

CITY OF UNALASKA  
UNALASKA, ALASKA  
REGULAR MEETING  
MAY 27, 2008

The regular meeting of the Unalaska City Council was called to order by Mayor Marquardt at 7:00 p.m., May 27, 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 -Juanita Lewis -Katherine McGlashan -David Gregory -Roger Rowland
Absent	-None

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

**RECOGNITION OF VISITORS:** None

**APPROVAL OF AGENDA:** Add Executive Session – Union negotiations update under New Business. Mayor Marquardt declared agenda approved as revised.

**MINUTES:** Hearing no revisions, Mayor Marquardt declared the minutes of May 13, 2008 Board of Equalization and May 13, 2008 adopted.

**FINANCIAL REPORT:**

Council reviewed the financial report for month ending April 2008; discussion regarding the Electric capital funds shown as transferred out of operating, which then shows a negative budget; explained that it is an effort to reflect where the funds came from for capital projects; this will be researched.

Discussion regarding sales tax revenue and the budgeted vs. actual collected.

**BOARD/COMMISSION REPORTS:** None

**AWARDS/PRESENTATIONS:** None

**MANAGER'S REPORT:** Council reviewed the City Manager's report in the packet. Discussion regarding geothermal project, lobbyists, boat harbor, and AEA; There were no vetoes in Juneau for Unalaska projects.

**COMMUNITY INPUT/ANNOUNCEMENTS:**

1. An Army veteran who served in the Aleutians in 1942-43 will be visiting Unalaska for 10 days; he is 86 years old; encourage everyone to please welcome him when you see him.
2. Thank you to everyone who participated in the Memorial Day ceremony.
3. Public input regarding the Governor's vetoes; Akutan getting \$34 million for airport; Unalaska should be pursuing funding for our airport.
4. Volunteer Banquet will be held this Saturday at the Community Center.

**PUBLIC TESTIMONY ON AGENDA ITEMS:** None

**PUBLIC HEARING:**

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

Mayor Marquardt opened the public hearing on Ordinance No. 2008-08.  
Mayor Marquardt closed the public hearing. No public testimony.

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

Mayor Marquardt opened the public hearing on Ordinance No. 2008-09.  
Mayor Marquardt closed the public hearing. No public testimony.

UNALASKA CITY COUNCIL  
MINUTES, MAY 27, 2008

**WORK SESSION:** Peck move to adjourn into a work session at 7:12 p.m., Lewis second. Unanimous vote. Items discussed in the work session were:

1. **DHS DUTCH HARBOR LIGHT CARGO DOCK PROPOSAL**
2. **FISHERIES UPDATE**
3. **UNALASKA FISH & GAME ADVISORY BOARD:** REQUEST FOR LETTER OF SUPPORT EFFORT TO BAN POLLOCK B SEASON TRAWLING IN UNALASKA BAY
4. **SALES TAX EXEMPTION:** FOOD AND RESIDENTIAL HEATING FUEL.

Meeting reconvened to regular session at 9:23 p.m.

**CONSENT AGENDA:** None

**UNFINISHED BUSINESS:**

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

Rowland move to adopt Ordinance No. 2008-08, Lewis second.

Council Member Zoya Johnson declares conflict of interest due to her salary being paid from the Museum of the Aleutians grant request, and requests Mayor Marquardt's ruling on abstaining from this issue. Mayor Marquardt rules that Zoya will abstain from this issue due to conflict of interest.

**AMENDMENT:** Rowland move to amend Ordinance No. 2008-08 per Proposed Amendment No. 2, which removes the grant request from the Museum of the Aleutians from the FY09 budget, Lewis second.

DISCUSSION: None

VOTE ON AMENDMENT: UNANIMOUS, Johnson abstain.

Mayor Marquardt rules that Council Member Zoya Johnson will now participate in the discussion of the budget, as the conflict no longer exists.

**AMENDMENT:** Peck move to amend Ordinance No. 2008-08 per Proposed Amendment No. 1, which removes the grant request from the Aleutian Rod and Gun Club from the FY09 budget, Johnson second.

DISCUSSION: Council discussion that this removes the request from the FY09 budget; a resolution later in the meeting will fund it from FY08 council contingency.

Council discussion not in favor of amendment; City has a policy for non-profits to come before the City, and this request follows the policy; total non-profit requests went over the self imposed cap; Council should deal with the overage within the constraints of non-profit policy.

Discussion in favor of giving funds to club, but not in favor of doing it different from other requests; should be funded within this mechanism; to do otherwise will send the wrong message to the public.

Discussion in support of funding the request from FY08 budget; club needs funding now, and the FY09 funding starts in August.

Discussion that the requests should be handled within the process set by Council; the club has not demonstrated if they have done any fund raising; this club serves a small population in town; there is a lack of clarity to the non profits as a whole; what would happen if the request was \$100K; should all non-profits be reduced if the requests are over target; should not reduce all non profits for FY09.

Discussion that it seems like we are circumventing the process; City has given capital funding to other entities in the past outside of the process; this project is for safety concerns.

VOTE ON AMENDMENT: AYE-2, NAY- 4. Motion fails 4-2

**AMENDMENT:** Lewis move to amend Ordinance No. 2008-08 to fund the non-profits requests as presented with the exception of the Aleutian Rod and Gun Club; Peck second.

DISCUSSION: Council discussion in opposition to motion as the Club is a legitimate non-profit; denial should not be arbitrary.

VOTE ON AMENDMENT: AYE-2, NAY-4. Motion fails 4-2.

**AMENDMENT:** Rowland move to amend Ordinance No. 2008-08 to reduce USAFV, Senior Citizens, Tribe, Gun Club non-profit funding by the percentage to get us at the cap, reduction to be prorated between the agencies, McGlashan second.

DISCUSSION: Council discussion that we should not pro-rate only those who have seen increases; should decrease all; will vote no on the motion as we don't have a policy for the addition of new non-profits; we have been talking tonight about how we can help

1. **ORDINANCE NO. 2008-08 -- CONT:**

people, but we are willing to take money from senior citizens; will not vote for this; should reduce all nonprofits; it will amount to less than a \$1K for each non-profit; a suggestion that full overage amount be taken out of the Museum's request;.

VOTE ON AMENDMENT: AYE-3, NAY- 3. TIE VOTE: MAYOR- NAY. Motion fails 4-3.

**AMENDMENT:** McGlashan move to amend Ordinance No. 2008-08 to reflect the full amount of the non-profits requests, Johnson second.

DISCUSSION: Council discussion that the total amount is \$855K; amendment will reflect the full payment to all non-profits; Museum is outside the amendment right now; will vote in favor of amendment.

Council discussion both in support and opposition to the amendment; should look at amending other projects.

VOTE ON AMENDMENT: AYE-4, NAY-2. Motion passes 4-2.

DISCUSSION: Council discussion highly recommend a non-profit committee next year as this process did not work; City has only budgeted \$5.7 million for sales tax; goal is to reduce by \$1 million; discussion that the memo on vehicles was good; pleased with reasoning behind the different vehicles; think all the questions have been answered by staff; powerhouse questions by the work session, and vehicles with memo; will vote for capital budget.

Discussion regarding operating costs between the different vehicles; discussion about the purchase of the 3<sup>rd</sup> power engine; concerned with timing; want to see contracts for power sales; caution that the price of engine is rising vs the price of storage, which is cheaper; there is the issue of ongoing environmental regulations; purchase of engine considered under the regulations, which is a huge advantage; warranty is still good if stored in Finland; discussion regarding funding for 3<sup>rd</sup> engine.

**AMENDMENT:** Peck move to amend Ordinance No. 2008-08 to remove the funding for the safety rubber for the playground in the amount of \$130K, Motion dies for lack of second.

PUBLIC TESTIMONY: There is \$6 million in excess revenue this year; in the past, council was careful to not overtax the community; the large increases in the price of fuel generated the excess revenue; will see these numbers repeat themselves this year; now over taxing the community; Council should consider some cuts; \$95 million in the bank, in which a lot of it is unencumbered; Council has ability to adjust the mil rate every year; should drop the mil rate this year; need to rein it in a bit; if excess revenue next year, will question it; overtaxing the people.

VOTE ON MAIN MOTION AS AMENDED: JOHNSON-AYE, MCGLASHAN-AYE, ROWLAND-AYE, GREGORY-AYE, LEWIS-NAY, PECK-NAY. Motion passed 4-2.

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

Gregory move to adopt Ordinance No. 2008-09, Lewis second.

DISCUSSION: Discussion that the City plans to work on going to Congress and the Corp of Engineers to recoup this expense.

VOTE: UNANIMOUS

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

Peck move to adopt Resolution No. 2008-26, McGlashan second.

DISCUSSION: Discussion that if the mil rate is reduced to 10.5, will generate about the same tax revenue as last year; keeps everything the same as last year.

**AMENDMENT:** Peck move to amend Resolution No. 2008-26 to amend the mil rate to 10.5, Gregory second.

DISCUSSION: Discussion that this will result in a reduction of approx \$520K in property tax revenue; should not affect the overall budget; will support as it is a wash; would support looking at it next year; in support of lowering the mil rate to 10.5.

PUBLIC TESTIMONY: Public testimony to look at mil rate; giving homeowners a break; businesses recoup the high taxes from customers; urge council to reduce it further to 9 mils; have an excess in revenue now, and the reduction will help businesses and community; think about what we are driving away from the community; property values vary greatly from community to community; City has a lot of money; give an incentive to communities.

VOTE ON AMENDMENT: UNANIMOUS

DISCUSSION: None

VOTE ON MAIN MOTION AS AMENDED: UNANIMOUS.

**NEW BUSINESS:**

**1. ORDINANCE NO. 2008-10: FIRST READING:** AMENDING THE SCHEDULES OF FEES AND CHARGES TO BE ASSESSED FOR CITY-PROVIDED SERVICES.

Lewis move to schedule Ordinance No. 2008-10 to public hearing and second reading on June 10, 2008, McGlashan second.

DISCUSSION: Discussion regarding the specific revisions; landfill rate study is scheduled for June 10, 2008 meeting; will be distributed to Council tomorrow.

VOTE: UNANIMOUS

**2. RESOLUTION NO. 2008-32:** AUTHORIZING AN EXPENDITURE FROM COUNCIL CONTINGENCY TO FUND A REQUEST FROM ALEUTIAN ROD & GUN CLUB IN THE AMOUNT OF \$6,513.

Rowland move to adopt Resolution No. 2008-32, Peck second.

DISCUSSION: None

VOTE: AYE-1, NAY-5. Motion fails 5-1.

**3. ORDINANCE NO. 2008-11: FIRST READING:** CREATING BUDGET AMENDMENT NO. 1 TO THE FY09 OPERATING BUDGET TO BUDGET FUNDING FOR THE MUSEUM OF THE ALEUTIANS.

Lewis move to schedule Ordinance No. 2008-11 for public hearing and second reading on June 10, 2008, Rowland second.

Council Member Zoya Johnson declares a conflict of interest as her salary is paid from this non-profit grant, and requests the Mayor's ruling. Mayor Marquardt rules that there is a conflict of interest, and Council Member Zoya Johnson will abstain from this issue.

DISCUSSION: Council discussion that this is the amount originally requested by the Museum.

VOTE: UNANIMOUS. JOHNSON ABSTAIN.

**4. MAYOR/COUNCIL TRAVEL:**

- A. Alaska Municipal League
- B. Mayor's travel to SWAMC Board of Director's meeting

DISCUSSION: Discussion that this is the summer legislative conference for AML; Mayor serves on SWAMC Board of Directors; discussion about the energy policy; policy is on website.

Roger move to authorize Mayor Marquardt to travel to these meetings, Lewis second.

DISCUSSION: Public testimony that Council should give the Mayor clear and concise direction of what the wishes of the Council are while representing the City.

VOTE: UNANIMOUS

**COUNCIL DIRECTIVES:**

**SALES TAX EXEMPTION**

Peck move to direct the City Manager to bring back an ordinance within 60 days that will reduce sales tax on commercial and residential food, and residential fuel sales; McGlashan second.

DISCUSSION: Discussion regarding the reduction in taxes this will result in; ask council to please vote yes. Discussion that would support requesting more information, but not an ordinance; support requesting information and having a work session to discuss and make an informed decision.

VOTE: AYE-1, NAY-5. Motion fails 5-1.

Lewis move to direct the City Manager to bring back information on exempting food and resident fuel from sales tax with different options, Rowland second.

DISCUSSION: Discussion that a clear definition of residential needs to be adopted; have a work session on this. Management will brainstorm the issue, write up what the issues are, and give outline of where to start; work through the issues.

VOTE: UNANIMOUS

**COUNCIL DIRECTIVES – CONT:**

**COUNCIL TRAINING**

Council discussion about training and strategic planning for Council; Mayor is working on issue, and is waiting to hear back from 3 companies; need to hear back from Council on availability; discussion that we don't know what types of training and will send out a survey to council.

**RULES**

Rowland move to suspend the rules to meet past 11:00 p.m., Peck second. Unanimous vote.

**JUNKED VEHICLES**

Council discussion regarding junked/abandoned vehicles in residential areas; John Fulton, Interim Planning Director, sent out letters to this property owners.

**COMMUNITY INPUT/ANNOUNCEMENTS:**

1. Public input regarding the definition of food for sales tax exemption; WIC and food stamp exemption is clear; don't break out residential and commercial.
2. Public input regarding other cities that have decimated its revenue attempting to give breaks to citizens; Council is being asked to do that; City has huge infrastructure that requires upkeep and maintenance; encourage Council to take care.
3. City gives a sales tax exemption for senior citizens already.
4. Public input that if a portion of ports is not paying its way, should raise the fees.
5. Public input that Council should consider a lower tax on some items.

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

Lewis move to adjourn into executive session at 11:10 p.m. for a union negotiations update, Peck second. Unanimous vote. Meeting reconvened to regular session at 11:35 p.m. No action taken in executive session.

Lewis move to direct the City Manager to move forward with union negotiations as directed in executive session, McGlashan second.

DISCUSSION: None

VOTE: UNANIMOUS

Mayor Marquardt adjourned the meeting at 11:40 p.m.



Debra K. Mack  
City Clerk

APPROVED  
6/10/08