

Regular Ketchikan City Council meeting was called to order by Mayor Williams at 7:01 p.m., August 2, 2012, with the following members present: Sam Bergeron, Dick Coose, Kj Harris, DeAnn Karlson, Matthew Olsen, 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, Finance Director Newell, City Attorney Seaver, Fire Chief Share, Library Director Gens, Museum Director Naab, Police Chief Bengaard, Public Works Director Allen, Electric Division Manager McConnell, Telecommunications Division Manager Cushing, Water Division Manager Kleinegger and City Clerk Suiter.

### **COMMUNICATIONS**

There were two items of additional information laid on the table for the agenda item relating to 2011 and 2012 Asphalt Paving Projects and the Whitman Lake Dam Project.

### **PERSONS TO BE HEARD**

Ed Cushing introduced Rodney Grissom, the new Telecommunications Division Network Operations and Engineering Manager. Mr. Grissom said he was happy to be here and looked forward to working for the City.

Kathleen Light, representing Ketchikan Area Arts and Humanities Council, handed out information relating to the upcoming Blueberry Arts Festival and the Giggelfeet Dance Festival. She spoke to a new publication the Arts Council created highlighting arts in Ketchikan, noting it is a companion piece to the website built for the Year of the Artist, and saying it will be provided to the Visitors Bureau to be sent out nationwide. She explained the RFP for the artwork for the creek has gone out, and said they have had lots of inquiries about it. She said they hope to get something to the Council in September with recommendations. She thanked City staff for all the assistance provided for this RFP as well as the Blueberry Arts Festival. She cited the activities occurring during the Blueberry Arts Festival, stating it is an example of how the non-profits benefit the community. She also spoke to the level in which the City should support non-profits, and she encouraged the Council to support them in the budget at 4%.

Jason Custer expressed support for the Ketchikan Area Arts and Humanities Council, and spoke regarding the Mahoney Lake Dam Project. He felt our region needed to develop as much hydro capacity as possible. He cited the intensions of the Mahoney Lake Consortium as they move forward with this project, and the stages to get it to a construction-ready state. He said the Mahoney partnership looks forward to upcoming opportunities to partner with Ketchikan and bring the region the most affordable energy possible. He answered questions from the Council.

Charles Pool encouraged the Council to consider delaying action on the Whitman Lake Project until staff and the Dawson engineers have had opportunity to try to get the project into budget by reducing the scope of work to fit the available funding. He said there is lots of money already invested and it would be a shame to lose the investment. He asked the Council to take time and use a reasoned approach to this.

Linda Koons-Auger handed out a monthly schedule for the Small Business Development Center, and described some of the activities that they host. She spoke to upcoming sessions as well as the library they have available to small business owners.

Mike Round, representing Southern Southeast Regional Aquaculture Association, spoke in support of the Whitman Lake Project, even with a reduced scope of work. He said the benefits will still be there for the hatchery. He answered questions from the Council.

## **CONSENT AGENDA**

### **Approval of Minutes**

Moved by Sivertsen, seconded by West approval of the minutes of the special meeting of July 12 and regular meeting of July 19, 2012.

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

### **Designated Legislative Grant Agreement No. 13-DC-546 – Ketchikan Medical Center Improvement Project**

Moved by Sivertsen, seconded by West that the City Council approve Designated Legislative Grant Program Grant Agreement No. 13-DC-546 in the amount of \$3,000,000 between the City of Ketchikan and the Department of Commerce, Community and Economic Development for Phase I of the Ketchikan Medical Center Addition and Alterations Project and direct the city manager to execute the grant agreement on behalf of the City Council.

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

### **2012-13 Agreement Between the City of Ketchikan and the Ketchikan Gateway Borough – Payment of Funds to the City of Ketchikan for Library Services**

Moved by Sivertsen, seconded by West the City Council approve the agreement between the City of Ketchikan and the Ketchikan Gateway Borough for the payment of funds to the City of Ketchikan for library services during Borough Fiscal Year 2012-13 and authorize the city manager to execute the agreement on behalf of the City Council.

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

**Additional 2011 and 2012 Asphalt Paving Projects**

Moved by Sivertsen, seconded by West the City Council authorize staff to proceed with the additional asphalt overlays as detailed in the senior engineer's report dated July 25, 2012 and direct the city manager to submit such budget transfers and change orders for City Council consideration and approval upon close out of the projects.

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

**Resolution No. 12-2469 – Requesting Funding from the U.S. Department of Homeland Security, Federal Emergency Management Agency's Staffing for Adequate Fire and Emergency Response (SAFER) Grants Program**

Moved by Sivertsen, seconded by West the City Council approve Resolution No. 12-2469 requesting funding from the U.S. Department of Homeland Security, Federal Emergency Management Agency's Staffing for Adequate Fire and Emergency Response (SAFER) Grants Program; and establishing an effective date.

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

**UNFINISHED BUSINESS** – None

**NEW BUSINESS**

**Ordinance No. 12-1703 – Amending Subsection (a) of Ketchikan Municipal Code 13.08.180 Entitled "Water" by Setting New Water Rates for Vessels Utilizing Port of Ketchikan Facilities – First Reading**

Copies of Ordinance No. 12-1703 were available for all persons present.

Moved by Coose, seconded by Harris the City Council approve in first reading Ordinance No. 12-1703 amending Subsection (a) of Ketchikan Municipal Code 13.08.180 entitled "Water" by setting new water rates for vessels utilizing Port of Ketchikan facilities; and establishing an effective date.

Water Division Manager Kleinegger answered questions from the Council.

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

**Award of Contract No. 12-45 – Public Library Furniture, Fixtures and Equipment – Think Office, LLC - \$168,498**

Moved by Bergeron, seconded by Olsen the City Council award Contract No. 12-45, Public Library Furniture, Fixtures and Equipment, to Think Office, LLC of Anchorage, Alaska in the amount of \$168,498; authorize funding from the Library Facilities Replacement Capital Account; and direct the city manager to execute the contract on behalf of the City Council.

Some councilmembers expressed concerns relative to availability of the bidding process to local vendors, and Tim Whiteley as well as staff reassured the process was available to all interested bidders. Councilmember Bergeron requested information relating to the life span of the furniture, and Manager Amylon said he could provide that.

Mayor Williams said he would like to meet with Marvin Davis and the manager concerning the bid process. Manager Amylon stated that staff understood very clearly as a result of the fire station construction what the Council wanted in terms of local procurement, and staff went to great lengths to make sure Bettisworth Welsh Whiteley understood that with the library project. He reminded the work stations and shelving were already bid, and Mr. Davis was able to bid on that project but his bid was almost double the cost. He noted when Mr. Davis' concerns were first made known to him, they went at great lengths to talk to the architects to make sure it was an open procurement process. He continued for whatever reasons, based on the documentation staff has, it appears Mr. Davis made some initial inquiries but never followed through. He said there may be a variety of reasons for this, and he said he understands the process for the City Hall renovation will be an open process. He said absent Council direction telling staff they are willing to pay significantly more to a local vendor to keep it local, the bottom line will determine the price, which was what they had in this process.

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

**2013 Community Agency Funding Levels**

Moved by Coose, seconded by Sivertsen the City Council direct staff to prepare the 2013 General Government and Ketchikan Public Utilities Annual Budgets to include a community agency funding appropriation equal to 3.24% of the sales tax receipts for the four fiscal quarter preceding budget deliberations.

Councilmember Olsen expressed concern about requests that weren't for the usual type of funding mechanism, but rather for capital projects or doing maintenance. He felt the money was usually given to support operating expenses.

Moved by West, seconded by Olsen to amend the percentage to 4%.

Motion failed with West, Olsen and Karlson voting yea; Coose, Bergeron, Harris and Sivertsen voting nay.

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

Mayor Williams said when we get closer there should be a discussion about how it went last year, what some changes might be, such as no capital project requests, and whether the number of agencies will be limited to first come, first served or whether it will keep expanding. He felt direction should be given to the committee. Councilmember Olsen commented the Borough awarded more money this last year, but we are getting to the point where if we don't get back into discussions with the Borough on the Cooperative Relations Committee about taking our money and their money and joining them, and having them join in the process, we are going to be doing it again in the fall completely different.

**Bawden Street Apartments Demolition Procurement Specifications**

Moved by Sivertsen, seconded by Olsen the City Council approve the Bawden Street Apartments Demolition procurement specifications as detailed in the Public Works director's report dated July 24, 2012 and/or as modified by the City Council.

Moved by Bergeron, seconded by Sivertsen to amend that the City Council direct staff not to issue an intent to award the contract until after the Council has had an opportunity to confirm the recommendation of staff.

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

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

**Contract No. 12-25 – Centennial Building Analysis and Renovations Design, Bettisworth Welsh Whiteley LLC**

Moved by Sivertsen, seconded by Olsen the City Council approve Contract No. 12-25, Centennial Building Analysis and Renovations Design, between the City and Bettisworth Welsh Whiteley LLC in an amount not to exceed \$46,912; authorize funding from the Museum Department's 2012 Centennial Building Assessment Capital Account; and direct the city manager to execute the contract documents on behalf of the City Council.

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

**Transfer of Deermount Street**

Moved by Bergeron, seconded by Sivertsen the City Council direct the city manager to take such action regarding the Maintenance Agreement between the City and the Alaska Department of Transportation and Public Facilities in connection with the transfer of Deermount Street to the City of Ketchikan as determined appropriate by the City Council.

After discussion, the Council directed staff to pursue further contact with the Department of Transportation as well as the City's lobbyist to facilitate discussions relative to the Maintenance Agreement.

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

The City Council took a short break at 8:03 p.m. and reconvened at 8:10 p.m.

**Change Order Nos. 1 and 2 to Contract No. 12-15 – Alaska Avenue Reconstruction Project, BAM, LLC**

Moved by Sivertsen, seconded by Olsen the City Council approve Change Order Nos. 1 and 2 to Contract No. 12-15, Alaska Avenue Reconstruction Project, in the amounts of <\$1,874> and \$82,811 respectively, between the City and BAM, LLC; authorize funding from the 2012 Wastewater and Water Divisions' Alaska Avenue/Buren Road Sewer and Water Main Replacement Capital Accounts; and direct the city manager to execute the change orders on behalf of the City Council.

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

**Bids for Contract No. 12-29 – Whitman Lake Hydroelectric Project General Construction**

Manager Amylon said the bids for the Whitman Lake Hydroelectric Project were opened and the bids were \$12 million or more over the estimate. He said we currently do not have the financial resources to make that difference up. Taking that into account, he continued, we really only have two choices available: 1) to reject the bids and walk away from the project, which would include surrendering the license back to FERC; or 2) try to downsize the project and negotiate with Dawson on the construction. He said staff has talked with Dawson and Hatch, and feel there is an opportunity to downsize the project and just do the smaller unit at this time. He said this will require FERC approval, which we think we can get, and still move forward with construction if we were to award a contract. He felt it would likely require AEA approval and he laid something on the table

that was received from AEA today that indicated they felt if we were to move forward in this direction it was a viable alternative and the funding could be made available. He noted if the Council has interest in looking at this alternative, it can be designed and constructed in such a way that the larger unit could be put in down the road. He said this is something a future Council might want to take a look at. He explained we have some significant debt coming off KPU's books in the next couple of years, and this is an option that John Heberling will be modeling for our cost of service study that the Council will be doing next week.

Manager Amylon addressed something Mr. Pool said, noting a decision does not have to be made tonight. He said this will allow staff to look at what the cost of service models look like next week, and staff can have discussions with Dawson and potentially FERC relative to some of the issues that are out there. He said it is a Council call, and staff has given the Council four different reports to walk them through it so they can pursue either option. He said certainly all the items can be deferred for a couple of weeks if that is the Council's desire.

Manager Amylon said one of the things he felt was fair in terms of the Whitman Project is the change in the access road – this was a big curve. He said it doesn't explain the total discrepancy, but between the change in the access road, the issues relating to the hatchery, there was a lot of concern about who was going to absorb risk. He continued the risk translated into higher-than-anticipated bids. He didn't think it accounted for all of it, but he felt there is some degree of accuracy to this. He said staff will probably learn more if the Council defers and provides the opportunity to talk to Dawson and discuss it further with Hatch.

In response to comments from Councilmember Sivertsen about using Hatch, Manager Amylon said staff has had discussions with another consultant this morning in terms of looking at things that can be done if the Council were inclined to value engineer the whole project. He explained the gentleman spoken to was from HDR, who has done hydro projects, but they didn't get into any discussion as to whether they were available or what they could bring to the table. He continued in all likelihood, in the two week window they have, a lot of the discussion will be between staff and Dawson. He understood the concerns but there is no time to do a full-fledged recruitment and bring in another engineer.

Manager Amylon continued there have been discussions and some dollar figures but there is a ways to go if we're going to keep it in the budget that we want to keep it in. He stated it is not nearly as bad as what we're looking at in terms of the bid. He said it is a much small project and consequently the cost per kilowatt hour is going to be more expensive than we would like to have seen for the first 20 years until the debt service is paid off. He commented Mr. Pool is absolutely right: once the project is paid off, it will be there the next 50 years and although a small hydro, it will be generating one to two cent power.

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In response to Councilmember Coose, Manager Amylon said the contract on the generator has a suspension provision. He said the contractor is required to provide staff with submittals, and Senior Project Engineer Holstrom said no generator is fabricated until staff reviews the shop drawings.

Attorney Seaver said if there is no interest in the larger turbine, one approach would be to cancel it or we could suspend one or both for up to 90 days. He continued in taking this approach we also need to take into account the potential loss of production.

Councilmember Olsen requested these items be brought to a special meeting on August 23 so the Council could give the subject its full attention.

In response to Councilmember West, Manager Amylon said one of the first calls staff will be making will be to FERC to have an in-depth discussion about what constitutes meeting their threshold for construction. He continued if there is any wiggle room around the March 16, 2013 deadline, that opens up a whole lot more in terms of possibilities of what may be out there relative to keeping the project as envisioned, a 4.6 megawatt project. He expressed he didn't know if there was going to be that kind of flexibility, but staff will have that discussion.

Mayor Williams summarized the Council will not deal with any of the items concerning Whitman Lake, and management will come back in three weeks for a special meeting. After discussion, the Council determined to have a special meeting on August 23, 2012 for this purpose.

## **VOUCHERS**

Moved by West, seconded by Olsen for approval of vouchers to Ketchikan Daily News in the amount of \$9,982.02.

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

## **CITY MANAGER'S REPORT**

### **Schedule of General Government and KPU Appropriated Reserves Through the City Council Meeting of July 19, 2012**

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 July 19, 2012.

### **Contract No. 10-31 – (Construction Manager/General Contractor Construction Services for the Construction for**

**a New Municipal Fire Station) Update – Minutes of Weekly Construction Progress Meeting Nos. 66, 67 and 68**

Manager Amylon advised Weekly Construction Progress Meeting Nos. 66, 67 and 68 were held in Ketchikan/Anchorage/Bellingham on July 10, 17 and 24, 2012 for Contract No. 10-31, Construction Manager/General Contractor Construction Services for the construction of a New Municipal Fire Station. He provided copies of the minutes.

**Contract No. 11-27, Construction Manager/General Contractor Services for the Construction of a New Municipal Public Library – Minutes of Weekly Design/Construction Progress Meeting Nos. 65, 66 and 67**

Manager Amylon provided minutes for the weekly design/construction progress meeting Nos. 65, 66 and 67 that were held in Ketchikan/Anchorage/Bellingham on July 10, 17 and 24, 2012 for Contract No. 11-27, Construction Manager/General Contractor Services for the construction of a New Municipal Public Library.

**Contract No. 12-19, Phase II of Berths I and II Rehabilitation Project – Preconstruction Meeting Minutes of July 18, 2012**

Manager Amylon copied the Council with the preconstruction meeting minutes for Contract No. 12-19, Phase II of Berths I and II Rehabilitation Project that was held on Wednesday, July 18, 2012.

**Modification of Bus Stops, On-Street Parking and Pavement Markings**

Manager Amylon transmitted a memorandum from Public Works Director Allen relating to modifications to bus stops, on-street parking and pavement markings requested by both staff and the Borough. He noted unless directed otherwise, he intended to authorize Mr. Allen to move forward as detailed in his memorandum.

Councilmember Sivertsen expressed issues with displacing some of the parking shown in the requests, and asked that this be an item on the next agenda, so each request could be considered separately.

**Contract No. 12-21 Update – Wastewater Treatment Plant A Force Main and Flow Meter Replacement Project, BAM, LLC**

Manager Amylon included a report prepared by the Engineering Division summarizing project activities during the month of July for the Wastewater Treatment Plant A Force Main and Flow Meter Replacement Project.

**Contract No. 12-22 Update – Copper Ridge Lane Improvements Project, S&S General Contractors & Equipment Rental, Inc.**

Manager Amylon transmitted a report prepared by the Engineering Division summarizing project activities during the month of July for the Copper Ridge Lane Improvements Project.

**Contract No. 12-15 Update – Alaska Avenue Reconstruction Project, BAM, LLC**

Manager Amylon copied the Council with a report prepared by the Engineering Division summarizing July activities relating to the Alaska Avenue Reconstruction Project.

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

Manager Amylon provided the Council with a report prepared by the Engineering Division summarizing July activities relating to the Jackson Street Area Reconstruction Project.

**City of Ketchikan Insurance Services Organization (ISO) Rating**

Manager Amylon copied the Council with a memorandum from Building Official Charles Dearden reporting the City may suffer a serious downgrade of its current ISO rating as a result of the City's building and fire codes being more than five years out of date. He pointed out that although the City may opt to adopt either the 2009 or 2012 codes to avoid a downgrade of its ISO rating, the new regulations would require mandatory sprinkler systems in new residential construction.

Manager Amylon felt it imperative to seek the input of those commercial entities that will likely be most affected, namely the Ketchikan Home Builders Association and local insurance companies. He pointed out the purpose of the discussions is to attempt to quantify the magnitude of costs if the City's ISO rating were to be downgraded versus the cost of a requirement to comply with regulations that would make residential sprinkler systems mandatory.

Building Official Charles Dearden answered questions from the Council.

**General Government Financial Statements for the Three Months Ending March 31, 2012**

Manager Amylon transmitted the General Government financial statements for the quarter ending March 31, 2012 for Council review.

**Preparation of City Council Meeting Packet for Electronic Delivery**

Manager Amylon expressed that electronic delivery of Council packet items to the clerk's office is burdensome for staff and unless directed otherwise, he intended to advise the clerk to return to the former method of scanning the packet for distribution to the City Council.

Councilmember Sivertsen said the clerk's office has an older scanner, and a new one may meet the Council goals for scanning quality. He pointed out the major issue is to have a document that can be read, and if we improve our scanner he felt it would bring us a lot closer to where we want to go. He said Clerk Suiter got a quote for a scanner for approximately \$8,295. Mayor Williams asked if there was a consensus, and there was a majority of the Council in agreement. Clerk Suiter questioned whether a budget transfer should be on the next agenda, which was affirmed.

**Special Meeting for Cost of Service**

Manager Amylon reminded of the special meeting on Tuesday, August 7, 2012 relating to cost of service.

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

**Southeast Alaska Integrated Resource Plan – Final Report**

Manager Amylon transmitted a report from Electric Division Manager McConnell which included the final draft of the Southeast Alaska Integrated Resource Plan.

**CITY CLERK'S FILE** – None

**CITY ATTORNEY'S FILE**

**Multiple Executive Sessions**

City Attorney Seaver transmitted a memorandum regarding authorizing more than one executive session in a single motion. He concluded the motions for executive sessions should be separately stated and acted upon as a matter of parliamentary procedure and to ensure that the record is clear.

**FUTURE AGENDA ITEMS** – None

**MAYOR AND COUNCIL COMMENTS**

Councilmember Coose felt the intent was never to take things that were available electronically and transmit them in paper form. He felt the two offices could work to make things efficient, even though he knew some stuff would still need to be scanned.

Councilmember Karlson reminded the public that the decisions the Council makes affect everyone in the community, and the more input that is provided to councilmembers, the better decision making ability they have. She thanked Mr. Pool and Mr. Round for taking time to voice their concerns and provide insight. She said it is really difficult to know what the right decision is all the time, and the more input, the more information the Council can have to make decisions.

Councilmember West said she cannot make the meeting Tuesday and asked if it could be changed. Mayor Williams apologized, noting the tickets for the consultants have already been purchased.

Mayor Williams reminded of the special meetings on August 7 and 23, and reminded elections are coming up with two council seats and a mayor seat open. He reminded everyone of the Blueberry Festival this weekend, and hoped it would be sunny. He said Teri Lee Gould of the Port and Harbors Advisory Board submitted her resignation, noting she has been there for many years. He encouraged anyone who wanted to be on the Port and Harbors Advisory Board to let the clerk know.

**OTHER NEW BUSINESS** – None

**EXECUTIVE SESSIONS** – None

**ADJOURNMENT**

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

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Lew Williams III, Mayor

ATTEST:

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Katherine M. Suiter  
City Clerk

**FYI ITEMS INCLUDED**

Ketchikan Youth Court's Quarterly Activity and Financial Reports – April Through June 2012  
Small Business Development Center Third Quarter Report FY2012 – April Through June 2012  
Unapproved Minutes of the July 13, 2012 Ketchikan Gateway Borough/City of Ketchikan  
Cooperative Relations Committee Meeting  
Women In Safe Homes Quarterly Activity and Financial Reports – April Through June 2012  
Boys & Girls Clubs of Southcentral Alaska's Quarterly Activity Report – April Through June  
2012  
Southeast Alaska Independent Living (SAIL) Quarterly Financial Report – April Through June  
2012  
Alaska Legal Services Corporation's Quarterly Financial Report – April Through June 2012  
Boys & Girls Clubs of Southcentral Alaska's Quarterly Activity Report – April Through June  
2012