

Special Ketchikan City Council meeting was called to order by Mayor Williams at 7:00 p.m., December 15, 2014, with the following members present: Dick Coose, Kj Harris, DeAnn Karlson, David Kiffer, Matthew Olsen, Robert Sivertsen and Judy Zenge.

The Pledge of Allegiance was given by all persons in the Chambers.

Staff present were Manager Amylon, Assistant Manager Martin, Finance Director Newell, Fire Chief Hoage, Human Resources Manager Miller, Information Technology Manager Thomas, Library Director Lyshol, Sales, Customer Service and Marketing Manager Simpson, Museum Director Simpson, Port and Harbors Director Corporon, Police Chief Bengaard, Electric Division Manager Donato, Telecommunications Division Manager Cushing, Water Division Manager Kleinegger and City Clerk Suiter.

COMMUNICATIONS

Laid on the table were many budget updates, including: General Government Budget Update No. 12 outlining a revised capital grant funding status for 2015 capital improvement projects; General Government Budget Update No. 13 concerning Water Street Trestle #2 Replacement CIP; General Government Budget Update No. 14 concerning fisheries business tax; General Government Budget Update No. 15 containing a Revenue and Appropriation Summary Revision No. 2; General Government Budget Update No. 16 containing a spreadsheet pertaining to computer purchases; General Government Budget Update No. 17 requesting a decrease for telecommunications services costs associated with the public information line; General Government Budget Update No. 18 detailing the cost of opening the library on Sunday; General Government Budget Update No. 19 concerning cemetery capacity; General Government Budget Update No. 20 regarding revisions to the sales tax estimates for 2014; KPU Budget Update No. 18 containing a Revised Estimate of Funds Available Revision No. 3; KPU Budget Update No. 19 regarding purchased power rebates received by the City; KPU Budget Update No. 20, a deletion of Telecommunications Division Home Monitoring Capital Improvement Project; KPU Budget Update No. 21 concerning an increase to the Water Division's Interdepartmental Charges – Building Rent Account; KPU Budget Update No. 22 regarding detail associated with the Telecommunications Division's Rents and Leases-Infrastructure Account; KPU Budget Update No. 23 concerning the Skagway Wireless Business Plan; KPU Budget Update No. 24 containing an annualized Transmission and Distribution Capital Improvement Project; KPU Budget Update No. 25 regarding a decrease in costs associated with the public information line; and KPU Budget Update No. 26 outlining the basis of proposed rate adjustments for fish processors;

PERSONS TO BE HEARD

Chuck Slagle spoke in support of non-profit agencies, citing the return on investment the organizations bring as well as efficiency for a nominal amount. He encouraged the

Council to make tough decisions on the successes and failures of the organizations, feeling perhaps the Council is wasting money by funding everything, every year.

Terry Wanzer, chair of the Museum Advisory Board, said the board is following the Council's direction by creating a mission statement, identifying core values and creating a prioritized list of what needs to be accomplished to incorporate the former library space into the Tongass Historical Museum. He said the board encouraged taking it slow and steady. He cited several of the projects that would need to be finished to make the building safe for occupancy. He went on to say the board will continue with strategic planning as the next step. He outlined the history behind the building,

Paul Cyr, representing E.C. Phillips & Sons, discussed the issue of water rates. He said they would like to stay with the eight percent per year as was agreed to last year. He felt this would allow them to take a look at ways to conserve water and upgrade facilities prior to moving forward with metered rates. He said they need to have some time to avoid affecting jobs and other things here in Ketchikan.

UNFINISHED BUSINESS

Resolution No. 14-2572 – Adopting the Budget for the Year 2015, Appropriating from the General Government Funds for the Fiscal Year 2015 – Deferred from December 8, 2014

Moved by Olsen, seconded by Sivertsen the City Council approve a \$13,024,800 decrease to the funding and appropriation for the 2015 Water Street Trestle #2 Replacement Capital Improvement Project.

Motion passed with Harris, Zenge, Sivertsen, Kiffer, Karlson, Olsen and Coose voting yea.

Moved by Olsen, seconded by Sivertsen the City Council approve a decrease to the 2015 appropriations in the Telecommunications Services Account No. 650.01 for Fire Administration, Police Operations, Public Works Engineering Operations, Small Boat Harbor Operations and Port Operations in the amounts of \$1,770, \$1,770, \$1,416, \$354, and \$354 respectively.

Motion passed with Kiffer, Olsen, Karlson, Coose, Harris, Sivertsen and Zenge voting yea.

Moved by Sivertsen, seconded by Harris the City Council amend the 2015 Library Budget by decreasing personnel services and benefits by \$66,938 and the number of FTEs from 13.96 to 12.785.

Motion passed with Sivertsen, Zenge, Harris, Olsen, Kiffer and Karlson voting yea; Coose voting nay.

Moved by Sivertsen, seconded by Kiffer the City Council revise the sales tax revenue projections programmed in the 2015 budget by decreasing the estimate for 2014 from \$11,272,300 to \$10,913,000.

Motion passed with Zenge, Coose, Kiffer, Harris, Sivertsen, Olsen and Karlson voting yea.

Moved by Sivertsen, seconded by Karlson to increase the city clerk's compensation by six percent, amend the 2015 General Government Annual Budget by increasing regular salaries and wages account by \$4,560 and the employee benefits account by \$1,422.

Motion passed with Karlson, Harris, Kiffer, Coose, Sivertsen and Zenge voting yea; Olsen voting nay.

Moved by Zenge, seconded by Karlson the City Council amend the 2015 General Government Budget to provide by additional funding in the amount of \$142,440 to the Community Grant Program as directed by the City Council.

After discussion about the estimated decrease in sales tax, the Council agreed to reduce the amount of additional funding to \$131,300. Mayor Williams asked if there were any objections, and none were heard.

Motion passed with Olsen, Karlson, Zenge and Kiffer voting yea; Coose, Sivertsen and Harris voting nay.

Moved by Coose to amend the Tourism and Economic Development CIPs by switching Priority Nos. 2 and 4. After discussion the motion was withdrawn.

Proposed 2015 Ketchikan Public Utilities Operating and Capital Improvement Budget – Deferred from November 24, 2014

Moved by Olsen, seconded by Harris the City Council amend the 2015 KPU Operating and Capital Budget by deleting the Telecommunications Division's Home Monitoring Capital Improvement Project in the amount of \$25,000.

Motion passed with Harris, Zenge, Karlson and Coose voting yea; Sivertsen, Kiffer and Olsen voting nay.

Moved by Olsen, seconded by Sivertsen the City Council approve a \$1,692 increase to the Water Division's Interdepartmental Charges-Building Rent Account No. 850.04 for 2015.

Motion passed with Kiffer, Olsen, Karlson, Coose, Harris, Sivertsen and Zenge voting yea.

Moved by Olsen, seconded by Kiffer the City Council approve a decrease to the 2015 appropriation for the KPU Administration's Telecommunications Services Account No. 650.01 in the amount of \$1,416.

Motion passed with Sivertsen, Coose, Zenge, Harris, Olsen, Kiffer and Karlson voting yea.

Moved by Harris, seconded by Kiffer to increase electric rates by five percent.

Electric Division Manager Donato answered questions from the Council.

Motion failed with Harris voting yea; Zenge, Coose, Kiffer, Sivertsen, Olsen and Karlson voting nay.

In response to Mayor Williams, Manager Amylon said Council action to date is to increase water rates overall by four percent, then the Council adopted a rate relative to the fish processors, and then the Council based water haulers' rate on actual cost of service based last year's study. Finance Director Newell reminded the base for processors is \$250 for a four inch line, the base for a six inch line is going to be \$485, and the base for an eight inch line will be roughly \$780. Mayor Williams said he asked Finance Director Newell to put figures together, which keeps the base the same and phases in the \$0.75 per 1,000 gallons over 500,000 over two or three years.

After discussion, the Council directed staff to work up figures using a phased-in approach over three years toward the \$0.75 per 1,000 gallons over the 500,000 gallons covered in the base rate for fish processors. Manager Amylon also confirmed the Council wished to look at the eight percent increase each year over three years as well.

EXECUTIVE SESSIONS

Request for Executive Session – Discussion of the 2015 Telecommunications Division's 2015 Rents and Leases – Infrastructure Account No. 645.04 and the Skagway Wireless Business Plan

Moved by Sivertsen, seconded by Coose based on the general manager's memorandum dated December 9, 2014, the City Council find it is in the City's best interest to consider those matters in executive session and that the Council go into executive session under KMC 2.04.025(a)(1) and (3) to review and discuss the business and competitive aspects of KPU Telecommunications expending its 4G wireless business plan and other activities associated with its 2015 proposed Rents and Leases – Infrastructure Account No. 645.04,

the knowledge of which would clearly have an adverse impact upon the finances of the City of Ketchikan and which also involves information required to be kept confidential pursuant to the Alaska Trade Secrets Act.

Motion passed with Harris, Zenge, Sivertsen, Karlson, Olsen and Coose voting yea; Kiffer voting nay.

The Council recessed into executive session at 8:16 p.m. and reconvened at 8:42 p.m.

Mayor Williams said the Council has completed an executive session to review and discuss the business and competitive aspects of KPU Telecommunications expending its 4G wireless business plan and other activities associated with its 2015 proposed Rents and Leases – Infrastructure Account No. 645.04 and no action would be taken tonight.

MAYOR AND COUNCIL COMMENTS

Councilmember Coose asked if the Council were to take both budgets, take personnel and set all those costs aside, set the bonding costs aside, and took supplies and other things left to reduce by five percent, what would happen.

Councilmember Zenge said she is happy the library will be open on Sunday as are a lot of people who told her they were going to be watching tonight because it was important to them. She also expressed she was happy about the non-profits, and although she's always discussed cutting them over the past year she has come to see the value of the non-profits. She hoped the committee would take a closer look at just how they are funded overall and the possibility of making some changes there.

Councilmember Olsen thanked staff for answering all the Council's questions and helping them get through the process in a very open and public manner.

Councilmember Sivertsen thanked staff for all the information they provide. He said he knows sometimes it is difficult on the time schedule the Council provides them. He stated one of the things he'd like to see the Council do is come up with \$65,000 out of the General Government budget that could be cut to make up for the difference for putting in additional money for community agencies. He encouraged councilmembers to go through it again and find something.

Councilmember Kiffer seconded Councilmember Zenge's comments about community agencies, hoping the committee could be tasked with ways to move forward with funding the non-profits without cutting, and he suggested working together with the Borough, or using funds to help with grant writing.

Mayor Williams thanked management for all their help. He said he met with the governor on Saturday and plugged the Swan Lake Project. He felt the governor was not very

familiar with everything down around here, but listened and seemed to be interested in helping out communities the best he can even though there isn't as much money.

In response to Mayor Williams, Manager Amylon said he thought there was \$7 million for Water Street Trestle #2, \$8 million for the tunnel to Tatsuda's project, and \$30+ million for another portion of the Tongass Highway. He said the Harbor Matching Grant Program was funded at about \$10.4 million, and based on the recommendations of the Port and Harbors Association to DOT, he felt both Hole-In-The-Wall and Thomas Basin will be funded. He felt overall Ketchikan did quite well compared to some of the other communities in the state.

Councilmember Coose asked whether the state could put in the water and sewer on the project from Front Street to Tatsudas, and Manager Amylon reminded of Phase I of Tongass Avenue where such a project did not go well at all.

Mayor Williams said the State of the City speech is at the Chamber on Wednesday.

ADJOURNMENT

As there was no further business, the Council adjourned at 8:50 p.m.

Lew Williams III, Mayor

ATTEST:

Katherine M. Suiter
City Clerk