

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 in the Pledge of Allegiance to the American Flag.

III. ROLL CALL

Present:

Mayor Bert Cottle	Council member Dorothy Moore
Council member Dave Cobb	Council member Mike Wells
Council member Karen Ables	Council member Joe Prax

There was one vacant Council seat due to the resignation of Council member Gay Dunham.

Also Present:

Eric Phillips, Acting City Manager
Sheri Pierce, City Clerk
Craig Richards, Acting City Attorney

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

IV. APPROVAL OF MINUTES OF THE REGULAR MEETING OF June 21, 2010

The minutes of the meeting of June 21, 2010 were approved with two minor corrections.

V. PUBLIC APPEARANCES

VI. PUBLIC BUSINESS FROM THE FLOOR

Mr. Roger Jacobson requested that the City Council begin considering winter activities for young people. He asked that a study be done on current city owned property and the potential of having a simple ski hill built. Mayor Cottle thanked Mr. Jacobson and also suggested he go to the Parks and Recreation

Commission meetings and make that request as many of those recommendations get forwarded to the City Council.

Mr. Randy Ridderbush asked the Council if it was that time of year to pick up nomination petitions for the upcoming election. The City Clerk replied that petitions would be available in the City Clerk's Office beginning July 15, 2010. The filing deadline will be August 15th, 2010.

Ms. Wanda Clark spoke on behalf of the Senior Center thanking the Council for their support in the recent accident between the helicopter and the green house. Ms. Clark was very appreciative for all of their support in general.

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

CITY MANAGER REPORT

Eric Phillips, acting City Manager, reported that John Hozey had provided a written report in the council meeting packet but that he had two additional items to report. First, Mr. Hozey wanted to remind the City Council of the work session planned for Monday, July 12, 2010 at 6:00 pm. in the City Council chambers to go over midyear budget adjustments. Mr. Phillips indicated that Mr. Hozey asked for ideas or requests for the midyear budget review to be given to him by this Thursday, July 8th so he can finalize all of the numbers for the meeting.

Mr. Phillips also reported that Mr. Hozey recently met with ADOT regarding the 12 mile dike and received positive feedback. They were able to break out the dike project from the larger group of projects listed and anticipate completion to occur in Fall 2010. They were also able to design the dike to be a little more heavy duty than it was originally planned.

Council member Prax asked about the Corbin Creek and Robe River septic meeting. According to the notes, the main issue that seemed to come up repeatedly was the installation of City water into Corbin Creek. One reply to that question was that the City wants to do both projects. Mr. Prax was most interested in what the residents want to do, not what the City wants to do. Mr. Prax said that the notes made it sound as if doing both were imminent. Mr. Prax hoped that this was not the message we are giving. Mr. Phillips, Assistant City Manager, indicated that though he was not at the meeting he did read the corresponding notes and felt that there was a mixed response from residents on their desires for the project. From an administration stand point, he understood the position to lie within what was most economical. Mr. Phillips also said that Council had not approved any projects to date and therefore the City has committed to nothing at this point in time. Mr. Prax agreed that the point was

valid but that the report indicated that the City would be doing both and if that is not what the residents prefer, limiting the project to water installation only, could move the process along much more quickly. Council Member Moore said that she did not come away with the idea that water was preferred out of the two options. She indicated that this is not a done deal. There is much to be discussed and decided yet. Council member Moore inquired whether the people who could not make the meeting would be able to see the notes from the meeting and voice their opinions. Mr. Phillips indicated that before this project moves forward that there will be several more opportunities for public comment. This was just the initial meeting to get an idea of the direction they might want to go and was not at all intended to give false hopes to residents about what the City may or may not do. The intent was to create a starting point to initiate conversations between residents and the City.

Mayor Cottle also stated that it is impossible to get one hundred percent agreement on any proposed project. Depending on the readers' interpretation it might appear that the City would like to do everything at once. However, if we wait until we have the money to do it all it is likely that nothing will be accomplished. If we completed the water installation first then at least we could have safe drinking water for those residents. If imposing the least invasive intrusion on someone's property is desired then putting in water only is the answer. Regardless of what is decided, we have to do it in phases as the City can afford it. Mr. Phillips stated that the reason they designed the water and sewer at the same time was simply an effort to get true costs.

CITY CLERK REPORT

Ms Pierce reported that the regular election will be held this year on Tuesday, October 5th. The preliminary notice of election will go out Wednesday July 7th. Petitions to run for Mayor, Council and School Board will be available in the City Clerk's office beginning July 15th. Ms. Pierce announced that the petitions need to be picked up in person. There will be four vacancies on the City Council this year. One will be to fill Council member Dunham's position for a one year term. The other three seats will be regular two year terms. The Mayor will also be open for election totaling five open seats for this election. Ms. Pierce also announced that we will have school board elections this year as well. Absentee voting will start on September 20th which will be in-person voting at Valdez City Hall. Anyone interested in picking up an absentee ballot may do so by contacting the City Clerk's office at any time. We will be mailing out those ballots as soon as they are received which will be shortly after the close of petitions on August 16th. Ms. Pierce stressed that for those interested in absentee voting to please contact her office so we can ensure that ballots are sent out in time to receive them back

within that two week period. Ms. Pierce indicated that all preliminary election information will be published in the Valdez Star, the City of Valdez website and will be broadcasted through KCHU and KVAK radios. If anyone has questions please call the City Clerk's office at 834-3408.

Mayor Cottle clarified that the *elected* candidate who receives the lowest amount of votes for the Council member election will fulfill the remaining term of Council member Dunham's position which would last for one year only.

Ms. Pierce also reported on upcoming meetings for the next few weeks. There will be a work session on July 12th with the City Council to discuss midyear budget adjustments at 6:00 pm. On July 13th there will be a Parks and Recreation Commission meeting that will begin with a work session at 6:00 pm to discuss their goals and objectives and a regular meeting will follow at 7:00 pm. On July 14th there will be a Planning and Zoning meeting at 7:00 pm with a public hearing on the Robe Lake setback encroachment.

Council member Moore asked if people could make written comments in regards to the Public Hearing to the Planning and Zoning Commission. Ms. Pierce indicated that it should be permissible as The City Clerk's office does except written comments for their public hearings. It would be the same procedure.

CITY ATTORNEY'S REPORT

Mr. Richards announced that there was a separate agenda item for Polar Tankers and also attorney Joe Leveque will be giving an update on the Seahawk litigation in the executive session that would be held immediately following the current council meeting. In the TAPS 2006 case the judge asked for an additional briefing on some of the technical issues. It appears that we will get a final judgment and decision in approximately one month which will finish that case up. At that time, should either side chose to appeal they will be able to do so.

MAYOR'S REPORT

Mayor Cottle reported that there have been two Port Authority meetings since the last Council meeting. Mayor Cottle announced that Peter Feldman who is also running for State House was in the audience at the City Council meeting this evening.

VIII. CONSENT AGENDA

1. Approval to go into Executive Session

- a. Polar Tanker Litigation
- b. Sea Hawk Seafoods Litigation

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

VOTE ON THE MOTION: 6 yeas, 1 vacancy. Motion carried.

IX. NEW BUSINESS

1. Appointment to City Council Vacancy

The Mayor announced that the council had received an application from Steve McCann and Laura Mittlestadt for the vacant city council seat. By ballot, the council selected Mr. Steve McCann to fill the vacancy. Mr. McCann will serve the remainder of Council member Dunham's term which will expire October 5, 2010. Mayor Cottle requested that Mr. McCann be sworn into office by the City Clerk which would allow him to attend the upcoming work session on July 12th as a council member. Mr. McCann would be excused from participating in the council meeting this evening but would attend the executive session.

MOTION: Council member Ables moved, seconded by Council member Moore to appoint Steve McCann, to the Valdez City Council.

Council member Ables thanked Laura Mittlestadt for her application and voiced her appreciation for her interest.

Council member Moore questioned the decision to swear in Mr. McCann this evening because she believed that once the new member was sworn in that he or she should be active in the meeting and should be seated at the current meeting. Mayor Cottle asked if there was consensus by the council to wait until the next meeting to swear in Mr. McCann. There was no objection to swearing in Mr. McCann. It was agreed by all other Council members that it would be unfair to Mr. McCann to have him sit on the current meeting when he has no knowledge of the current agenda packet.

VOTE ON THE MOTION: 6 yeas, 1 vacancy. Motion carried.

Mr. Steve McCann was sworn into office by the City Clerk.

2. Appointments to the Ports and Harbor Commission Vacancies

Mayor Cottle announced that the following citizens applied for the open Ports and Harbor Commission seat: John Bradshaw, Steve Cotter, Bernie Culbertson, Alan Sorum. The Council voted on the open position.

MOTION: Council member Ables moved, seconded by Council member Cobb, to appoint Steve Cotter for a three year term, Bernie Culbertson for a three year term and John Bradshaw for a one year term to the Ports and Harbor Commission.

VOTE ON THE MOTION: 6 yeas, 1 excused (McCann). Motion carried.

3. Approval of UBS Trumbull Property Fund (UBS-TPF) as the Fund Manager For the City of Valdez Real Estate Investment Portfolio of the Valdez Permanent Fund

MOTION: Council member Cobb moved, seconded by Council member Moore, to approve UBS Trumbull Property Fund as the fund manager for the City of Valdez real estate investment portfolio of the Valdez Permanent Fund.

Council member Moore explained that four different groups were considered in this process. She stated that the criteria used to make the decision was based on performance history, how much the firm is leveraged (debt), and diversification of properties in the fund and fees. The two real estate groups that were favored were UBS Trumbull Property Fund and Cornerstone Patriot Fund. Both companies were subsequently interviewed via telephone and UBS Trumbull was selected. Ms. Moore indicated that UBS Trumbull assured the group that even though they had been bought out by UBS, one of our previous fund managers, they would not be influenced by their parent company on how to run real estate.

VOTE ON THE MOTION: 6 yeas, 1 excused (McCann). Motion carried.

4. Approval of Contract Change Order to Wolverine Supply for Upgraded Siding for the Valdez Senior Citizens Center Project in the amount of \$137,500

MOTION: Council member Moore moved, seconded by Council member Ables, to approve a contract change order to Wolverine Supply for upgraded siding for the Valdez Senior Citizens Center project in the amount of \$137,500.

Council member Cobb asked Mr. Phillips if there would be a guarantee for the siding. He stated that the siding put on the building twelve years ago is in awful shape. Mr. Cobb wanted assurance that a guarantee would be in place for the longevity of the product. Mr. Phillips referred the request to Jack McCay, Capital Facilities Director. Mr. McCay indicated that there would be a guarantee on the new siding. Council member Prax questioned the amount of the change order. He said that it seemed quite large and wondered if we are getting substantial enough savings to believe this was the best way to go. Mr. McCay indicated that the roof eaves would be extended with this project to better protect the siding. In 1998 they were not and the exposure to weather greatly affected the deterioration of the siding. The siding used in 1998 is not manufactured anymore. Therefore it is recommended to re-side the entire building. Mr. Prax asked what the total amount was for the entire project. Mr. McCay reported that it was \$366,000 for the roof and the siding. Mr. McCay reminded the Council that we received the Community Development Block Grant money that the City matched and therefore with the extra money it was decided it was a good time to do the entire building and roof with the exception of the parking garage. The parking garage was originally in the plan but was eliminated due to project costs. Council member Moore asked that the number of years the company will guarantee the siding be disclosed. Mr. McCay agreed to obtain this information.

VOTE ON THE MOTION: 6 yeas, 1 vacant, motion carries.

5. Approval of Contract to Dynamic Painting for the Re-staining of the Valdez Elementary School, and School Administration Building in an Amount not to exceed \$170,000

MOTION: Council member Moore moved, seconded by Council member Ables, to approve a contract award to Dynamic Painting for the re-staining of the Valdez Elementary school and school administration building in an amount not to exceed \$170,000.

VOTE ON THE MOTION: 6 yeas, 1 vacant, motion carries.

6. Approval of Change Order to Bell and Associates for the Design of Sawmill Road Extension in the Amount of \$31,230

MOTION: Council member Moore moved, seconded by Council member Ables, to approve a change order to Bell and Associates for the design of Sawmill Road extension in the amount of \$31,230.00.

Council member Moore asked for verification that this is a non-local company. Mayor Cottle confirmed that the company was from out of town. Council member Cobb asked Mr. Phillips if all of the land in the area is privately owned. Mr. Phillips indicated he believed this was true but would have to look at the map to be certain. Mayor Cottle voiced that at least two property owners in the area were concerned that if the road was ever connected all the way to the Valdez Mobile Home Park or to the Harris' Mobile Home Park that that road would become the main thoroughfare instead of utilizing Airport Road. Mr. Phillips indicated that the plans he has seen did not design the road as a straight path but included a bend in the road to slow the traffic down. Mayor Cottle pointed out that this motion is not to approve the opening of the road but to only approve design of the project.

Ken Deaton spoke from the floor as a property owner on Sawmill Road. He expressed his concern regarding the City's negligence in letting him know about the plans for the road. He indicated that he would have appreciated hearing about it from the City instead hearing it on the radio by chance. He expressed major concerns of the property owners on Sawmill Road regarding traffic. Currently, the traffic between the bus barn and the highway is very busy. Mr. Deaton indicated that the City has a difficult time keeping the road graded in summer and winter. If this is opened up to more traffic the situation will become worse. He asked that residents who will be impacted by such projects be contacted ahead of time so they might have time to voice their concerns. Mr. Deaton made it clear that he is supportive of the paving and sewer plans for the area but is strongly opposed to opening the road because of the increase of traffic and how it will negatively impact the property owners on Sawmill road.

VOTE ON THE MOTION: 5 yeas, 1 nay (Prax), 1 excused (McCann). Motion carried.

7. Approval of Contract Award to Fullford Electric, Inc. for Purchase and Installation of Port Security Cameras in an Amount Not to Exceed \$161,845

MOTION: Council member Cobb moved, seconded by Council member Moore, to approve a contract award to Fullford Electric, Inc. for the purchase and installation of port security cameras in an amount not to exceed \$161,845.00.

Council member Cobb asked if these were monies from Homeland Security. Mr. Phillips confirmed that they were. Mayor Cottle asked who selected the camera equipment. Mr. Phillips responded that an internal decision was made by City Administration.

VOTE ON THE MOTION: 5 yeas, 1 nay (Prax), 1 excused (McCann). Motion carried.

8. Approval of Settlement Agreement with Polar Tankers for Attorney Fees and Costs in the Amount of \$1,100,000

MOTION TO TABLE: Council member Cobb moved, seconded by Council member Moore, to table the motion to approve the settlement agreement with Polar Tankers for attorney fees and costs in the amount of \$1,100,000 until after the executive session was completed.

VOTE ON THE MOTION TO TABLE: 6 yeas, 1 excused (McCann). Motion carried.

X. RESOLUTIONS

1. #10-31 – Amending the 2010 Budget in the General Fund by Accepting a Grant from the Alaska Division of Homeland Security and Emergency Management in the Amount of \$11,279 and Authorizing its Expenditure for the Valdez Local Emergency Planning Committee

MOTION: Council member Wells moved, seconded by Council member Moore, to approve Resolution No. 10-31.

VOTE ON THE MOTION: 6 yeas, 1 excused (McCann). Motion carried.

2. #10-32 – Amending the 2010 Budget by Authorizing the Payment of Attorneys' Fees and Costs to Polar Tankers, Inc. in the Amount of \$1,100,000 and Authorizing the Expenditure from the Debt Service Fund

MOTION TO TABLE: Council member Cobb moved, seconded by Council member Moore, to table the motion to approve Resolution #10-32 until after the executive session.

VOTE ON THE MOTION TO TABLE: 6 yeas, 1 excused (McCann). Motion carried.

XI. REPORTS

1. Fire Department Report

XII. COUNCIL BUSINESS FROM THE FLOOR

Council member Moore

Council member Moore asked what department should public comments in regards to the Corbin Creek/Robe River project be submitted. Mr. Phillips indicated that since Capital Facilities is handling the project now that those comments should go to the attention of Jack McCay. Ms. Moore asked if the amount of money proposed in the grant letter provided in the information packet for the flood mitigation work would in fact be the amount of money we would receive. Mr. Phillips concurred that we would receive the entire amount of \$800,000. Ms. Moore asked if we had already budgeted for this amount to be paid by the City. Mr. Phillips responded that we had included the amount of \$800,000 for flood mitigation in the City budget and so this grant would provide additional money to spend on the cause.

Council member Cobb

Mr. Cobb requested that City Administration meet with Bell and Associates and the residents of the Sawmill Road project before design begins. Mr. Phillips indicated that a traffic study was completed and that a meeting with the residents could be planned. Mr. Cobb asked if the residents were involved in that study. Mr. Phillips replied that they were not. Mr. Cobb asked that they be included in the future planning efforts.

Mr. Cobb applauded City staff for all of the hard work done for the 4th of July weekend. Hotels and RV parks were completely full. Bed and Breakfasts were almost at full capacity and people were catching a lot of fish in the Small Boart Harbor. Events easily flowed from Saturday's Pink Salmon Festival to Sunday's 4th of July Festival. It was a perfect 4th of July, the best seen in Valdez in Mr. Cobb's opinion. Thank you all for the effort. The little amount of money spent was well worth it.

Council member Wells

Mr. Wells echoed Mr. Cobb's praises for those associated with the 4th of July weekend. He also agreed that the project on Sawmill Road should not commence without the involvement of the residents in the area.

Council member Ables

Ms. Ables agreed that the 4th of July Festival was a great success! She also agreed that residents should be involved in the Sawmill design as much as possible. Ms. Ables also thanked George Keeney, Fire Chief, for his Fire Department report.

Mayor Cottle

Mayor Cottle complimented the end result of the Ruth Pond Project indicating that he was very pleased with the outcome. He also clarified that residents at Sawmill Road are not requesting to halt road paving and sewer installation but do want to be involved in the process or planning the road expansion. Mayor Cottle asked that people are aware that the original reason for considering the proposed entrance was because in the winter part of the road blows shut. He is not advocating that we open it up but wants everyone to be aware that this does happen each winter.

XIII. COUNCIL TRAVEL

Council member Ables stated that she would be absent from the next regular council meeting.

XIV. EXECUTIVE SESSION

XV. RETURN FROM EXECUTIVE SESSION

1. Approval of Settlement Agreement with Polar Tankers for Attorney Fees and Costs in the Amount of \$1,100,000

MOTION: Council member Cobb moved, seconded by Council member Wells, to approve the settlement agreement with Polar tankers for attorney fees and costs in the amount of \$1,100,000.

VOTE ON THE MOTION: 6 yeas, 1 excused (McCann). Motion carried.

2. Resolution #10-32 – Amending the 2010 Budget by Authorizing the Payment of Attorneys' Fees and Costs to Polar Tankers, Inc. in the Amount of \$1,100,000 and Authorizing the Expenditure from the Debt Service Fund

MOTION: Council member Cobb moved, seconded by Council member Moore, to approve Resolution No. 10-32.

VOTE ON THE MOTION: 6 yeas, 1 excused (McCann). Motion carried.

XVI. ADJOURNMENT

There being no further business, Mayor Cottle adjourned the meeting at 8:30 pm.