

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 M. Moore
Council member Mike Wells	Council member Dave Cobb
Council member Karen Ables	Council member Joe Prax
Council member Gay Dunham	

Also Present"

John Hozey, City Manager
Sheri Pierce, City Clerk
Bill Walker, City Attorney

Members of staff and approximately 20 people in the audience.

IV. APPROVAL OF MINUTES OF THE REGULAR MEETING OF March 1, 2010 and March 15, 2010

Council member Moore requested that a correction be made to the March 1st minutes, page 14, to read that Council member Moore requested a "beginning" meeting with the auditors.

The minutes were then approved as corrected.

V. PUBLIC BUSINESS FROM THE FLOOR

Matt York, USCG, stated that on June 26th, the Coast Guard would be conducting emersion suit testing at a site located at the small boat harbor.

Larry Weaver, Public Works Director

Mr. Weaver stated that he had attended the Governor's Safety Conference in Anchorage where the City of Valdez Public Works Department was awarded the "Governors Safety Award."

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

Kelsey Dock Uplands Project

Mr. Hozey stated that he had provided the council with a hand-out on the proposed uplands projects for the summer season.

VCT Causeway Renovation

Mr. Hozey stated that the City engineering department is working with designers to help improve the seismic stability of the causeway.

Water Sewer Master Planning

Mr. Hozey stated that City administration has received the first draft of the plan. He stated that administration has expressed some disappointment with the draft plan document and have forwarded their concerns to the contractor.

School Facilities Master Planning

Mr. Hozey stated that the school facilities master planning project was moving along according to schedule. The contractor presented initial recommendations which are being reviewed by the steering committee. Mr. Hozey requested a joint work session between the city council and the school board be scheduled for May 12th, at 6:00 pm to discuss the project.

10 Mile Dike

Mr. Hozey said that during his absence at a prior council meeting there was discussion regarding the location of the expansion of the 10 mile dike. Mr. Hozey stated that the city council had approved the engineer's recommendation regarding the location of the dike extension. Mr. Hozey said that this information was also provided to the residents of 10 Mile. The city did receive a letter from one resident who expressed objection to the location and this letter was provided to the council prior to their approval of the engineer's recommendation.

Foreclosures

Mr. Hozey stated that the city began the foreclosure process with 152 properties on the list. The finance department has successfully worked to resolve issues which have reduced the number of foreclosures to eight properties which are on the agenda for action this evening.

US Forrest Service

Mr. Hozey stated that administration is working with the Forrest Service on possible locations for a new Forrest Service building.

4th of July Celebration

Mr. Hozey reported that the 4th of July committee has discussed expanding activities to a 2 day function by incorporating a "Pink Salmon Festival" day.

Alaska Shield Training

Mr. Hozey asked to schedule a work session with the council to discuss the upcoming Alaska Shield exercise. A work session was scheduled for April 14, at 12 pm.

Legislative Priorities

Mr. Hozey said he had met with the US Coast Guard, the Corps of Engineers and our federal delegation in Washington D.C. to discuss the city's federal legislative priorities. Mr. Hozey said that he had included information in the council packet from the Federal lobbyist regarding the federal health care bill.

One-stop Payments

Mr. Hozey stated that the city is in the process of installing a version of the harbor accounting software at the city hall front desk so that citizens may make payment on all of their city accounts at one convenient location.

VII. CONSENT AGENDA

1. Proclamation – Sexual Assault Awareness Month
2. Proclamation – Child Abuse Prevention Month

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

VOTE ON THE MOTION: 7 yeas. Motion carried.

VIII. NEW BUSINESS

1. Approval of Contract Award to Wolverine Supply for the Small Boat Harbor H-K Dock Electrical and High Mast Lighting Project in an Amount not to Exceed \$1,091,200

MOTION: Council member Wells moved, seconded by Council member Moore, to approve a contract award to Wolverine Supply for the Small Boat Harbor H-K Dock Electrical and High Mast Lighting Project in an amount not to exceed \$1,091,200.

Mayor Cottle asked if this included the removal of the existing light poles and fixtures. Mr. Hozey replied in the affirmative.

VOTE ON THE MOTION: 7 yeas. Motion carried.

2. Approval of Tax Write Off for Lloyd Tremer

MOTION: Council member Cobb moved, seconded by Council member Moore to approve a tax write off for Lloyd Tremer in the amount of \$3,329.02.

VOTE ON THE MOTION: 7 yeas. Motion carried.

IX. ORDINANCES

1. #10-03 – Accepting the Withdrawal of the North Slope Borough from the Alaska Gasline Port Authority; First Reading, Public Hearing

MOTION: Council member Cobb moved, seconded by Council member Moore, to approve Ordinance #10-03 at first reading, public hearing.

Council member Dunham asked for an explanation of the responsibility of the City Council to the Alaska Gasline Port Authority.

Mr. Bill Walker, City Attorney, stated that in response to Council member Dunham's question he would like to provide some background information on the Port Authority.

Mr. Walker stated that the Alaska Gasline Port Authority (AGPA) is currently working on a project that would bring LNG off the North Slope via the Richardson Highway. Mr. Walker said that this project was originally proposed to the Alaska legislature however the legislature chose to decline. Since that time, Golden Valley Electric has come forward offering to become an anchor tenant if the AGPA would participate as the owner of the assets.

Mr. Walker stated that Fairbanks Natural Gas currently has a gas distribution system in Fairbanks with one-thousand customers. They currently make LNG in the Mat-Su Valley and haul it to Fairbanks by truck. Golden Valley Electric would like to cease using diesel fuel to generate electricity, therefore they have agreed to be an anchor tenant and purchase LNG from the Alaska Gasline Port Authority. The AGPA would own the assets on the North Slope and enter into a contract with Exxon to purchase gas for a period of ten years, with an extension provision in the contract. The AGPA would build an LNG facility on the North Slope and own the pipeline needed to fuel trucks which will transport the LNG to Fairbanks where it will be distributed to Golden Valley Electric, and Fairbanks consumers and then continue south to Valdez for distribution to Copper Valley Electric and Valdez consumers. Mr. Walker stated that any excess LNG or propane byproduct could be shipped from the Port of Valdez to other potential consumers. Fairbanks Natural Gas will no longer be operational and their assets will be owned by the AGPA. Mr. Walker said that financing for this project would be 100 percent debt financing, with no equity piece. There would be no financial obligation by any AGPA member municipality. Mr. Walker explained that Golden Valley Electric will consume 3 bcf of LNG, leaving 14 bcf available to other consumers.

Mr. Walker stated that bond counsel had reviewed the project and rendered their legal opinion that this project was allowable under the present ordinance which created the Alaska Gasline Port Authority; However the development plan must be modified to include the proposed project. Mr. Walker stated that the revised development plan will be presented to the Valdez City Council and the Fairbanks North Star Borough assembly for approval. Mr. Walker stated that Valdez has asked for a number of items which will be included in the development plan.

Mr. Walker explained that the North Slope did not want to be involved in the project to bring LNG to Fairbanks and Valdez; therefore they have asked to withdraw from the Alaska Gasline Port Authority. In order for this to happen, an

ordinance must be approved by the Fairbanks North Star Borough and the City of Valdez to allow them to withdraw from the Alaska Gasline Port Authority.

Mr. Walker stated that this project is a “start”, and would be the first transportation of LNG off of the North Slope.

Council member Prax said he was puzzled at the process. He stated that he was suspicious when a special meeting was called by Mayor Cottle to explain the withdrawal of the North Slope Borough from the Alaska Gasline Port Authority. He asked how the City of Valdez would benefit from this project. Mr. Walker said that gas currently going to Fairbanks comes from ENSTAR who charge retail prices, the gas coming from the North Slope to Golden Valley Electric will be at a significantly lower price. Copper Valley Electric will benefit from the lower price which they would pass along to their customers in Valdez. Mr. Walker stated that the goal is to bring LNG from the North Slope which will be passed on to consumers in Fairbanks and Valdez. Any excess LNG or propane could be shipped to other Alaska communities through the Port of Valdez. Council member Prax asked if the absence of the North Slope Borough from the Port Authority would hamper a larger gasline project. Mr. Walker said the exclusion of the North Slope Borough from the Port Authority has no impact on this project or a larger gas pipeline project.

Council member Moore explained that she believed that Golden Valley Electric as an anchor tenant made the project financially viable. Mr. Walker said this was correct. Council member Cobb stated that at this time there have been no contracts signed between the AGPA and Golden Valley Electric. Council member Wells stated that the bond attorneys will assure that there is no real risk prior to authorizing the issuance of bonds for the project. Mr. Walker said this was correct. Mr. Walker pointed out that the Regulatory Commission of Alaska will also have to approve the contract. Council member Ables asked if the terms of the contract with Golden Valley Electric will be available to the public after the contracts are signed. Mr. Walker responded in the affirmative.

Council member Wells reiterated that the City of Valdez has no liability associated with this project. Mr. Walker said this was correct. Council member Wells asked if the bonding agent would rate the bonds. Mr. Walker said yes, that the AGPA will assure that the financing makes the project viable prior to entering into any contract with Golden Valley Electric. Mr. Walker stated that it was critical to the project that the consumer realize a substantial savings and that the savings would then be passed on to the customer.

Council member Cobb stated that the AGPA is working to establish Copper Valley Electric as a tenant to reduce the cost of electricity to their customers. The AGPA is interested in establishing a transportation corridor to include Prudhoe Bay, Coldfoot, Fairbanks, Delta Junction, Glennallen and Valdez whereby along the route natural gas refueling stations can be located. The LNG can be shipped to other areas in the State of Alaska through the Port of Valdez. Council member Cobb said that Valdez had requested that a satellite office be located in Valdez to assist with marketing and distribution of LNG products. Council member Cobb reiterated that wholesale of natural gas and byproducts must include contract language with the buyer that will insure energy savings are passed on to consumers. Council member Cobb said that the goal of the AGPA was to deliver low cost energy to Valdez and points beyond.

Council member Prax asked how the structure of the AGPA will change with the absence of the North Slope Borough. Mr. Walker replied that there has been some discussion around bringing in another municipality which would be more aligned with this project. Mr. Walker said that with the absence of the North Slope Borough there would be six seats on the AGPA with three seats held by representatives of the Fairbanks North Star Borough and three seats held by representatives of the City of Valdez.

Mr. Randy Ridderbush speaking from the audience, asked why there was a June 15th deadline established for closing the agreement with Golden Valley Electric. Mr. Walker responded this was a target date, not a deadline.

VOTE ON THE MOTION: 7 yeas. Motion carried.

X. RESOLUTIONS

1. #10-13 – Requesting FY 11 Payment in Lieu of Taxes Funding from the State of Alaska Department of Commerce, Community, and Economic Development

MOTION: Council member Wells moved, seconded by Council member Moore, to approve Resolution No. 10-13.

VOTE ON THE MOTION: 7 yeas. Motion carried.

2. #10-14 – Amending the 2010 City Budget by Transferring \$33,635 from the Council Contingency Account in the Reserve Fund to the Parks and Recreation Account in the General Fund and Authorizing its Expenditure

MOTION: Council member Ables moved, seconded by Council member Cobb, to approve Resolution No. 10-14.

Council member Moore asked for an explanation of what a “jersey barrier” was. Mr. Hozey replied that it was a concrete barrier which can be relocated if necessary. Council member Moore said that she would rather use rocks as a barrier at Sea Otter.

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

3. #10-15 – Authorizing the Obtaining of Clerks Deeds on Certain Foreclosed Upon Properties Within the Taxing Jurisdiction of the City of Valdez

MOTION: Council member Cobb moved, seconded by Council member Wells, to approve Resolution No. 10-15.

VOTE ON THE MOTION: 7 yeas. Motion carried.

4. #10-16 – Establishing a Standard Fee for the Administration of Foreclosed Property within the Taxing Jurisdiction of the City of Valdez

MOTION: Council member Ables moved, seconded by Council member Cobb, to approve Resolution No. 10-16.

VOTE ON THE MOTION: 7 yeas. Motion carried.

XI. REPORTS

1. Building Permit Report
2. Robe River Snow Lot/Right-of-Way Acquisition

Mr. Hozey stated that administration is requesting guidance regarding the acquisition of a snow storage lot in Robe River subdivision. Mr. Wells asked the cost of an appraisal on this property. Ms. VonBargen, Community Development Director, responded that the cost was approximately \$300.00. Mr. Hozey stated that getting a tax appraisal can take some time due to scheduling difficulties. Council member Ables asked why the city would consider purchasing this property. Mr. Hozey responded that the city did not need this lot for snow storage, although it can be used for this purpose. Mr. Hozey said that purchasing this lot would preserve an option to expand development in this area by creating a right-of-way. The consensus of the council was to move forward with an appraisal of this property.

XII. COUNCIL BUSINESS FROM THE FLOOR

Council member Moore

Council member Moore said that she would like to thank the Tailgate Alaska group for presenting positive comments about Valdez during the work session.

Council member Cobb

Council member Cobb suggested that a winter festival be planned around the ski and snowboarder events.

Council member Dunham

Council member Dunham asked if the State of Alaska had contacted the City regarding reconstruction of the 12 Mile dike. Mr. Hozey responded that he would contact the State to follow up. Council member Dunham stated that the Alaska Department of Transportation requested a letter from the City supporting the replacement of the existing Mineral Creek Bridge with a new "Bailey Bridge." Mr. Hozey responded that he would contact the ADOT.

Council member Dunham stated that he had a document which contained the names of military veterans who should be recognized at the upcoming "Military Appreciation Day" event. Council member Dunham said he would provide this document to the City Clerk.

Council member Dunham said that he had attended a meeting with Copper Valley Electric and the project manager for wind generators constructed in Kodiak. The project has been completed and is currently working, resulting in a reduction of power costs to Kodiak consumers. Council member Dunham said that discussion was held regarding potential testing locations in Valdez which may successfully provide wind generation.

Council member Dunham stated that the audit committee had requested that city administration bring back solutions to the suggestions posed by the auditors. Mr. Hozey responded that city administration was working to implement these suggestions and would present this information to the council at the time the audit is presented for approval.

Council member

Council member Wells stated that he was impressed with the level of detail presented to the steering committee formed to oversee the Valdez School Master Planning project.

Council member Ables

Council member Ables stated that she was impressed with the attendance of people at the Tailgate Alaska work session held earlier this evening. She commented that the City Council must support the construction of a ski lift in the community to enhance winter tourism.

Mayor Cottle

Mayor Cottle stated that he had attended the meeting at Copper Valley Electric to discuss wind power generation and that the sites suggested for testing are located at Glacier Stream, 12 Mile, 6 Mile and the Valdez Glacier. Mayor Cottle asked administration to look into the possibility of using grant funds specific to energy conservation projects which are available to municipalities.

XIII. ADJOURNMENT

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