

CITY OF UNALASKA
UNALASKA, ALASKA
REGULAR MEETING
MAY 13, 2008

The regular meeting of the Unalaska City Council was called to order by Mayor Shirley Marquardt at 7:17 p.m., May 13, 2008, in the Unalaska City Hall Council Chambers. Roll call was taken and the following members were present:

Mayor -Shirley Marquardt

Members -Dick Peck
-Zoya Johnson
-Katherine McGlashan
-Roger Rowland
-David Gregory

Absent -Juanita Lewis (excused)

PLEDGE OF ALLEGIANCE: Mayor Marquardt led the Pledge of Allegiance.

RECOGNITION OF VISITORS:

1. Carl Gamble, IUOE Local 302 Union Representative.
2. Karol Kolehmainen and Gabrielle LaRoche with Aleutians West CRSA.

APPROVAL OF AGENDA: Add to New Business #11: Resolution 2008-31-Local 302 PCR Contract. Mayor Marquardt declared agenda approved as revised.

MINUTES: Revision to change the word contentious to conscientious. Mayor Marquardt declared the minutes of April 22, 2008 adopted as revised.

FINANCIAL REPORT: None

BOARD/COMMISSION REPORTS: Planning Commission minutes were included in packet.

AWARDS/PRESENTATIONS: None

MANAGER'S REPORT: Chris Hladick, City Manager, reported that the Alaska Energy Authority meeting on renewable energy will be held May 20, 2008, 4 p.m. – 8 p.m. at the Grand Aleutian Hotel.

Council discussion encouraging all to get involved and express concerns regarding energy issues; Governor has called a special session on energy issues; disappointed that the State believes they own the heat resource for the geothermal project.

COMMUNITY INPUT/ANNOUNCEMENTS:

1. Memorial Day ceremony starts at 11 a.m., May 26, 2008.
2. IFHS Clinic barbeque in the afternoon, public is welcome.
3. Museum of the Aleutians will open a new exhibit Saturday, May 17, 2008, 6 p.m. dedicated to the 200th Anniversary of Cathedral of the Holy Assession.
4. Second week of Unalaska Clean-up, clean-up is going well.
5. Museum of the Aleutians in celebrating one of the finest books in American Literature "To Kill a Mockingbird"; book discussion will be on May 19, 2008 at 7:00 p.m. at the Museum of the Aleutians.
6. Kristine King's fun run farewell party will be this Friday from 5 p.m. to 6 p.m.
7. Public input have sent email to council requesting Council address issues because of the high cost of living; immediate action could be exempting sales tax on food, home heating fuel, and building supplies; believe there is an issue of over taxation, and Unalaska has a large savings account; it should be utilized to benefit the people who live here now; should increase property value exemption for senior citizens and volunteer fire fighters and EMS.
8. There was a fire in Anchorage that affected the duplex unit where Chad Morrison's family resides; ASFA is collecting donations to help them out.
9. Public input requesting an update on the December 18, 2007 letter to council about changing the tax structure; it's been five months and have had no response.

PUBLIC TESTIMONY ON AGENDA ITEMS: None

PUBLIC HEARING: None

WORK SESSION: Peck move to adjourn into a work session at 7:26 p.m., Johnson second. Unanimous vote. Items discussed in the work session were:

1. **ALEUTIANS WEST CRSA:** EVALUATION OF MITIGATION OPPORTUNITIES.
2. **RESOLUTION NO. 2008-27:** ADOPTING THE CITY OF UNALASKA FY09-FY13 CAPITAL MAJOR & MAINTENANCE PLAN (CMMP).

Reconvened to regular session at 9:02 p.m.

CONSENT AGENDA:

1. **RESOLUTION NO. 2008-24:** CONFIRMING THE MAYOR'S APPOINTMENT OF ERIC JOHNSON TO THE UNALASKA PLANNING COMMISSION/PLATTING BOARD.

Hearing no objections, Mayor Marquardt declared the Consent Agenda adopted.

UNFINISHED BUSINESS: None

NEW BUSINESS:

1. **RESOLUTION NO. 2008-25:** CERTIFYING THE 2008 REAL AND PERSONAL PROPERTY TAX ROLLS.

Peck move to adopt Resolution No. 2008-25, McGlashan second.

DISCUSSION: Taxable values for 2008 are \$275,423,451 for real property, and \$129,985,050 for personal property.

VOTE: UNANIMOUS

2. **RESOLUTION NO. 2008-26:** ESTABLISHING THE RATE OF LEVY OF ASSESSED PROPERTY WITHIN THE CITY OF UNALASKA, ALASKA FOR FY09.

Rowland move to adopt Resolution No. 2008-26, Johnson second.

DISCUSSION: Public testimony in support of reducing the mil rate to 8.8 mils; utility bills have increased; property values have increased by 20%; cost of living has increased; people are struggling in Unalaska; mil rate should be reduced to bring in the same funding as last year, and we should tap into the rainy day fund to make up the difference.

Public testimony finally bought a home in Unalaska; amount of door knockers put out has increased; if property values are raised; request Council keep taxes low.

Public testimony that the mil rate is high; property value has raised 20% which amounts to 10% of take home pay; utilities are also high; some property owners have improved their property, now feel like are being penalized for it; would like to stay in Unalaska; life long resident; possibly look at giving a residential tax break; thinking about installing a wind generator, but worried about it raising the property values; would like to see an exemption for alternative energy; support lowering the mil rate.

Council discussion that the mil rate has been 11.78 mils for many years; would like to see the mil rate at 10.78 mils; general fund is subsidizing the utility funds; will sponsor a 1 mil reduction in mil rate tonight; don't know if it is supported.

Council discussion inquiring how the reduction will affect businesses; State average is around 12.3 mils; would wind mills be taxable; senior citizen and volunteer fire property exemptions are set by State; has the state looked a exemption for renewable energy. Research should be done to see if these exemptions can be made; inquiry regarding property that Shell Oil has stored here.

Adam Verrier, Assessor with Appraisal Company of Alaska, explained that State law requires property to be assessed at 100% of market value; State Assessor requires that all municipalities be close to 100% of value; in Unalaska it's about 90% after this year's re-evaluation; each year every assessor submits a report to the State on assessment and taxation with a sales ration analysis on houses that are sold, comparing sale prices to assessed value; adjustments to values have not been since 1998; have seen a trend and enough sales to catch up with market values.

Council discussion to take some time so management can put together information regarding how a reduction in mil rate will effect the budget, with a reminder that the general fund does subsidize the enterprise funds; would support a mil rate of 10.5 mils; would be in support of lowering the mil rate, but want to be cautious.

Peck move to postpone Resolution No. 2008-26 until the May 27, 2008 meeting, Johnson second.

DISCUSSION: None

VOTE: UNANIMOUS

2. **ORDINANCE NO. 2008-08: FIRST READING:** ADOPTING THE FISCAL YEAR 2009 OPERATING AND CAPITAL BUDGET FOR THE CITY OF UNALASKA.

Rowland move to schedule Ordinance No. 2008-08 for public hearing and second reading on May 27, 2008, Johnson second.

DISCUSSION: Chris Hladick, City Manager, explained that FY09 capital budget consists of projects from the CMMP for FY09; if council wishes to move the paving out of the budget, would propose an amendment at second reading; amendment

would be a reduction of \$3,935,000 and transfer of \$150,000 to the Public Works Operating Budget to develop a Roads Improvement Master Plan.

AMENDMENT: Rowland move to amend Ordinance No. 2008-08 to reduce the Capital Budget by \$3,935,000 and to transfer \$150,000 to the Public Works Operating Budget to develop the Road Improvement Master Plan, Johnson second.

2. ORDINANCE NO. 2008-08: Cont.:

DISCUSSION: Council discussion pleased with paving report; inquiry of whether the State claiming heat ownership will affect the geothermal project; Chris Hladick, City Manager, explained that we are not sure; will be a legal issue with State and owners of well field; will continue with project until resolved; will not bring a contract to Council until this dispute is settled; City will continue with the summer drilling project contract.

VOTE ON AMENDMENT: UNANIMOUS

DISCUSSION: Council in appreciation of hard work of PCR Dept; not sure why the safety equipment needs to be replaced; would like to see documentation for why the replacement; would like to look at more energy efficient trucks and cars; cannot support an Expedition.

Council discussion that the sales tax budget for FY09 is low when compared to the previous years; very concerned that sales tax revenue is being under budgeted; would like to see a reduction of sales tax on all food purchases; explanation that this would be a policy change, and tonight is a budget discussion; solid waste cost of services study should be to Council at the June 10, 2008 meeting; explanation that tax budget numbers have been changed due to the revenue forecast study done by Northern Economics.

Public testimony in appreciation that the Public Safety Director pursues grant funding for items like the ambulance; would like to see the City hire someone to research ISO ratings for the community.

AMENDMENT: Peck move to amend Ordinance No. 2008-08 to increase the scholarship budget line item by \$8000, Gregory second.

DISCUSSION: Council discussion that our scholarship program is exceptional; last year did not have enough funds to disburse; support this increase but would like to see funding go towards vocational schools, and would like to see conditions that encourage students to come back to Unalaska; discussion that it is very hard to look at the number of kids requesting funding and to know there was not enough funding; don't believe any conditions should be tied to this increase; students in Unalaska receive over \$200,000 annually in scholarships.

Public testimony in support of the increase for student scholarships; it is a great investment; encourage Council to not create a disparity because there are 36 seniors this year and only 12 for next year; consider increase for larger classes.

Council discussion in appreciation of comments; like to see the scholarship committee set any stipulations.

VOTE ON AMENDMENT: UNANIMOUS.

DISCUSSION: None

VOTE ON MAIN MOTION AS AMENDED: GREGORY-AYE, JOHNSON-AYE, MCGLASHAN-AYE, ROWLAND-AYE, PECK-NAY. Motion passes 4-1.

4. RESOLUTION NO. 2008-27: ADOPTING THE CITY OF UNALASKA FY09-FY13 CAPITAL MAJOR & MAINTENANCE PLAN (CMMP)

Rowland move to adopt Resolution No. 2008-27, Johnson second.

AMENDMENT: Rowland move to amend to Resolution No. 2008-27 to remove the paving project from the FY09 CMMP, Gregory second.

DISCUSSION: Council discussion thanking staff for input; will be voting no on the resolution due to concern that there is not sufficient information on the third generator; would like to have more information from consultant.

VOTE ON AMENDMENT: UNANIMOUS

DISCUSSION: Council discussion requesting more information on life cycle costs of F150 trucks.

VOTE ON MAIN MOTION AS AMENDED: AYE-4, NAY-1. Motion passes 4-1.

5. RESOLUTION NO. 2008-28: APPROVING SCHOLARSHIPS TO UNALASKA HIGH SCHOOL GRADUATES.

Peck move to adopt Resolution No. 2008-28, Gregory second.

DISCUSSION: Mayor Marquardt reported on the scholarship committee work; very difficult task; outstanding students from our school; parents and our school do a wonderful job.

VOTE: UNANIMOUS.

6. ORDINANCE NO. 2008-09: FIRST READING: CREATING BUDGET AMENDMENT NO.8 TO THE FY08 BUDGET FOR ADDITIONAL FUNDING FOR THE POWERHOUSE PCB REMEDIATION PROJECT.

6. **ORDINANCE NO. 2008-09: Cont.:**

Peck move to schedule Ordinance No. 2008-09 for public hearing and second reading on May 27, 2008, Rowland second.

DISCUSSION: Chris Hladick, City Manager, explained that hopefully this is the last budget amendment on this project; costs are up to \$3.5 million to date to remove PCB's from the power house site; have prepared a report and strategy to request reimbursement from Congress; don't believe this should be the City's cost; site will be clean and ready for the next phase of project; awarding contract for civil work on May 29, 2008.

Council discussion regarding the final costs on this project, how this project will be finalized; and potential for further clean-up.

VOTE: UNANIMIOUS

7. **RESOLUTION NO. 2008-29:** AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH NORTHERN MECHANICAL FOR THE CONSTRUCTION OF ELEANOR DRIVE PAVING IMPROVEMENTS IN THE AMOUNT OF 352,390.

Johnson move adopt Resolution No. 2008-29, Rowland second.

DISCUSSION: Chris Hladick, City Manager, reported that there is a list of projects hoping to complete with the paving plant in Unalaska this summer; in addition to Eleanor Drive, the airport parking lot, PCR parking lot, DPS parking lot, and High School parking lot are in need of repair.

VOTE: UNANIMIOUS

8. **RESOLUTION NO. 2008-30:** AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH KNIK CONSTRUCTION FOR THE COMPLETION OF THE 2008 MISCELLANEOUS PAVING PROJECTS IN THE AMOUNT OF \$707,000.

Johnson move to adopt Resolution 2008-30, Gregory second.

DISCUSSION: Chris Hladick, City Manager, explained that this awards the contract for the remaining paving projects as discussed earlier. Nancy Peterson, DPW Director, explained that this bid includes \$95,000 to complete the base work for the new soap box derby road; City will not do the paving; Lion's Club will be requesting Knik Construction donate paving for that section of road.

VOTE: UNANIMOUS.

9. **COUNCIL TRAVEL:** NORTH PACIFIC FISHERIES MANAGEMENT MEETING IN KODIAK, ALASKA.

Discussion regarding the upcoming meeting in Kodiak, Alaska June 4 – 9, 2008. No members to attend.

10. **EXECUTIVE SESSION:** UNION NEGOTIATIONS UPDATE.

Rowland move to adjourn into executive session at 9:30 p.m. for a union negotiations update, Johnson second. Unanimous vote. Meeting reconvened to regular session at 9:58 p.m. No action taken in executive session.

11. **RESOLUTION NO. 2008-31:** AUTHORIZING THE CITY MANAGER TO SIGN THE AGREEMENT BETWEEN THE CITY OF UNALASKA AND INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 302, REPRESENTING DEPT. OF PARKS, CULTURE & RECREATION EMPLOYEES.

Rowland move to adopt Resolution No. 2008-31, Johnson second.

DISCUSSION: None

VOTE: UNANIMOUS

COUNCIL DIRECTIVES:

1. **SALES TAX:**

Peck move to direct the City Manager to bring forward a draft ordinance to exempt sales tax for groceries and residential heating fuel, McGlashan second.

DISCUSSION: None

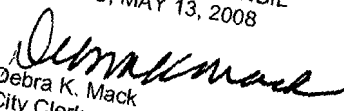
VOTE: UNANIMOUS.

COMMUNITY INPUT/ANNOUNCEMENTS:

1. Public input in support of reducing the mil rate, and to provide an exemption of \$20,000 on assessed valuation.
2. Public input regarding dust on the City's roads; water trucks should be running 24/7.
3. Everyone encouraged to participate in the Memorial Day ceremony on May 26, 2008, at 11:00 a.m.

Mayor Marquardt adjourned the meeting at 10:15 p.m.

UNALASKA CITY COUNCIL
MINUTES, MAY 13, 2008


Debra K. Mack
City Clerk

APPROVED
5/27/08