

VALDEZ CITY COUNCIL

Minutes

May 2, 2011

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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 55 people in the audience.

IV. APPROVAL OF MINUTES OF THE REGULAR MEETING OF April 18, 2011

The minutes of the regular meeting of April 18, 2011 were approved as presented.

V. RECESS AND RECONVENE AS THE VALDEZ REGIONAL HEALTH AUTHORITY

MOTION: Council member Moore moved, seconded by Council member Wells, to recess and reconvene as the VRHA.

VOTE ON THE MOTION: 7 yeas. Motion carried.

1. Resolution - Terminating the VRHA Employee 403 (b) Retirement plan and Amending the Plan document to Modify the Disposition of Forfeitures

MOTION: Board member Moore moved, seconded by Board member Ables, to approve the VRHA Resolution terminating the VRHA Employee 403 (B) Retirement plan and amending the plan document to modify the disposition of forfeitures.

VOTE ON THE MOTION: 7 yeas. Motion carried.

VI. RECONVENE CITY COUNCIL

MOTION: Council member Moore moved, seconded by Council member Wells, to reconvene the regular meeting of the Valdez City Council.

VOTE ON THE MOTION: 7 yeas. Motion carried.

VII. PUBLIC APPEARANCES

1. Adam Warwas, Copper Valley Electric Association and Lon Rake, Copper Valley Telecom – Summer Project Briefing

Mr. Chris Botulinski stated that Copper Valley Electric and Copper Valley Telecom are beginning a multi-system improvement project this year which will begin the week of May 9th. Mr. Botulinski explained that the purpose of the project is to replace aging cable by installing conduit which will upgrade service capabilities for both companies. This year they will be concentrating on replacing cable in the areas west of Hazlet and north of West Klutina. Trees and brush will be removed in areas where they create an obstruction to the excavation path in the utility right of ways. Copper Valley Electric and Copper Valley Telecom will provide notification to property owners adjacent to the easements which will be under excavation. All property owners are being asked to remove any obstructions currently within the city right of way/utility easements so that construction can proceed without delay. Copper Valley Electric and Copper Valley Telecom will compact and reseed the excavated areas after installation is complete.

Council member Moore asked if the workers would be easily identifiable with vests bearing the name of Copper Valley Electric or Copper Valley Telecom. Mr. Botulinski replied that workers would be wearing hard hats bearing the name of their utility. Surveyors will be asked to provide proper identification and should be wearing surveyor vests.

Mr. Botulinski stated that this is a multi-year project which will take place throughout the city. It is projected that it will take four to five years for completion.

VIII. PUBLIC BUSINESS FROM THE FLOOR

Becky Wade – Fire Station 4 Emergency Supply Report

Ms. Wade stated her long family history with the Alpine Woods volunteer fire department and read many letters of appreciation for Mr. Rick Wade's dedication and work in the field of emergency services and rescue diving over the years.

Ms. Wade stated that after the flood in 2006 the residents of 10 mile realized their vulnerability and began organizing to train, determine their assets and communicate their needs to the City. They began by requesting emergency management training from the Valdez Fire Department and were told by the Fire Chief that they were responsible for finding their own training source. Ms. Wade said that the group was

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able to get Mr. David Gildersleeve and Chris McDonald to volunteer their time to provide CERT training.

Ms. Wade stated that thousands of dollars were donated to the city to assist the flood impacted area. ACAT requested funds to be used for their emergency preparedness efforts, which were subsequently allocated by the city council. Stephanie Gildersleeve purchased a few supplies and Mr. Rick Wade was able to find two storage conexas. Ms. Wade stated that due to lack of cooperation by city administration this was all they were able to do.

Ms. Wade asked for clarification of the March 7, 2011 report to the council by the Fire Chief which stated that at present the Alpine Woods teams do not wish to integrate their training with the fire department. She also questioned the statement that the Alpine Woods Fire Station was equipped with most of the items requested by ACAT which are currently locked up, and asked what items the Fire Chief was referring to. No ACAT members have been briefed or otherwise informed of any of the contents in the locked cabinets. Ms. Wade pointed out that a refrigerator which was donated by one of the ACAT members was used by one of the engineers working on the sewer systems. It was found unplugged with meat and fish rotting in it and was later found by the ACAT member who donated it outside the fire station. He tried to clean the refrigerator but was unable to do so and it was taken to the baler facility. Ms. Wade stated that the report by Fire Chief Keeney accused ACAT members of using supplies in the fire station for their ACAT meetings. Ms. Wade said that ACAT members witnessed the engineering and construction workers hired by the city for the septic projects who were living in their campers and trailers behind the fire station for two summers make themselves at home inside the fire station and utilizing the supplies in question. There were also volunteer firemen who were storing their personal items and using the facility on a regular basis. Whenever ACAT did have food and refreshments at their meetings all paper products and supplies were provided by ACAT members.

Ms. Wade stated that many volunteer firemen who live in the Alpine Woods area have become very discouraged and want nothing to do with the situation at fire station 4. Ms. Wade expressed her concern that public safety and health are at risk due to the attitudes of city administration.

Mr. Alan Crume said he believed the report by Fire Chief Keeney was passed off as a report that was requested by the city council on how well the city had done during the Alaska Shield exercise. Mr. Crume stated that accusations made by Fire Chief Keeney which stated that ACAT used the emergency supplies at Fire Station 4 were completely erroneous.

Ms. Ruthie Knight stated she was very proud of the people at 10 mile. Ms. Knight reiterated the frustration which accusations made against the ACAT group. She requested that any future reports of this nature be investigated for accuracy prior to providing them to the public and the city council.

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Dorothy Taylor stated that she and her husband had requested CERT training from the Valdez Fire Department and was told it could not be provided by the city. Ms. Taylor said that they subsequently went on line and attending classes at Prince William Sound Community College to obtain the training they needed.

Mr. Rick Wade introduced himself as the President of the ACAT Association. He stated that he hoped the council understood the wall that had been erected between the city and Alpine Woods. Mr. Wade said that at one time there were many people involved in the volunteer fire department, many who were residents of the 10 mile area. Mr. Wade stated that in the last ten years they have received no training by the fire department even though it had been requested. He asked that the council remedy this situation.

Harold Blehm volunteered to meet council members to further discuss the contents of Fire Chief Keeney's report. Mr. Blehm stated that he did not wish to discuss his concerns this evening. He pointed out that Chief Keeney was not present this evening and that in his defense, he should be given the opportunity to respond to the comments made this evening.

Bill Taylors stated that Fire Station 4 at 10 mile was a critical area should disaster strike. Mr. Taylor told of his family feeding and caring for over thirty people who fled the city after the 1964 earthquake.

Council member Wells thanked the residents of Alpine Woods for coming forward to voice their concerns. He proposed that the council organize a meeting which would allow for further discussion between city administration and the residents. Council member Prax suggested that any future reports of this nature should be reviewed and signed by the residents of Alpine Woods as having read and agreed with the contents. Council member Ables suggested that quarterly work sessions be held with the Alpine Woods residents to bridge the gap with city administration. Council member Sorum stated that so many things have gone unresolved in the Alpine Woods area that it was difficult to manage the issues. He stated that from personal experience he could support what was said this evening. Council member Prax said he did not want another work session but instead wanted the training to happen.

Mayor Cobb said it seemed to be the will of the city council to hold a work session to further discuss concerns raised this evening. Mr. Hozey, City Manager, suggested that prior to holding a work session, the council appoint two council members who could be tasked with conducting an independent investigation to look into these issues in more detail as there are always two sides to every story. It was the consensus of the council to appoint Council member Wells and Council member Prax to this task.

Mr. Crume reiterated that city administration had not responded to the Alaska Shield after action report. Mr. Hozey responded that this report had been given to the council in their agenda packet a few meetings ago and offered to provide Mr. Crume with the report.

Council member Prax asked the scope of what he and Council member Wells were being asked to address. Mayor Cobb responded that they should address the contents of the Fire Chief's report and the concerns brought forward this evening by the residents of Alpine Woods.

IX. CITY MANAGER/CITY CLERK/CITY ATTORNEY/MAYOR REPORTS

City Manager

Solomon Falls Restroom

A notice to proceed has been issued and work has begun.

Sewer Treatment Plant Outfall

The scope of work has been finalized and the effort to complete the engineering has begun.

Homestead Road Improvements

The city is working with the contractor to determine the cost for residential hook ups and administration is considering various options such as establishing a special assessment district to assist property owners with the cost of the residential connections. Council member Prax asked if the city was looking at a way to finance the residential connections to the sewer system. Mr. Hozey said this was correct. Council member Prax asked if the council had agreed to this. Mr. Hozey replied that the project has not been brought to the council for approval yet. Council member Prax stated that he did not want the residents to assume that the decision has been made to offer this.

Strategic Planning

Administration has developed an RFP to solicit a consultant.

Senior Center Sprinklers

The project has received Fire Marshall approval and is near completion.

Mr. Hozey reported that when last he checked, the last version of the State Capital budget had removed funding for the school maintenance project list which included technology upgrades and the high school roof replacement. Reimbursement for the school alarm systems had remained in the budget.

Mr. Hozey said he hoped that State funding for the small boat harbor and language which would re-designate the Hazlet sidewalk funds would remain in the budget.

City Clerk

Ms. Pierce reported that the Alaska Redistricting Board will be holding their public hearing in Valdez on May 4, at 2:00 to 4:00 pm. A Permanent Fund Investment Committee meeting has been scheduled for May 16th at noon in the City Council chambers.

City Attorney

Mr. Walker reported that the State Assessment Review Board hearing begin in two weeks. Legal will keep the council informed of the hearing proceedings.

X. CONSENT AGENDA

1. Proclamation: Annual Clean Up Day
2. Proclamation: Building Safety Month
3. Proclamation: Children's Book Week
4. Approval to go into Executive Session Regarding
 - a. TAPS Valuation/Litigation
 - b. AML/JIA Litigation

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

VOTE ON THE MOTION: 7 yeas. Motion carried.

XI. UNFINISHED BUSINESS

1. Resolution #11-24 – Amending the 2011 City Budget by Authorizing the Transfer of \$250,000 from the Council Contingency Account in the Reserve Fund to the General Fund and School Stabilization Account and Increasing the Appropriation for School District Funding (Postponed from the Regular Meeting of April 18, 2011)

Previously moved by Council member Wells, second by Council member McCann, to approve Resolution No. 11-24.

Council member Wells thanked Mr. Dan Walker, School Board President, for providing the city council with the budget information they requested.

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

XII. NEW BUSINESS

1. Approval of Funding to Reopen the Salmonberry Municipal Tow Rope Ski Hill in the Amount of \$120,522

MOTION: Council member Ables moved, seconded by Council member McCann, to approve funding to reopen the Salmonberry Municipal Tow Rope Ski Hill in the amount of \$120,522.

Council member McCann stated that this was something which has been needed by the community for a long time. Council member McCann stated that the ski hill will be operated by a strong group of volunteers and that he believed the benefits will greatly outweigh the costs to maintain this facility.

Karen Cummings stated that she was the project organizer and was available to answer any questions for the council. Council member Wells asked if there had been any resolution reached regarding his concerns with parking in the area. Ms. Cummings replied that she had met with Mr. Jack McCay, Capital Facilities Director, who had provided verification that there was space available for fifty vehicles in the proposed parking area. Council member Wells stated that he did not want any issues with overflow parking onto the Richardson Highway.

Council member Wells said he hoped that the costs to operate this facility as presented were a worst case scenario. Ms. Cummings said she had a very long list of people who have offered their services as volunteers and will provide in-kind services. However, the budget to operate this facility was based on "worst case scenario" figures to operate, install utilities, provide warming huts and purchase and install the tow rope equipment. Ms. Cummings said that the brush clearing costs were estimated by the city Public Works Director.

Council member Wells asked if the residents in the area had been contacted during the planning process. Ms. Cummings replied that the closest property owner was probably Tillie Wonder. Ms. Wonder had not been contacted but to her knowledge there had been no objections to the project raised to date. Council member Wells said he had heard concerns regarding lighting up the area or future expansion. Ms. Cummings said that she had spoken with Copper Valley Electric about lighting and had arrived at the conclusion that this was not cost effective at this time. Council member Wells said the discussion had been that use of this facility will be free to the public. He reminded the public that although user fees will not be charged in the beginning, this could be subject to change in later years.

Council member Prax stated that he believed the project to be thoroughly thought out and that he was in favor of the city purchasing the tow rope and other infrastructure. However, he preferred that the daily operation of the facility be done by volunteers and parents with a nominal use fee charged. He stated that he would like to delay approval of this agenda item until after June when the oil property tax decision will be finalized. Council member Prax stated that this was the first time the property tax decisions have gone down since the initial increase trend started in 2006. Ms. Cummings said she supported being fiscally responsible, however she did not believe that it was necessary to stop continuing to grow and develop the community. Ms. Cummings said this was a very low cost, low maintenance facility for the value it will bring to the community.

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Council member Moore asked if this project would be competing with other current or proposed ski operations in the Valdez area. Ms. Cummings replied that currently there is no beginner or intermediate ski area available in the community. Therefore, competition is not an issue. Council member Moore asked Ms. Cummings to explain why the last ski facility at this location failed. Ms. Cummings replied that she did not believe the previous tow rope facility at this location failed. Ms. Cummings said she many people have told her how popular the previous ski area had been. Due to an unfortunate accident at the ski area which resulted in a lawsuit against the city, the city made the decision to close down the area. Ms. Cummings stated that since that time, the law has changed to protect all ski area operators including the city against the inherent risks and danger of skiing. Ms. Cummings stated that the rope tow that is suggested would be installed by a professional operator and inspected annually by ANSI to assure that the tow rope meets all safety requirements. Mr. Walker, City Attorney, stated that council should not make a decision on this facility based on liability issues. Mr. Walker pointed out that there are plenty of ways to greatly reduce liability such as the proper posting of signage and enforcement of rules.

Council member Moore said notification of neighboring property owners should take place in the same manner as is done with other projects. Mr. Hozey replied that because this was a grass roots based project, not city initiated, there was no requirement for a public hearing process, however the city could hold a hearing if that was the wish of council.

Council member Ables stated that it was her goal as a council member to create a better community where people will want to live. Council member Ables pointed out that Valdez is the premium location for people from all around the world to come and ski Thompson Pass. She stated that she hoped this small tow rope area would evolve into something much bigger for Valdez.

Council member Sorum said he believed the project development has been a very public process. He suggested that the funding for this project could be found by looking at various accounts within the city budget.

Council member Prax asked who would determine how much city involvement was needed. Mr. Hozey responded that hopefully the facility will be operated mostly by volunteers as proposed by Ms. Cummings, however down the road the city might have to take on this responsibility. Mr. Hozey stated that the proposed budget was based on city operation of the facility.

Mayor Cobb thanked the project organizers for the work they did to bring this project to fruition. He offered praise for their hard work and well thought out proposal.

Council member Wells requested administration bring back an action item to allocate funding from the set aside funds previously dedicated to the ice rink.

MOTION TO POSTPONE: Council member Prax moved to delay approval of this project until the first meeting in June.

MOTION TO POSTPONE DIED FOR LACK OF A SECOND.

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

Council member Prax was absent and excused from the remainder of the meeting.

2. Approval to Forward Fund Middle School Education Specification, Preliminary Design, and Estimate (Requested by Council Member Sorum and Council member McCann)

MOTION: Council member Sorum moved, seconded by Council member McCann, to forward fund the Middle School Education Specification, Preliminary Design and Estimate in the amount of \$250,000.

Council member Sorum stated that after attending a recent school board meeting he had requested this item be placed on the agenda at the request of the School Board. He stated that it was his opinion and that of school board members that this project has stalled. He requested funding be allocated to complete the conceptual design and education specifications for the middle school.

Council member Ables asked what would happen if the council did not approve this agenda item. City Manager Hozey replied that the city had put forth notional time lines throughout the middle school project process which indicated under the most ideal circumstances, the school could be completed and open by 2014. Mr. Hozey pointed out that to date the city council has not formally agreed to do this project. Therefore the actual timeline for completion cannot be truly estimated until formal approval by the city council has occurred. Mr. Hozey pointed out that due to where we currently are in the process; the current notional date for completion of the middle school has become 2015. Mr. Hozey stated that the project has not stalled, but in fact is moving forward. The next step is to develop a request for proposals which would solicit an architect who will take the city through the entire process. Mr. Hozey said the RFP will be released after approval by the council to move forward. It was his understanding that this could take place after the June decision of the State Assessment Review Board (SARB) regarding city revenues. Mr. Hozey said by accepting the new target date of 2015, there would be plenty of time to bring everything together.

Council member Sorum stated that by waiting another year the cost of construction could increase by 6 to 7 percent. Council member Ables asked if a negative decision by SARB would have a negative effect on this project. Mr. Hozey said that would be the decision of the city council. Mr. Hozey stated that there is no intent to kill the project. What is really in question right now is if the completion date of 2014 is

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viable. Administration contends that 2014 is no longer a viable option, even if funding was provided immediately. Mr. Hozey also explained that by awarding McCool, Carlson and Green the preliminary design, education specification and initial estimates, that for all practical purposes no other architectural firm would be able to effectively compete with them for the remaining design work when the city solicits future requests for proposals. Mr. Hozey pointed out that this would provide an unfair advantage over other potential firms on what could be a 2.5 million dollar design contract.

Council member Moore stated that she believed it would be difficult for teachers to participate in the education specifications process this late in the school year. She agreed with Mr. Hozey that by awarding this portion of the project to McCool, Carlson and Green would create an unfair advantage.

Council member Wells said he appreciated the desire to move ahead on this project, however he believed that at this time the council has not selected the middle school as their number one priority. He stated that he had issues with encumbering the previous bond authorization and suggested that the voters be given the option of deciding to construct a middle school for thirty million dollars. Council member Wells said he did not want to be rushed into this project. He suggested a referendum be presented to the voters' which clearly explains the project and cost. Council member Ables agreed with council member Wells.

Council member McCann said it was his impression that the city has come a long way toward the planning of the middle school and now there was uncertainty about building it. Council member Wells replied that during previous work sessions with the school board it had been decided that replacing the middle school was identified as the number one school related project after evaluating the school facilities condition reports. However, the council has not decided to do this project yet. Council member McCann asked when the council would decide. Mr. Hozey replied that a decision could be made anytime after June when the SARB decision is received.

Ruthie Knight asked if Mr. Hozey's executive staff supported his decision to move forward on this project. Mr. Hozey replied that the majority of his staff agreed. Ms. Knight said she believed that the school board was under the impression that the decision to build the middle school had already been made by the council. Ms. Knight agreed that the last month of school was a very busy month, however she believed the teaching staff could find a way to work on the education specifications if needed. Council member Ables responded that one of her goals after being elected to the council was to move the construction of a new middle school forward; however she did not want to feel rushed into the project and supported the city manager's recommendation.

Anthony Balowski, School Board Member, said he was present this evening to represent the Valdez School Board. He urged the city council to move the project forward. He stated that construction of a new middle school was not a new topic and admonished the city council for not moving forward. Mr. Balowski said he believed

the city council was stalling this project and disagreed with the City Manager's timeline which would push the middle school into 2015. Mr. Balowski accused the council of being indecisive and ineffective on this issue. Mr. Balowski said he believed the TAPS litigation had little to no effect on the ability to bond for this project. He urged the council to move forward by approving this agenda item.

Mayor Cobb stated that he took exception to Mr. Balowski's statements. Mayor Cobb said that the city council in good faith has met with the school board on three separate occasions in work sessions to discuss this issue. At the most recent work session, he emphasized to the school board members in attendance that construction of the middle school was not a done deal. He explained that the city council follows a process totally different than the school board. He stated that, unlike the school board, the city council does not focus solely on school related matters. The council must take into consideration the needs of the entire community, which along with education includes a wide list of needs such as health care and economic development. Mayor Cobb reminded the school board that they agreed to the process which was discussed during the last work session. Mayor Cobb said he disagreed with the attempt to hijack the process because they were upset that the city was not moving fast enough. Mayor Cobb pointed out that an earlier attempt to build a middle school had failed due to failure by the city to properly obtain education specifications which resulted in the project being rejected for reimbursement by the State of Alaska. Mayor Cobb stated that he supported a new school, but he would not be rushed into the process.

Dan Walker, School Board President, said he believed the school board was disappointed that the project would be delayed from 2014 until 2015. Mr. Walker said this was their issue. Mr. Walker stated that the school board would be happy with a new facility regardless.

Council member Sorum stated that city administration was delaying this project. Mayor Cobb responded that administration was only providing information to the council in order for them to make an informed decision and that the council collectively arrived at their own decisions.

Council member Moore asked if the school board had passed a resolution in support of the middle school construction. Mr. Hozey replied that he had asked the school superintendant for a copy of this resolution. Council member Moore suggested that the school board reconsider their decision to not broadcast their meetings on the radio so that the public could stay better informed on school board issues.

Anita Fannin, School Board Member, said she would like to know if the city plans to move forward on this project, she asked if her question would be answered in June. Mayor Cobb responded in the affirmative.

VOTE ON THE MOTION: 4 nay, 2 yea (Council member Sorum, Council member McCann), 1 absent (Council member Prax). Motion failed.

3. Approval to Release a Request for Proposals to Determine the Feasibility of Enticing the CDQ Fishing Fleet to Homeport in Valdez

MOTION: Council member Ables moved, seconded by Council member Moore to approve the release of a request for proposals to determine the feasibility of enticing the CDQ fishing fleet to homeport in Valdez.

Council member Ables asked for an explanation. Mayor Cobb responded that there are six CDQ groups. A CDQ group consists of western Alaska villages that were given by the federal government a proportion of the fisheries resource. Mayor Cobb said that for the most part, they are all home ported in Seattle. The City of Seward requested \$400,000 from the Alaska legislature to work with one of the CDQ groups to "Alaskanize" their fishing fleet, moving it back to Alaska. They are working with the City of Seward to develop a construction plan to build a harbor and the entire infrastructure associated with that particular CDQ group. Mayor Cobb said the cost of construction would be approximately 52 million dollars to homeport this group. Mayor Cobb said that he believed that once Seward demonstrates their success, there may be other CDQ fleets wanting to return to Alaska. Last year, one CDQ group paid 20 million dollars in warpage and dockage fees to Puget Sound. Mayor Cobb stated that he attended a recent presentation by the CDQ group to the Alaska legislature. This is an opportunity to grow our port through infrastructure development. Council member Wells said he hoped with information provided by a feasibility study that Valdez would be prepared to enter into discussions with CDQ groups and present ourselves as a viable homeport.

Council member McCann asked the status of the Playas, New Mexico training platform. Lisa VonBargen, Community Development Director, replied that she would work with Sandy Moore to bring forward a report.

Diane Kinney, Port Director, said she believed that growing our fishing community would provide needed economical diversification.

VOTE ON THE MOTION: 6 yeas, 1 absent (Council member Prax). Motion carried.

4. Approval of Preferred Legislative Re-Districting Option

MOTION: Council member Moore moved, seconded by Council member Sorum, to recommend to the Alaska Redistricting Board the Valdez Plan as the preferred legislative re-districting option for Valdez, followed by Alaska Redistricting Board Option 1, then Alaska Redistricting Board Option 2.

VOTE ON THE MOTION: 6 yeas, 1 absent (Council member Prax). Motion carried.

5. Approval of Contract Award to Inlet Electrical for VCT Electrical Pedestal Installations in the Amount of \$ \$450,952

MOTION: Council member Wells moved, seconded by Council member Moore, to approve a contract award to Inlet Electrical for VCT electrical pedestal installation in the amount of \$450,952.

Mr. Hozey explained that this project cost exceeded the budgeted amount. There was a resolution later in the meeting which if approved by the council would transfer funds previously set aside to purchase land for expansion of the city shop to the CIP account to cover this project shortfall and provide a contingency.

VOTE ON THE MOTION: 6 yeas, 1 absent (Council member Prax). Motion carried.

XIII. RESOLUTIONS

1. #11-23 – Supporting the Establishment of a Set-Aside Funding Line Item Within the Army Corps of Engineers, Pacific Ocean Division, Civil Works Construction Program (Request for Reconsideration by Councilmember Wells)

MOTION: Council member Wells moved, seconded by Council member Sorum, to approve Resolution No. 11-23.

VOTE ON THE MOTION: 6 yeas, 1 absent (Council member Prax). Motion carried.

2. #11-25 – Amending the 2011 Budget and Authorizing the Expenditure of \$300,000 to the Alaska Gasline Port Authority to Continue Its Efforts to Build or Cause to be Built the All Alaska Gasline from Prudhoe Bay to Valdez (Request for Reconsideration by Councilmember McCann)

MOTION: Council member Ables moved, seconded by Council member Moore, to approve Resolution No. 11-25.

Council member Wells stated that he believed the gas line to be one of the largest economic opportunities for Valdez since the Trans Alaska oil pipeline. He believed that the City needed to continue to fight for our community.

Council member McCann asked how the \$300,000 would be spent. Mr. Walker responded that the funds would be used to complete an analysis comparing the economics of LNG from Valdez with other projects, creating a national awareness of the project in Washington D.C. and creating a public awareness campaign within the State of Alaska. Mr. Walker said that the timing is critical due to a push for the legislature to consider the "bullet line" project which will not reduce the cost of LNG to Alaskans. Council member Ables stated that she believed it critical to educate Alaskans on the benefits of a gas line from Prudhoe Bay to tidewater Valdez.

Council member Sorum said he didn't support this as he believed Valdez should focus their energy on a new harbor.

Mr. Walker said it was critical to show the incredibly positive economics associated with this project to the people of Alaska.

Mayor Cobb declared that he was presently a member of the Alaska Gasline Port Authority and asked the council if they believed this to be a conflict of interest. Council consensus was that Mayor Cobb did not receive any financial compensation for serving as a member of the AGPA and would derive no benefit from this action; therefore he did not have a conflict of interest.

Mr. Alan Crume asked if any of these funds would be used for the trucking of LNG. Mr. Walker said absolutely not. Mr. Crume asked if these funds would commit the City to any future funding. Mayor Cobb replied that it did not. Mr. Crume asked why it is taking so long to get the message out on the All Alaska Gasline. Mr. Walker replied that the citizens of the State of Alaska have voted several times in favor of the All Alaska Gasline from Prudhoe Bay to tidewater Valdez. Mr. Walker said that statewide polls have demonstrated that 60% of Alaskans are in favor of the All Alaska Gasline. Mr. Walker stated that he could not answer why the current Speaker of the House is asking the legislature for \$200 million dollars to finance a "bullet line" project rather than the "All Alaska Gasline". Mr. Walker said he believed the legislature was going to do something, and if the decision is made to step over the All Alaska Gasline economics in favor of a bullet line project which will only provide gas to Anchorage, then the citizens of Alaska need to know.

Dave Dengel, Alaska Gasline Port Authority member, said that early on the AGPA learned that the State of Alaska and the oil producers were not going to build the All Alaska Gasline for their own political reasons, therefore it was essential that the AGPA continue to fight and educate people on the benefits of the All Alaska Gasline. Mayor Cobb pointed out that the All Alaska Gasline would bring gas and reduced energy costs to all Alaskan communities, while providing income to the State through the exportation of gas to the far east.

VOTE ON THE MOTION: 5 yeas, 1 nay (Council member Sorum), 1 absent (Council member Prax). Motion carried.

3. #11-26 – Waiving the Solid Waste Fees for Certain Items During the Annual Community Clean Up

MOTION: Council member Moore moved, seconded by Council member Wells, to approve Resolution No. 11-26.

Council member Moore requested that trash bags be made available for people who wish to begin clean up early. Mr. Hozey said he would make them available at City Hall.

VOTE ON THE MOTION: 6 yeas, 1 absent (Council member Prax). Motion carried.

4. #11-27 – Amending the 2011 Budget in the Reserve Fund and the Capital Facilities Fund by Transferring \$310,000 to Various CIP Projects and Authorizing the Expenditures

MOTION: Council member Ables moved, seconded by Council member Moore, to approve Resolution No. 11-27.

VOTE ON THE MOTION: 6 yeas, 1 absent (Council member Prax). Motion carried.

5. #11- 28 – Setting the Impact Fee for Anticipated Modification to BP Pipelines (Alaska), Inc. Marine Terminal Revenue Refunding Bonds for a Period of 12 Months

MOTION: Council member Wells moved, seconded by Council member Moore, to approve Resolution No. 11-28.

VOTE ON THE MOTION: 6 yeas, 1 absent (Council member Prax). Motion carried.

6. #11-29 - Authorizing and Approving the Amending of Certain Provisions Contained in the Indenture of Trust Relating to the Marine Terminal Revenue Refunding Bonds (Bp Pipelines (Alaska) Inc. Project) Series 2003b of the City of Valdez, Alaska, Issued in the Original Aggregate Principal Amount of \$375,000,000

MOTION: Council member Moore moved, seconded by Council member Ables, to approve Resolution No. 11-29.

VOTE ON THE MOTION: 6 yeas, 1 absent (Council member Prax). Motion carried.

XIV. REPORTS

1. Healthier You Report
2. Change Order Report – Capital Facilities
3. Change Order Report – Community Development
4. Library Update Report

XV. COUNCIL BUSINESS FROM THE FLOOR

Council member Moore

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Council member Moore stated that she would be attending the Regional Citizens Advisory meeting which will take place in Valdez this week. A draft agenda was distributed to the council this evening.

Council member Moore requested a work session be scheduled in the future to review the city council policies and procedures.

Council member Sorum

Council member Sorum thanked the City Clerk for providing information on the Coast Guard City program which was recently obtained by Sitka. Mayor Cobb stated that the City Clerk's Office would begin working on the designation process for the City of Valdez.

Council Member McCann

Council member McCann pointed out that a recent article in the Alaska Business Monthly magazine contained a large article on the ports and harbors in Alaska with the only mention of Valdez was "the place that Whittier ships to". Council member McCann asked if the city was no longer marketing our port and harbor. Diane Kinney, Port Director, stated that the City has reduced the amount of advertising in magazines. Mr. Hozey said the city needs to focus more on developing a deliberate marketing effort.

Mayor Cobb

Mayor Cobb asked Mr. Hozey to bring back an action item to replace the high school bleachers and floor. Mr. Hozey said he had spoken with the school superintendant about providing updated estimates to the city. Mr. Hozey said he would bring this back for action by the council.

- XVI. EXECUTIVE SESSION
- XVII. RETURN FROM EXECUTIVE SESSION
- XVIII. COUNCIL TRAVEL
- XIX. ADJOURNMENT

There being no further business, Mayor Cobb adjourned the meeting at 10:50 pm.

VALDEZ CITY COUNCIL

Minutes

May 16, 2011

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I. CALL TO ORDER

Mayor Cobb called the meeting to order to 7:00 pm in the 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 Joe Prax
Council member Alan Sorum

Council member Dorothy M. Moore
Council member Karen Ables
Council member Steve McCann

Council member Wells was absent and excused.

John Hozey, City Manager
Sheri Pierce, City Clerk
Bill Walker, City Attorney

Members of staff and approximately 25 people in the audience.

IV. PUBLIC APPEARANCES

1. Vanguard Fund Managers – Annual Report

Mr. Keith McKenney and Mr. Matt Walker from Vanguard provided council with an updated report on the permanent fund investments managed by Vanguard. A written report was provided to the council.

V. PUBLIC BUSINESS FROM THE FLOOR

There was no public business from the floor.

VI. CITY MANAGER/CITY CLERK/CITY ATTORNEY/MAYOR REPORTS

City Manager

Homestead Road Improvements

Mr. Hozey stated that a report on the agenda this evening briefed the council on the status of the project. Mr. Hozey stated that based on the bids, there was only

enough funding to complete the sewer portion of the project and possibly fund a special assessment district to allow financing of the hook-ups for residents. Mr. Hozey stated that the project will come before the council for approval at the next regular meeting. Council member Prax said the cost of the sewer project was approximately 1.5 million dollars for 25 properties assessed in total at 2.9 million. He stated that this was insane. Council member Prax said he did not blame the residents for asking for this but that he believed this was over the line.

Council member Sorum asked if the property valuations would change once the sewer improvements are completed. Mr. Hozey replied in the affirmative. Council member Prax said the assessor indicated that it would increase the property values by approximately \$15,000 per lot. Council member Prax said the city was currently collecting approximately \$68,000 in taxes. Mr. Hozey stated that since he did not hear significant objection he would be bringing this back for council approval on the next agenda.

Lisa VonBargen, Community Development Director, stated that almost 50% of this project would be funded by a \$721,000 EPA Grant.

Forest Service Cabin

The city is waiting on the stamped structural drawings needed to obtain the certificate of occupancy. The building must be inspected by the structural engineer.

Federal Funding

Mr. Hozey said that due to the moratorium on earmarks this year, even the wording change we asked for regarding our harbor project will probably not happen in 2011. Mr. Hozey stated that we will likely have to focus on 2012 federal legislation at this point.

State Funding

The only school project that remained is the school fire alarm reimbursements. It also appears that the sidewalk grant funds language revision will survive. Our lobbyist is working with Representative Feige to try and obtain our requested Harbor funding. Mayor Cobb stated that he heard the funding had been removed from the budget. Mayor Cobb said that our entire district only received 2.187 million dollars in State funding this year.

City Attorney

Mr. Walker stated that the State Assessment Review Board began their three day hearing today. Mr. Walker said that Supreme Court briefs have been filed on the TAPS litigation.

VII. CONSENT AGENDA

1. Liquor License Approval – The Board Room
2. Approval of the Certificate of Public Convenience and Necessity – Yellow Cab
3. Approval to go into Executive Session Regarding
 - a. TAPS Valuation/Litigation

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

VOTE ON THE MOTION: 6 yeas, 1 absent (Wells). Motion carried.

VIII. NEW BUSINESS

1. Accept the 2011-2012 Valdez City Schools Budget

MOTION: Council member Sorum moved, seconded by Council member Moore, to accept the 2011-2012 Valdez City Schools Budget.

Council member Prax asked for the current student count. Amber Cockerham said the count is estimated at 674 students. Council member Moore asked if Ms. Cockerham could provide a 15 year average of student enrollment. Ms. Cockerham replied that she did have a spread sheet which she would provide to the council prior to their next meeting for inclusion in their next agenda packet.

VOTE ON THE MOTION: 5 yeas, 1 nay (Prax), 1 absent (Wells). Motion carried.

2. Approval of Settlement Agreement with AML/JIA Regarding Insurance Coverage Litigation

MOTION: Council member Moore moved, seconded by Council member Sorum, to approve a settlement amount of \$1,761,359.00 to be paid to the City by AML/JIA.

Mr. Walker stated that acceptance of only the amount of the settlement was requested by legal at this time. There is final wording in the in the settlement agreement document which is still under negotiation at this time.

VOTE ON THE MOTION: 6 yeas, 1 absent (Wells). Motion carried.

3. Approval to Fund Replacement of the High School Gymnasium Roof, Bleachers, and Athletic Floor in the Amount of \$1,200,000

MOTION: Council member Sorum moved, seconded by Council member McCann, to approve funding for replacement of the High School gymnasium roof, bleachers, and athletic floor in the amount of \$1,200,000.

Council member Moore asked what the life expectancy was of the refurbished existing floor. Mr. Ben Olds, School Maintenance Director, replied that it would last approximately ten years before needing resurfacing.

Mr. Hozey stated that administration recommended replacing the bleachers and floor this summer and budget for the roof in the fall. Mr. Hozey suggested that if council agreed, they could amend the motion to reduce the expenditure by removing the roof replacement.

Council member Ables stated that she would be concerned with the cost of the roof increasing by waiting another year. Council member Sorum said it did not make sense to replace the floor and bleachers and not the roof.

Mr. Hozey said if the roof replacement is required prior to replacing the floor and bleachers, the entire project will then be completed during the 2012 construction season.

Dolores Gard said she preferred a wood floor verses a composite floor due to studies which have shown that a wood floor reduces injuries. Mr. Jack McCay said the cost of a wood floor would be approximately 1 million dollars instead of \$85,000 for the composite. He agreed that a wood floor has proven to reduce injuries.

Mr. McCay said the roof replacement will begin next May, but that after further examination of the roof he and Mr. Olds have determined that the leaks can be controlled until that time.

Council member McCann asked if he understood Mr. Hozey to say that nothing will be done this construction season. Mr. Hozey replied that only if the council required the roof be replaced prior to installation of the floor and bleachers. Council member Sorum said he had no problem with moving forward on the replacement of the floor and bleachers this year, as long as the roof is included in this project and constructed in 2012.

Mayor Cobb said he wanted the funds allocated for the roof project dedicated to that project.

VOTE ON THE MOTION: 5 yeas, 1 nay (Prax), 1 absent (Wells). Motion carried.

4. Approval of Contract to B&B Electrical in the Amount of \$606,000 for the Small Boat Harbor H-K Dock and Tour Dock Electrical Meter Replacement Project.

MOTION: Council member Moore moved, seconded by Council member McCann, to approve a contract award to B&B Electrical for the Small Boat

harbor H-K Dock and Tour Dock electrical meter replacement in the amount of \$606,000.

VOTE ON THE MOTION: 5 yeas, 1 nay (Prax), 1 absent (Wells). Motion carried.

5. Approval of Contract to Wolverine Supply, Inc., for the Airport, Civic Center, and Library Fire Alarm Improvement Project in the Amount of \$398,500

MOTION: Council member Moore moved, seconded by Council member McCann, to approve a contract award to Wolverine Supply, Inc., for the airport, civic center and library fire alarm improvement project in the amount of \$398,500.

VOTE ON THE MOTION: 5 yeas, 1 nay, 1 absent (Wells). Motion carried.

6. Approval to Award a Professional Services Agreement to HDR Engineering to Complete the Design of the Sewage Treatment Plant Outfall Project in the Amount of \$ 99,996

MOTION: Council member Ables moved, seconded by Council member Moore, to approve the award of a professional services agreement to HDR Engineering, to complete the design of the sewage treatment plant outfall project in the amount of \$99,996.

VOTE ON THE MOTION: 5 yeas, 1 nay (Prax), 1 absent (Wells). Motion carried.

7. Approval to Release RFP for Municipal Strategic Planning Facilitation and Support

MOTION: Council member McCann moved, seconded by Council member Moore, to approve the release of a request for proposals for municipal strategic planning facilitation and support.

Council member Prax said he did not support this as he believed that the council had a spending problem. He stated that he did not believe that the council should look at ways to grow the economy as a way to reduce budget shortfalls. He felt that anything which did not force the council to become financially responsible would be a detriment. He stated that he believed this to be "fluff".

Council member Sorum said he has frustration with moving projects forward and that if this process will facilitate moving things along it had his full support.

Council member Moore said the city needs to do planning. She said there are a variety of economic possibilities that need to be explored. In response to Council member Prax's comments she pointed out that every item on the agenda this evening had a budgeted funding source.

Council member McCann said he believed it was imperative to begin the planning process as soon as possible. He pointed out that through this process the council may determine that some projects currently on the list are not needed which could reduce the proposed budget, or that there are different avenues the city may want to pursue which determine we need to do more.

Council member Prax pointed out that it only took three community members working diligently to bring the oil pipeline to Valdez. He pointed out that the council must address their spending problem as he believed there was no way to replace the possible lost revenues from Alyeska.

Council member Moore replied that those three community members came together because they had a dream for the future. She believed the proposed strategic planning will enable the council to also create a positive future for the community,

Mayor Cobb said he disagreed with Council member Prax. Mayor Cobb pointed out that those three men planned. He stated that the purpose was not to replace the revenue lost from the oil pipeline, but the council and community must develop a plan which will enable the community to continue to thrive and grow. He pointed out that this could very well mean that the council develops a plan which includes reduced spending for this to occur.

VOTE ON THE MOTION: 5 yeas, 1 nay (Prax), 1 absent (Wells). Motion carried.

8. Approval of Accounts Receivable Write Offs over \$500

MOTION: Council member Moore moved, seconded by Council member Sorum, to approve the list of accounts receivable write offs over \$500.00.

Council member Moore pointed out that just because the council takes action to write off these accounts does not mean that the city will not continue to collect the debts through the collection process.

Council member Prax suggested that if a person is on this list they should not be allowed to continue receiving city services such as retaining a slip at the small boat harbor. Mr. Hozey replied that he agreed; however there is no mechanism in place to monitor the debt once it goes to collections. He stated that the city needs to develop a policy for restricting city services for people who continue to owe a debt.

Council member Moore asked what determines the schedule for bringing forth these write off requests. Mr. Sapp, Finance Director, replied that he attempts to bring write off requests to the council on a quarterly basis.

VOTE ON THE MOTION: 6 yeas, 1 absent (Wells). Motion carried.

IX. RESOLUTIONS

1. #11-30 – Authorizing a Lease with Peter Pan Seafoods for a 10,500 Square Foot Portion of Tract J, Harbor Subdivision

MOTION: Council member Moore moved, seconded by Council member Sorum, to approve Resolution #11-30.

VOTE ON THE MOTION: 6 yeas, 1 absent (Wells). Motion carried.

2. #11-31 – Amending the 2011 City Budget by Authorizing the Transfer from the Reserve Fund to the General Fund and Increasing the Appropriation in Various Accounts for the Salmonberry Ski Hill Project in the Amount of \$118,322

MOTION: Council member McCann moved, seconded by Council member Ables, to approve Resolution #11-31.

Council member Prax asked if the \$30,000 estimated for brush clearing by the city was included in the amount requested. Mr. Hozey said it was determined that the cost for brush cutting would be less than what was originally proposed. Council member Prax asked if the city would be better off hiring Alaska Hydro-axe to clear this area of brush. Larry Weaver, Public Works Director, said he would be surveying the area tomorrow; however he believed using the small cat with the hydro-axe head will be the best option for the terrain. He said that some areas of the hill will need to be done by hand hopefully using volunteers.

Council member Prax asked if the city planned on further brush clearing in the old town area. Mr. Weaver replied in the affirmative.

VOTE ON THE MOTION: 5 yeas, 1 nay (Prax), 1 absent (Wells). Motion carried.

3. #11-32 – Commemorating the Cordova Coal Party of May 4, 1911, Focusing Attention on the Federal Government's Current Stranglehold on Alaska, and Calling on the President of the United States, U.S. Secretary of the Interior, U.S. Senate and Congress to Develop Common Sense Policies that Allow Alaska and the Rest of the Nation to Utilize the Nation's Abundant Resources in a Safe, Environmentally Sound Manner that Serves the Best Interests of Americans and Providing for an Effective Date

MOTION: Council member Moore moved, seconded by Council member Ables, to approve Resolution #11-32.

Council member Moore asked where this resolution will be sent after approval by the council. Mr. Hozey replied that copies of the resolution will be sent to the Alaska federal delegation.

Council member Sorum asked who wrote this. Mayor Cobb replied that a member of the Ketchikan city council wrote the resolution.

Ms. Ruthie Knight commented that President Obama was pushing to open areas in Alaska which have in the past been closed to oil drilling. She expressed her concern that this resolution may be in bad form.

VOTE ON THE MOTION: 5 yeas, 1 nay (Sorum), 1 absent (Wells). Motion carried.

4. #11-33 – Endorsing the Alaska Clean Harbor Program and Actions that Result in an Alaska Clean Harbor Certification

MOTION: Council member Sorum moved, seconded by Council member Moore, to approve Resolution #11-33.

Council member Sorum said he had been involved in this project for a very long time. He pointed out that he was responsible for various projects at the harbor to bring Valdez into compliance with this program.

Council member Prax said he did not believe the city needed a program to tell us how to operate a clean harbor. He said he had concerns that this program would lead to requirements for erroneous rules and restrictions. He suggested that the city use common sense to develop our own policies for a clean harbor.

Mayor Cobb stated that he supported this program. He pointed out that our clean harbor is a result of the program.

VOTE ON THE MOTION: 5 yeas, 1 nay (Prax), 1 absent (Wells). Motion carried.

5. #11-34 – Approving the Contract and Adding New Provisions to the City of Valdez 401(a) Retirement Plan and 457(b) Deferred Contribution Plan with Hartford Life Insurance Company

MOTION: Council member Ables moved, seconded by Council member Moore, to approve Resolution No. 11-34.

VOTE ON THE MOTION: 6 yeas, 1 absent (Wells). Motion carried.

X. REPORTS

1. Homestead Road Sewer Project Update Report
2. Building Permit Report
3. Building Inspection Report
4. Change Order Report

5. Accounts Receivable Write offs Under \$500

XI. COUNCIL BUSINESS FROM THE FLOOR

Council Member Ables

Council member Ables said she received a call from a citizen who was using the Glacier Campground and was asked to leave with the person locking the gates behind her. Council member Ables said she had spoken with Todd Wegner, Parks and Recreation Director about the problem.

Council Member Prax

Council member Prax stated that the annual Fly-In event went very well. He thanked the city for their support of this event.

Council Member Moore

Council member Moore said she had received an inquiry from the city's auditors regarding how to classify the hospital in our financial statements. She said that the Finance Director and the auditors worked together to resolve this issue. The audit is scheduled to be completed in June.

Council member Moore stated that the annual report created by the Valdez Food Bank indicated that there are 500 to 600 people in Valdez who regularly use the Food Bank. She asked that this report be included in the next council agenda packet.

Mayor Cobb

Mayor Cobb said he had recently met with the Alaska Department of Transportation Engineer for Valdez. He stated that the ADOT dike repair recently went out to bid. They propose to restore the dike to the original design specs, using large riprap and widening the base of the dike. ADOT will be doing work in Keystone Canyon over the winter which will result in creating a one lane road through the canyon.

Mayor Cobb congratulated Council member Moore on her appointment as President of the Regional Citizens Advisory Council.

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

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