

Regular Ketchikan City Council meeting was called to order by Mayor Williams at 7:00 p.m., June 19, 2014, with the following members present: Dick Coose, Kj Harris, DeAnn Karlson, Matthew Olsen, Robert Sivertsen, Marty West 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, City Attorney Seaver, Deputy Police Chief Dosset, Assistant Public Works Director Brakke, Human Resources Manager Miller, Telecommunications Division Manager Cushing, Water Division Manager Kleinegger, Electric Division Manager Donato and Deputy City Clerk Stanker.

### **COMMUNICATIONS**

Mayor Williams said there was a couple items laid on the table, including: a new business item regarding an amendment to the design services for Phase IV of the Berths I and II Replacement Project; and additional information regarding non-represented employee health insurance and contributions/classification and compensation plan update.

Mayor Williams asked if there were any objections to adding the new business item to the Agenda and none were heard.

### **PERSONS TO BE HEARD** - None

### **CONSENT AGENDA**

Mayor Williams suggested moving Appointments to Board and Commissions and Award of Contract No. 14-28 to Alpine Tower and Technology, Inc. for High Mountain 4G/LTE Antenna and Equipment to the Consent Agenda, and no objections were heard.

### **Approval of Minutes**

Moved by West, seconded by Karlson approval of the minutes of the regular meeting of June 5, 2014.

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

### **Appointments to Boards and Commissions – Mayor Williams**

Mayor Williams provided the names of Cecelia “Sis” Coenen and Chermaine Thomas for appointment to the Library Advisory Board. He asked if there were any objections, and none were heard.

**Exempting the Procurement of the Re-Fabrication and/or Repair of Bailey Diesel Engine Exhaust Insulation Blankets from the Competitive Bid/Written Quotation Requirements of the Ketchikan Municipal Code – Adams Marine Services**

Moved by West, seconded by Karlson pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, the City Council exempt the procurement of the re-fabrication and/or repair of Bailey diesel engine exhaust insulation blankets from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorize the general manager to enter into an agreement for such procurement services with Adams Marine Services at a cost of \$11,985; establish a project contingency in the amount of \$2,015, bringing the total project cost to \$13,000; and approve funding from the Electric Division's 2014 Infrastructure & Plant Maintenance Materials Account No. 515.05.

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

**Award of Contract No. 14-28 – High Mountain 4G/LTE Antenna and Equipment Placement, ATS, Inc. d/b/a Alpine Tower and Technology**

Moved by West, seconded by Karlson the City Council accept the bid of ATS Inc. d/b/a Alpine Tower and Technology in the amount of \$125,000 for Contract No. 14-28, High Mountain 4G/LTE Antenna and Equipment Placement; authorize funding from the Telecommunications Division's 4G Mobile 4G/LTE Capital Account; and direct the general manager to execute the contract documents on behalf of the City Council.

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

**UNFINISHED BUSINESS**

This item was moved to Consent Agenda.

**NEW BUSINESS**

**AIDEA and Vigor Annual Report to the City of Ketchikan and Ketchikan Gateway Borough**

James Hemsath, representing Alaska Ship and Drydock and Alaska Industrial Development and Export Authority, provided the Council with an annual report relating to the Ketchikan Shipyard. He cited executed capital projects for positioning the Shipyard for the future and on a five year rolling average. He went on to say they are very pleased

with the amount of job creation and effort that Vigor puts in to creating jobs and the training of its work force. He noted Alaska Industrial Development and Export Authority's mission to facilitate job growth has continued to show a positive growth through 2013. He described ongoing and completed projects regarding infrastructure and deferred maintenance, making it competitive with any Shipyard in the Pacific Northwest. He answered questions from the Council.

Adam Beck, representing Vigor Alaska, answered additional questions from the Council.

Doug Ward, representing Alaska Ship and Drydock, said one of the goals of the Ketchikan Shipyard has been to attract new private investment to Ketchikan, to either expand existing businesses in the marine industrial support sector or to attract new businesses to town, and that was beginning to happen. He went on to introduce their new General Manager, Mike Pearson.

**Budget Transfers – Adjustment of General Government  
and KPU Non-Represented Employee Health Insurance  
Contributions**

Moved by West, seconded by Harris the City Council authorize the city manager/general manager to transfer funds as may be required from Appropriated Reserves of the various General Government and KPU operating funds to revise non-represented employee health insurance premiums to approximately ten percent of the annual premium as detailed in the Human Resources manager's report dated April 23, 2014.

Mayor Williams allowed Councilmember Sivertsen and Councilmember Olsen to abstain from discussion and vote due to spousal relationship with affected City employees.

Manager Amylon and Human Resources Director Miller answered questions from the Council.

Moved by Karlson, seconded by Harris to defer consideration of this item until the meeting of July 3, 2014 in order for staff to prepare additional information for the Council on funding sources.

Motion to defer passed with West, Karlson, Coose, Harris and Zenge voting yea; Olsen and Sivertsen abstaining.

**Classification and Compensation Plan Update – Ralph  
Andersen & Associates**

Moved by West, seconded by Sivertsen the City Council direct staff to take such action regarding Ralph Andersen & Associates update of the City's Classification and Compensation Plan as determined appropriate by the City Council.

Human Resources Manager Miller answered questions from the Council.

Moved by Sivertsen, seconded by Zenge to defer consideration of this item until budget time.

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

**Amendment and Limited Notice to Proceed No. 3 Under  
Contract No. 13-38 – Pre-Construction Services for the  
Ketchikan Medical Center Expansion Project, Layton  
Construction Co. Inc. / Dawson Joint Venture**

Moved by Coose, seconded by Sivertsen the City Council authorize Amendment and Limited Notice to Proceed No. 3 in the amount of \$320,140 to Contract No. 13-38, Pre-Construction Services for the Ketchikan Medical Center Expansion Project, between the City of Ketchikan and Layton Construction Co. Inc. / Dawson Joint Venture; increasing the contract amount from \$7,885,823 to \$8,205,963; authorize funding from the Ketchikan Medical Center Expansion Project Capital Account; and direct the city manager to execute the contract amendment and limited notice to proceed on behalf of the City Council.

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

**Amendment No. 2 to Contract No. 12-50 – Agreement for  
Professional Services for PeaceHealth Ketchikan Medical  
Center Project Management, DOWL HKM**

Moved by Sivertsen, seconded by West the City Council approve Amendment No. 2 in the amount of \$1,801,000 to Contract No. 12-50, Agreement for Professional Services for PeaceHealth Ketchikan Medical Center Project Management, between the City and DOWL HKM; authorize funding from the Public Health Department's Ketchikan Medical Center Additions and Alterations Capital Account; and direct the city manager to execute the amendment on behalf of the City Council.

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

**Amendment No. 2 to Contract No. 13-21, Design Services  
for Phase IV of the Berths I and II Replacement Project –  
PND Engineers, Inc.**

Moved by Coose, seconded by Sivertsen the City Council approve Amendment No. 2 to Contract No. 13-21, Design Services for Phase IV of the Berths I and II Replacement

Project, between the City of Ketchikan and PND Engineers, Inc. in an amount not to exceed \$12,000, bringing the total contract amount to \$206,500; authorize funding from the Berths I and II Replacement Capital Account; and direct the city manager to execute the amendment on behalf of the City Council.

Councilmember Coose expressed concerns regarding the placement and size of the Pavilion on the dock and felt it should be removed from the design plans.

Manager Amylon answered questions from the Council regarding their options later in the design phases.

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

Mayor Williams indicated since the motion passed, the Council still had options to remove or make changes to the plans when it is brought back to the table.

**Draft Swan Lake Operations and Maintenance Budget for the Fiscal Year Ending June 30, 2015**

Moved by Sivertsen, seconded by West the City Council approve the draft Swan Lake Operations and Maintenance Budget in the amount of \$816,820 for the fiscal year ending June 30, 2015 and authorize the general manager and Electric Division manager to present the proposed spending plan to the Southeast Alaska Power Agency.

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

**Professional Services Agreement for Additional Watershed Coliform Studies, CH2M Hill**

Moved by Sivertsen, seconded by Harris the City Council authorize the general manager to enter into a professional services agreement with CH2M Hill at a cost of \$31,000 for additional watershed coliform studies as detailed in the May 14, 2014 correspondence of Floyd Damron; and approve funding from the Water Division's 2014 Management and Consulting Services Account No. 640.04.

Councilmember Sivertsen requested from staff a proposal within the next three months on what a Filtration System would look like for us. He indicated there were a number of different issues with trying to site that, and felt we needed to move forward.

Manager Amylon informed the Council that Coliforms in the watershed is a separate and distinct issue from haloacetic acids and trihalomethanes that are being dealt with in the treated water. He went on to say that this is just as critical and we are basically out of compliance with our administrative order which allows us to avoid filtration. He said now

moving forward and engaging ADEC who now has regulatory control of this issue, we need to demonstrate that we are engaged and looking for a solution and that is why this is coming forward. He noted a future agenda item regarding another proposal from CH2M Hill regarding chloramination. He informed that our initial test result since we started chloramination are in and levels are currently below federal thresholds.

Manager Amylon and Water Division Manager Kleinegger answered questions from the Council.

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

### **VOUCHERS**

Moved by West, seconded by Olsen for approval of vouchers to Ketchikan Daily News in the amount of \$3,253.37.

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

### **CITY MANAGER'S REPORT**

#### **Schedule of General Government and KPU Appropriated Reserves Through the City Council Meeting of June 5, 2014**

In his report, Manager Amylon provided the Council a schedule of the current balance of Appropriated Reserves of various funds of General Government and KPU through the City Council meeting of June 5, 2014.

#### **General Government/Ketchikan Public Utilities Financial Statements for the Quarter Ending March 31, 2014**

Manager Amylon copied the Council with the General Government/Ketchikan Public Utilities financial statements for the quarter ending March 31, 2014.

#### **2014 Sales Tax Report No. 4**

Manager Amylon provided the Council with a report from Finance Director Newell regarding 2014 year to date sales tax collections.

#### **Public Works Department Project Status Report – May 2014**

Manager Amylon provided for Council review the project status reports of the Public Works Department for the month of May 2014.

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**Ketchikan Medical Center Expansion Project –  
Owner/Executive Committee Meeting Summary Minutes  
of May 23 and 30, 2014**

Manager Amylon provided the minutes of an Owner/Executive Committee meeting that was held for the Ketchikan Medical Center Expansion Project on May 23 and 30, 2014.

**Contract No. 13-08, Phase III of Berths I and II  
Rehabilitation Project – Construction Meeting Minutes of  
May 30, 2014**

Manager Amylon transmitted the May 30, 2014 construction meeting minutes for Contract No. 13-08, Phase III of Berths I and II Rehabilitation Project.

**Contract No. 13-09, Bar Harbor Drive Down Float  
Facility – Construction Meeting Minutes of June 6, 2014**

Manager Amylon included copies of the June 6, 2014 construction meeting minutes for Contract No. 13-09, Bar Harbor Drive Down Float Facility.

**Contract No. 12-34 Update – Jackson Street Area  
Reconstruction Project, S&S General Contractors and  
Equipment Rentals, Inc.**

Manager Amylon transmitted an update from the Engineering Division summarizing project activities for the Jackson Street Reconstruction Project that will begin in June.

**Contract No. 14-15 – Asphalt Patcher Bid, Arrow  
Construction Supply, Inc.**

Manager Amylon included a memorandum from Senior Project Engineer Jurczak regarding successful field testing of the asphalt patcher equipment and materials in Ketchikan.

**K.P.U. MANAGER'S REPORT**

**Project Status Reports of the KPU Operating Divisions –  
May 2014**

Manager Amylon copied the Council with the project status reports of the KPU operating divisions for the month of May 2014.

**Whitman Lake Hydroelectric Project – Construction  
Meeting Minutes of June 3, 2014**

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Manager Amylon provided the June 3, 2014 minutes of construction meeting No. 66 for the Whitman Lake Hydroelectric Project.

**Whitman Lake Hydroelectric Project – Powerhouse  
Equipment Installation Meeting Minutes of June 3, 2014**

Manager Amylon transmitted the minutes of Powerhouse Equipment Installation Meeting No. 21 that was held on Tuesday, June 3, 2014.

Manager Amylon reported to the Council that after further evaluation relative to employee safety the City is electing not to move forward the acquisition of the Asphalt Patcher. He indicated there had been a hearing today relative to the lawsuit of the Bawden Street Apartments and that a trial date has been set for November 3, 2014. He thanked Finance Director Newell for his outstanding job on the sale of the bonds for the Hospital and Harbor Projects. He noted the retirement of Teri Jirschele and the resignation of Senior Telecommunication Accountant, Laura Munhoven and thanked them for their service, and that the City is actively recruiting for those positions. He also acknowledged Debbie Cowan's thirty five years of service and dedicated work for KPU. He spoke briefly regarding the power outage today.

**CITY CLERK'S FILE** - None

**CITY ATTORNEY'S FILE** - None

**FUTURE AGENDA ITEMS** - None

**MAYOR AND COUNCIL COMMENTS**

Councilmember Olsen stated that he thought the Borough discussion during their special Assembly meeting on library funding from Borough residents was very interesting. He indicated the topic prompted a lot of discussion area-wide and noted that people live where they do to have the ability to have a voice in that government. He noted there were other questions regarding the City budget and discussion about it being fuzzy. He said he would challenge that comment as the Council goes through an extension public budgeting process and the budget is available at any time for review. He is requesting the support of the Council by a show of four hand that the discussion of transferring the powers for the Harbors, Museum, Library, Civic Center and Solid Waste Facility be taken to the Cooperative Relations Committee, and for the them to consider ballot initiatives for each one and that the initiatives would be for the Borough to assume the power, operations, facilities and debt for all five facilities.

Mayor Williams asked if there were a show of four hands to take Councilmember Olsen's proposal to the Cooperative Relations Committee for discussion, and at least four hands were shown.



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Manager Amylon requested clarification as to whether these powers would be area-wide and if that were the case all the assets as well as the liabilities would go as well as any reserves.

Councilmember Sivertsen thanked all the people who came out and spoke in favor of the Library, as their comments were pretty touching about what a difference it makes in their lives. He agreed with Councilmember Olsen's comments and that we all live on this island and maybe we have too much government and felt the possibility of consolidation of governments should be looked at again.

Mayor Williams mentioned the Fourth of July is just around the corner and hoped everyone was ready for that and the Governor's picnic on July 24th at Ward Lake. He commented that he could hardly wait to hear what kind of response there would be from the Cooperative Relations Committee on Councilmember Olsen proposal.

**OTHER NEW BUSINESS** - None

**EXECUTIVE SESSIONS** - None

**ADJOURNMENT**

As there was no further business, the Council adjourned at 8:35 p.m.

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Lew Williams III, Mayor

ATTEST:

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Kim Stanker,  
Deputy City Clerk, CMC

**FYI ITEMS INCLUDED**

Approved and Unapproved Minutes of the April 29 and May 27, 2014 Museum Advisory Board Meetings  
2014 Spring Clean-Up Week  
Lake Levels and System Generation Report for the Month of May 2014  
Water Utilization Study Reports - May 2014