Special Meeting Valdez City Council March 29, 2011 Minutes

### II. CALL TO ORDER

Mayor Cobb called the special meeting to order in the City Council chambers at 12:00 Noon.

#### II. ROLL CALL

Present:

Mayor Dave Cobb Council member Dorothy M. Moore

Council Member Mike Wells Council member Joe Prax

Council member Steve McCann

Absent and excused:

Council member Karen Ables and Council member Alan Sorum.

John Hozey, City Manager Sheri Pierce, City Clerk

#### III. NEW BUSINESS

1. Approval to Purchase Reefer Power Modules for VCT Electrical Project from ESL Power Systems, Inc. in the Amount of \$102,720.

MOTION: Council member Wells moved, seconded by Council member Moore, to approve the purchase of Reefer power modules for CVT Electrical project from ESL Power Systems, Inc. in the amount of \$102,720.

Diane Kinney, Ports and Harbor Director, stated that she has been working on this project for a year. The design plans are completed and ready to bid, currently using the design engineers estimates the project is over budget. Ms. Kinney said this was a plan to temporarily install the modules for the summer fishing season. Council member Wells raised the concern that the city was forced to expend funds for a temporary fix to the problem. Council member Wells said the city is trying to improve the port and generate more use; therefore we need to be open for business. He asked if the power modules were industry standard. Ms. Kinney replied in the affirmative. Council member Wells said he had no problem moving forward with this purchase, however he wanted to see all the costs for

installation, including what it was going to cost to remove the modules after this season and then reinstall them correctly. He asked that this information come back to the council.

Eric Phillips, Assistant City Manager, stated this was the only alternative to supply power for the refrigeration units at the port this season. He admitted this was a stop gap measure.

VOTE ON THE MOTION: 5 yeas, 2 absent (Ables/Sorum). Motion carried.

### IV. RESOLUTION

 Resolution #11-20 – Requesting the Alaska Redistricting Board Adopt Boundaries for House District 12 Encompassing Prince William Sound and an East Alaska Corridor

MOTION: Council member Moore moved, seconded by Council member McCann to approve Resolution No. 11-20.

Lisa VonBargen, Community Development Director, presented maps which depicted the proposed house district boundaries which would be submitted by Valdez to the Redistricting Board on approval by the city council. Ms. VonBargen explained the statistical information used to create the proposed District 12 boundaries. Ms. VonBargen pointed out that our proposed district would eliminate Eielson Air Force base and add the City of Cordova, it would also remove the area which includes Chickaloon and Sutton. The new western district border line would be Lake Louise road. Ms. VonBargen stated that based on the state population the ideal district population would be 17,755, the proposed Valdez district population would have a very small deviation from this number at 0.7 percent.

Council member Prax stated that the proposed district made sense, however the plan would remove our current Representative from our district. He stated that it did make sense for Sutton to be included in a district within the Mat-Su Borough.

VOTE ON THE MOTION: 5 yeas, 2 absent (Ables/Sorum). Motion carried.

#### V. ADJOURN

There being no further business, Mayor Cobb adjourned the meeting at 1:00 pm.

#### I. CALL TO ORDER

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

### II. PLEDGE OF ALLEGIANCE

The City Council led in the Pledge of Allegiance to the American flag.

#### III. ROLL CALL

Present:

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

John Hozey, City Manager Sheri Pierce, City Clerk Bill Walker, City Attorney Members of staff and approximately 40 people in the audience.

# IV. APPROVAL OF MINUTES OF THE REGULAR MEETING OF March 21, 2011

The minutes of the meeting of March 21, 2011 were approved as presented.

### V. PUBLIC APPEARANCES

Larry Weaver, Public Works Director

Mr. Weaver stated that the public works department had received inquiries from citizens regarding the gray color of their tap water. Mr. Weaver said that the cause of the color was due to air in water. Mr. Weaver explained that because of the depth of the frost, the water pipes are very cold which creates density and bubbles. Mr. Weaver stated that once the water remains in the glass for a few minutes the air bubbles will clear. Mr. Weaver said there should be no cause for concern.

#### VI. PUBLIC BUSINESS FROM THE FLOOR

Mark Sullivan – Tailgate Alaska

Mr. Sullivan stated that they were halfway through their event and that the event had been successful this year. Mr. Sullivan said that he hoped businesses in town had seen an increase in customers and that the event had been a positive economic influence. Mr. Sullivan encouraged businesses in Valdez to become more involved with the event by posting flyers at the base camp or offering on site services. Mr. Sullivan invited council members to visit the camp site at 29.5 mile. Mr. Sullivan stated that a cooking competition will take place at the camp on Friday, April 8<sup>th</sup>.

Mayor Cobb thanked Mr. Sullivan for the event and stated that Valdez would look forward to their return in 2012.

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

#### City Manager

Mr. Hozey stated that an independent group of citizens have formed to sponsor a new event in town called the "Summit to Sound". Mr. Hozey said that the City would be sponsoring this event through the use of in-kind services only. Mr. Hozey asked the organizers of "Summit to Sound" to explain the details of their event.

Magdalena McCay, Meg Weaver and Holly Powers introduced themselves as the Summit to Sound race organizers. Ms. McCay stated that they have requested city support in the form of in-kind services for their event. Ms. McCay pointed out that there was currently a "Summit to Sound" website and face book page which provides information about the event. Ms. McCay explained that the Summit and Sound challenge will take place on May 29, 2011. It is a relay race which will begin on Thompson Pass and end at the John Kelsey Dock in Valdez. There will be four divisions of racers, solo, family and friends, masters and corporate. Ms. McCay stated that the race will begin with skiing or snowboarding and progress with bicycling to Allison Point, Kayaking to the Coast Guard Dock, and a final run to the Kelsey Dock. At the conclusion of the race, a fish fry and awards ceremony will take place on the dock. Ms. Powers provided a list of sponsors and asked that anyone who wished to volunteer would be greatly appreciated. Ms. Weaver asked for city support in the form of traffic control and use of city facilities. Council expressed their support and appreciation to the organizers of the event.

Mr. Hozey discussed his recent lobbying trip to Washington DC. He stated that he was working to re-classify the Small Boat Harbor project within the Corps of Engineers as "construction general". Currently the project is classified as "preengineering and design". Mr. Hozey said he received support for the idea from

the congressional delegation, but that there may not be appropriate legislation available to make it happen until the fiscal 2012 bills.

Last week the city was represented at the final pre-plan Redistricting Board meeting in Anchorage by himself, the City Clerk, Mayor, City Attorney and the Community Development Director. Mr. Hozey stated that the plan proposed by Valdez was very well received by the Redistricting Board. The City has been receiving positive feedback from other communities in our district such as Delta Junction and the Copper River Valley School District. Mr. Hozey said that postplan hearings are currently being scheduled by the Redistricting Board staff and that Valdez had been designated as a public hearing location.

Mr. Hozey stated that he had received a notice from the State Assessor regarding the appeal of the initial oil and gas property tax value. The State Assessor has increased the value of the oil and gas infrastructure from 6.7 billion to 7.9 billion, which is still less than the 9.7 billion it was last year. An appeal by the City to the State Assessment Review Board (SARB) has been filed.

Mr. Hozey asked that the work session previously scheduled for April 5<sup>th</sup> to discuss strategic planning be cancelled. Mr. Hozey stated that due to his recent trip to Washington D.C. and re-districting efforts, he would like to reschedule this meeting to a later date.

Mr. Hozey asked for consensus by the council to authorize payment of additional work performed on the 2009 audit from the council contingency fund. Mr. Hozey stated that the amount was approximately \$3,700 dollars. There was no objection by the council.

Mr. Hozey stated that last week the City was visited by Alaska State Troopers and referred to Council member Prax for comment. Council member Prax said he wondered if the City had been notified in advance of the trooper presence in Valdez. He stated that the City should have been embarrassed by the actions of the troopers who wrote numerous tickets for minor traffic infractions such as jaywalking and failure to use turn signals. Council member Prax pointed out the troopers who drove unmarked vehicles provided no benefit to the community except to place a bad reputation on law enforcement. Council member Prax stated that the City of Valdez had a good police force and that our officers enforce the laws reasonably. He asked that a letter be written to the State Police stating that this behavior was not acceptable in our town. Mr. Hozey stated that the State Troopers were present in Valdez for routine training, but that they chose to bring along a traffic enforcement unit. The City did not ask for the additional unit. Mr. Hozey said the Troopers were State law enforcement officers, enforcing State laws, on State highways. Mr. Hozey said the City had no

control over this. He agreed that this had been an unfortunate situation. Council member Prax stated that he believed this had been a waste of State resources. He stated that there was serious crime occurring all over the State of Alaska which should be attended to. Council member Sorum stated he did not know that it was physically possible to receive a jaywalking ticket in Valdez. Council member Sorum said he agreed that a letter should be sent by the City. Council member Ables said she agreed with Council member Prax and Council member Sorum. Council member Ables suggested that the tickets which were written probably paid for their trip to Valdez.

Council member Wells requested that the letter be written in a tactful and respectful manner.

# City Clerk

Ms. Pierce read the list of upcoming work sessions and council meetings.

# City Attorney

Mr. Walker thanked the Valdez redistricting team for the presentation that was well received by the State Redistricting Board. Mr. Walker expressed special thanks to Lisa VonBargen and Laura Robertson for their work in preparing the mapping information, statistics and power point presentation. Mr. Walker stated that the City of Valdez is out in front of the process due to the work by Laura Robertson and the open public process offered by the Redistricting Board members.

The value of TAPS increased to 7.9.billion. Mr. Walker pointed out that in the past; the lowest value had been 2.75 billion. Council member Moore asked that a graph be provided to the council that illustrated the TAPS values over the past 15 years. Mr. Walker responded that he would make this available for the next council meeting.

#### Mayor Cobb

Mayor Cobb commented on different scenario's which may be considered for the statewide redistricting plan.

#### VIII. CONSENT AGENDA

- 1. Proclamation: Child Abuse Prevention Month
- 2. Proclamation: Sexual Assault Awareness Month
- 3. Approval to go into Executive Session

- a. TAPS Valuation/Litigation
- b. AML/JIA Litigation

Mayor Cobb requested that Item (b) on the consent agenda be removed at the request of the City Attorney.

MOTION: Council member Moore moved, seconded by Council member Wells, to approve all items on the Consent Agenda.

**VOTE ON THE MOTION: 7 yeas. Motion carried.** 

### IX. UNFINISHED BUSINESS

 Resolution No. 11-18 - Authorizing the Negotiated Sale Of Lots 7 -12, Block 31, Valdez Townsite, and a 19,000 Square Foot Portion of Vacated Keystone Avenue Right Of Way, to Mark And Karen Cline. Postponed from March 21, 2011

MOTION: Council member Wells moved, seconded by Council member Ables, to approve Resolution No. 11-18.

**VOTE ON THE MOTION: 7 yeas. Motion carried.** 

### X. NEW BUSINESS

1. Approval of Request for Additional School District Funding in the amount of \$250,000

MOTION: Council member Sorum, moved, seconded by Council member Ables, to approve the request for additional school district funding in the amount of \$250,000.

Council member Sorum stated that the city had requested at the budget hearings that the school board spend down a portion of their reserves if needed, however if there was an unexpected expense they were advised to come back to the council to ask for additional funding support. Mr. Sorum stated that the school district recently received an unforeseen cost increase in their health insurance premiums which would qualify as an unexpected expense.

Council member Wells asked what the current balance was in the school reserve account. Jacob Jensen, School District Superintendant, stated that the amount in the reserve fund last November during the budget hearing process was approximately 1 million dollars. Currently, the balance of the fund remained at 1

> million dollars until the current school district budget is approved, after approval, the fund will be reduced by approximately \$350,000. Therefore, the total remaining in reserves will be approximately \$650,000. Council member Wells stated that in January the school district had authorized approximately \$440,000 in maintenance and capital projects which he understood came from a carry-over of funds from last year. Amber Cockerham, Valdez City Schools Finance Director, stated that funding from several projects which had not been completed at the end of the prior year, were transferred over to the current operating budget for completion. Council member Wells confirmed that the school insurance costs had increased by 21% when in fact the school district had only budgeted for a 5% increase. Ms. Cockerham stated that this was correct. Council member Wells asked if the school district had budgeted for the increase in heating oil. Mr. Ben Olds, Facilities Director, replied that he had allowed for a 10% increase in fuel costs in his budget. Ms. Cockerham stated that Mr. Olds had taken measures to make the school district buildings more energy efficient. Council member Wells asked what the school district intended to do if fuel costs exceeded the 10% increase. He asked if the school board intended to use funds from their reserve to cover these costs, or would they be asking the city for more funding. Mr. Jensen stated that the school board was in the process of writing a policy statement which set their reserve at no less than 5%; however this would be a topic of future discussion. Mr. Jensen stated that the school district plan is to live within their means with what the city gives them.

> Council member Prax asked the amount of the school district's budget. Mr. Jensen replied that currently it is at 14.56 million. Council member Moore said that State law allows for school districts to keep up to 10% of their budget in a reserve account. Therefore, the allowable rate would be up to 1.4 million in their reserve fund. Council member Moore asked if the \$250,000 which was requested by the council would be used for the current budget or the FY 2012 budget. Ms. Cockerham stated that their request was for the FY 2012 budget. Council member Moore asked if these funds were in addition to the agreed upon amount of city funding discussed during the city budget hearings. Mr. Jensen replied in the affirmative.

Council member Ables asked Ms. Cockerham to discuss the increased food costs. Ms. Cockerham said she could not speak to it this evening as she would be only guessing at the numbers. She invited Council member Ables to visit with her at her office to discuss this further. Council member Ables stated that food costs were going to continue to increase. She suggested that the school district would need their reserves to cover the increased costs of food and heating fuel, therefore she supported their request from the city for an additional \$250,000.

> Council member Prax asked the amount of city funding the school district receives. Mr. Hozey replied that the City funds the school district in the amount of 9.1 million dollars. Council member Moore stated that she was confused as to why the school district was asking for additional funding from the city in the amount of \$250,000, when the city had not seen or accepted the FY 2012 school budget to date. She asked why this request was coming before the council now. Ms. Cockerham replied that the \$250,000 dollars they are requesting would be in addition to funding previously authorized by the council to fund their FY 2012 budget. If the city decided not to authorize additional funds, the school district would need to make additional adjustments or cuts to their 2012 budget to absorb these costs. Ms. Cockerham stated that the school district is required to present their budget to the city council by May 1st. Council member Wells asked where the school district intended to cut their budget should the council decide not to authorize an additional \$250,000 as requested. Mr. Jensen stated that at their next school board meeting they would need to discuss how to adjust their budget to absorb the additional \$250,000, which could mean the elimination of a position or other program.

> Mr. Dan Walker, School Board President, said they had held three board meetings and three public hearings to address many ways to bring their budget down. Then they were informed that there would be a 21% increase in their health insurance premium. The school board was then faced with cutting more or asking the city council for additional funding. Mr. Walker stated that the school board very much appreciated the amount of funding which the city provides to the school district. Mayor Cobb stated that \$250,000 was not as concerning as what may be coming down the road in the form of increased energy costs. He cautioned the school board to take this into consideration as they finalize their budget. Mr. Walker said the school board understands that they may have to use a portion of their reserves for unexpected costs related to increased energy costs. Council member Wells asked if the school board had done long range planning for the next few years to determine what the trend will be in regard to teachers retiring and possible reduction in personnel costs. Mr. Walker said a large portion of Valdez school teachers are at a point where they can retire at any time. Mr. Walker replied that the school board has been looking at these numbers and realize that eventually they will have a large turnover which will in turn allow the district to hire new teachers at a lesser amount. Mr. Walker said that the district would prefer to keep as many of their current teachers as possible, but it was inevitable that this would be a future trend. Council member Wells said he would caution the school district on drawing their reserve fund down below a safe level.

> Council member Prax pointed out that the city is currently funding 62% of the school budget and cautioned that the city is concerned about the reduced value

of TAPS by the State Assessor's office. He asked that the school district take into consideration the need to maintain or reduce their future budget. Council member Prax said he did not support their request for additional funding and advised them to explore other options to resolve this additional expense. Council member Prax requested that the upcoming school district budget be presented to the city council in greater detail than it had been presented in the past. Council member Wells stated that he would like to see more detail as well. Council member Wells said he did not have any desire to go into line iteming of their budget, however there are many members of the public who do not have children in the school district or attend school board meetings, therefore any mechanism whereby the council can provide more information to taxpayers would be appreciated. Mr. Walker stated that if the council would convey to Mr. Jensen what they would like to see in the form of the city schools budget it can be provided to them.

Council member Wells asked what the city funding source was for this request. Mr. Hozey replied that the funds would be taken from the city council contingency account. Mr. Hozey stated that if the request is approved, he would bring forth a resolution amending the city budget at the next regular council meeting.

Ruthie Knight, Curriculum Instruction Director, stated that the school district had been denied their request to fund to the cap during the city budget process last November. Therefore, the school district has been working diligently trying to determine what cuts could be made to the budget to stay within the funding amount which was granted by the city. She stated that the school board was trying to be responsible by keeping at least 5% in their reserve account. Ms. Knight stated that the Jr. High Counselor position has been cut from the budget next year due to the retirement of the person currently holding that position. Ms. Knight stated that the council told the school district to come back to the city should they have unexpected expenses. She stated that the city had money and that they should consider their priorities.

Council member Moore stated that she was concerned about the rising cost of insurance rates. She suggested that the school district consider programs or incentives which may help to prevent illness or reduce risk.

Council member Prax stated that there are many good teachers who are leaving which was unfortunate; however there are teachers who are not doing a good job which should also be taken into consideration.

Mayor Cobb pointed out that if insurance claims and costs are reduced the insurance premium for the schools may go down. Ms. Cockerham said this was correct.

Dr. Kathy Todd, School Board Member, said she would like to respond to Mr. Wells question regarding what the school board would cut from the budget. Dr. Todd said they have been pushed by the public during their budget hearing process to keep all of the teacher positions and not eliminate any position through attrition. Dr. Todd said the State is considering raising the base student allocation by 1.9%, which would increase State funding to the district by approximately \$150,000, however the legislature will probably not address this before the end of session this year. Dr. Todd said the way to reduce costs for insurance would be to increase deductibles or co-pay, however unless the city agrees to pass this along to city employees as well, the school district cannot consider this as a solution. Dr. Todd pointed out that Mr. Olds has kept their fuel bills low due to replacing light bulbs and implementing other energy saving programs, but she cautioned spending from their reserves when there could be unforeseen circumstances which could create a need to use reserve funds later in their fiscal year.

# **VOTE ON THE MOTION: 6 yeas, 1 nay (Prax). Motion carried.**

2. Approval of Preferred Site Selection for Future Middle/Junior High School

MOTION: Council member Sorum moved, seconded by Council member Moore, to approve Option B as the preferred site option for the future middle/junior high school.

**VOTE ON THE MOTION: 6 yeas, 1 nay (Prax). Motion carried.** 

### XI. ORDINANCES

 #11-03 – Repealing and Reenacting Section 17.48.140 of the Valdez Municipal Code Titled Temporary Land Use Permits. First Reading. Public Hearing.

MOTION: Council member Wells moved, seconded by Council member McCann, to approve Ordinance No. 11-03 at first reading, public hearing.

**VOTE ON THE MOTION: 7 yeas. Motion carried.** 

#### XII. RESOLUTIONS

1. #11-20 – Authorizing the Negotiated Sale of Lot 2, Loop Road Industrial Subdivision to Jeff Johnson & Linda Brandenburg

MOTION: Council member Ables moved, seconded by Council member Moore, to approve Resolution No. 11-20.

**VOTE ON THE MOTION: 7 yeas. Motion carried.** 

### XIII. REPORTS

1. PWSAC Report

Council member Wells thanked Ms. Bauer for her report.

### XIV. COUNCIL BUSINESS FROM THE FLOOR

#### Council member Moore

Council member Moore stated that she had participated in the "Choose Respect" walk sponsored by Advocates for Victims of Violence. She said that she supported educating our youth on these important issues.

Council member Moore said that she had attended a meeting between the Regional Citizens Advisory Council and the US Coast Guard in response to letters written by the Coast Guard. At this meeting she learned that RCAC had been recertified by the US Coast Guard.

Council member Moore stated that the Audit Committee had conducted an exit meeting with the city auditors. There are still some ongoing problems with the way the city capitalizes some things. The auditors said this is getting better, but there will still be a finding on this issue. There will also be a change to GADSBY reporting in 2011. The audit of the public works department went well.

### Council member Prax

Council member Prax stated that Laurie Prax's Frosty Fever promotion went well for the Winter Carnival event with good participation by sponsors.

#### Council member Ables

Council member Ables stated that she would be absent for the council meeting on April 18<sup>th</sup>.

#### Council member McCann

Council member McCann thanked the volunteers who helped support the annual Splash In event. Council member McCann stated that the event had raised over

\$10,500 for the Shriners Children's Hospital. Council member McCann said he would like to thank Hawk and Sheri Pierce for their sponsorship by providing the PA system.

Council member McCann expressed his concern regarding rapidly increasing costs of fuel in Valdez. Council member McCann suggested that the City seriously consider purchasing fuel in bulk similar to what is currently done by Alaska villages in order to offer reduced fuel costs to our residents. Council member McCann suggested the council consider this action in their upcoming long term planning session.

### Council member Wells

Council member Wells asked if the high mast lighting project was completed at the small boat harbor. Mr. Hozey responded that there was one light ballast which is on backorder, but other than that the project is complete.

# Council member Sorum

Council member Sorum stated that the Regional Citizens Advisory Council will be holding their 6<sup>th</sup> edition of the Marine Firefighting Symposium for land based firefighters on October 4<sup>th</sup> through October 6<sup>th</sup>.

Council member Sorum announced that there would be a "Hooping for Spring" youth basketball tournament on April 8 through April 10<sup>th</sup> in Valdez. Over thirty teams from around Alaska will be participating in the tournament. He stated that the organizers wished to thank the city public works department for sweeping the sidewalks and parking lots at the schools for this event. Council member Sorum stated that the event had been organized by Lori Mott, Jennifer Fleming, Sheila Mann and Casey Sodergren.

Council member Sorum reported that he would not be in attendance at the April 18<sup>th</sup> city council meeting.

### Mayor Cobb

Mayor Cobb stated that he attended the Women of Distinction of Awards on Saturday. Mayor Cobb stated that Pam Shirrell was selected as the Woman of Distinction and Shannon Major was selected as the recipient of the Young Woman of Distinction. Mayor Cobb thanked the sponsors of this event such as BP Alaska.

> Mr. Carl Headman asked if he could address the council. Mayor Cobb granted this request. Mr. Headman stated that he objected to what he considered disrespect by the city council toward the Alaska State Troopers. He said he did not appreciate the comments made in jest about running the troopers out of town. Mr. Headman stated that he taught his children respect for authority regardless of if he agreed with the way the law is enforced. He stated that there are legal ways to change the law. He asked the city council to reconsider sending a letter to State officials regarding their displeasure. Council member Prax responded that he also wanted his children to respect the law, but was concerned that they may lose respect for the law because of the way it was wrongly applied. Council member Prax stated that the troopers did not make the town of Valdez a better place and that there was less respect for law enforcement by our citizens due to their actions. Council member Prax said he considered this a money raising operation for the State of Alaska carried out by three people who did not live here. Council member Prax said he believed that the actions demonstrated by these troopers was wrong.

XV. EXECUTIVE SESSION

XVI. RETURN FROM EXECUTIVE SESSION

XVII. COUNCIL TRAVEL XVIII. ADJOURNMENT

There being no further business, Mayor Cobb adjourned the meeting at 10:20 pm.