the Theatre Conference was becoming a nationwide education process. She mentioned that Channel 11 out of Anchorage had done an article on the conference, and concluded this report by saying that she had invited them all back for next year.

Also of note was the news that the PNZ committee would have a public hearing on the city crosswalks on Wednesday, June 22, 2011. It was made clear that only city crosswalks were being discussed at this meeting, not state: the City of Valdez has received more than one letter from the state declining to put crosswalks on the state owned streets.

COUNCIL MEMBER ABLES

Council member Ables stated that based on comments from people in the community and her own issues with bears near her home she believes that we are creating more garbage bears. Eric Phillips, Assistant City Manager, stated that it has come to the City's attention during the last few weeks and that Chief Comer has been actively

working that issue. Mr. Phillips indicated that a brown bear would be relocated the following day. He stated that a committee has been set up to deal with this issue. Council member Ables stated that she felt that this was again another reason to consider bear canister garbage cans throughout the city. She stated that she did not want to see another bear killed as this is a problem created by people, not the animals. Council member Ables asked that this be considered during the budgeting process to purchase those trash receptacles. Ms. Von Barga stated that the bear committee has not met in the last several weeks but would be prepared to provide an update report at the next Council meeting. She stated that one of the issues Larry Weaver, Public Works Director, and Chief Comer have been working on during the previous week was trying to strike a balance with trash by putting more dumpsters out for residents to through trash instead of setting trash out to be picked up. She stated that there is a lot of finessing to be done but that the Community Safety Officer has been out handing out flyers to promote bear safety and the proper disposal of trash.

COUNCIL MEMBER MCCANN

Council member McCann stated that there was a young brown bear out in the Robe River subdivision and the Community Safety Officer came out and handed out flyers instructing residents there to take their trash to the large dumpsters instead of leaving it out. Council member McCann indicated that he appreciated this effort and noticed residents complying with this request.

COUNCIL MEMBER WELLS

Council member Wells pointed out that the baler has 3 or 4 totes of glass that has been processed into sand. He was wondering if the City was still considering using that for the beach at Ruth pond. He was informed that no plans were finalized at this time but it would be discussed via a reported to Council at the next meeting.

- XIII. EXECUTIVE SESSION
- XIV. RETURN FROM EXECUTIVE SESSION
- XV. ADJOURNMENT