I. CALL TO ORDER

Mayor Pro-Tem Moore 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

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

Mayor Cobb was absent and excused.

Members of staff and approximately 15 people in the audience

IV. APPROVAL OF MINUTES OF THE REGULAR MEETINGS OF November 2, 2011

Council member Wells, requested that on page 6, 2nd paragraph, the words "because there are also floating processors" be included in his statement. The minutes were approved with corrections.

The minutes of the meeting of November 2, 2011 were approved as corrected.

V. PUBLIC HEARING - 20 12 Budget for the City of Valdez

Mayor Pro Tem Moore opened the public hearing and asked for public testimony.

Alan Crume

Mr. Crume asked which members of the council are eligible to vote on the budget. Mayor Pro-Tem Moore replied that the purpose of the hearing tonight was to provide testimony on the proposed budget document. The actual approval of the budget document by the city council would occur at the first meeting in December.

Mr. Hozey asked for clarification of Mr. Crume's question. Mr. Crume replied that he wanted to know which council members would be asked to refrain from voting or discussing the budget due to conflict of interest issues. Mr. Walker, City

Attorney, stated that if a conflict of interest was found to be substantial under the rules for abstention due to conflict of interest in the Municipal Code, then the budget document would need to be divided into sections for the purpose of allowing those members of council the ability to abstain from participating. They would not be asked to refrain from voting on the entire budget document, only those sections which are determined to meet the rule for abstention.

VI. PUBLIC APPEARANCES

Mayor Pro-tem Moore recognized the presence of State Representative Feige in the audience.

VII. PUBLIC BUSINESS FROM THE FLOOR

Alan Crume

Mr. Crume stated he received emails from the City which stated the urgency for the residents of 10 mile to respond to the proposed location of the dike. Mr. Crume said that the residents tried to hold a meeting on this issue but were forced to cancel due to a power outage. They are now trying to convene another meeting to address this issue and provide input to the city. Mr. Hozey said he believed that Mr. Obrien had sent out a revised drawing to the residents for their consideration. Mr. Hozey said he did not want the city to be accused of slowing down the process. Mr. Crume responded that the city was not doing this and that the residents would convene a meeting as soon as possible.

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

City Manager

The Assisted Living Task Force recently met to address a number of new issues. The issues centered on the assumptions and earnings of the current hospital and the requirements for a certificate of need. Certificates of need will be required for any hospital project which exceeds a certain dollar threshold of approximately 1.3 million dollars. Mr. Hozey said this was new information presented to the task force. A sub-committee will continue to work on financial issues.

Middle School Project

Mr. Hozey stated they have been coordinating with the Ed-Spec architects on the next round of meetings. The next lab meetings have been scheduled for the first week in December. A broad public meeting will be held on December 6th from 6 to 8pm at the High School cafeteria.

Strategic Planning

Mr. Hozey said he was pleased with the outcome of the recent meetings. The next meetings will be held on December 3rd and 4th. They will be working on objectives. The meetings will be held at Prince William Sound Community College.

2012 Energy Assistance Program

Mr. Hozey stated that as of today, there have been 690 residents sign up for the program. The city has extended their hours to 7pm in the evening on December 6 th and 20th for those people who need to sign up after their work hours.

Homestead Road

Mr. Hozey stated that the city received a letter from the residents of Homestead Road regarding their concerns with the depth of the drainage ditches, the width of the cul-de-sac and screening of the mechanical box. Mr. Hozey said the city is trying to develop a scope of work and cost estimate to address these concerns.

Small Boat Harbor Upgrades

This project is approximately 70 percent complete. The electrical pedestals are not expected to arrive until the first part of December.

Harbor Restroom Boiler Upgrades

This project should be completed by mid-January.

Salmonberry Ski Hill

The warming hut has been moved to the top of the hill by Harris Sand and Gravel. The communication line has been installed to the top and the bull wheel has been put into place. Copper Valley Electric Company still needs to install the meter base and transformer. Mr. Hozey expressed his concerns that there are still issues which need to be addressed, such as the contour of the hill. The city will continue to meet with the Snow Authority.

Legislative Priorities

A work session will be scheduled next week with our lobbyist to discuss our 2012 legislative priorities.

High School Bleachers

The bleachers did not ship from the factory as scheduled, therefore the project is delayed. The bleachers should be in Valdez and the contractors beginning their work on December 12th. Hopefully the project will be completed by the end of the Christmas break. The first basketball tournament may have to be relocated to the elementary school gym.

Shared Fisheries Business Tax

Mr. Hozey said he spoke with the city manager's of Cordova and Whittier regarding Cordova's proposed allocation method. Cordova is continuing to press the issue for 2011. The city will continue to communicate with Cordova and Whittier regarding this issue.

Fireworks and United Way

Mr. Hozey asked for the city council to consent to offering the United Way match for city employee contributions and to authorize the city manager to expend funds from Council Contingency for fireworks on New Year's Eve. It was the consensus of the council to authorize these budgeted expenditures from the Council Contingency fund.

City Clerk

The City Clerk reported that she attended the Alaska Municipal League conference in Fairbanks. She stated that she assisted the policy and resolutions committee and served as the parliamentarian for the AML business meeting.

City Attorney

Mr. Walker thanked the people of Valdez for their support and condolences with the passing of his father.

Mr. Walker spoke to the AML resolution regarding support for the All Alaska gas line. He stated that it may be appropriate for the City of Valdez to express their thanks to Mayor Isaacson and the City of North Pole for sponsoring and bringing this resolution forward.

Mr. Walker stated that last week he attended the World LNG Summit in Rome, Italy. The President of Sempra requested Mr. Walker's participation in the summit. Listening to presentations of other projects around the world Mr. Walker was eager to present what Alaska had to offer. It was interesting to see how different countries are concerned about excess gas going to Japan. Mr. Walker said that it was a very worthwhile trip. The Wood McKenzie study was of great

interest to those in attendance and brought a very high level of credibility to the Alaska LNG project.

IX. CONSENT AGENDA

- Proclamation for the Annual Christmas Tree Lighting Ceremony in Honor of Patricia Haltness
- 2. Approval of Appointment to the Planning and Zoning Commission
- 3. Approval of Appointments to the Valdez Consortium Library Board
- 4. Approval to go into Executive Session regarding TAPS Valuation/litigation

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

VOTE ON THE MOTION: 6 yeas, 1 absent (Cobb). Motion carried.

X. NEW BUSINESS

 Approval of Snow Removal Contract for Area VII Salmon Berry Ski Hill to Alaska Maritime Services

MOTION: Council member Ables moved, seconded by Council member McCann, to approve a snow removal contract for Area VII Salmon Berry Ski Hill to Alaska Maritime Services

Council member Wells asked if the rates for snow removal contracts are increasing this year. Mr. Larry Weaver, Public Works Director, responded that the City offers 35 cents above OPAS rate for fuel costs.

VOTE ON THE MOTION: 6 yeas, 1 absent (Cobb). Motion carried.

2. Approval of Snow Removal Contract for Area VIII, Cummings Way & Kodiak Cove to Rogers Snow Removal

MOTION: Council member Ables moved, seconded by Council memberWells, to approve the snow removal contract for Area VIII, Cummings Way and Kodiak Cove to Rogers Snow Removal.

Council member Prax asked why these two contracts were not combined and offered for bid. He stated that it seemed to be a lot of travel time using two companies for each location. Mr. Weaver responded that in fairness to the small business owners in Valdez it provided work for two companies instead of just one. Council member Prax said it was the responsibility of the city to find the cheapest way possible to remove snow. He pointed out that now the city would need to pay travel time for two companies instead of just one.

VOTE ON THE MOTION: 6 yeas, 1 absent (Cobb). Motion carried.

XI. ORDINANCES

1. #11-06 Amending Chapter 5.04 Titled Business Regulations Generally; Second Reading, Adoption

MOTION: Council member Wells moved, seconded by Council member Ables moved, seconded by Council member McCann, to adopt Ordinance #11-06.

Council member Sorum said he supported the setting of fees by resolution, but did not support the city gathering extra information on occupational licenses. Council member Prax said he agreed with Council member Sorum.

Council member Wells asked if was common practice for municipalities to adopt a policy which requires proof of occupational licensing to receive a city business license. Lisa VonBargen, Community Development Director, responded that she did not know the answer to this question. Mr. VonBargen stated that the requirement for an occupational license was directed mainly at contractors in the community who must be professionally licensed to do work in Valdez. Ms. VonBargen stated that issuance of a home occupation license, such as to a person who wished to sell firearms would be contingent on that person having the proper licensing from the State or a Federal agency to conduct this type of business. Therefore, proof of this is required by the city at the time the business owner applies for a city business license. Ms. VonBargen said that this can be a safety issue for people in the community who are contracting for services that require the appropriate State occupational license to do their work. Ms. VonBargen pointed out that because Valdez is a rural community, there is no one from the State who travels to Valdez to make sure that contractors are appropriately licensed. Council member Wells said the City is doing the work of the State. He asked at what level does the average homeowner who just would like work done on his house is precluded from hiring just a "handyman" to perform the job. Ms. VonBargen replied that there are specific licenses for handyman workers.

AMENDMENT: Council member Prax moved, seconded by Council member Sorum to strike Section A from the ordinance.

WITHDRAWAL: Council member Sorum withdrew his second on the motion after it was made clear by Council member Prax that he wanted to strike Section A in its entirety. Council member Sorum stated that he only wished to remove the language in Section A which required the submission of the applicants State Occupational License.

AMENDMENT DIED FOR LACK OF A SECOND.

AMENDMENT: Council member Prax moved, seconded by Council member Sorum to remove the language in Section A. which requires the submission of the applicants State Occupational License.

Council member Prax said he felt that by requiring an occupational license it was a means to eliminate competition from people who may perform the work for less money. Council member Prax said that acquiring some occupational licenses require a major financial investment. He stated that believed that some people have the false impression that an occupational license equals quality, and it does not.

Mayor Pro-Tem pointed out that teachers are required to receive ongoing education to keep their license and therefore supported the requirement for an occupational license when necessary in the performance of their job. She asked who would enforce this requirement and if the city would be liable? Mr. Walker, City Attorney, responded that the city would not be subjected to any liability or warranty of workmanship by requiring proof of occupational license at the time of business registration.

Ms. VonBargen stated that less than 5 percent of the business licenses in the State of Alaska require an occupational license. The city is not requiring anything different or additional.

Mr. Prax reiterated that having an occupational license does not guarantee quality workmanship. He stated that the city was micromanaging the situation with good intentions.

Council member Wells said he was concerned that many business owners are playing by the rules and are complying with the regulations related to occupational licensing, so to some extent the city should be supportive of this.

VOTE ON THE AMENDMENT: 3 yea, 3 nay. Motion Failed.

VOTE ON THE MAIN MOTION: 4 yea, 2 nay (Prax/Sorum). Motion carried.

XII. RESOLUTIONS

1. #11-68 - Amending the 2011 City Budget by Authorizing the Transfer from the Reserve Fund to the General Fund and Increasing the Appropriation in the Community Service Organizations Budget for the Valdez Visitors and Convention Bureau in the Amount of \$153,000

Council member Ables declared a conflict of interest substantiated by the fact that she has a direct financial interest based on her ownership of the VCVB building and subsequent collection of lease payments from the VCVB.

MOTION: Council member Wells moved, seconded by Council memberMcCann, to approve Resolution No. 11-68.

Council member Sorum stated that he supported granting the VCVB \$153,000 for the purpose of paying past due invoices, employment taxes and other expenditures to keep the VCVB open until January 1. However, he did not support administration overseeing the expenditure of these funds by the VCVB. He stated that he distinctly remembered that Mayor Cobb had made the decision to establish a task force to discuss the future of the VCVB and insure that the money appropriated by the city council is spent under the supervision of the Task Force and the Board of Directors in a fiscally responsible way.

Council member Wells said his understanding was that the City was going to forward fund the VCVB to close the existing gap and then the VCVB would operate in 2012 under a reduced budget. Mr. Hozey responded that this was correct. Mr. Hozey stated that in his discussions with the Mayor regarding the task force, the task force would be formed to discuss a broader issue than just the current financial difficulties. The Task Force would be asked to examine all the options in supporting the function of the VCVB and other possible functions. Mr. Hozey stated that forming a Task Force which could begin working on these issues would not be possible before the end of the year. Therefore, financial procedures must be put into place at this time to assure that going forward would not reproduce the same situation they are currently in at present. Mr. Hozey said that the reason for the interim financial procedures to be established is because there will no longer be an executive director role in 2012. Interim procedures are being developed by the VCVB Board of Directors which Mr. Hozey is reviewing and commenting on to assure that financial reporting is being done correctly and monthly cash flow needs are mapped out correctly.

Mr. Hozey stated that the funds which council have been asked to approve this evening will be taken for the city council contingency funds. On January 1, the amount of \$153,000 which would have been dispersed to the VCVB will be put back into the council contingency fund. Basically, the council is forward funding the VCVB for a payment which would have been made to them on January 1.

Council member Wells stated that he would support the payment of \$153,000 to the VCVB this evening, but he agreed with Council member Sorum that oversight of the VCVB organization must continue in 2012.

Council member Prax said he would like a documented accounting of where the \$153,000 will be spent by the VCVB. He stated that questions have not been answered as to where the money went which was supposed to go toward payment of bills and taxes. He stated that he believed the policies should be developed before the \$153,000 is given to the VCVB.

Mayor Pro Tem Moore stated that she did not want this sort of thing to happen to any well meaning board again.

Colleen Stephens, Vice President, VCVB Board of Directors, stated that the board desired to be as diligent as possible. They have worked with the City Manager on a cash flow analysis to determine how future funds will be dispersed.

Mayor Pro Tem Moore asked if there was a way to determine where the funds where spent. Ms. Stephens said that a portion of the money was spent on fines associated with back taxes, and two visitor guides were paid for in one year. Ms. Stephens said there is a long list of reasons for the present situation the VCVB is facing.

Council member Sorum stated that he wanted a firm understanding on how the task force would be formed and their duties and responsibilities.

Council member McCann stated that closing the doors to the Visitor Center was not the answer. In 2012 all of the policies and procedures will be put into place in order to move forward.

Ms. Stephens said the funds which would be approved by the council this evening would keep the VCVB open until the end of the year and allow the essential core programs to go forward. If the funds are not appropriated this evening there will be bills which will need to go unpaid.

Mr. Hozey stated that money will not be dispersed to the VCVB until he is certain they are operating within the guidelines established by the board and approved by him. Mr. Hozey stated that he will continue to work with the board and the auditors to determine how the current shortfall of \$153,000 came about. Mr. Hozey said he hoped to have the answer to this question in January.

Council member Sorum said he was only comfortable with funding a portion of what is requested at this time.

AMENDMENT: Council member Sorum moved, seconded by Council member Prax to reduce the amount of funding from \$153,000 to \$60,000.

Council member Wells said what he wanted to understand was what the

\$153,000 would be used for, other than it was just needed to get the organization through to the end of year. He suggested that the proper thing to do may be to postpone action on this item until the first meeting in December providing time to acquire more information and answer some of Council member Sorum's concerns

Council member Prax said he would support paying the liabilities only, however he did not know what that amount would be.

Ms. Stephens said that rent, credit card bills, advertising, payroll, past due bills amount to approximately \$90,000. The remaining amount is estimated IRS fees, workman compensation fines, etc.

VOTE ON THE AMENDMENT: 3 nay, 2 yea (Prax/Sorum), 1 abstain (Ables), 1 absent (Cobb). Motion failed.

Council member Wells asked what the options were for bringing back any further disbursement of funds to the VCVB for council approval.

Mr. Hozey said the council could request that starting January 1, 2012 any funds dispersed to the VCVB be approved by the council. Mr. Wells asked if the council could request that certain milestones be met prior to the city manager authorizing any future disbursement of funds. Mr. Hozey replied that the task force will be formed and will have met, and in addition financial procedures will be developed by the end of the year prior to release of any future payments. Council member Sorum asked for clarification at the next meeting of what the task force and oversight policies will look like.

Council member Prax requested that the 2012 VCVB budget be extremely bare bones and strings attached to any further dispersment of funds, until the task force, Board of Directors and City can decide on an action plan.

Mr. Alan Crume stated that policies should be in place prior to giving any more funds to the VCVB.

Council member Prax asked for a formal report from the City Manager when answers to questions which have been asked by the council this evening are available. Mr. Hozey responded that a report will be given to the council.

VOTE ON THE MOTION:

2. #11-69 - Adopting Policy and Procedures for City Fund Balance Classification and Spending Prioritization

MOTION: Council member Ables moved, seconded by Council memberWells, to approve Resolution No. 11-69.

Council member Wells asked if approval of the resolution would cause any change in the way the city currently does business.

Mr. Walter Sapp, Finance Director, stated there would be no change or impact in the way the city currently does business, only change in how the city presents fund balances on their government wide statements.

VOTE ON THE MOTION: 6 yeas, 1 absent (Cobb). Motion carried.

3. #11-70 - Establishing a Fee for Business Registrations

MOTION: Council member Wells moved, seconded by Council memberMcCann, to approve Resolution No. 11-70.

VOTE ON THE MOTION: 6 yeas, 1 absent (Cobb). Motion carried.

XIII. REPORTS

- 1. Building Permit & Inspection Reports
- 2. Permanent Fund Report

XIV. COUNCIL BUSINESS FROM THE FLOOR

Council member Prax

Council member Prax stated that there was a session on Boards and Commissions and emergency planning which he attended at the recent AML conference which he found interesting.

Council member Prax asked if the thank you letter was pending to the Coast Guard regarding their assistance with the ski hill. Council member Prax thanked Harris Sand and Gravel for their assistance with the ski hill as well.

Council member Ables

Council member Ables said the session at AML regarding gas line proposals was very informative. She commended Mr. Walker for his presentation.

Council member Ables thanked the city employees who have worked on the ski hill.

Council member McCann

Council member Wells stated that if the council was more aware of what has been going on behind the scenes relative to the VCVB issue they may have been more confident in their decision to allocate funds this evening. Council member McCann stated that the VCVB has been working very diligently devoting many hours to help resolve the present situation.

Council member Wells

Council member Wells stated that there was interesting discussion on the PERS/TERS termination study at the AML conference. He stated that he enjoyed the presentation by Mr. Ira Perman regarding his trip to Norway and learning how Norway maintains control of their resource development. He stated that there are lessons to be learned by the State of Alaska.

Council Member Moore

Council member Moore stated that she enjoyed listening to the Transportation session at AML. She stated that there needs to be more local communication between the State of Alaska Department of Transportation when a project falls from the STIP for some reason.

Council member Moore thanked the Community Development Department for the current Planning and Zoning Commission minutes.

She stated that there will be an Audit Committee meeting tomorrow to speak with the auditors so there will be no surprises. Mr. Hozey commented that discussion will be had with the auditors regarding the scope of work that will benefit both the city and the hospital.

XV. COUNCIL TRAVEL XVI. EXECUTIVE SESSION

Council member McCann abstained from participation in the executive session due to conflict of interest related to the subject matter.

XVII. RETURN FROM EXECUTIVE SESSION

XVIII. ADJOURNMENT

There being no further business, Mayor Pro Tem Moore adjourned the meeting at 9:30 pm.

CITY OF VALDEZ, ALASKA

ATTEST:	David C. Cobb, Mayor	
Sheri L. Pierce. MMC. City Clerk		