WORK SESSION AGENDA - 5:30 PM

I. WORK SESSION

Transcribed minutes are not taken for Work Sessions. Audio is available.

1. City Council Policies and Procedures

REGULAR AGENDA - 7:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

Council Members Present: Mayor Dave Cobb

Council Member Karen Ables
Council Member Jeremy Miner
Council Member Dorothy Moore
Council Member Christopher Moulton
Council Member Donna Schantz
Council Member Mike Wells

Council Members Absent:

Also Present: City Manager John Hozey

City Clerk Sheri Pierce City Attorney Bill Walker

Deputy City Clerk Holly Powers

IV. APPROVAL OF MINUTES OF THE REGULAR MEETING

The minutes from the October 15, 2012 regular City Council meeting were approved as presented with minor corrections.

V. PUBLIC APPEARANCES

VI. PUBLIC BUSINESS FROM THE FLOOR

Harold Blehm, local citizen, spoke about the Mineral Creek bank and the destruction there as a result of the recent flood event. He indicated that the river changed course in an unexpected manner. He reported that he as well as other community members are concerned about future flooding at Mineral Creek and he wondered if any work is presently going on to address the issue. He spoke with residents on Homestead Road and the Cottonwood Subdivision and stated that they are concerned about their safety in the event of a future flood. He asked if the City is looking at armoring a levy or is the City fairly confident that it will not

continue to erode. He concluded by stating that if nothing is going on in that direction that he would be happy to volunteer to assist in whatever way possible to make sure that the area is secure.

Mayor Cobb asked Mr. Hozey to put a group together to look at the issues there. Mr. Hozey stated that there is currently not a coordinated effort to look at the area other than to control gravel extraction. He explained that over the last year the extraction of gravel was overly aggressive in the area of the recent erosion and that in conjunction with a very heavy water event contributed to the problem. He stated that the city tries to control that by moving extraction to a different location in the stream, and that is what the city intends to do in the near future. He said if they are interested in taking it a step further by looking into building a levy system south of the bridge and armoring it, then that would be a major new project that the City would have to consider.

Mr. Blehm stated that the State of Alaska is sending down Jack Blackwell, District Ranger and Area Superintendent, as well as a landscape architect who will be in Valdez on November 7th. He said that they would take a look and make an assessment of the area. He suggested that if there were a way to get a hydrologist to look at the river and to evaluate the possibility of getting the river back on course that would be very helpful.

Mr. Hozey stated that the over extraction of gravel that contributed to changing the course of the river was not approved by the City. Council member Ables asked about the reason behind the gravel extraction. Mr. Hozey reported that it was done at the time of the Homestead Road project. Council member Miner asked if the City has any recourse when things like this happen. Mr. Hozey stated that in going backwards, there is not a lot of recourse but that they will definitely try and prevent it from happening in the future. Council member Ables asked why we did not catch this before the gravel was extracted. Mr. Hozey explained that the Homestead Road project and the gravel lease are two different things and that city inspection was only focused on the road project.

Mark Swanson, Resident of Cottonwood Subdivision, stated that though there are multiple gravel leases, if both banks are armored it does not really matter where gravel is being extracted. What matters, he explained, is when you take gravel from banks that are not armored. Council member Ables asked if we could make sure that the leases are working in this matter. Mr. Hozey stated that they would try to do just that for the leases under the city's control.

Larry Weaver, Public Works Director, stated that he recently attended the Alaska Rural Water Association Conference in Anchorage. He reported that Senator Murkowski and Congressman Young were speakers at the event and that the

entire conference was very well attended. The City of Valdez received The Wastewater System of the Year award in recognition of outstanding performance and service to their community. The City Council and the public in attendance congratulated Mr. Weaver and his department on this accomplishment.

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

CITY MANAGER

Senior Center Car Port

Mr. Hozey reported that the steel frame is in place and the old carport has been removed. He indicated that the site has been graded and they hope to have Phase I complete by the end of the November.

Completed Projects

Mr. Hozey stated that the City Hall Water Line Project and the Civic Center Roof Project are now complete. The VCT expansion joint project is also complete.

Airport Industrial Park Subdivision Road

The project has been shut down for the winter but the road has been graded and is passable and usable for the winter, Mr. Hozey said. He indicated that they will start up again next Spring to complete the project.

Kelsey Dock Mooring Dolphin

The project experienced delays Mr. Hozey stated during the previous week due to an issue with a piece of equipment and bad weather. He reported that Harris Sand and Gravel would be driving piles that week and that if weather cooperates, the project should be finished by the end of November.

Salmonberry Ski Hill

Mr. Hozey reported that most of the site work is complete. They were having issues however, with the availability of the Electrical Engineer hired to do the final portion of the job. Mr. Hozey indicated that they are looking to hire a different subcontractor to complete the work but hopes to have that finished up in another couple of weeks. Council member Moulton asked for clarification on that matter. Mr. Hozey stated that the issue is with flexibility. The Electrical Engineer that was hired is involved in many other projects and when things were ready on our end the contractor had obligations that he could not leave. The problem, explained Mr.

Hozey, is that they are running out of time with winter quickly approaching. So, to speed things up they are in the process of hiring another subcontractor who can just complete that portion of the project.

Community Strategic Planning

Mr. Hozey reported that there would be two meetings that week and that they would continue to work on prioritization and milestones.

2013 Budget Development

Mr. Hozey stated that all work sessions were complete but that there were a couple of items that not all members of Council were comfortable with. He asked the Council what items they would like to discuss further before they have the primary Public Hearing at the next Council meeting. Council member Ables asked about the Energy Assistance Program. She stated that she had asked in the previous year that the program be altered to reach those residents that do not have an account with one of the energy companies in town but do in fact need the assistance. Mr. Hozey stated that it was too late to make this adjustment for 2013. Ms. Pierce stated that she realized that Council member Ables did bring that idea up but that a formal work session on the issue was not agreed upon. Therefore, she concluded, the program is already out for the public and it is too late to change it for 2013. Mr. Hozey stated that if Council wishes to discuss program changes for 2014 then it would be appropriate to have a work session to do so. It was the consensus of Council to address the issue brought up by Council Member Ables during the midyear budget review.

Mayor Cobb stated that the issues with the budget for 2013 that are still outstanding are the Cost of Living Adjustment (COLA) for City employees, the proposed additional full time position in the Police Department, and the maintenance and installation of some fish poles in town. He then asked if there were other questions that Council had about the budget. It was agreed that those were the issued that needed to be discussed prior to the Public Hearing scheduled for November 19, 2012. It was decided to have a work session that week to discuss those items. Other outstanding items that are still in question would be discussed in January since there would be no fiscal impact to the budget for 2013.

The New Middle School

Mr. Hozey reported that during the previous week, he, the Finance Director, and the City Attorney went to San Francisco to make a pitch to Standard and Poor's (S&P) regarding the City's credit rating to affirm and potentially get a bump in the

city's rating. He indicated that their presentation was very well received and that they were cautiously optimistic about receiving a favorable decision which should be presented within the next two weeks. Mr. Hozey reported that currently the City has a AA- rating.

Council member Ables stated that she felt that a AA- is not a very good rating and wondered how we got there. She felt that with the funding we have we should be higher. She asked how our rating was decided. Walter Sapp, Finance Director, stated that one of the primary concerns that the raters had was that 80 percent of all our revenue comes from one source. If something were to happen to that source the City could potentially have a very large problem. The City's ongoing litigation was another concern. Even so, Mr. Sapp indicated that a AA- rating is in fact a very good rating for a community of our size.

Mr. Hozey reported that the building committee had met but that the bond issue the city's first priority. He reported that at the next meeting they would be bringing Council the bond resolution. The voters, he explained, voted to authorize Council to approve such a resolution and now it would be up to them to do so. He said that by that time they hoped to have a ruling back from S&P on their presentation and what their rating will be and costs associated with the bond. Finally, Mr. Hozey concluded that when all of the pieces are in place it will be presented to Council.

Council member Ables asked what the premise of their presentation to S&P was. Mr. Sapp responded that basically they presented their financial situation, starting with the history of Valdez, the economy of Valdez and their population. He also went into any audited financial statements that the auditors had been concerned with. Any anomalies that the auditors pointed out had to be explained to S&P. They painted a picture of Valdez as a fiscally conservative community which was very well received Mr. Sapp concluded.

Mr. Hozey stated that there were three main selling points; Valdez's conservative culture and of saving for the future, the history of long-term financial planning, and the history of debt management. The fact that they were recently able to pay down the hospital debt was a huge selling point, he explained. He also stated that the amount that they were paying for the hospital debt is very close to the amount that the city would need to pay its 40% share on the new school bond debt. The history that Valdez has of paying off debt early was very important to them. Bill Walker, City Attorney, stated that they walked them through the process as far as how the city evolved to where we are today. The fact that the City of Valdez has a seat at the table and is engaged in the process regarding property valuation was very appealing to them. Mr. Walker also explained to them that the life of the pipeline is predicted to be much longer than originally expected and that

was very encouraging to them as well.

Mr. Hozey stated that they are now working on the actual resolution to authorize the sale of the bonds. He then explained that he is also working on a resolution that is a reimbursement resolution that will allow them to recapture all costs for the project. Mr. Hozey explained that he thought that all costs would be reimbursed to date but recently learned that without a reimbursement resolution approved, that may not necessarily be the case. He concluded that to make sure that everything is captured from this point forward a resolution is needed.

Council member Schantz stated that she understood that the city would not go for bonding on our own unless it was able to secure a AA credit rating. Mr. Hozey stated that that was not the case and that they would have that entire discussion at the following meeting. He stated that they would be presented the pros and cons of both and the Council will decide which way to go.

CITY CLERK

Ms. Pierce announced that the General State election would be the following day. She encouraged everyone to get out and vote.

Ms. Pierce also announced that SIRE training would be coming up and that iPads would be distributed accordingly.

CITY ATTORNEY

The City Attorney did not have a report that evening.

MAYOR

Mayor Cobb announced that the Valdez High School Volleyball Team won first place at Regionals. The Mayor congratulated all team members and their coach.

VIII. CONSENT AGENDA

- 1. Appointment to the Permanent Fund Committee
- 2. Appointment to Valdez Consortium Library Board
- 3. Approval to go into Executive Session

MOTION: Council Member Dorothy Moore moved, seconded by Council Member Mike Wells, to approve the consent agenda.

VOTE ON THE MOTION: 7 yeas. MOTION CARRIED.

IX NEW BUSINESS

1. Appointments to Parks and Recreation Commission

MOTION: Council Member Mike Wells moved, seconded by Council Member Christopher Moulton, to approve Paul Nylund, Matt Smelcer and Richard Loftin to the Parks and Recreation Commission.

VOTE ON THE MOTION: 7 yeas. MOTION CARRIED.

2. Appointment to Ports and Harbor Commission

MOTION: Council Member Dorothy Moore moved, seconded by Council Member Christopher Moulton, to approve Brian Sontag to the Ports and Harbor Commission.

VOTE ON THE MOTION: 7 yeas. MOTION CARRIED.

Approval of Contract with Bettisworth North Architects for Phase 2
 Design and Construction Administration of the New Valdez Middle School

MOTION: Council Member Mike Wells moved, seconded by Council Member Karen Ables, to approve the Contract with Bettisworth North Architects for Phase 2 design and construction administration of the new Valdez Middle School.

Mr. Hozey addressed Council stating that the fiscal note on the agenda statement was purposefully left blank. He reminded Council that they have already gone through the RFP process prior to Phase 1 and have been satisfactorily working with Bettisworth North Architects over the past year and a half and have completed the education specifications as well as the schematic design. He indicated that they are on a very tight schedule and if they want to make the next construction season, so the city needs to approve phase II of the Bettisworth North contract to continue this process. However, he explained, they would be funding this contract with the proceeds of the bond sales which have not been sold yet. He proposed that since he cannot legally write a contract without the funds to cover it, that they initially code the contract to the Major Renovations Reserve account. That will allow them, he explained, to code the contract legally and they can move forward. Assuming then, he continued, after the resolution is passed and the bonds are sold they would recode the contract to the correct account. If for some reason the bond resolution did not pass or another issue came up, then the City would just pay Bettisworth North for the work completed

and could cancel the remainder of the contract. He explained that the alternative would be to put everything off until the bonds were sold and that would likely result in missing the construction season for the upcoming year.

Council member Miner asked if the council agreed to handle it this way would the money still be reimbursable by the State. Mr. Hozey replied in the affirmative. Council member Moore asked if Bettisworth North Architects was aware of the way we are doing this. Mr. Hozey replied in the affirmative stating that he would request that they not invoice the City until the bonds are sold.

VOTE ON THE MOTION: 7 yeas. MOTION CARRIED.

 Approval of Contract with R&M Consultants for Planning, Feasibility and Design of Harbor Facilities

MOTION: Council Member Karen Ables moved, seconded by Council Member Mike Wells, to approve the contract with R&M Consultants for planning, feasibility and design of harbor facilities.

Council member Moore asked Mr. Hozey to explain the funding source for the project. Mr. Hozey read the Council the account number as 310-6450-58444. He explained that it is an account that had already been set up for the Harbor as a state grant account.

Council member Schantz asked if this went to the Ports and Harbor Commission. Mr. Hozey stated that they were not involved in selecting the consultant due to time constraints. However, he assured Council member Schantz that the commission would be fully briefed at their meeting the following day and they would be very involved throughout the entire process.

Mayor Cobb asked Mr. Walker if there would be a conflict with former Council member Sorum being a sub-consultant on this contract. He explained that Council member Sorum's term ended in October of 2012 and wondered if that would be an issue according to the City code. Mr. Walker explained that the section of the code Mayor Cobb is referring to does not apply in this situation because Council member Sorum will not be hired on as an employee.

Council member Moore stated that she was concerned when this company referenced the Port of Anchorage in their examples. She indicated that she had since learned that they have been involved with the maintenance of the older portion of the port and were not involved with the construction of the newer portion that is having difficulty. This, she explained, made her feel more

comfortable in agreeing to use them for our purposes.

VOTE ON THE MOTION: 6 yeas, 1 nay (Christopher Moulton). MOTION CARRIED.

- X. RESOLUTIONS
- XI. REPORTS
- 1. Abatement Change Order Report

Council member Ables expressed her sadness in the fact that people use the area as a dumping ground. She asked if it were possible to put signs up to deter this activity. Mr. Hozey stated that they could look into putting up more signs but also commented that it is difficult to put signs up everywhere that people might possibly dump trash.

Council member Moulton felt that signs are not the answer as people often dump trash right next to existing signs.

Council member Miner stated that he really wanted to find a way to figure out a solution to this problem. Mayor Cobb stated that he felt that Council needs to have a work session to see how they will deal with this issue. Council member Ables requested that they plan a work session to be held before next summer to see if they can discuss options and come up with a plan for the summer of 2013. Mr. Hozey explained the issues at hand between abatement and enforcement and offered to brain storm with the Council on what they could possibly put in place to help remedy the situation. It was the consensus of Council to have a work session before next summer to devise a program to deter littering and to support abatement.

- 2. Role of Elected Officials in Economic Development
- XII. COUNCIL BUSINESS FROM THE FLOOR

COUNCIL MEMBER MOORE

Council member Moore reminded everyone to vote and to get their flu shots.

COUNCIL MEMBER SCHANTZ

Council member Schantz asked that we make sure that the changes being made to the Council Procedures regarding agendas be advertised to the public. Ms. Pierce agreed to do so. It was decided for those changes to take place after January 1, 2013.

XIII. COUNCIL TRAVEL

XIV. ADJOURNMENT

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

XV. APPENDIX