

I. CALL TO ORDER

Mayor Cottle called the meeting to order at 7:00 pm in the City Council Chambers

II. PLEDGE OF ALLEGIANCE

The City Council led the Pledge of Allegiance to the American Flag.

III. ROLL CALL

Present:

Mayor Bert Cottle  
Council member Dave Cobb  
Council member Joe Prax  
Council member Karen Ables

Council member Dorothy Moore  
Council member Mike Wells  
Council member Steve McCann

Also Present:

John Hozey, City Manager  
Sheri Pierce, City Clerk  
Joe Levesque, City Attorney

Also Present: Members of staff and approximately 12 people in the audience.

IV. APPROVAL OF MINUTES OF THE REGULAR MEETING OF July 19, 2010

The minutes of the meeting of July 19, 2010 were approved with no corrections.

V. PUBLIC APPEARANCES

Sound Wellness Alliance Network (SWAN)

Ms. Coleen Price presented the Sound Wellness Alliance Network (SWAN) to the City Council and Mayor. Ms. Price recognized those in the audience who were present in support of SWAN. Four presenters joined Ms. Price at the podium to give the current status of the program. A briefing on the history of SWAN was given indicating that a needs assessment was done in 2007 with Providence Medical Center. At that time only 56% of citizens in Valdez reported their physical health as being very good. Ms. Price stated that the objective is to reach 75 percent. Ms. Price stated that SWAN has been challenged to increase the

numbers. Ms. Price stated that a grant was received in 2009 for the purpose of funding a wellness program.

Ms. Price quoted SWAN's current vision which is, "To effect real and sustainable change in the health status of the community of Valdez". Simply, their focus is influence Valdez residents to be healthier. Ms. Price explained that SWAN is made up of multiple pieces. Ms. Price stated that a core team meets every two weeks. There is a larger coalition made up of multiple organizations who provide community input to SWAN. Ms. Price explained that people within the coalition are working on action oriented items such as special projects, education and marketing, physical, spiritual and mental activities, information technology and infrastructure, web design, and biometric screening. Ms. Price indicated that her position is a part time grant funded position working directly for Valdez Providence Medical Center for SWAN.

Sean McCallister reported that in order to receive grant money for SWAN they had to present the specifics of what they wanted to accomplish and then develop goals and metrics around that. Providence required that those goals be very robust. Year one goals were described as follows: The first goal is to obtain a baseline of health for individuals and the community at large through biometric screening. The second goal is to secure funding for the program. That goal was achieved by securing \$100,000 of grant money to spend in 2010 specifically on community health. Finally, the third goal was to transform the annual Community Health Fair. In the past, the fair was driven by handing out information and prizes regarding health. SWAN changed the focus of the fair to involve activity and be action oriented. Mr. McCallister explained that the focal point of the fair or the "Healthy Living Expo" will be a "Know Your Numbers" campaign. He described the details of the campaign as follows: the goal is that everyone in the community would know their baseline health numbers which will hopefully empower individuals to take action and to do something about those numbers. Complimentary biometric screening will be offered to all residents that would like to participate. A website is being developed that will include a health portal in which participants can input their numbers online and the program will give them a baseline score along with recommendations to improve their health. Mr. McCallister further explained that it is not the intent of SWAN to necessarily come up with new ideas for Valdez but more to support existing ones, making them more successful and more effective.

Ms. Price announced that the Healthy Living Expo will be held on Sept. 14<sup>th</sup> at the Jr. High and High School campuses where they will utilize the track, swimming pool and other facilities there. Ms. Price voiced that SWAN is encouraging everyone to come out and participate. Another goal of the expo is

also to demonstrate all of the resources and programs currently available in the community.

Todd Wegner spoke about SWAN's goal of bolstering the existing activities in the community. He explained that SWAN has already co-sponsored a number of activities with the Parks and Recreation Department. He mentioned the HAWK program that began this year with an objective of encouraging Valdez residents to get out and hike the trails in the area. Participants pick up cards from Parks and Recreation and mark off each trail they hike. They can then turn in their cards at the Healthy Living Expo and will be entered in a drawing to win a prize. Mr. Wegner explained that this program was created to encourage participation in the Healthy Living Expo. SWAN has also assisted the Parks and Recreation Department by co-sponsoring the "Be a Healthier You" competition, by advertising the events and by encouraging participation.

Ms. Price reported that community tools are being put together now that include the SWAN website [www.swanalaska.org](http://www.swanalaska.org) that will host an activities calendar, a link to the Know Your Numbers campaign, healthy living tips and information for upcoming events. Ms. Price announced that SWAN advertisements will be on the radio and in the newspaper as well as on social networking sites. Finally, Ms. Price explained that another key objective for SWAN is to give back to the community. They plan to do this by sponsoring the Five Wishes Program that will provide a resource to create a living will that is very simple and is legally binding for interested Valdez residents. Ms. Price also mentioned several other resources that SWAN has already provided for the community and announced plans to expand on those resources. In closing, Ms. Price provided the number for interested residents to contact SWAN for more information at 834-1807.

The City Council thanked Ms. Price and all who represented SWAN at the meeting for their presentation and for what they are doing for the community.

#### VI. PUBLIC BUSINESS FROM THE FLOOR

Harold Blehm – Chugach National Forest Resource Advisory Committee (RAC)

Harold Blehm addressed the City Council representing the Chugach National Forest Resource Advisory Committee (RAC). Mr. Blehm explained that the RAC is a new committee that consists of about 15 people in and around this part of the Prince William Sound. Mr. Blehm stated that the RAC was put together to fund projects under the Secure Rural Schools Act and Community Self Determination Act of 2000. Mr. Blehm reported that the RAC's purpose was to stabilize and transition payments to the state and schools for roads, invest in the land, create

employment opportunities, and improve cooperative relationships among people that use and care for the national forest. In 2008 the act was reauthorized by the Secretary of the Interior and the Secretary of Agriculture to help provide additional stability to communities in line with the Federal Government's Recovery Act to try and boost the struggling economy. Mr. Blehm stated that the program was reauthorized for an additional four years in 2008. Mr. Blehm explained that the money must be obligated by September 30<sup>th</sup> of 2010 or the funds will be reverted back to the U.S. Treasury. Mr. Blehm explained that there are three titles on the Act and that the State of Alaska opted out of Title III. Title I of the Act is designated specifically for schools. Title II, however, deals with funding of special projects related to Forest Service land. Though we are not specifically in Chugach National Forest, we do border it and provide the only portal to the forest from the east. Mr. Blehm stated that the purpose of the funds is to enhance the Chugach National Forest and that money may be spent by a municipality if in compliance with regulations in the Act. Mr. Blehm announced that this could provide a tremendous opportunity for access to the forest. For example, he mentioned the extension of Shoup Bay Trail to Saw Mill Bay which would provide land access to the forest. Mr. Blehm stated his intentions are solely to generate interest and hopefully encourage interested parties to submit a proposal to the RAC. Mr. Blehm stated that the total amount of money available is 2.88 million dollars for just this portion of Prince William Sound. Mr. Blehm stated that the RAC had only 14 months to identify projects, recommend them to the Secretary of Agriculture and get them approved and initiated. Special projects include anything that would benefit the national forest. They should have broad based popular support and should create collaborative relationships among user groups. The projects can not include new infrastructure but it is permissible to improve upon or maintain existing infrastructure. Mr. Behlm stated that the application procedure was left relatively open and can be accessed on the Secure Rural Schools website.

Council member Ables asked for some examples of projects that have been completed. Mr. Blehm gave the example of a project completed in Yakutat where they used their funding to rehabilitate a salmon stream and a nature trail.

Mr. Hozey indicated that he planned to pass this information on to the proper City Boards and Commissions to ask for suggestions and ideas. He asked that if the general public had ideas to please submit them and they would be forwarded to the commissions. He stated that because new infrastructure is not permissible it is somewhat limiting but there may be ideas which might be worth exploring.

Mr. Blehm closed his presentation with an emphasis on the benefit of putting together different groups to prepare a joint proposal. An example might be a

group interested in history and a group interested in trails that come together for one proposal that incorporates both. Mr. Blehm stated that getting people working together is primary.

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

CITY MANGER'S REPORT

Mr. Hozey reported on the 10-mile dike upgrade. The first section of the new dike has been completed. Additionally new culverts, new sirens, and a flood protocol have been established for the area. Mr. Hozey indicated that the 10 mile area is much better off now than it was compared to 2006. With the new State grant of \$800,000, the city hopes to finish the dike project next year. Mr. Hozey also reported that the Police are aware of inquiries about the high level of rain this summer and possible flooding. He said that they are not on flood protocol right now. However, if we experience a day or two of consistent rain routine patrols will be looking at the flow and will initiate the flood protocol if necessary.

Mr. Hozey reported on the Port Security Camera project. The contractor is here and they are evaluating the situation. The equipment is ordered and they should begin installation soon. The Network Connectivity project approved at midyear was pulled from the August 2<sup>nd</sup> agenda as there were questions from Copper Valley Telephone, our current provider. They requested the opportunity to come up with a proposal that would be more competitive. It was decided to put out a general RFP so that any provider could respond if interested. The IT Department is working on the proposal which will be out later this week.

Mr. Hozey announced that Allen Minish, City Engineer, put in his resignation and terminated his employment with the City at the end of July. However, because of his familiarity with the 10 mile septic replacement program and because of his review of the existing systems the City has agreed to retain him under contract to help continue with that project for a short amount of time. The City has advertised and interviewed for Mr. Minish's replacement and has made an offer to fill the position but that person will not be able to get here until September. Mr. Hozey explained that there was some money in the budget for a contract project manager that was to be hired this summer. This will be used to help cover the gap.

Mr. Hozey reported that the High Mast Lighting bids came in and the two lowest bidders were only \$25 a part. So, determining who the project will go to will be done by evaluating several factors associated with each company including

capacity and responsiveness. Mr. Hozey explained that they hoped to have that resolved and ready for the next Council Meeting.

Mr Hozey mentioned the Assisted Care Living Task Force. Since the contract was awarded by Council at the last meeting execution of the contract has begun. Mr. Hozey announced that the consultants will be in town this week to do initial research and will be meeting with the task force on August 25<sup>th</sup>.

Mr. Hozey reported on the Water/Sewer Master Planning. They met with the consultants who are putting the plan together and they came up with an objective for looking at all water and sewer needs of the city to come up with a prioritization of what needs to be done. When that is complete it will be brought to Council for review in a work session format. Mr. Hozey explained that at that time the Council would be asked to provide their input so that the overall master plan can be put together.

Mr. Hozey indicated that he is currently working on the Legislative Priorities. We received a state grant for the Senior Center for assisting in the design of the car port. There was some confusion on the part of state administrators and that money was being sent directly to the Senior Center. That money needs be going to the City as we are doing the rest of the project. If a letter of intent by the legislator requesting the grant is received by the state admin, then we can get that process turned around. Mr. Hozey is working with our lobbyist in Juneau to accomplish this.

On the federal side Mr. Hozey was pleased to report that the federal sub-committee mark ups for energy and water are complete. The Harbor Project did survive. This mark up was passed on to the full appropriations committee. The request was cut from \$1.3 million to \$500,000. Mr. Hozey explained that the amount of money is not as important as the type of money. We have to get it classified as construction general in the Corps budget which allows the process to keep moving. Mr. Hozey is working with our lobbyist to make sure that money gets allocated as the correct type.

Finally, Mr. Hozey presented the 2011 budget schedule. He asked Council to take a look at it and to let him know if there are any conflicts. He reported that he intends to bring back the 2011 budget policy statement for consideration by council at the next meeting. He does not intend to make any significant changes to that policy from the 2010 version. Mr. Hozey asked that any council member requesting something different in this draft please let him know as soon as possible.

Council member Ables asked about her walk-through at 10 mile. She asked about the new dike area by the river and how it seemed a little lower than it should have been. Mr. Hozey explained that the contractor shot the survey incorrectly. They made a mistake and built it 12 inches too high. When they built the adjacent dike they had to bring it down a foot so it appeared that the dike was too low when in fact the culvert was too high. In the end, the contractor had to cover that expense and the dike was actually built higher than specified.

Council member Moore asked in regard to the Assisted Living Task Force if they could continue to work with all community members. Council member Moore further explained that she felt it was the community's hospital and that it was important to get input from the community as a whole in regards to what they want for the project. Specifically, she asked about the need for more specialty clinics and specialty doctors for the hospital. Mr. Hozey explained that less than a year ago a community wide survey addressing those issues was completed. Bringing in a specialist and/or more doctors was on the list. When the results were totaled, bringing in more doctors was not one of the top priorities. The community agreed on four priorities that are being addressed in the current medical facility master plan. Council member Moore acknowledged that process but indicated that it was still of great importance to continue to involve the community with this effort. Mr. Hozey agreed with Council member Moore and announced to the public that if anyone has input or questions to please forward them to the City Clerk or to him personally and he will be sure to get those requests to the task force.

Mayor Cottle echoed Mr. Hozey's invitation to the public by saying that the task force meetings are open to anyone who can come in at any time and voice their opinions and give suggestions. Mr. Hozey announced that the next meeting would be on August 25<sup>th</sup> at the hospital conference room at 6:00 PM.

Mr. Hozey also reminded council about the email he sent out regarding the joint meeting scheduled with the School Board and the City Council which was schedule for Monday, August 9<sup>th</sup> at 6:00 pm in the City Council Chambers.

#### CITY CLERK'S REPORT

Ms. Pierce reported on the upcoming State of Alaska Division of Elections, 2010 Primary Election. Election Day is Tuesday August 24<sup>th</sup>. The polls will be open from 7:00 am to 8:00 pm. Absentee voting will begin on Monday August 9<sup>th</sup> during business hours. Ms. Pierce indicated that many requests for absentee ballots have been received. Those requests have been sent out to the State of Alaska Division of Elections, who will then send out absentee ballots. Ms. Pierce

announced that if people are interested in coming up to City Hall to fill out the request form for an absentee ballot that we do have those forms in our office and are more than happy to send them in for people after they are filled out. Ms. Pierce announced that the deadline for requesting an absentee ballot by mail for the upcoming Primary Election is August 14<sup>th</sup>. Ms. Pierce explained that people are allowed to vote absentee by fax up until Monday August 23<sup>rd</sup> at 5:00 pm, Alaska Time. If you go to the State of Alaska division of elections website there is a link for all instructions for absentee voting.

Ms. Pierce reported that the Clerk's office is currently taking nominating petitions for the upcoming municipal election. There are two vacancies for the school board for three year terms and one vacancy for Mayor for a two year term. For City Council, there are 3 vacancies for two year terms and one vacancy for a one year term due to a resignation earlier in the year. Nominating petitions may be picked up at the City Clerk's office from 8:30 – 5:00, Monday through Friday. The final day to file the nominating petition will be Monday August 16<sup>th</sup> at 5:00 pm. Ms. Pierce announced that signatures for petitions must be obtained in person by the individual seeking the nomination.

#### CITY ATTORNEY'S REPORT

Mr. Joe Levesque was present sitting in for Mr. Bill Walker and indicated that they did not have a City attorney's report at that time.

#### VIII. NEW BUSINESS

1. Approval of Contract Award to Wolverine Supply in the Amount of \$39,300 for Concrete Entry and Entry Door Replacement at the Teen Center

MOTION: Council member Wells moved, seconded by Council member Moore, to approve a contract award to Wolverine Supply in the amount of \$39,300 for concrete entry and entry door replacement at the Teen Center.

VOTE ON THE MOTION: 7 yeas, motion carried.

2. Approval of Contract Award to Denali Mechanical in the Amount of \$278,074 for the Civic Center Fittings and Unions Replacement Project

MOTION: Council member Cobb moved, seconded by Council member Moore, to approve a contract award to Denali Mechanical in the amount of \$278,074 for Civic Center fittings and unions replacement project.

Council member Moore asked if it this project was to correct an aggressive leaking problem. Jack McCay, Capital Facilities Director, responded that it was not. It is to replace all of the rubber seals in the couplings that are all about 25 years old.

VOTE ON THE MOTION: 7 yeas, motion carried.

3. Approval of Change Order to CRW Engineering in the Amount of \$296,810 to Complete the Water/Sewer Design Effort for Corbin Creek and Robe River Subdivisions

MOTION: Council member Wells moved, seconded by Council member Moore to approve a change order to CRW Engineering in the amount of \$296,810 to complete the water/sewer design for Corbin Creek and Robe River Subdivisions.

VOTE ON THE MOTION: 6 yeas, one nay (Council member Prax), motion carried.

4. Approval of Change Order in the Amount of \$84,697 to Dynamic Painting for Civic Center Staining Project

MOTION: Council member Cobb moved, seconded by Council member Moore, to approve a change order in the amount of \$84,697 to Dynamic Painting for Civic Center staining project.

Council member Cobb stated that after the bids were opened it became apparent that the project had been under funded. Council member Cobb questioned if it was underfunded or was it over bid? Mr. Hozey replied that it was underfunded. When they went back and looked at what it would have taken to do the project five years ago, it there was an unrealistic amount that was originally budgeted.

Council member Moore acknowledged that she appreciate the effort of trying to save money by ordering the materials ahead of time but questioned where the materials would be stored? Jack, McCay responded that the initial thought was to get the materials now and do the work next spring however it has been decided that they will go ahead and finish the project his year so there will be no storage needs.

VOTE ON THE MOTION: 7 yeas, motion carried.

5. Approval of Contract Award in the Amount of \$64,160 to HDR Alaska Inc. to Complete the Sewage Treatment Plant (STP) Outfall Design

MOTION: Council member Wells moved, seconded by Council member Ables, to approve a contract award to HDR Alaska Inc for sewage treatment plant outfall design in the amount of \$64,160.

VOTE ON THE MOTION: 7 years, motion carried.

6. Discussion Item: Lease Renewal Options For Tract E, Harbor Subdivision with Silver Bay Seafoods

Mayor Cottle explained that Administration is recommending that the lease with Silver Bay Seafoods be raised to 6% of the appraised value of the property over the next five years. Mr. Hozey explained that in the early 90s there was an amendment to the lease with Seahawk that significantly decreased the lease payments by changing the lease amount to the assessed value versus the appraised value. This amendment would correct it back. But in moving forward with Silver Bay Seafoods we need to decide if we should phase it in. Council member Moore asked if we had been in communication with Silver Bay Seafoods. Lisa Von Barga, Community Development Director, replied that in fact they have been in contact with them. She indicated that they are willing to accept a phased in payment approach. Council member Moore indicated that she was very pleased with the summary Ms. Von Barga provided in the report.

Council member Cobb asked for clarification that we would start with 6% and work up to 10%. Mr. Hozey replied that no, it had always been 6%. The difference is we would be going from assessed value to appraised value which will significantly increase the lease payment because the percentage is based on a different dollar amount. We are looking to phase that in over time because the change is significant. When and if the lease is ever renegotiated we can look to bringing it from 6% to 10% at that time. Council member Cobb replied that his concern is that we need to be fair across the board. If we are charging 10% to other companies we should charge them all the same percentage. Mr. Hozey agreed that what we do should be across the board, either this percentage goes up or the other lease rates need to come down.

Council member Wells asked if the appraised value of the property at \$548,000 was just for the land? Ms. Von Barga answered in the affirmative. Council member Cobb inquired about who offered the rental adjustment in 1995. Ms. Von Barga responded that though she was not around at that time the general consensus is that there was a misguided idea that the appraised and assessed

values were the same. In 1995, it was prior to the State of Alaska passing the possessory interest issue with taxation on leases. Essentially what that means is if there are two parcels right next to each and they are both worth the same amount of money in assessed value and two renters occupy that land, the length of time left on the lease is considered in the payment. For example if one party has 25 years remaining on the lease and the other has 5 years remaining on the lease the possessory interest that the person who has 25 years left on the lease would be much higher than what the person owes who only has 5 years left on the lease. This would occur because the renter with the 25 year lease will possess that property for a much longer period of time. Council member Wells asked that in regards to possessory interest, does that take into consideration renegotiation? Ms. Von Barga responded that it does not. It just takes into consideration the existing lease. Council member Wells explained that at the end of the lease it is unlikely that the lease holder would destroy the structure on the land they were leasing. How asked how does that factor into the equation? Ms. Von Barga explained that that was a question we would likely have to obtain from our City tax assessor. She said that she could ask them to provide a detailed explanation of that. She also indicated that she did a report on possessory interest a few years ago that she could provide the Council that better explains the issue. Council member Wells asked that she email him that report. Ms. Von Barga agreed to do so.

Mayor Cottle asked for direction on what administration would like to do. The only reason that they are at 6% and not at 10% is because the lease was negotiated back in the 1960s. Since then, all newer leases since the mid 1990s have been negotiated at 10% of the fair market value. Mayor Cottle asked the Council if they wanted to see the increase phased in or increased all at once. Council confirmed that the increase should be phased in.

Council member Prax indicated that though he is fine with phasing in the increase he believes that when considering all leases of property that we have to be fair and consistent across the board and charge everyone the same amount. Mayor Cottle asked again if the plan was to phase it in over the next 5 years at 6%. Ms. Von Barga responded in the affirmative. This consensus was directed to be brought back to the council for formal action.

## IX. RESOLUTIONS

1. #10-35 – Rescinding Resolution 10-32 and Amending the 2010 City Budget in the General Fund and Debt Service Fund by Reducing the Amount of the 2009 Carry Forward Funds in the Amount of \$1,100,000

MOTION: Council member Cobb moved, seconded by Council member Wells to approve Resolution No. 10-35.

Council member Moore stated that the reason this resolution was needed was because the auditors noticed that this change should be made during their audit.

VOTE ON THE MOTION: 7 yeas, motion carried.

2. #10-36 – Amending the 2010 City Budget in the Capital Facilities Fund and the Reserve Fund by Increasing the Harbor Lights Replacement Project in the Amount of \$178,991 and Decreasing the Major Maintenance Waterline Project in the Amount of \$178,991 and Authorizing its Expenditure

MOTION: Council member Moore moved, seconded by Council member Ables, to approve Resolution No. 10-36.

VOTE ON THE MOTION: 7 yeas, motion carried.

3. #10-37- Designating the Project Entitled Homestead Road Water and Sewer Project as the Number One ADEC Local-State Water/Sewer Funding Priority for the City Fiscal Year 2010

MOTION: Council member Cobb moved, seconded by Council member Ables, to approve Resolution No. 10-37.

Council member Wells asked if there were other projects that were considered. Mr. Hozey replied in the negative and explained that when this was originally brought to Council that they asked administration to find grant funding for this project alone. So, in seeking funding they narrowed the search to grants that would specifically fund a project such as this. Council member Moore asked if by passing this resolution and we were awarded the grant did it require that the City must automatically accept it. Mr. Hozey replied that grant requests may always be denied by Council. Council member Prax stated that he does not support anything that takes our focus off the 10 mile septic project. Also, as a resident of Alaska he does not feel that this is a great use of funds for the state. Council member Prax felt that spending just any amount of money on any given project overall poses a negative impact for the City.

VOTE ON THE MOTION: 6 yeas, 1 nay (Council member Prax), motion carried.

4. #10-38 – Amending the 2010 City Budget by Accepting a Grant from the State of Alaska Department of Health and Human Services in the Amount of \$35,773 and Increasing the Appropriation in the Child Care Assistance Program and Authorizing its Expenditure

MOTION: Council member Wells moved, seconded by Council member Moore, to approve Resolution No. 10-38.

Council member Cobb asked for clarification if this was to fund our ongoing program. Mr. Hozey replied in the affirmative. Council member Ables asked where this funding ends up? Mr. Hozey explained that it goes through the Finance department to pay for the employee that runs the program and to actually pay for the program itself.

VOTE ON THE MOTION: 7 yeas, motion carried.

5. #10-39 – Amending the 2010 City Budget by Accepting a Grant from the State of Alaska in the Amount of \$800,000 for the Flood Mitigation Program

MOTION: Council member Cobb moved, seconded by Council member Wells, to approve Resolution No. 10-39.

VOTE ON THE MOTION: 7 yeas, motion carried.

6. #10-40 – Amending the 2010 City Budget by Accepting a Grant from the State of Alaska Highway Safety Office in the Amount of \$15,317 and Authorizing its Expenditure

MOTION: Council member Cobb moved, seconded by Council member Moore, to approve Resolution No. 10-40.

Council member Moore stated that she remembers that cameras were installed about 10 years ago. She asked how long we expected the new ones to last. Mr. Hozey replied that he did not have that answer at the time but would find out and get back to her. Mr. Hozey explained that this is a technology issue and that he did not expect that if we did get 10 years out of the last ones that we would get 10 years out of the new cameras, but agreed to find out what their predicted longevity would be.

VOTE ON THE MOTION: 7 yeas, motion carried.

7. #10-41 – Supporting the City of Valdez Serving as Host Municipality for the Alaska Municipal League Summer Meeting

MOTION: Council member Moore moved, seconded by Council member Ables, to approve Resolution No. 10-41.

Council member Moore asked when this meeting would occur. Mayor Cottle explained that it was three years out. Ms. Pierce added that the meeting for next year is planned for Bethel but they are having some hotel issues there so it may be sooner than we think. They agreed to let us know as soon as possible. Mayor Cottle stated that this meeting would be for 75-100 people. Council member McCann asked what kind of financial burden we could expect from this meeting. Ms. Pierce estimated that the overall cost would be less than \$5000 for the reception the City would host and for transportation assistance. Mayor Cottle explained that we cannot hope to host the larger AML meeting because we do not have the hotel accommodations to support it so this is a nice alternative. Mr. Hozey commented that AGFOA, the Finance Directors of Alaska, will also be here next April.

VOTE ON THE MOTION: 7 yeas, motion carried.

## X. REPORTS

1. 10 Mile Septic Program Status Report

Council member Prax stated that all interested Council members had visited 10 mile to look at the issues there. He asked if the issues of concern which were pointed out had been addressed by administration. Mr. Hozey replied in the affirmative regarding the deficiencies related to abandonment of the old septic tanks. Some concerns discussed were tertiary treatment for drain fields. There was some concern that the drain fields were not appropriate or needed to be larger. That is not being addressed because drain fields are not necessary. The systems, if operated properly, can discharge right into surface water. Any drain field installed is considered tertiary treatment or extra treatment. We are not going backwards and taking out unnecessary drain fields and putting in new ones. Going forward, we will look at that more closely. Mr Hozey reiterated that we are going back and fixing deficiencies such as tank abandonment issues. Council member Prax asked about the improperly installed system that needed to be taken out. Mr. Hozey explained that it was being taken care of. Council member Prax asked if the city will continue to test the systems. Ms. Von Barga responded in the negative stating that we are not doing further testing.

Mr. Hozey explained that they had been told that reliable tests are not available for individual systems and that the standards for comparing test results were created for large collector systems. So, the testing we did seemed to be consistent with what the Alaska Department of Environmental Conservation (ADEC) expected. Council member Prax stated that he felt that was the problem. The past test results revealed that some systems were not functioning well, but the City was told that they must only take the average into consideration. He stated that the test results revealed that some systems do not work all of the time. Mr. Hozey agreed that if they are not maintained or operated correctly they will not work correctly. Council member Prax stated that those below average numbers were seen in year one after installation. Mr. Hozey stated that they would do whatever Council asks but that there is no guarantee that we will ever have a perfect system in every case. There are too many variables, the largest being proper operating and maintenance of the systems. At some point we have to take some leap of faith that we have done everything we should have done and hold the home owners responsible for their role in properly operating and maintaining their system.

Council member Prax argued that the systems would work better if there were three homes going into one system to have consistent use. Just to pretend it is all good and carry on is not the way we need to go. Mayor Cottle asked Council member Prax for his solution. Council member Prax replied that we need to come up with a fix for the problem. He stated that if the homeowners are going to have the system we installed that they need to have the proper drain fields for the days when the numbers fall below average. Mr. Hozey replied that though we could do that for this one subdivision, no one else in the city or state has to do it that way. All these systems have less than average days all over the state and no one else seems to be getting sick over it anywhere else. Mr. Hozey explained that if we want to have triple redundant systems, we can do that but it will prove to be very costly.

Mr. Hozey asked for Council member Prax to tell them what he wanted them to do. Council member Prax explained that he felt that they were sold a bill of goods by the vendor and that the state was backing the vendor. We have spent all of this money to make Alpine Woods better and on days where the system may not be working we are admitting they could be going into substandard drain fields, and it is not permissible. Council member Prax stated that we have not fixed the problem. Mr. Hozey agreed that we do not have a perfect fix in Alpine Woods, but we have a significantly improved situation as a result of City action.

Council member Cobb asked about the issue of abandonment of tanks and if that was permissible by the State of Alaska. Ms. Von Barga stated that it was.

Council member Cobb questioned if our code should be equal to or better than the State regulations. Ms. Von Barga responded in the affirmative. Council member Cobb stated that he would like to see this issue brought forward for consideration by the Council to require that all abandoned septic tanks must be removed from the ground in the future. Ms. Von Barga responded that the removal of the tank is not always the most sanitary option. Council member Cobb stated that his issue was that when he was out at Alpine Woods that he witnessed a tank that had just been abandoned which still posed a threat to someone who might fall into the hole. He pointed out that if that tank were removed the problem would be eliminated. Ms. Von Barga explained that in circumstances where the City is paying for that, it could be done, but requiring that home owners incur that expense on their own could be very difficult. Council member Cobb asked that it still be brought back to Council for further discussion. Ms. Von Barga suggested a future work session be planned to discuss this and other code issues with septic systems.

Council member Ables commented that she agrees with Council members Prax and Cobb. She voiced her concern about some of the leach fields being within a few feet of water and that riparian zones are crucial. Having those systems so close to water is very disturbing to her. Council member Ables also added that she would like to see that some residents out there get access to monitoring reports which she understood they were denied. Ms. Von Barga replied that people who own a system have access to their personal monitoring reports. Mr. Hozey commented that the requests they were receiving were from residents who wanted access to their neighbor's information. Council member Ables agreed that they do not need access to their neighbor's information but should have access to their own. Ms. Von Barga assured her that they do have this right now. Council member Ables ended by saying that she hopes that we do not stop here and continue to fix the situation in Alpine Woods.

Council member Moore questioned if ADEC gave certificates to everyone who has one of these systems. Mr. Hozey replied in the affirmative. Council member Moore explained that though she may not agree with the way systems are tested there is nothing we can do about that because the testing protocols are out of our hands. She asked about the City system and if there are days where monitoring results are not perfect. Larry Weaver, Public Works Director, responded by saying that it is not feasible to compare their lagoon system to package treatment plants because we have such a long flow-through time. From the time it enters the system to the time it exits is nearly one month. Their averages stay fairly constant but it is not an equal comparison to an individual system for a private home. Council member Moore questioned the use of national averages which

are based on results gathered from large systems. She stated that these are not equal comparisons.

Mayor Cottle stated that this issue will continue. It will not go away. He stated that the only way to really fix the problem is to run City sewer out there. Council member Prax argued that that would set a precedence that everyone in the city should be on City water and sewer. There is not anywhere in the state that does that. Mayor Cottle stated that it would have cost \$15 million to put sewer and water out there. He suggested that the City begin putting money away to really fix the problem. Council member Prax stated that you can put in a septic system correctly and safely and we missed that. He explained that if we decide to put in water and sewer for everyone in Valdez that we will use all of our money just on that project alone. It is not the best use of money. We just need to be able to put in septic systems correctly the first time. Mr. Hozey stated that the people in Alpine Woods did not want a piped water and sewer system when they were originally asked about it.

## 2. Airport Industrial Subdivision Road Report

Mayor Cottle asked Lisa Von Bargaen about the amount of money we have in an account that could be used to construct road access to properties in the Airport Industrial Subdivision. Ms VonBargaen replied that we have about \$50,000, with an additional amount of \$320,000 that was put aside at midyear. Council member Prax commented that at the end of the report it stated that development efforts should include the easiest, fastest and least expensive option. He agreed with that suggestion however he feels that we should also let that apply to private investors too. In the past there have been some fairly complicated roads put in which were not necessary. He stated that other communities do not have these standards.

Mr. Hozey explained that the cheapest way is not always the best as it often will come back to haunt us later. It is more expensive later. If we do it right up front then the developers and homeowners are the ones who bear the cost. This is not the way we typically do it. We put roads in quickly and cheaply and then later the City is the one who has to come back and pay for the upgrades. Mr. Hozey continued stating that if Homestead Road was put in correctly in the beginning, the lots would have been worth more and the cost would have been paid for by the buyers. Council member Prax argued that at that time it was difficult to sell those lots for an amount people could afford, even more difficult if the lots had been more expensive because of the proper installation of roads, water and sewer.

Mayor Cottle stated that when Corbin Creek was first brought to Council it was decided not to put in water and sewer because they wanted an area where lower income buyers could purchase affordable lots. That was an informed decision by Council at the time. Council member Prax stated that it just changes who pays for it. Ms. Von Bargen gave an example of one of the biggest issues being in Robe Lake Subdivision. When the State subdivided that property the City of Valdez opposed it. The State went ahead and developed that property and offered it for sale. The City of Valdez took out a full page ad in the newspaper at that time stating that the City of Valdez would never provide services in that subdivision. The residents there pay property taxes and feel they deserve some services. So, there is the weight on the City to do something to give back to those people. Improvement projects are then initiated. Mayor Cottle stated that services are granted for that subdivision such as schools, police, fire, library, parks and recreation, garbage service, street lights, bus turnarounds, etc. Council member Prax stated that we cannot possibly extend every service possible to all neighborhoods. We are setting some expensive precedence when we start down these paths, case in point, Alpine Woods.

It was agreed to extend a simple road out at the airport subdivision to make lots there accessible.

### 3. Investment Report

Council member Moore pointed out that as of December 31, 2009 we had put over \$37 million into that fund and now it is worth \$113 million. She pointed out that the original investment yielded a nice return.

### 4. Health Insurance Report

### 5. CIP Report

## XI. COUNCIL BUSINESS FROM THE FLOOR

### Council member Moore

Council member Moore stated she recently had an opportunity to work with the Animal Shelter and realized that the friends at the Animal Shelter do a lot for this community and she wanted to thank them for their efforts.

She reported that she weighed an 18.96 pound Silver Salmon caught by a lady from Fairbanks. Council member Moore said that she sees fishing and the boat harbor as our economic engine and where we need to focus. Council member

Moore reported that RCAC is hosting visitors from the Gulf of Mexico who are visiting to talk to people about what they can expect from the oil clean up.

Council member Prax

Council member Prax asked if they were able to find anything out on the Senior Center siding warranty. Jack McCay, Capital Facilities director, replied that they do not make the product anymore but that there was a warranty at the time it was purchased. Council member Prax announced that the Silver Salmon Derby is underway and has started off very successfully. The Women's Derby will be held on August 15<sup>th</sup>. They are hoping for a large turnout. Council member Prax reported that it has been widely advertised.

Council member Cobb

Council member Cobb asked if we could get a sign at the King Pond that says "open for business." He stated that people do not know that it is open for fishing. He stated that signage was needed to encourage fishing there.

Council member Cobb stated that the Fairbanks Assembly voted to approve the Port Authority development work plan. Council member Cobb had made a presentation to the Fairbanks North Star Borough Assembly, along with the AGPA bond counsel and the AGPA attorney. They answered questions and provided information as asked. Council member Cobb stated that the next step in the process will be to go before the Regulatory Commission of Alaska. The Commission will review the plan and the purchase of Fairbanks Natural Gas and Golden Valley's plan.

Council member Cobb announced the final report of the Pink Salmon harvest was at nearly 18 million this year. Ninety percent were harvested by the commercial fisherman and sold at a good price. A lot of money was spent in town. It was a very good year.

Council member McCann

Council member McCann stated that he would be out of state until August 16<sup>th</sup> but will be back for the meeting that evening. He asked if anyone had read the Trans-Alcan-railroad proposal as he felt it was very intriguing. Council member Cobb stated that it was intriguing but that they had forgotten about all of the coal we have in Alaska.

Council member Wells

Council member Wells stated that he had met with Chief Comer, City Administration, DOT and Fish and Game regarding the bear issues on Dayville Road. There will be a report coming to Council defining responsibilities between the groups with efforts focused on keeping people from being injured and keeping bears from having to be destroyed. He stated that the Valdez Fisheries had recently held their picnic at the Kelsey Dock and it was very nice to be able to utilize that facility.

#### Mayor Cottle

Mayor Cottle asked if the Silver Bay Seafood lease had to come back for approval by the council each year. Mr. Hozey replied that it did not as this would be the last five year amendment and it will not come back again until the lease is completely renegotiated. Mayor Cottle agreed with Council member Moore's comment that the Harbor is a great economic engine for this community. He stated that the potential favorable impact of two harbors would be significant.

Mayor Cottle announced the details of the upcoming Gold Rush Days that will begin on August 4th with the King and Queen crowning at the Senior Center.

Mayor Cottle addressed the 10 mile septic issue again and questioned if the City intended to go after the contractors who installed the faulty systems. Ms. Von Barga responded that the majority of the problems were corrected in Phase II. Finally, Mayor Cottle reported that last week at the Kelsey Dock a filming company was allowed to use the Kelsey dock for free to make a commercial. But, when a local boat comes in for fuel they have to pay \$110 an hour to use the dock and an extra 1 penny per gallon for fuel. Mayor Cottle stated that he felt this was completely wrong and unjust. He stated that the City should not be rewarding the company who comes here one time with free use of the dock. Mayor Cottle asked that the Ports and Harbor Commission look at the fees at the dock again and determine if it is really worth the city's time and effort to collect a penny a gallon for fuel there as he did not believe we were even breaking even.

#### XII. ADJOURNMENT

There being no further business, Mayor Cottle adjourned the meeting at 9:00 pm.