

I. CALL TO ORDER

Mayor Cobb 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

Mayor Dave Cobb
Council member Mike Wells
Council member Steve McCann
Council member Dorothy M. Moore

Council member Karen Ables
Council member Joe Prax
Council member Alan Sorum

Also Present:

John Hozey, City Manger
Sheri Pierce, City Clerk

Members of staff and approximately 10 people in the audience

IV. APPROVAL OF MINUTES OF THE REGULAR MEETING OF July 2, 2012.

The minutes were approved as presented with one minor correction.

V. PUBLIC APPEARANCES

VI. PUBLIC BUSINESS FROM THE FLOOR

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

CITY MANAGER

Library Project

Mr. Hozey reported that the project is essentially complete. He explained that they are just waiting for trim but operationally it is complete.

4th of July and Pink Salmon Festival

Mr. Hozey reported that both events were a lot of work but were very successful. He indicated that they went through a lot more food than they have in previous years. Even with the rainy weather they had an excellent turn out. Mr. Hozey thanked all who helped make the event happen. He thanked the City Council for their assistance with the parade and all City employees that worked during the event. Mr. Hozey especially thanked Lisa Von Barga, Community and Economic Development Director, as well as other department heads that helped.

VHS Roof Replacement

Mr. Hozey reported that they are in full swing with the project. There were a couple of issues that came up during the previous week but he reported they are now on track with the project.

Community Strategic Planning

Mr. Hozey indicated that due to other priorities strategic planning was put on a hold for a short time but now staff is re-engaging with the consultants to proceed with the next step in the process. This involves organizing the work to date and beginning to outline the responsible parties for all the milestones selected by the Planning Core. He explained that the next step after this is for the Planning Core group to get together again with the consultants. Mr. Hozey explained that there is still quite a bit of work that needs to be done to include prioritization and implementation of the milestones. He concluded that staff will meet with the consultants on August 1st and shortly after that the entire group will be scheduled to meet to continue with this process.

City Hall Fire Alarm Replacement

Mr. Hozey reported that a professional services agreement was created for this project and has now moved to the design phase.

City Beautification Task Force

Mr. Hozey reported that the task force had met that day and had decided that they should seek additional public input and also do more public outreach. He explained that it seems that there is some consternation out there that they are further along than they actually are in this process. He felt that there are folks who believe that because there is a conceptual design on paper that it is in a final form and will be implemented as such. He reported that the design is still very much in the planning stages. He indicated that the task force would have a booth at the upcoming Gold Rush

Days Open Air Market. The group, he said, will use that opportunity to solicit input from the public on the plan as well as educate them on the current project status.

Mr. Hozey then explained that after information is gathered and compiled from the Gold Rush event, a Town Hall style meeting will be held with the public where they will have another opportunity to weigh in on the design process. After that meeting, he explained, they will bring everything back to the City Council for an update. Currently, Mr. Hozey said, the consultants are being put on hold pending the outcome of these different types of public interactions. Council member Wells stated that he is glad that the Task Force is taking this approach to further involve the public since he had heard from many who were very surprised about the plan after it was published in the newspaper. He also stated that based on what occurred at the previous meeting that the group should do some very direct outreach to the surrounding business owners that could be affected by the proposed plan. Mr. Hozey agreed and also reported that they are recruiting one of the adjacent business owners in the downtown corridor to join the task force.

Gas Line Summit

Mr. Hozey reported that he, the Mayor, and the Clerk are meeting weekly telephonically with their consultant to plan the summit. There is a temporary website in place and a rough schedule has been created. Speaker recruitment is in process, he explained, and when they are finalized they will let the Council know. Council member Ables asked how many people they expected to attend the summit. Mr. Hozey replied that though they are not 100% sure they are hopeful that between 130 to 150 people will attend.

Assisted Care Living Task Force

Mr. Hozey reported that they met on July 10th to begin wrapping the process up. He stated that it was a very good meeting but they ran out of time to fuse the information gained into recommendations. He said that they will therefore meet again on July 24th to wrap up their recommendations and will hopefully bring that back to Council by the 2nd meeting in August.

Herman Hutchins Flooring Project

Mr. Hozey reported that the project is moving along nicely, that the classrooms were about 60% complete, and that they are hoping to finish up and move into the Administration building by early August.

Shared Fisheries Business Tax Issue

Lisa Von Bargaen, Community and Economic Development Director, reported that both Whittier and Cordova are equally resolute in not wanting to come to a resolution on a compromise. Cordova, she explained, would like to drop Whittier's share from 33% to 7% and Whittier does not think that is fair. For Valdez, she stated, it does not really affect us since under Cordova's preferred plan Valdez would get 35% of the share and currently Valdez gets 33%. She explained that she stressed to both communities that it would be in everyone's best interest to come to an amicable solution before the December deadline. If not, she reported, they will all be forced to complete the long form application which documents all of the significant impacts and effects that each community has from the fishing industry. This is, she said, a significant amount of work. She stated that the end result of the process sums up to about \$35,000 for Valdez. Though this is a significant amount of money she did not feel that it was worth all of the staff time it would take to complete the long form application. She stated that she sees Cordova's point in wanting more of the share because they do have significantly more impact than Valdez and Whittier. But, she said, Whittier maintains that a significant amount of fish that is landed in Cordova ends up being shipped through Whittier. Ms. Von Bargaen stated that Cordova and Whittier have Council meetings that coming week and she said that she would keep Valdez City Council up to speed on the progress as soon as she has more information.

Mayor Cobb asked if a majority could rule in the decision. Ms. Von Bargaen replied in the negative stating that if they do not come to a unanimous decision for an alternate method then all three communities will be forced to complete the long form application and the Department of Commerce Community and Economic Development will then make an evaluation and will set the rate from there.

Council member Moore asked if this would set a precedent in that we would have to submit the long form every year. Ms. Von Bargaen stated that if we do not agree each year then we would have to fill out the long form each year.

Council member Moore asked if Administration could explore the possibility of contracting out the work that would be required to complete the long form. She felt that it would be better to be prepared than not. Mr. Hozey stated that they could look into that as a possibility.

Council member Ables stated that she would not mind giving up our share and giving it to Whittier as a good community behavior. It is not a lot of money and it would be a goodwill effort on our part, she explained.

CITY CLERK

Ms. Pierce reminded that Council that there is another Coast Guard tour coming up Friday, July 20th. She urged all Council members who were able to attend the tour. Mayor Cobb expressed how much he enjoyed the first tour stating that it was very informative and worthwhile. He stated that it helped him understand a lot more about how the separate units of the Coast Guard work together and how a search and rescue response works.

Council member Sorum asked about the proposed change of the Council meeting agenda. Ms. Pierce stated that they needed to have a work session on their policies and procedures and at that time they will discuss making the change to the agenda.

CITY ATTORNEY

The City Attorney was not present at the meeting due to a negotiating session with the TAPS owners and the State the following day.

MAYOR

The Mayor did not have a report that evening.

VIII. CONSENT AGENDA

1. Approval to go into Executive Session Regarding TAPS Value/Litigation

There was no need for an executive session in the City Attorney's absence.

IX. NEW BUSINESS

1. Approval of Amendment #7 to the City of Valdez Health Plan

MOTION: Council member Moore moved, seconded by Council member McCann, to approve Amendment #7 to the City of Valdez Health Plan.

Council member Moore asked if this amendment had a dollar value associated with it. Walter Sapp, Finance Director, replied in the negative. He explained that the change would just clear up the ambiguity about when they need to supply a type of letter of medical necessity. Council member Sorum asked if the claims that were not paid been dealt with. Mr. Sapp reported that he is in the process of clearing the back log now. Council member Ables asked for clarification on the issue. Mr. Sapp explained that the number of visits to the chiropractor in our plan has always unlimited. However, he said, if a person went beyond 20 visits a letter of medical necessity was being required. The issue was that the letter provided by the chiropractor was not being accepted by the claims reviewer.

Therefore the claims were not being paid when a person went to the chiropractor more than 20 times in one year. This amendment would eliminate the need of a letter of medical necessity unless someone needed more than 40 visits to the chiropractor in a given year. He indicated that the greatest number of visits to the chiropractor by anyone in the plan so far was a total of 36 visits in a given year. So, he felt that 40 visits would cover everyone.

Council member Prax stated that if a person needed this service 40 times a year how could it be determined that the visits were working. He felt uncomfortable making it even easier for plan participants to see a chiropractor more than 40 times a year because if it was easier people might go more even if the visits were not truly warranted.

Council member Ables stated that she could not support this either especially since she cannot afford health insurance. She felt that this is in excess and not needed. Mr. Sapp stated that they already had unlimited numbers before. The only reason why they felt they should set a limit was so they would get away from the letter of medical necessity. The letter is the reason the payments were not being paid, he explained. Mr. Sapp said that all this does is give those who need to go beyond 20 visits the ability to do so.

Council member Ables asked why participants cannot pay for some of the visits. Mr. Hozey emphasized that the original plan intent was to provide unlimited visits to the chiropractor. The letter of medical necessity, he explained, was not working to ensure claims were paid. This amendment, he stated, just raises the bar so that the letter will not be needed unless participants need more than 40 visits per year. Mr. Hozey continued stating that if a reduction in this benefit is desired by Council then that discussion could be held. However, that is a completely separate issue than what was before them that evening.

Council member Prax asked who issues the letter of necessity. Mr. Hozey explained that the chiropractor does but the contractor administering the program was not accepting the letter. Mr. Sapp reiterated that it became an issue after a person visited the chiropractor for more than 20 visits.

Council member Sorum asked who the claims processor work for. He assumed that they had conversations with them about this so why are they not accepting the letter of necessity since they are hired by the City. He explained that it just seems odd that we have to take this approach to fixing the problem. Mr. Sapp stated that they have had the conversation with the insurance consultant who has talked with them and they are in the process of getting that corrected. However, the fastest solution, he explained, was to increase the number of visits from 20 to 40 before a letter of medical necessity is required.

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

2. Approval to Purchase Playground Equipment from BCI Burke in the amount of \$68,578.30

MOTION: Council member Wells moved, seconded by Council member Moore, to approve the purchase of playground equipment from BCI Burke in the amount of \$68,578.30.

Council member Moore asked about the section in the agenda statement that indicates that sole source ordering is required. She felt that if we set the standards the consistency should be there. Mr. Hozey stated that different manufactures will produce the equipment in different ways. The parts will not be interchangeable amongst other things, he explained. He stated that they have moved in the past to purchase the same kind of equipment city wide. Council member Moore still felt that if they set the standard then it would not need to be sole sourced.

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

X. RESOLUTIONS

1. #12-45 – Amending the 2012 City Budget in Various Funds to Effect the 2012 Mid-year Budget Adjustment

MOTION: Council member Wells moved, seconded by Council member Moore, to approve Resolution No. 12-45 with the following adjustments. Section 9 should be changed to \$426,445. Section 10 should be changed to \$1,639,000. Changes to attachment A should include the deletion of the new 906 loader for \$100,000, the deletion of the new passenger van for \$36,000 and an increase to the debt service fund snow event to \$426,445.

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

2. #12-46 – Amending the 2012 City Budget in Various Funds by Transferring Funds Between Various Accounts as Indicated in Attachment A

MOTION: Council member Sorum moved, seconded by Council member Wells, to approve Resolution No. 12-46.

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

3. #12-47 – Authorizing the City of Valdez to Apply for a Loan from the Alaska Clean Water Fund for the Valdez Sewer Treatment Plant Outfall Project

MOTION: Council member Moore moved, seconded by Council member Wells, to approve Resolution No. 12-47.

Mr. Hozey explained that this resolution and the subsequent resolution are linked to the sewer treatment plant outfall project. He explained that direction on whether or not this would be required has wavered over several years. The city has been required to stop and start the design more than once. The city is now back to being told that it will be a requirement. Because it is a state requirement there are state loan and grant programs in place to help fund it, he explained. To apply for a grant, the City would need to earn enough points to qualify for funding. Points, he explained, would come from having a fully designed project, having some City money dedicated to the project, and having applied for loans for the project. Staff looked at all possibilities and this is the combination they are suggesting which will allow more general fund dollars to be used for other projects. The loan program itself, he stated, is very low interest at 1.5% over 20 years with no pre-payment penalty.

Council member Sorum felt this is a good way to move forward but felt a little wary of borrowing over 1 million dollars and there not be Council oversight on the application process. He felt it should come back to Council. Mr. Hozey stated that the terms presented here are the exact terms of the loan. He indicated that there would be nothing new to bring back to Council. Mr. Hozey then mentioned that another way to gain more points is to make this project the City's number one priority for State funding in fiscal year 2014.

Council member Prax stated that he is frustrated with this process. He wondered if there was a way to push back on the most recent decision to make this a requirement. Mr. Hozey assured Council Member Prax that they did push back on the decision when they were first told of the decision in the beginning but he did not feel that there was any amount of political pressure the City could use to change the fact that we have to do this. Council member Prax stated that this was a very poor use of money.

Larry Weaver, Public Works Director, explained how this issue came about. He said that about 10 years ago the permit was up for renewal and one of the Fish and Game staff that had to sign off on the permit came in and said that they were putting their mixing zone into an anadromous fish stream and that was not permitted. They wanted the City to make a change within 90 days. That wish was impossible so they went to the state for money and therefore they appropriated 1.5 million dollars to in put the outfall. Soon after, the state administration changed and determined that Valdez was not required to do this

and the money was pulled. At that point the City had spent \$100,000 of their money on the design of the project. Years later, the administration changed again and determined that the city could not discharge affluent into a spawning area. So, they went through the process with Fish and Game and they determined that salmon are spawning there. Mr. Weaver explained to them at that time that the City designed the creek to keep groundwater from going under the treatment plant. It was never screened off and therefore salmon entered the stream. The commissioner of DEC flew down to see if there was any legislation that could be introduced to allow Valdez to keep their practices the same. Several bills, Mr. Weaver explained, had been put in place that all ended up failing. It was determined that they could still discharge into the stream but the requirements would be so stringent that they would have to go back through and change the entire way they treat the sewage. It would be extremely difficult to keep it in compliance. If the outfall was installed the parameters would significantly drop. If we do not do this we will not be able to meet the regulations and will be fined significantly.

Council member Prax asked what would happened to the stream when the affluent does not flow into it anymore. It was Mr. Weaver's opinion that the stream would change but it would not diminish the flow that much because their discharge is less than 1 million gallons per day.

Council member Wells asked about the pipe, if it would lay on the ocean floor or would it be buried. Mr. Weaver stated that it would lie on the ocean floor and would be well marked and well anchored.

VOTE ON THE MOTION: 7 yays, motion carried.

4. #12-48 – Designating the Project Titled Valdez Sewer Treatment Plant Outfall as the Number One Local State Funding Priority for the State Fiscal Year 2014

MOTION: Council member Ables moved, seconded by Council member Moore, to approve Resolution No. 12-48.

Council member Prax asked if this would affect other projects for 2014. Mr. Hozey stated that it could. He said that this would be going on record stating that the sewer outfall is our number one priority for the year. It does not mean, however, that it would have to be our only request.

Mayor Cobb stated that our lobbyist reported that he was told by the Senate co-chairs of Finance and the House co-chairs of Finance that if we would pull our request from last year's Harbor's bond package that the remaining \$7 million needed for our harbor project would be funded next year (FY2014). Mr. Hozey stated that if that is the case then putting this in this year is less of a risk than it

might have been otherwise. He also indicated that the program side and legislative side of funding are two separate entities and they do not seem to usually check with each other.

VOTE ON THE MOTION: 6 yays, 1 nay (Sorum), motion carried.

XI. REPORTS

1. Building Permit/Inspection Report

XII. COUNCIL BUSINESS FROM THE FLOOR

COUNCIL MEMBER PRAX

Council member Prax reported that they finished the Kid's Pink Salmon Derby over the weekend. They had fewer participants but a larger number were from out of town. He appreciated the volunteer effort for the event and hoped they would increase participation in the future. Mayor Cobb complimented the effort and also mentioned they size of the fish this year was larger than usual.

MAYOR COBB

Mayor Cobb stated that they are now starting to have bear and visitor interaction on Dayville Road. There is a brown bear sow there with four cubs this year, he explained. He urged everyone to please use caution when going into the area. He stated that though it is a sight to see all should be very careful and to never approach the bears.

XIII. EXECUTIVE SESSION

XIV. RETURN FROM EXECUTIVE SESSION

XV. COUNCIL TRAVEL

XVI. ADJOURNMENT