VALDEZ CITY COUNCIL Regular Meeting Minutes October 4, 2010 PAGE 1

I. CALL TO ORDER

Mayor Cottle called the meeting to order at 7:05 pm in the Valdez City Council Chambers.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

Mayor Bert Cottle Council member Dave Cobb Council member Karen Ables Council member Mike Wells Council member Dorothy M. Moore Council member Joe Prax Council member Steve McCann

Also Present:

John Hozey, City Manager Sheri Pierce, City Clerk Craig Richards, Acting City Attorney

Members of staff and approximately 15 people in the audience.

IV. APPROVAL OF MINUTES OF THE REGULAR MEETING OF September 20, 2010

The minutes of the meeting of September 20, 2010 were approved as presented with one minor correction.

V. PUBLIC BUSINESS FROM THE FLOOR

1. Sean McCallister: Introduce Dr. Griffin, Anesthesiologist

Mr. McCallister introduced Dr. Griffin, the new Anesthesiologist that has now relocated to Valdez. Dr. Griffin and his family were present at the meeting. Mr. McCallister expressed their enthusiasm for having Dr. Griffin on board and welcomed him and his family to the community. The Mayor and the City Council also welcomed him and his family to Valdez.

2. RCAC - Double Hull Tanker's

Council member Moore addressed Mayor Cottle, members of the audience, and the radio audience announcing that Congress passed the Coast Guard

> Re-authorization Act. Council member Moore explained that it contains provisions to preserve the dual tug escort system, protecting loaded tankers when they leave the harbor and travel through the Prince William Sound. The bill has not yet been signed by the President but Council member Moore stated that they are hopeful that he will do so. Council member Moore stated that the Council has recognized the importance of the dual tug escort system by passing resolutions 05-01 and 09-13 to encourage the preservation of the current system. The Prince William Sound tug system was developed by the oil industry working in concert with the U.S. Coast Guard, the Alaska Department of Environmental Conservation and the Citizens Council. Council member Moore explained that the tugs can rescue tankers in danger of grounding or suffering other types of accidents. Council member Moore stated that the escorts can also begin oil spill response should it be needed. She stated that thanks to export tugs, the Prince William Sound is one of the safest marine oil transportation systems in the world. Council member Moore also said that she was asked on behalf of the board's president, Walt Walker, and executive director, Mark Hansen, to thank the City Council and the residents of Valdez who have steadfastly supported this effort. Council member Moore recognized the numerous individuals and groups who have contributed to these efforts. She stated that there were at least 19 different entities who were working on this and that it was a great example of what can be accomplished if we all work together.

> Donna Schantz, director of programs for the Prince William Sound RCAC, addressed the Council stating that this has been a very high priority for their board of directors for many years so they are really pleased to announce that it has now passed. She stated that the tug's purpose is to prevent an oil spill, which is the most important aspect of the system. Ms. Schantz expressed her gratitude to Council member Moore in helping to make this happen stating that she was extremely helpful in these efforts.

Council member Moore stated that John Hozey was very helpful as well when they were in Washington D.C. in the spring of this year.

Council member Cobb stated that Council member Moore is an appointee from the Council to RCAC as a leading board member that has pushed this issue and he thanked her for all of her efforts. Council member Cobb stressed the importance of this system to Valdez and the entire Prince William Sound area.

3. Roger Jacobson

Roger Jacobson addressed the Council regarding recycling efforts in Valdez. He presented the Council with a handout outlining details of a plan he created to solidify a permanent recycling program for the city. Mr. Jacobson indicated that though there are several good people in Valdez that volunteer for recycling efforts as well as a few funded recycling programs; recycling as a whole seems to be sporadic. The efforts are not long term or permanent. Mr. Jacobson proposed that a new city department be added to the City of Valdez that would be solely responsible for all recycling efforts for Valdez. The handout defined the position and proposed department and listed tentative duties of the department. Ideas for funding this project were also listed in the handout. Mr. Jacobson stated that his email was listed if further information was needed.

Council member Ables stated that she appreciated his efforts and felt that this was a good start to address the issue. Mayor Cottle also suggested that Mr. Jacobson contact Sean McCallister at the hospital about recycling efforts because he has a committee there that is currently working to enhance recycling efforts for Valdez.

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

CITY MANAGER REPORT

John Hozey listed the projects that are now complete; The Kelsey Dock Uplands Phase II, The LED Street Lights Phase II, the Network Connectivity Project and the Port Security Camera Project. Mr. Hozey then mentioned the Active Projects worked during the previous two weeks. He explained that the Forrest Service Visitors Cabin has seen a lot of progress. The site work was done, foundation was poured, and they expect to see the building here in about two weeks. Mr. Hozey reported on the Senior Center Re-Siding project stating that though it has been quite a process they are seeing a lot of progress. He said that the metal roof is now complete. The kitchen wall repair is finished and the sliding and windows are nearing completion. Mr. Hozey indicated that they hope to have that entire project finished by the end of the month. The Senior Center Sprinkler Project has begun and is on schedule to be completed by Thanksgiving.

Mr. Hozey reported that Lisa Von Bargen, Community Development Director, hosted a meeting for the Marine Testing/Training Initiatives Project during the last week of September. Three hundred notices were sent out to the public that announced what it is and requested feedback. Mr. Hozey stated that there was not an enormous turnout but they did receive some feedback. The Baca Group will be returning and a group will be put together to work with them. Ms.

VonBargen requested that a member of the council participate in the work group. Council member Wells volunteered to participate.

Mr. Hozey reported that the Teen Center renovations are in progress. The asbestos that was found is being dealt with and abatement has begun. The entry way has been demolished and poured. Mr. Hozey stated that they hoped to have that entire project finished up by the end of October. A joint steering committee meeting was held regarding the School Facilities Master Plan. The committee is now ready to present those findings to Council at a joint work session just before the next regularly scheduled Council meeting on October the 19th. Mr. Hozey stated that if the Council supports the plan, the next step would be to take it to a public meeting. Mr. Hozey stated that in regards to the Airport and Library Fire Alarm Projects, the agreements have been developed and signed and the design has begun. Mr. Hozey stated that bidding and work can be done over the winter since it is an indoor project. The Civic Center Fittings and Unions project is near completion. All mechanical work is finished and they are now waiting on some controls to be able to regulate the temperature better. It is expected to take another thirty days for the controls to get here.

Mr. Hozey reported on the legislative priorities addressed during his trip to Washington D. C. He stated that he talked to the federal delegation and the delegation staff, the Coast Guard, and the Corp of Engineers. He stated that it was a productive trip and reported that we had asked for money to complete the feasibility, begin design, and possibly even start survey and pre-construction work. Mr. Hozey explained that the good news was that we survived the initial cuts during the mark up in committee. The City had originally asked for 1.3 million which was reduced to \$500,000. He reported that what is most important is the designation of those funds. They have to be classified as a certain type of money within the Corps of Engineer's budget to allow the Corp much more flexibility in being able to reprogram other funds, in being able to move forward with design and initial construction needs, and for our cost share to drop. Mr. Hozey stated that currently, we are at a 50/50 cost share. Under this new classification of funding, we would be eligible for a 75/25 cost share, with the City's responsibility at 25%. Mr. Hozey emphasized that the dollar amount does not matter nearly as much as how that money is classified at this point. He explained that he really pushed that point and the delegation does understand that, but are on hold until after the election. Mr. Hozey reported that whether or not Senator Murkowski gets reelected will weigh heavily on our ability to be awarded these funds and get them classified correctly. Senator Murkowski sits on the appropriations committee which could have a sizeable impact on this request. Mr. Hozey stated that overall his trip was very necessary, but the election will still determine our ultimate success.

Mr. Hozey reported that he is working with our state lobbyist on the reprogramming of a state grant which was awarded for design of the Senior Center carport project. The state had awarded the City \$90,000 for these efforts however the funds have been granted directly to the Senior Center by mistake. Mr. Hozey stated that the funds must be redirected to the City. Council member Ables asked if the money had been given directly to the Senior Center. Mr. Hozey responded in the negative stating that the paper work had not been yet initiated. Once we get a letter from the Legislature indicating the legislative intent, the granting agency will redirect the grant.

Mr. Hozey took a moment to recognize Mayor Cottle's service to the community over the last ten years, since this was his last full regular meeting serving as Mayor of the City of Valdez. Mr. Hozey expressed his appreciation for all of the hard work, time, and resources that the Mayor put into the community. He stated that it had been an honor to work with Mayor Cottle for the last five years during which time his support and faith in him and his administration yielded many accomplishments and successes that would not have otherwise been possible. Mayor Cottle thanked Mr. Hozey for his statements.

Council member Prax asked Mr. Hozey about the status of the junk car program. Mr. Hozey indicated that a report on that program was in progress and that they have pretty much wrapped up the project for the year. Mr. Hozey asked Larry Weaver, Public Works Director, if he had current numbers on how many cars were removed. Mr. Weaver replied that for this year more than sixty cars had been taken care of and that an official report would be provided to the council in the near future.

Mayor Cottle asked Mr. Hozey to report on the recent fire that occurred at the Caribou Hotel in Glennallen. Mr. Hozey responded by thanking Chief Keeney and the firefighters that responded to this emergency. He stated that a call was made to the Valdez Fire Department and that at first report seemed to be pretty serious. It was believed that people might be trapped in the hotel. There were high winds and the fire was threatening other structures. It was requested that the Valdez Fire Department send some equipment up and at the time Chief Keeney called Mr. Hozey for direction. After it was determined that Valdez necessities were covered, Mr. Hozey authorized the deployment of equipment and staff to assist in this operation. Engine II, along with Captain Banner, Gary Shoup, Josh Larsen, James McIntire and Chris Moulton were sent to help with efforts there. Fortunately, when they arrived there were no people trapped. There were people who were treated for smoke inhalation. They were very appreciative of our assistance. Mr. Hozey reported that it was a judgment call on his part and that he felt it was necessary considering there were possible lives at stake. Mr. Hozey again thanked the Valdez Fire Department for their efforts.

Mayor Cottle stated that he spoke with the Glennallen Fire Chief and the Alaska State Police who informed him that at the time of the fire they were experiencing 35–40 mph winds and they were afraid they could potentially lose half of the town. Mayor Cottle pointed out that the fire department in Glennallen is strictly volunteer and unpaid personnel. The Glennallen Fire Chief stated that prior to the arrival of the Valdez fire department they had ran out of personnel to try and protect the surrounding buildings. Mayor Cottle thanked the Valdez Fire Department for a job well done.

CITY CLERK REPORT

Ms. Pierce reported that the City election would be held on October 5th with polls opening at 7:00 am. Ms. Pierce encouraged everyone to get out and vote. She listed the location of all three voting precincts. Ms. Pierce assured the public that voting is allowed in any of the three precincts if voting in their designated precinct was not possible. She explained that those who vote outside of their precinct will vote on a question ballot that will be tabulated the day following the election. Ms. Pierce stated that the Clerk's office would be assisting with voting at the Senior Center and the hospital on Election Day. Ms. Pierce then recognized Shannon Irish's efforts in helping seniors and people in the hospital vote over the last several years. Ms. Irish was not available to assist in that process this year but has been a great help in the past. Ms. Pierce extended her gratitude for her help over the years.

Ms. Pierce stated that election questions may be directed to her office at 834-3408. She again stressed that everyone please get out and vote.

Ms. Pierce reported that the next Council meeting would be held on the 19th of October on a Tuesday because the 18th is a City holiday.

Ms. Pierce reported that the new wireless microphones requested for City staff for the council chambers have been received and would be installed prior to the next Council meeting.

ATTORNEY'S REPORT

Mr. Richards stated that other than the items on executive session that the only other issue that he wished to report on was the final wrap up on the vessel tax. He stated that they settled with Conoco Phillips and their affiliate Polar on the tanker issues in July. He stated that the final outstanding piece of this litigation was the tax refund monies claimed to be owed to the SERVS vessel and Crowley. A tentative agreement was completed to settle up those claims and a

document is being drafted to bring forward to the Council for approval at the next meeting.

MAYOR'S REPORT

Mayor Cottle explained that at the previous meeting he may have been too vocal about the black bear issue in town. He stated that in no way did he ever intend to discredit the Police Department or the job that they do. He stated that his comments were in no way meant to be negative or critical of the Police Department. Mayor Cottle stated that he recognizes that bear control is a very difficult job and that he appreciated the efforts of the Valdez PD.

Mayor Cottle encouraged everyone to please go out and vote in the election the following day, October 5th, 2010.

Mayor Cottle stated that he would be traveling to Anchorage the weekend of October 8th to attend a board meeting for Alaska Municipal League that will focus on preparations for the November meeting in Juneau. Mayor Cottle reported that this is the last year that the AML meeting will be held off the road system. After this meeting the AML conference will only be held in Fairbanks or Anchorage due to the large number of attendees.

VII. CONSENT AGENDA

- 1. Proclamation: Domestic Violence Awareness Month
- 2. Approval of Employment Contract for the Deputy City Clerk
- 3. Approval to go into Executive Session
 - a. TAPS Litigation
 - b. Sea Hawk Litigation
 - c. City Clerk Evaluation

Mayor Cottle asked Mr. Richards to explain why the items listed were fitting for an Executive Session. Mr. Richards stated that the TAPS and Sea Hawk litigations were on going and the City's finances could be directly impacted which qualifies them for executive session. The annual City Clerk evaluation is a personnel matter that is also authorized by State law to be conducted in executive session.

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

VOTE ON THE MOTION: 7 yeas, motion carried.

VIII. UNFINISHED BUSINESS

1. Resolution#10-52 – Amending the 2010 City Budget in the Debt Service Fund and the General Fund by Transferring \$600,000 to the Law Department Budget and Authorizing its Expenditure. Postponed September 20, 2010.

MOTION: Council member Cobb moved, seconded by Council member Ables, to approve Resolution No. 10-52.

Council member Moore asked, of the \$600,000, how much would be spent on expert witness fees. Mr. Richards stated that approximately \$125,000 would be used for this purpose. Council member Moore asked if there was currently pending litigation against the city. Mr. Richards responded that the majority of these funds will be used for current litigation support related to TAPS, Sea Hawk, and other litigation the City is currently involved in. He stated that approximately \$21,000 will be used for normal city business.

Council member Prax asked what was spent last year on the legal budget and what kind of a break down the City receives on how the money for legal needs is spent. Mr. Hozey responded that the statements are incredibly detailed and are broken down by department explaining what each charge is for. There is also a break down for every case that they are currently working on and each expense associated with that. Council member Prax stated that though we do have a lot of legal activity to attend to he felt that if any other department came to Council with such a large request that they would be very unpleased that this large of a percentage of their budget was unforeseen. Council member Prax stated that he expected that more of this could have been requested in the original budget. Mr. Prax said that since we have been dealing with the tanker tax for guite a long time along with other obligations he was surprised that the legal budget was to be dealt with in this way. Walter Sapp stated that the actual budgeted amount was 3.4 million for 2009 and 1.5 million for 2010. Mr. Hozey pointed out that most of the money we have dedicated to litigation support has come from money we have received from the vessel tax in the Debt Service Fund. By estimating low in the original budgeted amount we avoid dedicating Debt Service money in the General Fund, which if not used, would fall to the General Fund fund balance at the end of the year. This is the rationale for why we keep the amount low to start the year, with the intent of reassessing our needs at midyear and then adjust the budget accordingly. Mr. Hozey stated that this year Legal did not make a midyear request and Administration did not catch it in time for the midyear process. So that is why it is being addressed now. Council member Prax asked if the issue was mostly due to missing this in the midyear budget requests. Mr. Hozey responded in the affirmative.

Council member Moore asked how much is spent on depositions in preparation for a trial. Mr. Richards responded that it depends on several factors one being the type of witnesses, either a fact or expert witness. For a fact witness the attorney might spend one day preparing and the paralegals might spend 1.5 days in preparation. For an expert witness it is normal to double that amount of time. Mr. Richards stated that the day of the actual deposition is a full day as well as any travel time. He said that the entire deposition process can be very expensive and timely.

VOTE ON THE MOTION: 7 yeas, motion carried.

IX. NEW BUSINESS

1. Approval to Grant Utility Easement to PWSCC for Fiber Optic Cable to Prince William Sound Community College

MOTION: Council member Wells moved, seconded by Council member Ables, to approve a utility easement to PWSCC through a portion of the Barney Meyring Park Strip for installation of fiber optic cable.

VOTE ON THE MOTION: 7 yeas, motion carried.

2. Discussion Item: Settlement Agreement with Crowley Marine Services, Inc. Regarding SERVS Vessel Refunds

Mr. Richards stated that involvement with the tanker and vessel taxes began in year 2000. It went up to the U.S. Supreme Court which ruled it unconstitutional. We have since been trying to deal with how to pay refunds. Mr. Richards reported that in the summer of 2009 we paid refunds on all amounts that we thought were owed. He said that with the tankers it was not that difficult because there were four major owners that owned 4-5 ships each that had very definite records. With Crowley it turned out to be much more difficult because Crowley was a pass through tax paid by Alyeska. Alyeska then gave a bill to each owner of the Trans Alaska pipeline system who in turn subcontracted some of those tax costs to Tesoro and other users. Mr. Richards said that even the oil companies were not completely able to figure out some of the accounting issues for over six months. Finally, to make refunds simpler, Conoco went around and bought up everyone's interest in the refunds so we could just pay one company and only one company would be responsible for presenting us a bill. Mr. Richards said that we spent the last year dealing with how to handle attorney's fees and accounting issues and it turned out that the amount we paid back in June of 2009 was \$50,000 over the required amount. He stated that we have tentatively

agreed, subject to the Council's approval, that the city will be refunded \$50,000, but agree to pay approximately \$200,000 in attorney's fees for all of the years of litigation. Mr. Richards reported that Conoco has tentatively approved this so it is a matter of coming to an agreement on the details. Mr. Richards stated that he hoped to have this on the next meeting agenda for Council's approval.

3. Approval of Business Associate Agreement with Alaska USA Insurance Brokers

MOTION: Council member Cobb moved, seconded by Council member Moore, to approve the business associate agreement with Alaska USA Insurance brokers.

Council member Ables asked about the type of insurance we have for City employees. Mr. Hozey explained that we are self insured and pay claims up to a certain amount at which time stop/loss insurance covers anything exceeding that amount. The vast majority of our claims are below that threshold and we hire Meritain Inc. to manage our plan for us. He explained that there are three items before the council tonight, all related to the health care plan. He said that the first is in regards to our agreement with our broker who helps us determine the amount of money needed per employee per month to cover these claims. He stated that the second item before them is dealing with our actual administrator, Meritain. We used to have our plan administered by RBMS until Meritain took it over. Mr. Hozey indicated that we have not executed a new agreement with Meritain and this would give us a bridge until our next renewal that is due in April of 2011. Finally, Mr. Hozey stated that the last item in regards to healthcare is a restatement of all amendments that have been added over the years. He said that this would collapse the amendments down into the plan itself. Mr. Hozey stated that there is no dollar amount associated with the three different agenda items and that our costs will not change. They are simply administrative items that need to be taken care of to maintain our health care plan.

Council member Ables asked how much we pay Meritain to manage the health care program. Walter Sapp, Finance Director, responded that we pay Meritain about \$30 per month per employee and Alaska USA Brokers are paid about \$5 a month per employee. Council member Ables asked how many people are used at Meritain to provide this service. Mr. Sapp stated that he did not know how many people were involved in managing our plan with Meritain. Council member Ables asked how many employees we have that are insured. Mr. Sapp responded that there are 97 employees currently but we are also in cooperation with the school district and therefore the entire plan covers about 200 people.

Council member Moore asked if this item was just for the broker. Mr. Hozey responded in the affirmative. Council member Moore asked Mr. Hozey to explain the term "broker". Mr. Hozey deferred the question to Mr. Sapp who explained that a broker is like a consultant. Alaska U.S.A. gives us our exposure rating that Mr. Hozey was trying to explain previously. They look at our claims over so many years and the ages of the people on our plan and their dependents. They come up with a probable exposure rating based on estimating what our cost would typically be to pay out claims and that is what determines what we pay per month per employee.

Mayor Cottle asked if that equaled the roughly \$36,000 per year that is paid to Meritain. Mr. Sapp replied in the affirmative. Mayor Cottle stated that if we are self insured we must know how much we pay out each year. Mr. Sapp replied that we do in fact know how much we pay out but that we do not have access to all of the claims themselves. There are several claims that are not paid so it is difficult to measure. Mayor Cottle asked if they limit our liability exposure. He asked if Meritain determines which claims are paid or covered and which are not covered. Mr. Sapp stated that the Meritain Claims Administrator makes those determinations.

Mayor Cottle stated that it seems to him that for almost \$40,000 all they are doing is coming up with an estimate of what we need to save for each employee to cover those claims. Mr. Sapp stated that they also review all regulations as they are implemented. For example, they are the experts on the new Health Reform Act that was just recently passed and advise the City on what we need to do to comply with new changes.

Council member Ables asked if we pay any other consultants for health insurance services. Mr. Sapp stated that we pay for the stop/loss insurance but that it is covered within Meritain's payment.

VOTE ON THE MOTION: 7 yeas, motion carried.

4. Approval of Administrative Services Agreement with Meritain, Inc.

MOTION: Council member Cobb moved, seconded by Council member Wells, to approve the Administrative Services Agreement with Meritain, Inc.

Council member Moore stated that she had heard from several people that Meritain is not giving us good quality service and she asked if this agreement would expire in April of 2011. Mr. Hozey replied in the affirmative. Council member Moore continued asking if Meritain came to us and suggested that our agreement with RBMS should be changed over to their name. Mr. Hozey stated

> that they automatically assumed the agreement when they took over RBMS. Mr. Hozey stated that he was unsure of particulars of the takeover, but said that if they legally assumed the responsibility of one company then they would be covered. Mr. Sapp stated that when Meritain bought out RBMS in 2009, there was an amendment at that time that stated RBMS would be replaced with Meritain. They did at that time recognize the fact that we are now dealing with Meritain. Mr. Sapp stated that presently, we are working through some issues with Meritain. He explained that previously we had worked with people from RBMS with over 9 years experience dealing with us. Meritain only has a couple of years of experience working with us so we are still working through some problems with them which may explain why Council member Moore has heard of dissatisfaction from some employees. Mr. Sapp also pointed out that the hospital recently put in a new billing system and somewhere within that new system there was some lag time in claims processing and incorrect coding of invoices. Mr. Sapp stated that he had been working to correct this for the last couple of months and feels that for the most part those issues have been solved. He stated that he hopes that going forward we will not experience those problems.

> Council member Moore asked if our employees are able to speak to an actual person at Meritain or was it an automated service. Mr. Sapp responded that a live person is available within their business hours. He also stated that if employees are not satisfied with their experience with Meritain that they may contact him and he will handle it or will go to Mr. Hozey for assistance. Council member Moore stated that she hopes that when this contract is up at the end of March that we put out a new RFP to scrutinize the company that works for us. Mayor Cottle asked if this goes out to bid periodically. Mr. Sapp responded that it has not gone to bid since he became director but if that is something they want to pursue then that is what will be done.

Alan Sorum, Valdez resident, addressed the Council about him and his wife's, problems with Meritain. He indicated that they have a pattern of ignoring claims until the 90 day period to handle them expires and then they become the responsibility of the patient at 100%. He explained that this is not something new in just the last few months but that it has been going on for quite some time. He stated that if you talk to school employees and their spouses or City employees and their spouses, the dissatisfaction of this company is wide spread. Mr. Sorum also contacted providers to ask about their experience and found that they are equally disappointed with Meritain. Mr. Sorum specifically referenced a lengthy conversation with Dr. Todd described amongst many other frustrations that the appeal rights only belong with the members. The members have to stay on top of this process and the clinic cannot help them fight the claim. Mr. Sorum stated that he

would like to see this motion delayed until Meritain can explain why they cannot deal with the City and the Schools properly.

Lucia Headman addressed the Council regarding her issues with Meritain over the last year. She stated that she is grateful for the insurance but that she had recently received a bill from her doctor that was unusually high. She went through the school district to get this taken care of and what she discovered that there are customary and usual charges that the insurance will not cover. They go to a certain limit and say they pay 100% of that limit and then the remainder is left to the patient. After calling the doctor she was told that the insurance does not contract with the doctor, they contract through the hospital. Providence is a preferred provider. She used the preferred provider and had documentation supporting pre-approval for the surgeries. However, Meritain does not contract with the doctor and therefore it is only covered to a certain limit and the patient is again responsible for remainder. Her doctor stated that it would be helpful if the insurance company would contract with entities within Providence. This means that they need to contract with the neurological, pediatric, and orthopedic units, etc. Ms. Headman said that the other issue is that the limits that are deemed "customary" are very low for Alaska which need to be looked at. Ms. Headman stated that she felt that she is not getting the information needed to comply with the insurance.

Mr. Hozey stated that he appreciated the information that Ms. Headman and Mr. Sorum brought forward. He explained that Meritain helps administer our plan. But we set the rules, not Meritain. If there are issues, we need to work together to overcome them. He stated that he was surprised to hear of this level of dissatisfaction because nothing has been brought to his attention before now. Mr. Hozey stated that it is certainly something that can be addressed. If we decide to put this out to bid we can do that in April, but as a practical matter we cannot just stop in the middle of this contract and cease to provide health insurance for our employees. It was Mr. Hozey's recommendation to approve this motion for the short term and then begin working with Meritain to address immediate issues. He then suggested that we could put it out to bid in the spring if we were still not satisfied.

Council member Cobb stated for clarification that that we did not hire Meritain. They took over the RBMS contract. Mr. Hozey responded in the affirmative.

Council member Wells asked Mr. Sapp about how proactive the benefits committee is being to find out if employees are satisfied with the services provided by Meritain. Mr. Sapp stated they had done a lengthy rewrite of the plan about two years ago that changed the fee structure and added benefits. At that time, employees had come to Mr. Sapp with requests for things they wanted

covered. The committee brought that re-write to Council for approval. Mr. Sapp continued explaining that the school district and the City operate slightly differently because the employees within the school district would go to their plan sponsor and City employees go to Mr. Sapp. Mr. Sapp said that the City expanded the window of time allowed for claims to be processed from 90 days to 6 months. The School District can change it to whatever length of time they choose. Meritain does not control that. If there is an issue with claims being processed within a certain length of time, then the time limit should be changed. Mr. Sapp stated that as they are made aware of the problems they try to get them corrected. Council member Wells stated that he understood that there are two separate groups and that both comments tonight were in regards to school district employees.

Mr. Hozey stated that to fully answer Council member Wells' question it should be noted that to complete the health plan re-write there was a very active benefits committee at that time. Any member of that committee can call a meeting for all committee members at any time. Mr. Hozey stated that if there was a wide spread feeling of dissatisfaction he would assume it would have surfaced with the benefits committee who would have reported it to Mr. Sapp who would have reported it to him. So, all this came as a surprise to Mr. Hozey. He stated that perhaps this was more of a school district issue rather than a City issue. Mr. Hozey suggested that Mr. Sapp assist the school district in figuring out how to change their plan to meet their needs.

Council member Cobb asked if Mr. Sorum had the ability to work directly with the insurance company. Mr. Sorum stated that it is difficult to reach anyone at Meritain. He does not feel that they are user friendly at all. He also stated that he disagreed with the comment made about the benefits committee for the City being very active. Mr. Sorum indicated that the committee had in fact not been very active at all. Mr. Sorum stated that City employees have shared with him frustrations with the bureaucracy of the issue. Mr. Sorum stated that if Meritain is being paid to administer our health insurance plan that they should be doing a better job. Mr. Sorum also did not agree that it was a school employee problem and not a City employee problem as well. He stated that he believed that both organizations were being effected by Meritain's administration of the insurance plan.

Ms. Headman addressed the Council again stating that she has contacted Meritain and they have not responded. She has gone to the school's appointed health plan sponsor who contacted Meritain and was told that the procedure was above the customary and usual charges and therefore it was the patient's responsibility. Ms. Headman stated that it is very important for everyone to understand that the preferred provider will be covered but that not all doctors at

Providence are "preferred". Therefore, the remainder of the bill becomes the responsibility of the patient.

Council member Ables stated that it sounds like a customer service issue that needs to be addressed with Meritain and perhaps putting it out to bid would be a good idea. Mr. Hozey stated that they would look at that in April.

VOTE ON THE MOTION: 7 yeas, motioned carried.

5. Approval of City of Valdez Health Plan Restatement as of July 1, 2010

MOTION: Council member Cobb moved, seconded by Council member Wells, to approve the City of Valdez Health Plan restatement as of July 1, 2010.

Council member Wells asked if what was being presented included anything new that had not previously been brought to Council as an amendment to the plan. Mr. Hozey said no.

VOTE ON THE MOTION: 7 yeas, motion carried.

X. RESOLUTIONS

1. #10-56 Authorizing the Purchase of Lots 3-6, Block 25, Mineral Creek Subdivision in the Amount of \$77,500 for Snow Storage

MOTION: Council member Wells moved, seconded by Council member Ables, to approve Resolution No. 10-56.

Council member Prax stated that he has voted for these purchases in the past but indicated that he does not see the value of this snow lot purchase with it being right across the street from the park strip where we have free storage. Mayor Cottle stated that this land originally belonged to the college and that in the past the City was given first option to purchase it but Administration turned it down. He explained that after that decision we ended up with a mud hole in the park strip until July because we had to push excess snow onto the park strip. After that season, we went back to leasing the land again. Mayor Cottle said that the issues lies in how soon people want to be able to access the park strip in the spring or early summer. Council member Cobb stated that a lot of damage has been done to the park strip grass from snow removal efforts. He stated that the ground gets torn up and is costly to fix it.

Council member Cobb asked Todd Wegner, Parks and Recreation Director, what it costs his department to clean up the park strip each spring after it has been

used for snow removal efforts. Mr. Wegner did not have an exact number but the Mayor stated that it costs \$1000 per day to maintain the park strip. Council member Prax pointed out that we would still be using the park strip even with the purchase of this snow lot. Larry Weaver, Public Works Director, stated that previously snow was stored on college property next to the parkstrip, however that space has been lost because a warehouse was recently built there. So, now purchase of this land becomes even more important. Mr. Weaver also said that the push time is a factor as well. Mr. Hozey asked if the park strip was damaged by putting snow there alone or by trying to break it up in the spring to get it to melt faster. Mr. Weaver replied that it was the breaking up of the snow that caused more damage. Mr. Weaver also pointed out that snow that is piled there compacts the ground and necessitating the need to aerate each year which is another issue to consider.

Council member Moore stated that when reseeding the area that there may be seeds for grasses or ground covers that would benefit us more than using seeds from the lower 48.

Council member Wells stated that he is very interested in having Administration bring back some code revisions to look at this. He said we are constantly being asked to purchase snow lots at 10-15% over appraised value. He explained that this could not happen for someone wanting to finance a property. A bank would not approve a loan for over 10-15% of its value. Council member Wells concluded that what it comes down to is Council is being asked to make a decision based on Administration's recommendation that we need this property. Council member Wells suggested that we work to tighten that up, on how best to approach these purchases. He is afraid that a land owner can get an appraisal and then tack on 15% and take it to Council to approve the purchase. He stated that he would like something back from Administration to revise how we go about these land purchases.

Council member Ables asked if we currently lease this land from the owner. Mr. Hozey replied in the affirmative. Council member Ables asked how much we pay to lease it. Lisa Von Bargen, Community Development Director, responded that we pay the amount the owner is taxed for the land which is \$2500 per year. Council member Ables stated that we could continue leasing the land for nearly 31 years for the price of purchasing it. Mr. Hozey said that was indeed true if the owner was willing to continue leasing it for that length of time. Mayor Cottle stated that the land could have been purchased at a cheaper price previously but Council turned down the opportunity to buy it. Council member Ables asked if the City could offer to buy it for the appraised value only. Ms. Von Bargen stated that the sellers of both properties gave Council a price before the properties were appraised. We told them after the fact that an appraisal was requested by

Council in order to make a decision to purchase the property. Mayor Cottle asked how much the appraisal came in at. Ms. Von Bargen stated that it appraised for \$68,000 and the seller is asking for \$77,000.

Council member Prax stated that he hoped that we have not deteriorated to the point that the highest and best use of the land is snow storage. He explained that the highest and best use of the land would be if someone built a business or a home on the land. He stated that he understands that we need places for snow but that he agreed with Council member Wells that we need to tighten up the municipal code language regarding this type of purchase. Council member Wells did state that the issue of moving the snow further to store it has to be considered in the purchase price. Council member Cobb suggested that the City might spend as much moving the snow further away as they would paying the extra money to buy the lot.

Ms. Pierce stated that they will be bringing back legislation that addresses the purchase of property. The charter does require that. When she did the research for this she found nowhere in the code that speaks to the actual purchase of property by the City. Council member Wells asked if it would be written that a super majority be required to approve purchases of this nature. Mr. Hozey stated that that would be the decision of the Council. All that is required is that a procedure is in place but the specifics of that procedure are strictly up to Council.

VOTE ON THE MOTION: 5 yeas 2 nays (Council member Moore, Council member Prax), motion carried.

2. #10-57 Authorizing the Purchase of Lots A-L and Parcels 1-3, St. Elmo Vista Subdivision in the Amount of \$140,000 for Snow Storage

MOTION: Council member Cobb moved, seconded by Council member Ables, to approve Resolution No. 10-57.

Council member McCann declared a conflict of interest and requested to abstain from participation in this agenda item. The request was granted by council.

Council member Moore asked about the location of this property. Mr. Hozey stated that it was across the street from the City Shop. Council member Moore asked if we had thought about this land for expansion for the City Shop. Mr. Hozey stated that it was one of the potential options. Council member Wells asked Mr. Weaver what snow we were thinking of using this property for. From what he observed, most of the snow on West Pioneer and West Egan is graded to the south and then burmed up. Most snow in that subdivision with the new condominiums is pushed back into the cull de sac. Mr. Weaver responded that

we cannot use the snow lot on the north side of Pioneer. Everything has to go to the south side. We are trying to limit the pushes to 1000 feet or less, which is what we require when any new subdivision is established. Mr. Weaver continued stating that currently, any snow removed from Hazelet Street down to the electric company and Simmons trailer court needs a place for snow storage. Purchase of this property would allow another place to store the snow. Mr. Weaver stated that administration is looking at all options to make snow removal as efficient as possible. Council member Wells asked if the amount to be considered was \$19,000 over appraised value. Ms. Von Bargen replied in the affirmative.

Council member Wells stated that the most similar comparison listed in the appraisal was valued at only \$2.28 per square foot which is located on West Pioneer Drive, the same street as the property in question. The other comparables are on South Meals and are valued at nearly \$3.00 per square foot which is quite a bit higher than available property on West Pioneer. Council member Wells concluded that they have taken an average of all properties in the area but they are not all zoned the same type of land. Some are zoned commercial and some are residential.

Council member Ables said that it seemed that this purchase was a better deal than the previous property that was just voted on. Ms. Von Bargen replied in the affirmative but stated that this property is zoned multifamily residential. Council member Cobb asked if the city decided to use this property at a later date for an expansion of the City Shop would the zoning need to be changed to light industrial. Ms. Von Bargen stated that there is a provision in our code for a conditional use permit for almost every zoning district for what is called a "community purpose building" defined as public buildings. For example, that is how the warehouse for the college was able to be built. She stated that these parcels are not large enough to rezone. In order to rezone land there has to be a minimum of two acres so we would actually have to acquire more property to change the zoning.

Steve McCann, speaking from the audience as part owner of the property, stated that the reason for the increase in the cost of the property is because his property has already been cleared and leveled. Also, utilities have been brought in half way by the utility company which would help with the City Shop expansion. Mr. McCann stated that leveling and clearing the adjacent properties would cost the City approximately \$25,000.

Council member Prax asked Mr. Weaver if we can please make sure that all snow lots are cleaned up and maintained for the benefit of the neighborhood. He stated that due to the unsightliness of litter it does not benefit the neighborhood to have a snow storage lot. Mr. Hozey stated that it would be taken care of.

VOTE ON THE MOTION: 5 yeas 1 nay (Council member Prax) 1 abstaining (Council member McCann), motion carried.

3. #10-58 Authorizing a One Year Extension of the Land Use Permit with the Valdez Motor Sports Club for a 10-Acre Portion of USS 439

MOTION: Council member Cobb moved, seconded by Council member Moore, to approve Resolution No. 10-58.

Council member Prax stated that he was glad that someone is using this land and that he hoped this was the long term plan for use of this property. Ms. Von Bargen and Mr. Hozey responded in the affirmative. Council member Prax stated that it seemed the city had started brushing this area and stopped. He stated that soon it would be very difficult to get into Old Town in general. Mr. Hozey stated that he would keep this in mind and that the city crew would go back periodically to cut the brush in the area. Mr. Weaver stated that recently they have been using their new piece of equipment to widen the roads and cut back the brush in this area. Council member Ables stated that she had been out to Old Town recently and was very impressed with the brush cutting that had been done. Council member Ables stated that she would like to see more cut out there to open it up which might encourage more people to go out and use the land.

VOTE ON THE MOTION: 7 years, motion carried.

XI. REPORTS

1. Curb and Sidewalk Report

XII. COUNCIL BUSINESS FROM THE FLOOR

Council member McCann

Council member McCann stated that he would like us to look at the possibility of installing heated pads for snow storage lots. They can be heated with excess heat from other areas and do not have to be heated to a high temperature. They have done this in other communities to get rid of the snow at a must faster pace. Four or more Council members showed interest in this and therefore Mayor Cottle asked that a report be put together detailing this possibility.

Council member Prax

Council member Prax stated that though he and Mayor Cottle did not always agree on everything he would like to recognize the Mayor for his 10 years of service to this community. Council member Prax complimented him for his presence as Mayor and for the way he has presided over meetings in a manner that is always open to the public. He concluded that with all differences aside that he appreciated the Mayor for his 10 years of service with no compensation. It is very commendable. Council member Prax thanked Mayor Cottle.

Council member Prax stated that ticket sales were up from the fish derbies at the rate of about 700 tickets over last year. This included all derbies and all tickets sold. Council member Prax stated that this was the largest number of tickets sold within the past 5-6 years.

Council member Moore

Council member Moore thanked Mayor Cottle for his service as well.

Mayor Cottle

Mayor Cottle asked about the eight-plex on Clark Street that was supposed to have a park strip put in at the end of the zero lot lines. He stated that it was just a complete mess over there. Mayor Cottle asked if we could possibly install a park strip in phases over two years or so as well as install proper drainage.

XIII. COUNCIL TRAVEL XIV. EXECUTIVE SESSION

XV. RETURN FROM EXECUTIVE SESSION

XVI. RECESS TO RECONVENE ON OCTOBER 6, 2010

XVII. RECONVENE

The City Clerk presented the results of the October 5, 2010 municipal election for certification by the council as follows:

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OCTOBER 5, 2010 MUNICIPAL ELECTION CERTIFICATE OF ELECITON

MAYOR

CANDIDATE	PREC.#1	PREC.#2	PREC.#3	ABSENTEE/ QUES.	TOTAL
Dave Cobb	211	125	153	89	578
Rich Long	133	84	113	31	361
Write In	04	07	12	01	24

CITY COUNCIL MEMBER

CANDIDATE	PREC.#1	PREC.#2	PREC.#3	ABSENTEE/ QUES.	TOTAL
Alan Sorum	253	119	172	77	621
Steve McCann	220	145	175	72	612
Joe Prax	217	139	165	87	608
Dorothy M. Moore	184	128	140	81	533
Chris Moulton	143	81	78	32	334
Randy Ridderbush	62	60	85	35	242
Laura Middlestadt	85	47	72	21	225
TJ Jenn	48	37	49	14	148
Write In	11	09	13	01	34

SCHOOL BOARD MEMBER

CANDIDATE	PREC.#1	PREC.#2	PREC#3	ABSENTEE/QUES.	TOTAL
Steve Brockman	209	123	129	58	519
Anthony Balowski	137	75	105	44	361
Dolores Gard	103	84	109	50	346
Duane Edelman	95	65	86	36	282
Jack McCay	115	61	73	32	281
Write In	02	02	05	01	10

I, Sheri L. Pierce, City Clerk of the City of Valdez, Alaska, do hereby certify this to be the true results of ballots cast at the Municipal Election of October 5, 2010 following the count of regular ballots on October 5, 2010 and the count of absentee and questioned ballots on October 6, 2010.

Dated:	
	Sheri L. Pierce, MMC, City Clerk

MOTION: Council member Cobb moved, seconded by Council member Moore, to certify the results of the October 5, 2010 municipal election as presented by the City Clerk.

VOTE ON THE MOTION: 6 yeas, 1 absent (Ables), motion carried.

XVIII. ADJOURN

There being no further business, Mayor Cottle adjourned the meeting at 12:20 pm.

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