

I. CALL TO ORDER

Mayor Cobb called the meeting to order at 7:00 pm in the Valdez City Council chambers.

II. PLEDGE OF ALLEGIANCE

The City Council led in the Pledge of Allegiance to the American flag.

III. ROLL CALL

Present:

Mayor Dave Cobb  
Council member Mike Wells  
Council member Alan Sorum  
Council member Steve McCann

Council member Dorothy M. Moore  
Council member Joe Prax  
Council member Karen Ables

John Hozey, City Manager  
Sheri Pierce, City Clerk  
Bill Walker, City Attorney  
Members of staff and approximately 40 people in the audience.

IV. APPROVAL OF MINUTES OF THE REGULAR MEETINGS OF May 2, 2011 and May 16, 2011

The minutes of the meetings of May 2, 2011 and May 16, 2011 were approved as presented.

V. PUBLIC APPEARANCES

VI. PUBLIC BUSINESS FROM THE FLOOR

Holly Powers, Magdalena McCay and Meg Weaver, the Race Directors for the Summit to Sound Challenge, presented a report on the event that was held on Memorial Day weekend. Ms. McCay presented facts about the race and thanked the Council for their support indicating that it would not have been possible to put on the race without them. Ms. McCay also thanked the community, local businesses, and all of the volunteers for their efforts in making this event such a huge success. She stated that 76 racers participated including 28 who traveled from out of town to compete. Ms. McCay reported on challenges faced due to weather and how they changed the course as necessary. She stated that, even with unexpected challenges, racers were still enthusiastic about their experience. Ms. McCay reported that \$3000 worth of prizes were given to the top finishers.

# VALDEZ CITY COUNCIL

## AGENDA

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Meg Weaver reported that the Anchorage Daily News, Valdez Star, KCHU news and Tabitha Gregory for Alaska Fit all provided media coverage for the event. She stated that in general good feedback was received by racers and volunteers alike. She said that racers and volunteers alike indicated they would be participating in 2012.

Holly Powers provided feedback on the race by reading samples of letters and emails received from the racers after the event. Ms. Powers then presented a brief slide show documenting the entire Summit to Sound Challenge from start to finish.

Council member Ables stated that for so many years there has been very little going on in Valdez on Memorial Day weekend. She said that this has potential to grow into a large annual event that will bring tourism and business to Valdez for years to come. Mayor Cobb thanked the race organizers for their efforts and hard work and indicated that he had heard nothing but great feedback regarding the event.

Diane Kinney, Ports and Harbor Director, addressed the Council on behalf of United States Navy Ship Washington Chambers that was docked in Valdez for a week in May. She reported that the Mayor, City Manager, the Valdez local agent, the Captain and a few crew members had a luncheon during their visit. The shipman voiced their appreciation for Valdez. She stated they really liked the city, the dock and the people and therefore presented the Mayor with a plaque of appreciation. Mayor Cobb thanked Ms. Kinney and stated that the City earned about \$14,000 in dock and wharfage fees and mentioned that other businesses had benefitted as well from their stay.

## VII. CITY MANAGER/CITY CLERK/CITY ATTORNEY/MAYOR REPORTS

### CITY MANAGER

Mr. Hozey reported on the newly completed projects including the Salomon Falls restroom and the Crooked Creek Forest Service Cabin. He then mentioned the high school gym improvements projects and indicated that Jack McCay, Capital Facility Director, was working with the schools to assist them with the RFP process. He stated that Mr. McCay is helping them get better pricing for the flooring. Mr. Hozey mentioned that the Senior Center roof project design has been finalized and will be sent out to bid in the near future. Mr. Hozey reported that the City Hall Police wing improvements are almost complete. He also stated that the Salmon Berry Ski Hill project is underway. Public Works has been surveying the area for brushing and the procurement process for equipment has begun. Mr. Hozey mentioned that the VCT Electrical project is in progress. Prep work is underway and the pedestals have been ordered and are in route.

Mr. Hozey mentioned the legislative redistricting process stating that the City Clerk had reported on the current status prior to the meeting. Mr. Hozey stated that they are working on the current proposals.

Mr. Hozey reported that there seems to be some movement on the new Harbor. He explained that, though they had been told that federal money would not be possible this year, there may be some money available through the Corp of Engineers. This would be a new project agreement for the next stage of the design. Mr. Hozey stated that the benefit of this would put the City of Valdez as responsible for 25% of the design as opposed to our previous position at 50%. Mr. Hozey stated that he would follow up with the Corp of Engineers to explore this possibility.

#### CITY CLERK

Ms. Pierce stated that our City summer newsletter is complete and will be mailed out this week. She also stated that she is monitoring the Alaska Redistricting meetings. Council member Moore asked how long until the process wraps up. Mayor Cobb said they had to be finished by June 14<sup>th</sup>. Council member Prax stated that he could not see any major changes from before. Mayor Cobb stated that the plan submitted by Valdez had included Cordova. The Redistricting Board plan does not include Eielson or Cordova. It has gone further west into the Mat-Su Valley to pick up enough population to give us the numbers needed. Mayor Cobb indicated that this would give Valdez, House Representative Feige, and a potential open Senate seat. Ms. Pierce stated that she would continue to monitor the redistricting process and keep the Council informed.

#### CITY ATTORNEY

Mr. Walker stated that the AML joint insurance association settled and will be presented to Council at the next meeting.

Mr. Walker also reported on the SARB decision stating that a report is available for Council and the public that provides a very complete review of the history of this process. Mr. Walker indicated that he was pleased with where they are and that he looks forward to the Supreme Court decision that will hopefully close this process. He stated that he hoped the public would read the report to understand the magnitude of the issue. Mr. Hozey stated that the report could be put on the City of Valdez website. Council member Ables asked Mr. Walker who began this process. Mr. Walker indicated that he felt that it was the municipalities and the mayors of Fairbanks, the North Slope Borough, and Valdez. Council member Prax asked what future realistic expectations. Mr. Walker stated that what will bring this to a close would be if the Supreme Court came back with a formula that will be used now and into the future. Mr. Walker explained that it is possible that in the future there could be some minor adjustments to the formula but major changes in value should not occur. Council member Prax asked how long until the Supreme Court makes this decision. Mr. Walker indicated that it should take about 1 to 2 more years to bring this to a close.

#### MAYOR

Mayor Cobb stated that he was notified by the City Clerk and City Manager about the changes to the redistricting plan for Valdez and made a quick trip to Anchorage to discuss the proposals. He reported that he let them know what plans Valdez are in favor of and what will not be accepted.

VIII. CONSENT AGENDA

1. Approval to go into Executive Session Regarding
  - a. TAPS Valuation/Litigation
2. Appointment to the Providence Medical Center Health Advisory Council

**MOTION: Council member Wells moved, seconded by Council member Moore, to approve all items on the Consent Agenda.**

**VOTE ON THE MOTION: 7 yeas. Motion carried.**

IX. NEW BUSINESS

1. Approval of Contract to Harris Sand & Gravel for Homestead Road Sewer Project in the Amount of \$1,555,950

**MOTION: Council member Ables moved, seconded by Council member Moore, to approve a contract to Harris Sand & Gravel for Homestead Road Sewer Project in the amount of \$1,555,950.**

Council member Ables asked why the city would not be paving the road at the same time they are doing the sewer installation. She expressed her concern that the manhole covers would be damaged if embedded in the existing gravel road. Mayor Cobb replied that the manhole covers do not have to be located in the middle of the road; they can be located on the side of the road out of the driving surface.

Council member Sorum stated that due to the adjustment in the TAPS valuation he believed the city should go forward with the paving project. He pointed out that the city had already received a bid for the paving portion of the project. Council member Ables agreed, and asked if the cost to pave the road would increase if the city did not pave this year. Mr. Hozey responded that it depended on how long the city waited. He said the cost to pave may also go down.

Council member Prax said he was going to vote against this. He stated that the sewer project cost was over a half million dollars for 25 properties which are assessed at 3 million dollars. He stated that he did not blame any of the residents for wanting this, but he felt this was too much money to spend on this area.

Council member Wells asked if it was clear that the manhole covers would be located in the easement and not in the middle of the roadway. Mr. Jack McCay, Capital Facilities Director, replied that when manhole covers are set into dirt roads they are buried several inches down into the surface where they can later be located

with a metal detector. Mr. McCay said it made no difference where the manhole covers are located, but he believed the manhole covers had been designed to be located in the roadway, not in the easement.

Council member Ables asked why the city was recommending waiting on the paving of the road. Mr. McCay replied that it was a matter of funding. Council member Ables said that due to the probable increase in price she was in favor of doing the paving project this year.

Council member Moore asked Mr. Hozey to identify a source of funding for paving. Ms. Lisa VonBargen, Community Development Director, suggested that council approve the sewer project this evening and direct administration to come back to the council with a separate agenda item for paving with a suggested funding source.

AMENDMENT: Council member Sorum moved, seconded by Council member Ables, to amend the main motion to include paving in the amount of \$822,915.00 as bid by Harris Sand and Gravel in Schedule C.

Council member Moore asked again what the funding source would be. Mr. Hozey responded that approximately \$7 million dollars was available in the debt service fund and major renovation reserve fund. Mr. Hozey said that the money could be found fairly easily, however that was not the point, the point being that there is a very limited amount of money for city projects which would need to be reallocated to this project. Mr. Hozey stated that when the budget resolution is brought forward to fund the project he would probably ask for \$900,000 which will include a contingency.

Council member Wells said he could not support paving as part of this project.

Council member Prax asked who paid for the paving of the streets in the zero lot line development area. Ms. VonBargen replied that the developer paid for the paving which was incorporated into the sales cost of the lots. Councilmember Prax said the council needed to watch what they are doing. He stated that Homestead was set up without city services so that the price of the lots could be cheap. He said the city did something similar in the Corbin Creek subdivision. He said that by going down this road there would be no justification for the city not to install water, sewer and septic in every residential area within the city. He reiterated that he did not blame the residents, but that the amounts were astounding costing \$32,000 per lot.

Council member Ables said she did not believe that Valdez should be a town that does not have water and sewer available to their residents. Council member Ables pointed out that there are health safety issues in this subdivision which must be addressed.

Cindy Butherus, Homestead Road resident, stated that originally the city wanted to pave the street using chip seal to test out the viability of cheaper form of paving. The residents expressed their concern that the city would be wasting money by applying

a chip seal method which may or may not hold up and would also be torn up to install a sewer line. The residents stated that sewer was a priority due to failing septic systems. They asked the city to wait until next year when the sewer project was begun in order to save money on the mobilization and de-mobilization of equipment. Ms. Butherus said it was discussed at the residents last meeting with city administration that the cost to pave the road may be reduced due to the way in which the contractor was asked to bid the project. It was conveyed to the city that a large portion of the existing road most likely did not need to be excavated and backfilled as required in the bid documents, thereby reducing the cost. Ms. Butherus stated she believed it would be foolish not to pave the road at the same time the sewer installed. She pointed out that the residents did not want or need a water line.

Ms. Donna Schantz, Homestead resident, said she realized the cost of the paving was a large sum of money, however the health concerns associated with the dust created by the traffic was a big concern. Ms. Schantz pointed out that this road was a very high traffic area. There are five commercial businesses on the road which bring a large amount of traffic down the road, including at least one semi-truck a day. Ms. Schantz pointed out that the most important thing the city can do is provide basic services to the residents. She asked that the council give the paving project due consideration.

Council member Moore asked if the aquifers that provide water for the residents come from the hillside. She asked if there was any future development in the area which could contaminate the water in the future. Mr. Hozey replied that the surrounding properties were owned by the State of Alaska and the University of Alaska.

Ms. Emmy Swanson, Cottonwood resident, said that she lived near Homestead Road which creates a great deal of dust and dirt in her neighborhood. She encouraged the city to provide sewer and pavement on the road.

Council member Moore asked the zoning for the Homestead Road area. Ms. VonBargen replied that there are four different zoning districts on the road. They are single family residential, neighborhood commercial, commercial-residential and rural residential.

Mr. Bob Zastrow, Homestead resident, thanked the council for addressing the health concerns of the Homestead Road residents. Mr. Zastrow said he has lived on the road for approximately 19 years and that at the time he was aware that he was moving onto a dirt road, however he believed that in time city services would be provided such as sewer, water and pavement. Mr. Zastrow said that he had a problem with the idea of burying a manhole cover over a foot down and questioned why the city would want to dig up the road every time they needed access. Mr. Zastrow said he would like to thank Lisa VonBargen, Community Development Director, for the hard work she had done on this project and her efforts to keep the residents informed of pertinent information and the progress of this project.

Mr. Duane Edelman pointed out that the developer of the subdivision was required by the city to bring the gravel road up to standard in order to be accepted by city. Mr. Edelman said that since he moved to the area the traffic has increased substantially and the dust situation is considerably worse every summer. Mr. Edelman said he would like to have the street paved for the safety and concern of the families who live on the road, however he stated that sewer is a priority due to health concerns.

Mr. Jim Heston, Homestead Road resident, asked the council to consider moving forward with paving in conjunction with the sewer installation due to the savings which will be realized by the city. He pointed out the advantages of combining the projects. Mr. Heston stated that the current maintenance to the gravel road is high, requiring the city to grade at least eight or nine times over the summer months.

Mr. Jeff Turner, Homestead Road resident, said he doubted that the proper compaction could be applied over the top of the sewer manholes due to the present condition of the road, therefore creating a hazard in the roadway. Mr. Turner said that he supported paving the street.

Mayor Cobb stated that he had been opposed to the paving, however he agreed that the dust and large potholes were a hazard which should be addressed. He stated that he would support paving the road if the manholes are moved to the side of the road and not located within the main road surface. He pointed out that when the sewer line and paving were done on Loop Road the manhole covers had been installed on the side of this road. Mr. Hozey replied that redesigning the project to locate the manholes on the side of the road would slow down the project and increase the cost. He pointed out that it was more important to install them correctly than where they are located. Mayor Cobb said he disagreed, saying that changing the engineering should not be problem and should not substantially increase the cost. Mr. Hozey said he believed there would be a change order. Mr. Bob Zastrow said he believed the sewer was designed and engineered to be located on the left side of the road. Therefore the manhole covers may already be located on the side of the roadway.

Council member Moore stated that she supported the paving due to the commercial zoning on the street.

**VOTE ON THE AMENDMENT: 5 yeas, 2 nay (Prax/Wells). Motion carried.**

Council member Wells said he would like the residents to know that he fully supported the sewer project, however he would be voting no on the project with the addition of the paving. Council member Wells expressed his concern with spending money on a paving project for which there was no designated funding source. Council member Prax stated that the council had no discipline when it came to spending money and was not cognizant of the risks associated with spending down the city's savings accounts and the declining oil property tax revenues.

Mayor Cobb responded that when this subdivision was created by the property owner the city required that the road be brought up to Type 3 standard so that the city could take it over. Mayor Cobb stated that he believed the city had an obligation to provide services to all citizens to the best of their ability. Mayor Cobb pointed out that the costs to the city will be reduced when the road will no longer need to be constantly graded and maintained.

**VOTE ON THE MOTION: 5 yeas, 2 nays (Wells/Prax). Motion carried.**

X. RESOLUTIONS

1. #11-35 – Authorizing the Negotiated Sale of a 1,529.43 Square Foot Portion of the Alaska Court Snow Storage Lot in Cottonwood Subdivision within the City-Owned Portion of ASLS 79-117 to Will Stark & Erin LeBon-Stark

**MOTION: Council member Sorum moved, seconded by Council member Wells, to approve Resolution No. 11-35.**

**VOTE ON THE MOTION: 7 yeas. Motion carried.**

2. #11-36 – Authorizing a Lease for 9.315 Acres of USS 448 to the US Forest Service

**MOTION: Council member Moore moved, seconded by Council member Ables, to approve Resolution No. 11-36.**

Council member Moore said she supported the efforts of the city to partnership with the US Forest Service. She pointed out that other cities who have formed a relationship with the Forest Service boasted a thriving tourist industry.

**VOTE ON THE MOTION: 6 yeas, 1 nay (Prax). Motion carried.**

3. #11-37 – Amending the 2011 Budget in the Reserve Fund and Capital Facilities Fund by Transferring and Authorizing the Expenditure of Funds for the Homestead Road Sewer Project and Special Assessment District

**MOTION: Council member Moore moved, seconded by Council member Ables, to approve Resolution No. 11-37.**

Council member Prax asked if the city had created a special assessment district in the past to assist residents with the cost to connect to a public utility. Mr. Walker, City Attorney, replied that the city created a special assessment district to provide financing for residents in the Zook Subdivision to hook up to the sewer system. Council member Moore clarified that the residents will pay back this money over time. Mr. Hozey replied in the affirmative.



Donna Schantz, Homestead Road resident, said she support the special assessment district. She pointed out that there are many families on the street who may not be able to easily finance the cost of these improvements.

Dolores Gard asked if all residents will be required to connect to the sewer system. Mr. Hozey replied in the affirmative.

Ms. VonBargen pointed out that each property owner may have a different estimate of the costs associated with the connection to the sewer line due to the location of their residence on the lot and internal plumbing reconfiguration.

Mr. Alan Crume said he supported the creation of the special assessment district to insure that all of the residents connect to the system.

**VOTE ON THE MOTION: 6 yeas, 1 nay (Prax). Motion carried.**

4. #11-38 – Amending the 2011 City Budget by Transferring \$2,400,000 from the Debt Service Fund to the General Fund and Authorizing its Expenditure in the Law Budget

**MOTION: Council member Wells moved, seconded by Council member Ables, to approve Resolution No. 11-38.**

Council member McCann asked if the city should expect an increase in the law budget of this magnitude next year. Mr. Walker, City Attorney, said no, that we are preparing to go to trial in September which should render a decision from the Supreme Court which will resolve the pending litigation with TAPS.

Council member Prax stated that the city should do everything possible to inform the citizens in our community regarding the importance of the pending Supreme Court trial.

**VOTE ON THE MOTION: 7 yeas. Motion carried.**

5. #11-39 – Establishing the 2011 Rate of Real Property and Personal Property Tax and Designating the Number of Mills for Each Dollar of Real Property and Personal Property to be Levied for Municipal and School Purposes

**MOTION: Council member Wells moved, seconded by Council member Moore, to approve Resolution No. 11-39.**

Council member Moore asked for a breakdown of the mill equivalent to city departments.

Council member Prax stated that, contrary to the City of Valdez, most cities set their mil rate based on their budget, whereby Valdez builds their budget based on the mil rate. Council member Prax said he understood the reasoning behind setting the mil rate at 20 mils, however it added to the cost of living and the cost to do business in Valdez.

Mayor Cobb said he did not disagree with Council member Prax, however most communities in Alaska have a mil rate of near 28 mils after adding in the mil rate equivalents such as fire protection, schools, and special services. He pointed out that Valdez residents receive all of their city services for 20 mils.

**VOTE ON THE MOTION: 6 yeas, 1 nay (Prax). Motion carried.**

#### XI. REPORTS

1. 10 Mile Dikes Report
2. Health Fund Report
3. Investment Report

Council member Wells stated that he attended the meeting with the residents in Alpine Woods regarding the dike issue. He stated that he appreciated the 10 mile dike report and was satisfied with the outcome of the meeting after hearing the concerns of the residents.

Council member Sorum said he appreciated the written report by Mr. Hozey.

#### XII. COUNCIL BUSINESS FROM THE FLOOR

##### Council member Moore

Council member Moore thanked Debbie Gilson for using rocks and natural plants indigenous to Valdez in her yard.

Council member Moore encouraged council to read the food bank report included in the information packet.

##### Council member Prax

Council member Prax stated that during their upcoming strategic planning sessions the council must address what is the realistic level of services which should be provided by the city to the residents of Valdez.

Council member Prax said the recent Military Appreciation Day event was very nice. However, if the council really wanted to support our military troops they should pass a resolution urging the federal government to do away with ridiculous military actions which require military deployment.

Council member McCann

Council member McCann stated his support for more events such as the recent Summit to Sound event which bring people to Valdez.

Council member Wells

Council member Wells said he had received a complaint from a resident who lives near the Valdez Baler facility regarding smoke. He asked if burning at the baler can be reduced to once a week.

Council member Wells asked the city to continue to work on a resolution to sport fishing in the Small Boat Harbor.

Council member Sorum

Council member Sorum said he would happy to speak with Council member Prax in support of the resolution he suggested.

Mayor Cobb

Mayor Cobb stated that he had volunteered council members to assist with organizing the parade participants on July 4<sup>th</sup>.

Mayor Cobb announced that Rebecca Steadman was selected for the First Lady's Volunteer of the Year award for her work at the Valdez Food Bank.

Mayor Cobb stated that this year at the Military Appreciation Day event community members Bill Wyatt and Lyle VonBargen were recognized for their past service to the United States military. Fishing charters were arranged for many members of the armed services and their families who are stationed in Alaska.

Council member Prax stated that he recently drove Mr. Bill Wyatt to Whitehorse, Canada for his 29<sup>th</sup> year of distributing Valdez brochures to RV parks and roadside businesses along the Trans Canada Highway.

- XIII. EXECUTIVE SESSION
- XIV. RETURN FROM EXECUTIVE SESSION
- XV. COUNCIL TRAVEL
- XVI. ADJOURNMENT

There being no further business, Mayor Cobb adjourned the meeting at 9:30 pm.