

VALDEZ CITY COUNCIL

Minutes

December 19, 2011

PAGE 1

I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

The City Council led in the pledge of allegiance to the American flag.

III. ROLL CALL

Mayor Cobb
Council member Alan Sorum
Council member Dorothy Moore

Council member Karen Ables
Council member Mike Wells
Council member Steve McCann

IV. APPROVAL OF MINUTES OF THE REGULAR MEETING OF December 5, 2011

The minutes of December 5, 2011 were approved as presented.

V. PUBLIC APPEARANCES

VI. PUBLIC BUSINESS FROM THE FLOOR

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

CITY MANAGER

Mr. Hozey began his report by providing a list of completed projects as requested by Council. Mr. Hozey qualified that the list provided is by no means comprehensive of everything that had been accomplished throughout the year. He stated the list included projects that had been discussed at Council meetings throughout the year but that there are many other things that other departments have accomplished.

Energy Assistance

Mr. Hozey reported that as of the close of business that day 1,119 households had signed up for the Energy Assistance Program which is about 85% of the total participants for 2011. He encouraged the public to register for the program by the deadline on December 30, 2011.

LED Street Lights Phase III

Mr. Hozey reported that lights had been installed at The Teen Center, the City Hall parking lot, and the VCT Causeway. Currently, they are working on

installations at the Civic Center and the hospital.

Beautification Committee

Mr. Hozey reported that the committee took a road trip out of town to survey where the "Welcome to Valdez" sign might be located. He indicated that they are finalizing the design of the sign and that an update would be provided to Council by the committee once they receive a rendering of the sign. He also indicated that they had put together an RFP that is on the street now to assist the committee with urban planning and landscaping.

Medical Clinic Water Leak and Room Repairs

Mr. Hozey reported that this was not a scheduled project but that a pin-hole leak had been leaking for quite some time before it was noticed which caused significant damage between two exam rooms. He stated that the walls have been taken apart and the copper pipe has been replaced as far as they can reach. He said that the sheet rock has been installed and inspected and that the flooring and walls will be installed and finished by the end of the week. Cabinets are being made in Anchorage, he stated, and should arrive soon allowing completion of the project by the end of the year.

H Through K Electrical Upgrades at the Small Boat Harbor

Mr. Hozey stated that this project continues to be a challenge due to an improper design of the project. He explained that H through I are finished and are operational however they are waiting for spice kits that will not arrive until the 21st of December. Part of the problem, he said, is that there were design deficiencies in cables sizes with the junction boxes. All of that is being actively worked now and will be completed as soon as possible, he reported. However, Mr. Hozey stated, completing the project by the end of the year as targeted is not a likely outcome at this point.

Council member Sorum asked if with this delay they are making an effort to assist boaters with plowing so they may reach their boats. Mr. Hozey responded that there was an issue with a contractor leaving materials there that interfered with snow removal however that has been cleaned up and the issue of access corrected.

Senior Center Car Port

Mr. Hozey reported that the RFP is being developed and will be sent out at the beginning of the year.

Harbor Restroom Boiler Upgrades

Mr. Hozey stated that the plumbing is complete and now the new boiler is ready to be installed which will happen after the Christmas holidays. He indicated that they are still waiting on materials for the restroom which should arrive around the 1st of the year which puts them on track to complete the project by March 1st.

VCT Landing Craft Ramp

Mr. Hozey stated that it was decided to go with rehabilitating the existing ramp and the design process for the project has started.

Small Boat Harbor Sea Wall Upgrade the Kelsey Dock Water Line Upgrade

Mr. Hozey reported that both designs processes are complete and will be put out to bid in January.

Small Boat Harbor Additional Launch Ramp Float

The discussion from the budget hearings resulted in electing to put it out to bid to see where the prices fall, Mr. Hozey reported. He indicated that it should be out that week.

Salmon Berry Ski Hill

Mr. Hozey stated that the state inspector came down and they are working through the punch list items he requested. They are putting a manual transfer switch in up at the warming hut to allow for a portable generator to be used for heat and light. That, he said, is being worked now. He stated that they have also purchased 2 alarms for the top and bottom of the hill which is being installed now. Beyond that, Mr. Hozey concluded, they are still waiting on snow to ensure that there is enough coverage to provide a safe hill for skiing.

Chris Moulton, Snow Authority, stated that as for hazards in the snow, he skied the entire hill four times on the previous Friday and that he cut the two protruding pieces of wood that he came across. He stated that he took some base readings and they are currently at an average of 30 centimeters after grooming. He gave suggestions for marking hazards or cutting branches that could pose a threat. He explained that a main reason there are some branches that were not cut was because of some miscommunication between volunteers and city employees in the early stages of working on the ski hill. Next year, he explained, these issues should be eliminated. Based on his survey of the hill Mr. Moulton concluded that it is safe to use and should be opened as soon as possible.

Mr. Moulton also reported that he had put in a public record's request for a report on spending on the ski hill. After review of the report he cautioned spending more money on the ski hill. He explained that it was supposed to be a low cost project and after the new appropriation of \$72,000 it will put the total amount spent to over \$300,000. In his opinion he felt a basic idea turned into a much large scope of work than was originally anticipated and perhaps part of that could have been avoided. Mr. Moulton also clarified that the rumor going around that volunteers are being paid to work on the ski hill is false.

Council member Moore asked how the recent rain has affected the ski hill. Mr. Moulton stated that he has not been there since the rain fell so he could not speak to that exactly. He did say that it is supposed to get cooler which will ice it over a bit however, that is typical of most ski resorts who rely heavily on man-made snow at this time of year.

Legislative Priorities

There was a work session regarding legislative priorities prior to this meeting and the City did make the Governor's budget in the amount of 5.5 million dollars for the harbor. He stated that they will continue to press for the 12 million with the legislature and go from there.

VCVB Task Force

Mr. Hozey announced that the task force planned to meet for the first time on Monday, January 16th at noon.

10 Mile Dike

Mr. Hozey reported that at this time this project is still in the hands of the residents. He stated that they have set dates for them to report back a number of different times and they have yet to provide their feedback. He stated that the City is not necessarily in a hurry on this but that he wanted it to be known that they are not holding up the process.

Council member Sorum stated that it would be best to wait for their input. As he understood, they had tried to meet but there was a power outage that kept them from doing so. He indicated that there is a proposed alignment and reported that Rick Waide had been going door to door to speak with the residents about the issue. He felt that time should be given for him to finish up that process. Mr. Hozey stated that the City will wait as long as needed but that he wanted it to be known that the City is not holding up the process.

Council member Ables asked about the danger of flooding in the near future. Mr.

Hozey stated there is nothing we can do at the moment and that the soonest we could do anything to mitigate flooding would be next season. Mayor Cobb did say that the Police Department monitors water levels on a nightly basis.

CITY CLERK

Ms. Powers, Deputy City Clerk, stated that the City Clerk would be out on leave until the 29th of December. She reported that the winter edition of the newsletter went out the previous week wrapping up the first full year of City of Valdez newsletters. She stated that they had received a lot of positive feedback and had also learned a lot in the process. She indicated that the Clerk's office will continue to provide this information source to the public. The next newsletter will go out during the beginning of March to cover the spring quarter. Ms. Powers then reminded senior citizens to turn in their tax exemption forms by the deadline of January 15th, 2012.

CITY ATTORNEY

Mr. Walker reported that during the previous week oil arguments took place before the Alaska Supreme Court on the Seahawk vs. City of Valdez case. He said that it will be shown on *Gavel to Gavel* and that when he hears of the air time he will let the public know. He explained that it is a case that the City prevailed on which was appealed to the Alaska Supreme Court. He stated that the questions were good that were presented to them and that they will probably know something in about six months.

Mr. Walker also acknowledged that the City's legislative priority on the gas line issue became the legislative priority for the Fairbanks North Star Borough. He stated that Mayor Cobb had made some phone calls to encourage this decision and as a result they adopted, verbatim, what the City of Valdez passed.

MAYOR

Mayor Cobb stated that at the Coast Guard Christmas Party on December 15th they presented the Coast Guard with a very nice picture that they received from the Ted Stevens' museum in Whittier. He indicated that it was very well received.

Mayor Cobb thanked Mr. McCay, Capital Facilities Director, for the fantastic job he and his staff did on the City of Valdez Employee Christmas Party. He commended them on their effort and stated that he had heard nothing but good comments about the party.

VIII.

CONSENT AGENDA

1. Proclamation: Congratulation the Wrestling Team

2. Approval of Contract Award: KVAK Broadcasting Agreement
3. Approval to go into Executive Session Regarding TAPS Value/Litigation

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

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

IX. UNFINISHED BUSINESS

X. NEW BUSINESS

1. Approval of Contract: Capitol Hill Consulting Group - Federal Lobbyist

MOTION: Council member Ables moved, seconded by Council member Moore, to approve the Capitol Hill Consulting Group -Federal Lobbyist contract in the amount of \$36,750.

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

2. Approval of Contract: Trust Consultants /Kim Hutchinson - State Lobbyist

MOTION: Council member Moore moved, seconded by Council member Ables, to approve the Trust Consultants/Kim Hutchinson - State Lobbyist contract in an amount not to exceed \$50,000

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

XI. ORDINANCES

1. #11-07 - Appropriating Funds for the Coastal Zone Management Initiative in the Amount of \$5000. Second Reading, Adoption.

MOTION: Council member Ables moved, seconded by Councilmember Wells, to approve Ordinance 11-07.

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

XII. RESOLUTIONS

1. #11-75 - Amending The 2011 City Budget in Various Funds for End of Year Cleanup Items for 2011 Budget Obligations and Authorizing Those

Expenditures

MOTION: Council member Wells moved, seconded by Council member McCann, to approve Resolution 11-75.

Council member Wells stated that they will be accepting \$347,707 in raw fish tax. He asked was forecasted for the year. Lisa Von Bargaen, Community Development Director, stated that she did not have that information at the time.

Council member Moore asked for clarification on Attachment A. Mr. Hozey explained that during the budget hearings for 2012 they put better definitions on what constitutes a capital improvement project versus what is considered major maintenance. So what they are doing here, he explained, is moving things around in 2011 so that it will move seamlessly into 2012. One exception to that is the BCT truck scale which is a project that is complete and closed out. That money is now available and was identified to go to the ski hill to offset some of their costs.

Mr. Hozey explained that to answer Council member Wells concern, the money in excess of what was budgeted was \$150,000. He indicated that as discussed in the budget hearings, money in excess of what was needed will go to the Harbor reserve account.

Mr. Hozey then explained the miscellaneous revenue that came in and was not budgeted which were capital credit checks for the electric and telephone co-ops.

Mr. Hozey stated that money was needed to adjust the heating cost at Parks Maintenance and the library. The reason for that is twofold he stated. The library was getting charged for the fuel used for the museum and the library. The City metered what the museum used and then billed them accordingly. However, when that money came back to the City it did not go into the library fund but instead went into the general revenue fund.

Therefore, Mr. Hozey explained, an adjustment is needed for the library. The second issue is that in the Parks and Recreation Maintenance Shop, the tanks were mislabeled so when they were filling the tanks the incorrect tanks were being charged. This issue came up before because the fuel use at Public Works seemed to be very high. This, Mr. Hozey explained, helps explain the extra expense. As a result of this discovery, he stated, Cindy Rymer will go around and properly label all of the tanks to avoid this issue in the future.

Mr. Hozey stated that the co-op checks would be used to fund heating

expenses and the balance would be put into the ski hill project for future expenses. Council member Wells stated that in respect to Mr. Moulton's earlier comments he hoped that more volunteerism would reduce some future expenses but it is prudent to have some funds dedicated to that project so that we are not surprised down the road. Mr. Hozey concurred but also stated that though he appreciated Mr. Moulton's position, when taking the project in total, it is not that expensive compared to what the City has spent on other projects in the past. He concluded that considering the amount of public support and the amount of use it will see it is a very reasonable amount of money for the benefit it will provide the community.

Council member Moore stated that this presentation makes the process much more clear.

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

2. #11-76 - Amending the 2011 Budget by Approving the Transfer of \$1,733,836 from the Reserve Fund to the Permanent Fund, Effectively Reversing the 1.5% Appropriation of Permanent Fund Market Value that was Authorized in the 2011 Budget.

MOTION: Council member Wells moved, seconded by Council member Moore, to approve Resolution 11-76.

Council member Sorum asked how much money the permanent fund made last year. Walter Sapp, Finance Director, stated that it made approximately 25 million dollars. Council member Sorum then asked the amount of deferred maintenance to which Mr. Sapp replied that the amount is approximately 30 million dollars.

VOTE ON THE MOTION: 4 yeas, 2 nays (Council members Sorum and Ables) 1 absent (Council member Prax), motion carried.

3. #11-77 - Setting the Tax Calendar for the City of Valdez for the 2012 Tax Year

MOTION: Council member Moore moved, seconded by Councilmember McCann, to approve Resolution 11-77.

Council member Sorum asked about the deadline for tax payments. He stated that he felt that it would be appropriate for people to get credit for

mailing their check in by the due date if they could prove the date it was mailed. He suggested we use the post mark as proof of making a timely payment. Council member Ables agreed to this suggestion and questioned if the post mark would in fact work and if not what are the reasons. Mayor Cobb replied that the City's hands are tied because the process is established by resolution. If changes are desired then it must be brought back to Council by resolution. Mr. Hozey stated that they can certainly have that discussion. He said that traditionally it had to physically be received by a certain date. He stated that he would talk with the Finance department and see if there are other unintended consequences and if not they can talk about the possibility of the change.

Council member Moore asked if the penalty for being late is a percentage of the unpaid taxes for that specific time period. Mr. Sapp responded that it only calculated on the unpaid taxes due at that time.

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

4. #11-78 - Amending Resolution 11-22 Adopting an Investment Policy Statement to Include the Allocation of the Valdez Permanent Fund Assets and Statement of Inflation-Proofing

MOTION: Council member Wells moved, seconded by Councilmember Moore to approve Resolution 11-78.

Council member Moore stated that it was clear to her that unless we do this we fall outside of our targeted allowances and our policy states that they must be rebalanced. To avoid rebalancing dozens of times which will cost more money we felt this would be prudent. Mr. Hozey stated that it was more than just that. He explained that we cannot rebalance because we do not have access to the market for certain asset classes. He explained that in the case of real estate, since it is a highly sought after asset class, we cannot just get in and out of it as we see fit. If we are going to be in real estate, we need the ability to get in and out as fast as the resource will allow. Council member Wells stated that the permanent fund committee will seek to stay in balance, however, due to time constraints they need the latitude to allow for that time to lapse.

Council member Ables asked about the issue of access to the permanent fund through a subscription to a service that came up last year which at that time was determined to be too expensive. She requested that we revisit that possibility because of how volatile the market is. She also asked if we cannot easily access the market for investing how difficult is it

to divest. Mr. Sapp stated that we would be put in a queue in the same manner as we were put in to invest which took about two years. He said he did not know how long the wait period would be to get out but he assumed there would be some wait period. Mr. Hozey stated that right now it would probably not take long to get out but in the future it might.

VOTE ON THE MOTION: 5 yeas, 1 nay (Council member Sorum), 1 absent (Council member Prax), motion carried.

XIII. REPORTS

1. Building Permit/Inspection Reports
2. Ski Hill Operations Manual

Mayor Cobb thanked Todd Wegner, Parks and Recreation Director, for the manual stating that it was very well done. Mr. Wegner replied that the credit goes to Laura Johnston who is the ski hill attendant.

3. Law Department Report
4. Central Treasury Report

XIV. COUNCIL BUSINESS FROM THE FLOOR

Council member Sorum

Council member Sorum wished Council member Moore a happy birthday.

Council member Wells

Council member Wells wished everyone a happy holiday season. He stated that he was able to visit the high school gym and was very impressed with the new floors and new bleachers. He extended an invitation to the public to come out and support our local teams. Council member Wells closed stating that he noticed lights that are on at the comfort station by the tennis courts. He stated that he did not see the point of keeping them on when the comfort station is closed for the season.

Jack McCay, Capital Facilities Director, agreed to look into this.

Council member McCann

Council member McCann wished everyone a happy holiday season and hoped that everyone could make it out to the Community Christmas dinner provided by

Council member Ables.

Council member Ables

Council member Ables invited the community to join her for Christmas dinner at the Civic Center on Christmas day and wished everyone a very happy holiday.

Council member Moore

Council member Moore stated that she attended the RCAC Science night and the long range planning meeting in Anchorage. She explained that there were some very interesting association studies of fish and their hearts that might be something that could benefit human beings in the future.

Council member Moore stated that she was unfortunately involved in an auto accident at the blinking light on the way out of town. She felt that a stop light is desperately needed at that intersection. She said that the city responded very quickly and that the entire instance was over in 30 minutes or less.

She indicated though that there have been fatalities and injuries out there and that a light would make the intersection safer. She agreed that turn lanes would help but that a light would be the best option.

Council member Moore then wished happy holidays to everyone.

Mayor Cobb

Mayor Cobb wished everyone a safe and happy holiday.

- XV. COUNCIL TRAVEL
- XVI. EXECUTIVE SESSION
- XVII. RETURN FROM EXECUTIVE SESSION
- XVIII. ADJOURNMENT

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

CITY OF VALDEZ, ALASKA

David C. Cobb, Mayor

ATTEST:

Sheri L. Pierce, MMC, City Clerk