

Regular Ketchikan City Council meeting was called to order by Mayor Williams at 7:00 p.m., October 3, 2013, with the following members present: Sam Bergeron (via teleconference), Dick Coose, Kj Harris, DeAnn Karlson, Matthew Olsen (via teleconference), Robert Sivertsen and Marty West.

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

Staff present were Manager Amylon, Assistant Manager Martin, City Attorney Seaver, Fire Chief Share, Library Director Lyshol, Information Technology Manager Thomas, Port and Harbors Director Corporon, Public Works Director Allen, Electric Division Manager McConnell and City Clerk Suiter.



**PUBLIC HEARING ON RESOLUTION NO. 13-2522 – AMENDING  
THE 2013 GENERAL GOVERNMENT ANNUAL BUDGET – FIRE  
DEPARTMENT - \$43,750 AND LIBRARY DEPARTMENT - \$6,600**

Mayor Williams called the public hearing on Resolution No. 13-2522 to order at 7:01 p.m. and requested public testimony.

As there was no testimony, Mayor Williams declared the public hearing closed at 7:01 p.m.



**COMMUNICATIONS**

Mayor Williams said there were two items laid on the table, one regarding a resolution adopted by Petersburg Borough Assembly, and one transmitting additional information for Change Order No. 5 to the Whitman Lake Hydroelectric Project General Construction contract.

**PERSONS TO BE HEARD**

Stephen Reeve, representing Historic Ketchikan, spoke regarding Waterfront Promenade Phase IV. He commented the organization made suggestions to improve the design that wouldn't impede the progress of the promenade nor increase costs. He said Historic Ketchikan made three suggestions: 1) make a more transparent handrail; 2) eliminate the glue lam beams for extending the boardwalk; and 3) provide more wood decking because of the historic district designation.

Nathan Jackson spoke regarding the "Thundering Wings" totem near the port. He described how he thinks some of the damage was created, and said the new one would probably be made out of red cedar. He answered questions from the Council. At the

suggestion of Councilmember Coose, Manager Amylon said staff would look into a wood protectant.

## **CONSENT AGENDA**

### **Approval of Minutes**

Moved by Sivertsen, seconded by Coose approval of the minutes of the regular meeting of September 19, 2013.

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

### **Exempting the Procurement of IBM iSeries Platform Maintenance Agreement from Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – Education Management Associates**

Moved by Sivertsen, seconded by Coose pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, the City Council exempt the procurement of the IBM iSeries Platform Maintenance Agreement from Education Management Associates at a cost of \$12,745; authorize funding from the Information Technology Division's 2013 Software Maintenance Services Account No. 635.04; and direct the city manager to execute the contract documents on behalf of the City Council.

Information Technology Manager Thomas answered questions from the Council.

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

### **Consent to Assignment of Tidelands Lease ADL 102418**

Moved by Sivertsen, seconded by Coose the term of Alaska Tidelands Lease ADL 102418 be extended to September 15, 2043, and that the assignment from Victor D. Forrester to Victor D. Forrester and Mylene D. Forrester and the security assignment of said lease to Tongass Federal Credit Union be approved and that the city manager or designee be authorized to execute those assignments and the Agreement For Extension of Tidelands Lease on behalf of the City Council.

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

### **Resolution No. 13-2522 – Amending the 2013 General Government Operating and Capital Annual Budget to**

**Provide Supplemental Appropriations for the Fire Department in the Amount of \$43,750 and the Library Department in the Amount of \$6,600**

Moved by Sivertsen, seconded by Coose the City Council approve Resolution No. 13-2522 amending the 2013 General Government Operating and Capital Annual Budget to provide supplemental appropriations for the Fire Department in the amount of \$43,750; the Library Department in the amount of \$6,600; and establishing an effective date.

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

**Second Agreement Extending Lease Term Between the Improved Order of Red Men, Thlinket Tribe No. 4 and the City of Ketchikan – City Hall Exterior and Interior Renovations Project**

Moved by Sivertsen, seconded by Coose the City Council approve the three-month extension of the lease agreement between the City and the Improved Order of Red Men, Thlinket Tribe No. 4 in the amount of \$10,200 for the Red Men Hall; authorize funding from the City Hall Exterior and Interior Renovations Project Capital Account; and direct the city manager to execute the lease extension on behalf of the City Council.

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

**Resolution No. 13-2523 – Authorizing the Submittal of a Loan Application to the State of Alaska Department of Environmental Conservation for \$2,468,868 of Funding Through the State Fiscal Year 2014 Alaska Clean Water Fund Loan Program with Point-Source Subsidy in the Amount of \$154,544 for the Schoenbar Road Sewer Main Replacement Project**

Moved by Sivertsen, seconded by Coose the City Council approve Resolution No. 13-2523 authorizing the submittal of a loan application to the State of Alaska Department of Environmental Conservation for \$2,468,868 of funding through the State Fiscal Year 2014 Alaska Clean Water Fund Loan Program with point-source subsidy in the amount of \$154,544 for the Schoenbar Road Sewer Main Replacement Project; and establishing an effective date.

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

**Resolution No. 13-2525 – Authorizing the Submittal of a Loan Application to the State of Alaska Department of Environmental Conservation for \$958,806 of Funding Through the State Fiscal Year 2014 Alaska Clean Water Fund Loan Program for the Chatham Avenue Sewer Main Replacement Project**

Moved by Sivertsen, seconded by Coose the City Council approve Resolution No. 13-2525 authorizing the submittal of a loan application to the State of Alaska Department of Environmental Conservation for \$958,806 of funding through the State Fiscal Year 2014 Alaska Clean Water Fund Loan Program for the Chatham Avenue Sewer Main Replacement Project; and establishing an effective date.

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

**Amendment No. 2 to Contract No. 12-39, Energy Conservation and Efficiency - CLEAResult**

Moved by Sivertsen, seconded by Coose the City Council approve Amendment No. 2 to Contract No. 12-39, Energy Conservation and Efficiency Program, between the City of Ketchikan d/b/a Ketchikan Public Utilities and CLEAResult in the amount of \$19,920, bringing the contract total to \$88,926; authorize funding from the Electric Division's 2013 Energy Conservation & Efficiency Program Capital Account; and direct the general manager to execute the amendment on behalf of the City Council.

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

**Budget Transfer – Adjustment to Telecommunications Division Regulated and Non-Regulated Capital Improvement Projects**

Moved by Sivertsen, seconded by Coose the City Council authorize the general manager to transfer \$25,000 from the Telecommunications Division's 2013 Core Network Upgrade Capital Account to the Headend Expansion Capital Account, in order to provide sufficient financial resources to complete the capital improvement project.

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

**Resolution No. 13-2524 – Authorizing the Submittal of a Loan Application to the State of Alaska Department of Environmental Conservation for \$2,188,648 of Funding through the State Fiscal Year 2014 Alaska Drinking**

**Water Fund Loan Program for the Schoenbar Road  
Water Main Replacement Project**

Moved by Sivertsen, seconded by Coose the City Council approve Resolution No. 13-2524 authorizing the submittal of a loan application to the State of Alaska Department of Environmental Conservation for \$2,188,648 of funding through the State Fiscal Year 2014 Alaska Drinking Water Fund Loan Program for the Schoenbar Road Water Main Replacement Project; and establishing an effective date.

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

**Resolution No. 13-2526 – Authorizing the Submittal of a  
Loan Application to the State of Alaska Department of  
Environmental Conservation for \$906,706 of Funding  
Through the State Fiscal Year 2014 Alaska Drinking  
Water Fund Loan Program for the Chatham Avenue  
Water Main Replacement Project**

Moved by Sivertsen, seconded by Coose the City Council approve Resolution No. 13-2526 authorizing the submittal of a loan application to the State of Alaska Department of Environmental Conservation for \$906,706 of funding through the State Fiscal Year 2014 Alaska Drinking Water Fund Loan Program for the Chatham Avenue Water Main Replacement Project; and establishing an effective date.

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

**UNFINISHED BUSINESS**

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

Mayor Williams submitted the name of James Castle as reappointment to the Port and Harbors Advisory Board (term to expire June 2016) and asked if there were any objections; none were heard.

**NEW BUSINESS**

**Establishing October 19, 2013 as a Sales Tax Holiday –  
Mayor Williams**

Moved by Coose, seconded by West pursuant to Section 3.04.035 of the Ketchikan Municipal Code, the City Council declare a Sales Tax Holiday on October 19, 2013 and

suspend the collection of sales tax on goods and services during the Sales Tax Holiday, contingent upon similar action to be taken by the Ketchikan Gateway Borough Assembly.

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

**Budget Transfer - Contract No. 13-27, PeaceHealth  
Ketchikan Medical Center Subdivision, DOWL HKM**

Moved by Sivertsen, seconded by West the City Council approve Contract No. 13-27, PeaceHealth Ketchikan Medical Center Subdivision, between the City of Ketchikan and DOWL HKM at a cost not to exceed \$94,471; authorize a budget transfer of \$94,471 from Appropriated Reserves of the Hospital Sales Tax Fund to the 2013 Public Health Division's PeaceHealth Ketchikan Medical Center Subdivision Capital Account; and direct the city manager to execute the contract documents on behalf of the City Council.

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

**Contract No. 13-32 – Replacement of “Thundering  
Wings” Totem, Nathan Jackson**

Moved by Sivertsen, seconded by West the City Council approve Contract No. 13-32, Replacement of “Thundering Wings” Totem between the City and Nathan Jackson in the amount of \$50,000; authorize funding from the Port Department's 2013 Rehabilitation/Replacement of “Thundering Wings” Totem Pole Capital Account; and direct the city manager to execute the contract documents on behalf of the City Council.

Manager Amylon answered questions from the Council.

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

**Budget Transfer – Exempting the Procurement and  
Installation of E911 System Hardware and Software from  
ProComm Alaska LLC from Competitive  
Bidding/Written Quotation Requirements of the  
Ketchikan Municipal Code**

Moved by West, seconded by Harris pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, the City Council exempt the procurement and installation of E911 IP based data servers from ProComm Alaska LLC at a cost of \$232,158; establish a ten percent contingency in the amount of \$23,216, bringing the total project cost to \$255,374; authorize a budget transfer of \$255,374 from Appropriated Reserves of the Public Works Sales Tax Fund to the E911 Central Communications Division's 2013

IP Based PBX Servers Acquisition Capital Account; approve funding from the E911 Central Communications Division's 2013 IP Based PBX Servers Acquisition Capital Account; and direct the city manager to execute the contract documents on behalf of the City Council.

Deputy Police Chief Dossett and Information Technology Manager Thomas answered questions from the Council.

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

**Change Order No. 5 to Contract No. 12-29, Whitman Lake Hydroelectric Project General Construction – Dawson Construction, Inc.**

Moved by Coose, seconded by West the City Council approve Change Order No. 5 in the amount of \$286,321.31 to Contract No. 12-29, Whitman Lake Hydroelectric Project General Construction, between the City of Ketchikan d/b/a Ketchikan Public Utilities and Dawson Construction, Inc.; authorize funding from the Electric Division's Whitman Lake Hydroelectric Project Capital Account; and direct the general manager to execute the change order on behalf of the City Council.

Senior Project Engineer Holstrom answered questions from the Council.

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

**VOUCHERS**

Moved by West, seconded by Sivertsen for approval of vouchers to Ketchikan Daily News in the amount of \$7,419.17.

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

**CITY MANAGER'S REPORT**

**Schedule of General Government and KPU Appropriated Reserves Through the City Council Meeting of September 19, 2013**

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 September 19, 2013.

**Contract No. 13-09, Bar Harbor Drive Down Float Facility – Construction Meeting Minutes of September 6 and 20, 2013**

Manager Amylon included copies of the September 6 and 20, 2013 construction meeting minutes for Contract No. 13-09, Bar Harbor Drive Down Float Facility.

**Contract No. 13-08, Phase III of Berths I and II Rehabilitation Project – Construction Meeting Minutes of September 20, 2013**

Manager Amylon transmitted the September 20 construction meeting minutes for Contract No. 13-08, Phase III of Berths I and II Rehabilitation Project.

**Contract No. 12-38A, City Hall Exterior and Interior Renovations – Construction Meeting Minutes of September 11 and 18, 2013**

Manager Amylon attached for Council review the minutes of the construction meetings that were held on Wednesday, September 11 and 18, 2013 regarding the City Hall Exterior and Interior Renovations Project.

**General Government Interfund Loan Advances to Ketchikan Public Utilities Telecommunications Division**

Manager Amylon reminded of the Council-authorized \$5 million in General Government interfund loans to the KPU Telecommunications Division to finance the 4G/LTE Wireless and Microwave Link to Prince Rupert projects. He provided a memorandum from Finance Director Newell recommending that the interfund loans be reduced by \$1 million. Mr. Newell recommended such a reduction as a result of Appropriated Reserves of the KPU Enterprise Funding being higher than projected, and he also recommended that \$880,000 be set aside as additional contingency for the Whitman Lake Hydroelectric Project. Manager Amylon notified the 2014 budget will be prepared based on these recommendations unless otherwise directed.

**2013 Cruise Ship Passenger Traffic Report No. 4**

Manager Amylon included a report from Finance Director Newell detailing cruise ship passenger counts through the week ending September 15, 2013. He noted that passenger traffic through this time period increased by 9.4% over last year's level.

**City and Borough of Juneau's Use of Commercial Passenger Vessel (CPV) Excise Tax Revenues**

As requested by Mayor Williams, Manager Amylon provided a report regarding how the City and Borough of Juneau expends its Commercial Passenger Vessel (CPV) Excise tax



revenues. Councilmember Coose felt perhaps the Council should consider using more of the wharfage fees and replace what is done on the docks with CPV funding.

**Draft Comments on Proposed Memorandum of Agreement – 2013-2015 STIP (TRAAK) Waterfront Promenade Phase III, Alaska Department of Transportation and Public Facilities**

As directed by the Council, Manager Amylon included a report from Contracts/Grants Administrator Barry regarding comments for submittal to DOT&PF on the Memorandum of Agreement for Phase III of the Waterfront Promenade. Manager Amylon pointed out Mr. Barry met with representatives of Historic Ketchikan in order to include comments the organization may wish to provide.

**Legislative Priorities List**

Manager Amylon reported that Saxman did not approve the list, although they modified their proposal for Whitman Lake. He recommended that Mayor Williams, and if Mayor Kiffer is willing to do so on behalf of the Assembly, the two mayors write a letter to the governor and submit the list as it is approved by the Lobbying Committee. No objections were heard.

**Request for Proposals for Review of the Police Department**

Manager Amylon informed the responses are in for the Request for Proposals for review of the Police Department, and he said if the Council wants to have representatives participate in the review of the responses and the selection process, he needed to know who wanted to be involved. Councilmembers Karlson and West said they would be involved.

**Ketchikan Medical Center Project**

Manager Amylon explained with Tuesday's vote on the hospital bond being approved, things are really going to start heating up on that project. He stated the intent is to try and have a request for proposals out on the street by the end of the month, and a recommendation of award no later than the end of the year. He said staff has tentatively reserved representation for councilmembers on that, and DOWL HKM has indicated there may be at least five days' worth of effort if the Council does want to participate. Mayor Williams asked the Council to consider this and let Manager Amylon know by next Council meeting.

**Library Funding**

Manager Amylon said tomorrow he and Library Director Lyshol are meeting with the

Borough manager regarding library funding. He reminded they were not able to advance anything out of the Cooperative Relations Committee. He noted he would be putting some type of proposal on the table to do some sort of tracking of client activity, but he didn't know if it would go far enough to satisfy the Borough. He continued depending on the reaction that is received tomorrow, he may have to budget on the assumption that the Borough funding will not be forthcoming for next year.

### **Upcoming Budget**

Manager Amylon reminded that at the budget meeting in July, the Council gave clear direction on holding spending to the 2013 levels, no increase in taxes and no rate increases. He continued that tomorrow Finance Director Newell would submit the draft department budgets to him, and based on what departments have submitted, it looks like we are going to be very challenged. He noted if we are going to maintain adequate reserves, he will need to be cutting about \$1.4 - \$1.8 million.

In response to Councilmember Sivertsen, Manager Amylon said what this means is for him to keep reserves at about \$3 million in the General Fund, which is below the Council's mandated policy, he needs to cut \$1.4 - \$1.8 million out of the operating and capital budgets in 2014 from what the departments' submitted. He pointed out the Council has approved cost of living adjustments and extensions of employees' steps, as well as insurance considerations that are out of our control. He said staff will have a couple of proposals once the budget is submitted because he didn't feel the Council would like what is going to be submitted.

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

#### **Whitman Lake Hydroelectric Project – Construction Meeting Minutes of September 10 and 17, 2013**

Manager Amylon provided the September 10 and 17, 2013 minutes of construction meeting Nos. 33 and 34 for the Whitman Lake Hydroelectric Project.

#### **Achilles Creek Diversion Update**

Manager Amylon transmitted a memorandum from Senior Project Engineer Holstrom illustrating the proposed changes of the Achilles Creek Diversion from that which was originally designed. He emphasized no loss to the additional generation capacity is anticipated to result from the new design.

#### **Conversion from Sodium Hypochlorite Disinfection to Chloramine Disinfection Update – CH2M Hill**

Manager Amylon informed that representatives from CH2M Hill will attend the Council meeting of October 17, 2013 in order to provide an update as to the status of converting to

the new water treatment process and resumption of the public education campaign that will be required.

Manager Amylon said staff expects approvals from DEC to begin operating fully in November, which is not really the time we want to do that. He said there is the likelihood that there will need to be excessive flushing of the hydrant system, and he doesn't want to be doing that in winter. He explained staff has approached ADEC and they have consented and given approval to postpone until next spring. He said CH2M Hill will be providing a full update on that and other activities they are working on with Water Division Manager Kleinegger.

### **Ketchikan Unit No. 3 and Beaver Falls Unit No. 1 Electrical Condition Assessment**

Manager Amylon provided a memorandum from Senior Electric Systems Engineer Donato regarding an assessment of Ketchikan Unit No. 3 and Beaver Falls Unit No. 1. Mr. Donato's memorandum included the recommendation that complete rotor and stator rewinds are required for both Ketchikan Unit No. 3 and Beaver Falls Unit No. 1, as well as generator cleaning and testing for each hydro generator and future rewinds for two generator units per year for three years.

### **CITY CLERK'S FILE**

Clerk Suiter reminded of the special meeting on Monday to certify the election.

### **CITY ATTORNEY'S FILE**

#### **Report of Significant Activities for the Months of July and August 2013 – Office of the City Attorney**

Manager Amylon included a report from Attorney Seaver outlining the significant activities of the attorney's office for the months of July and August 2013.

### **FUTURE AGENDA ITEMS** – None

### **MAYOR AND COUNCIL COMMENTS**

Councilmember Harris commented that between the City and the Borough, we are now \$200 million borrowed or bonded. He felt this was a lot of money for a town of 13,000 people. He pointed out we are asking the manager to keep everything the same as last year, and he wish him luck.

Councilmember West said she was pleased the hospital bond had passed and the fact that it passed so handily. She thanked Councilmember Coose for his service, stating it has

been a pleasure serving with him. She commented she has enjoyed the discussions they have had, and she wished him well.

Councilmember Sivertsen also thanked Councilmember Coose, saying he has been a pleasure to work with. He stated he was sure we would see him around the community at some point in the future.

Councilmember Olsen thanked Councilmember Coose, stating it has been great working with him over the past couple of years.

Councilmember Bergeron thanked Councilmember Coose for his service, and congratulated the winners in the last election. He said he was sorry he was not here in person.

Councilmember Karlson thanked Mr. Coose for his service, noting he has been a great source of education and information for her since she started this new endeavor. She gave him a heads up that she will track him down as the need arises.

Councilmember Coose said he is not going away and the Council may see him again. He reminded in the last six years this Council has accomplished a lot, not him alone, but the entire Council. He stated they have done a lot of things with the Borough, even though right now we are at odds with them. He wished things could be backed up a month to stop the library thing that got started because it is a waste of everybody's time. He said there was a good process going that paid for operations, and it has been that way since he has been here. He wished the manager a lot of luck in working with the Borough manager because it is the simplest way to accomplish the library and makes it available to every member of the public. He said it has been fun and a pleasure.

Mayor Williams said he wasn't going to say goodbye because he knew Mr. Coose would be around. He asked everyone to remember the meeting on Monday. He discussed looking at the head tax relative to the budget.

**OTHER NEW BUSINESS** – None

### **EXECUTIVE SESSIONS**

**Request for Executive Session – Discussion of Potential Litigation Strategies with Legal Counsel Within the Attorney-Client Privilege Regarding the Recovery from Joseph Burns and Rehabilitation Research Institute of the Costs that the City of Ketchikan Has Incurred as a Result of the Demolition of 347 Bawden Street**

Moved by Sivertsen, seconded by West the City Council declare that consistent with the general manager's memorandum dated September 26, 2013, it is in the best interests of

the City to go into executive session in accordance with KMC 2.04.025(a)(3) and AS 44.62.310(c)(3) to discuss potential litigation strategies with legal counsel within the attorney-client privilege regarding the recovery from Joseph Burns and Rehabilitation Research Institute of the costs that the City of Ketchikan has incurred as a result of the demolition of 347 Bawden Street.

Councilmember Karlson said she had a conflict of interest due to a relationship with the individual involved. She said she would not participate in the executive session.

Motion passed with Sivertsen, Coose, Harris and West voting yea; Karlson abstaining; Bergeron and Olsen absent.

The Council recessed into executive session at 8:00 p.m. and reconvened at 8:20 p.m.

Mayor Williams said the Council has completed an executive session to discuss potential litigation strategies with legal counsel within the attorney-client privilege regarding the recovery from Joseph Burns and Rehabilitation Research Institute of the costs that the City of Ketchikan has incurred as a result of the demolition of 347 Bawden Street and no action would be taken tonight.

### **ADJOURNMENT**

As there was no further business, the Council adjourned at 8:20 p.m.

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Lew Williams III, Mayor

ATTEST:

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Katherine M. Suiter  
City Clerk

### **FYI ITEMS INCLUDED**

Unapproved Minutes of the September 10, 2013 Port & Harbors Advisory Board Meeting

*“The Maritime Economy of Southeast Alaska”* – A Publication of Southeast Conference

*“Southeast Alaska by the Numbers 2013”* – a Publication of Southeast Conference

Unapproved Minutes of the September 20, 2013 Ketchikan Gateway Borough/City of Ketchikan  
Cooperative Relations Committee Meeting