

I. CALL TO ORDER

Mayor Cottle called the meeting to order at 7:00 pm in the City Council Chambers

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

Present:

Mayor Bert Cottle

Council member Dave Cobb

Council member Joe Prax

Council member Dorothy Moore

Council member Mike Wells

Council member Steve McCann

Council member Karen Ables was absent and excused.

Also Present:

John Hozey, City Manager

Holly Powers, Deputy City Clerk

Craig Richards, Acting City Attorney

Also Present: Members of staff and approximately 18 people in the audience.

IV. APPROVAL OF MINUTES OF THE REGULAR MEETING OF July 6, 2010

The minutes of the meeting of July 6, 2010 were approved with two minor corrections.

V. PUBLIC BUSINESS FROM THE FLOOR

Laurie Hull-Engles, President, Valdez School Board, introduced the new Superintendent for the Valdez School System, Mr. Jacob Jensen. Mr. Jensen was present along with his family. Ms. Hull-Engles expressed her appreciation for Mr. Jensen and formally welcomed him to Valdez. Mr. Jensen spoke briefly expressing his enthusiasm for the opportunity presented to him with this new job opportunity. He indicated that he is very excited to be a part of the Valdez School System and this community. He introduced his wife, two children and his parents who happened to be in town vacationing at the time of the meeting. The City Council and audience graciously welcomed Mr. Jensen to Valdez.

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

CITY MANAGER REPORT

John Hozey reported that the Senior Center roofing and siding project is moving along nicely. The siding color issue has been resolved. There was a question from Council from the previous meeting about the warranty on the siding and Mr. Hozey reported that the new siding comes with a 50 year warranty.

Mr. Hozey mentioned both Kelsey Dock projects, The Kelsey Dock and Kelsey Dock Uplands, explaining the difference between the two. The Kelsey Dock Uplands included projects that were prioritized to be finished before the 4th of July. Now that the 4th of July is over the next part of the upgrades will now begin at the Kelsey Dock including the bull rail, water valves and the mooring point. The next phase of the Uplands is also beginning including electrical work and building improvements. The VCT Causeway renovation has also begun focusing on the expansion joints.

The 10 mile septic replacement project is ongoing. All work associated with Phase II of the project has been completed. Phase III plans have been submitted and are currently under review. Other issues with the project are being addressed such as abandonment issues that need to be dealt with this summer. Mayor Cottle asked Mr. Hozey if a report would be presented to the Council and if so what the timeline on that would be and who would be reporting on it. Mr. Hozey responded that the report would be a joint effort between Community Development and Capital Facilities and that it should be ready for the next Council meeting.

The Teen Center renovations are underway. The kitchen area is in progress and the door and entry way were sent out to bid. Mr. Hozey explained that because the amount came back so close to his approval authority he would bring that back to Council for their approval. The High School fire alarm and sprinklers project is going well. There is a push to get the swimming pool reopened by the end of the month. LED Street lights have been ordered and are scheduled to arrive on August 6th. It will take 2.5 weeks to install them and therefore that project should be done by the end of August.

Since Mr. Hozey was absent from the last meeting he took the opportunity to comment on the 4th of July activities. Overall, he was very satisfied with both the 4th of July Festival and the Pink Salmon Festival. As the Pink Salmon Festival was in its first year, a lot was learned which will benefit future years of the festival. Mr. Hozey acknowledged the fact that this is a City run event and that the City does put a lot of effort and time into the production of both festivals however, neither festival could survive without the countless hours put in by volunteers. Colleen Stevens, Dave Cobb, the Coast Guard, and local musicians all significantly contributed to the success of both events. Doug Desorcie and his team made the Fish Fry and the Community Barbeque possible for both events.

Mr. Hozey said that he could not thank Mr. Desorcie and crew enough for their commitment to this community and willingness to always step up to the plate for public events. He recognized everyone on Mr. Desorcie's team who assisted him and hoped that next year Mr. Desorcie and his volunteers simply come, relax, and enjoy the event instead of working it again. Mr. Hozey asked that everyone thank them when they see them around town for their outstanding efforts. Mr. Hozey also thanked his department directors for their efforts in making the events happen. Special thanks were given to Lisa Von Bargen, Todd Wegner, and George Keeney for their assistance.

Council member Wells asked Mr. Hozey about the Kelsey Dock Uplands' lighting issues at the dock. Mr. Hozey indicated that it is all part of the electrical upgrade that is getting underway and those issues will be addressed. Council member Moore asked if there would be a turn off on those so that the public cannot use them freely. Mr. Hozey said there will not be turn offs on each pole but that there will be a turn off switch at a central location inside the building. Council member Prax asked Mr. Hozey about the Senior Center siding guarantee. The siding we are replacing is only 12 years old. Mr. Prax asked if there was a guarantee on the product we are replacing. Mr. Hozey indicated that the product we are using now is a much higher quality product than what we installed 12 years ago and that he did not know if there was a guarantee for that product. He responded that he would check to see if there was a guarantee.

CITY CLERK REPORT

Ms. Powers, Deputy City Clerk, reported on the upcoming election. August 24th is the State primary election. Sunday July 25th is the last day to register to vote or update your voter registration for the primary election. On August 9th absentee in-person voting at City Hall will begin. The regular election will be held this year on Tuesday, October 5th. Petitions to run for Mayor, Council and the School Board are now available in the City Clerk's office. Petitions need to be picked up in person. Absentee voting will start on September 20th which will be in-person voting at Valdez City Hall that will last for two weeks. Anyone interested in requesting that an absentee ballot be mailed to them may do so by contacting the City Clerk's office at any time. We will be mailing out those ballots as soon as they are received which will be shortly after the close of petitions on August 16th.

Ms. Powers also reported on upcoming meetings. She stated that the Ports and Harbor Commission meeting will be held at 7:00 pm on Tuesday July 20th and the Planning and Zoning Commission meeting will be held at 7:00 pm on July 28th. Council member Moore asked Ms. Powers if there would be any public hearings at those meetings. Ms. Powers responded that no public hearings were scheduled for either meeting. Mayor Cottle asked how many openings there

would be on the school board. Mr. Hozey responded that there would be two openings.

CITY ATTORNEY'S REPORT

Mr. Richards reported that the Sea Hawk trial is set to begin on August 16th. The City has moved for a continuance for two months. Mr. Richards stated that we should know if that is granted within the next few days. If it is not granted then the trial will take place next month.

Mr. Richards reported on the Alaska Gas Line Port Authority. He stated that the Fairbanks North Star Borough Assembly is having an internal debate about whether or not approving the Fairbanks Natural Gas Trucking Plan requires a resolution of the assembly to approve the development plan or whether it must be placed on the ballot for approval by the voters. On July 22nd, Mr. Richards, Mark Greenough, Council member Cobb and Mayor Cottle will be attending the FNSB assembly meeting to discuss Valdez's perspective and the Port Authority's perspective that the development plan change can be effected through a resolution. If the FNSB does decide that the change to the development plan must be approved by the voters then the project will effectively be put on hold until the general election.

Council member Prax indicated that he was not present when the City Council voted to approve the new development plan. He asked who had decided that the plan could be approved by the council and was not required to go to a public vote. Mr. Richards stated that his office had acquired an outside opinion from Attorney Marc Greenough who is the bond counsel. It was the opinion of Mr. Greenough, along with the legal firm of Walker & Levesque, that revisions to the AGPA development plan could be approved by the City Council and did not require voter approval.

Council member Moore asked if there was time to place the approval of the plan on the October 5th ballot if the FNSB decided that the question should go to the voters for approval. Mr. Hozey responded that a proposition most likely would not make it on the ballot unless the decision was made very soon. Mr. Prax asked when the deadline would be to get it on the October ballot. Mr. Hozey stated that the City Clerk would have to make that decision, but he believed that a resolution to place a proposition on the October 5th ballot must be approved no later than the regular council meeting on August 2nd. Mr. Hozey stated that the City Clerk must create the ballot and send it out for printing immediately following the close of petitions on August 16th. He stated that the City Council could call a special meeting for the purpose of placing a proposition on the ballot any time prior to August 16th.

VII. CONSENT AGENDA

1. Accept Resignation of Steve McCann from the Planning and Zoning Commission

MOTION: Council member Wells moved, seconded by Council member Cobb, to approve the consent agenda.

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

VIII. NEW BUSINESS

1. Approval of Contract with Architects Alaska for Valdez Medical Campus Master Planning in an Amount not to Exceed \$283,532

MOTION: Council member Cobb moved, seconded by Council member Wells, to approve a contract award to Architects Alaska for Valdez Medical Campus Master Planning in an amount not to exceed \$283,532.

Council member Prax stated that it was brought to his attention that the scope of this project had expanded from what the task force originally worked on. Mr. Hozey replied that the scope for this contract had in fact not changed. He said that the task force was originally created to explore the need for Assisted Care Living in the community. But during that process, the task force members realized the need to see the bigger picture of all future health care needs before they could make a recommendation on the need for just an Assisted Care Living facility. So the task force authorized a survey of the community which was provided by Providence Health Services to determine the current needs of the community including assisted care living and long term care. After the results of the survey were tabulated, the task force realized that four different components needed to be considered as future health care needs for the community. Each component needed to be evaluated with feasibility in a design master plan created for the project. A request for proposals based on qualifications was issued for this purpose. Six proposals were received. The task force members reviewed all proposals and conducted in person interviews with the firm of Prochaska and Architects Alaska. Architects Alaska was chosen by a majority vote of the task force members. Once selected, a fee schedule was applied to the number of hours it would take to accomplish the project with all components requested by the task force. The amount came in at approximately \$200,000. Mr. Hozey indicated that this amount is reasonable considering the amount of work the task force is requesting. Mr. Hozey compared the cost for this master plan to other master plan costs completed recently by the City. Mr. Hozey pointed out

that the current proposal from Architects Alaska was consistent with what we have typically spent in the past. He did express some disappointment in the travel expense estimates, but indicated that he would take them to task on that and reduce that cost as reimbursable for actual expenses. Mr. Hozey assured Council that everyone in the task force was in the loop the entire time.

Mr. Prax stated that it seemed like an odd approach to ask the architects to define the needs of the project. Mr. Hozey explained that that is why financial people were consulted to justify the expense. It is part of the feasibility study that considers which components make money and which ones do not. Also, the process evaluates which components lose money and how much. Mr. Hozey explained that the main reason for combining all four components was to allow an overall perspective of cost and feasibility. Mayor Cottle indicated that through the survey, the community had defined the four areas of possible expansion. Council member Moore asked what those four areas were. Mayor Cottle responded that long term care, rehabilitation, MRI, and assisted care living had been identified as the four components. Council member Wells asked Mr. Hozey what was spent on the school master plan. Mr. Hozey reported that he did not have the exact number but that it was in excess of \$200,000.

Council member Wells asked why the task force would not select the contractor who performed the original design for the hospital facility for this master plan. He asked if the task force considered that there may be extra cost involved with a contractor which must start from scratch instead of using existing data. Mr. Hozey responded that this was not discussed by the task force as it did not seem relevant to the proposal. He pointed out that the task force project was completely different than what the previous contractor had worked on. The new project had nothing to do with the previous hospital work except for possibly reallocating space. Mr. Hozey stated that at this point the task force is in the planning process, not an architectural process. Mr. Hozey stated that the task force did not feel that familiarity with the existing building alone was enough of a reason to stay with the original architect.

Council member Cobb asked for clarification on the process of the selection of the architect. He questioned if money was discussed at the time the RFPs were reviewed. Mr. Hozey confirmed that money was not discussed and agreed that the candidate was selected based on qualifications alone. Price for services was negotiated after the architect was selected. Council member Moore asked for clarification on the fiscal note of the agenda statement. Mr. Hozey explained that the existing \$100,000 was put in the budget simply as a place holder. There was actually \$382,000 in the budget and available in that account. The \$283,000 was what the proposal came in at.

Lynn Chrystal, Task Force Member, spoke from the floor. He indicated that he originally planned to come to the meeting to speak in favor of the motion which

he still intended to do, but now wanted to first speak about the task force. The task force was made up of a wide variety of people from the community. There were several meetings and several discussions about the entire process. Mr. Chrystal explained that they came up with a majority vote on who was the favored firm. That firm was Architects Alaska. He stated that on the afternoon of the today's Council meeting a letter was sent out to all council members and then forwarded to the task force, from the losing candidate, Prochaska and Associates. Mr. Chrystal wished to voice his disappointment in the letter and questioned the integrity of this firm. Mr. Chrystal quoted several statements from the letter explaining he did not comprehend how the author came to his conclusions and accusations. Mr. Chrystal explained that the task force members were dedicated to do one thing, to do the best job they can do and to follow the process they agreed upon. Through the process a vote was taken and the majority chose Architects Alaska. There were strong opinions on both sides but, the process was fair. Mr. Chrystal felt very disturbed about the nature of the letter which to him was threatening and an insult to all task force members and to the time and effort they have put into the project. Mr. Chrystal urged the Council to support the motion as presented and uphold the process agreed upon by the task force.

Mr. Bill Conley, Task Force Member, stated that he represented the Senior Center for the task force and spoke about the process of selecting Architects Alaska as decided on by the group. He stated that all task force members were presented with the proposals and all actively participated in all of the meetings. They worked well together to make a decision despite differences. The six proposals were reviewed and two were selected for additional interviews. Then a decision was made. He said that he had not yet seen the letter Mr. Chrystal was referencing and could not speak to that, but he did understand that there were some people who were unhappy with the vote. Regardless, Mr. Conley stated that he did feel that it was a fair process and was handled properly. They analyzed the information provided as best they could and voted accordingly. He asked the Council to accept the recommendation made by the task force and support the process.

Sean McCallister, Administrator of Valdez Providence Medical Center and member of the Mayor's Healthcare Expansion task force, informed the Council that he supported the motion 100 percent. He supported the task force decision and the process used to make that decision. He admitted that he originally voted for Prochaska but the task force agreed to a democratic process from the beginning. He felt the process was fair and he respected the voice of the majority of the group. It was what they agreed to. His biggest concern was that Michael Bell would not be involved who is currently the financial consultant for the hospital and does an excellent job. That has since been negotiated and Mr. Bell will now be involved with Architects Alaska. Mr. McCallister further explained that Architects Alaska has done a lot of work for Providence and have done a

great job. In regards to the letter received from Prochaska, Mr. McCallister expressed his disappointment in the letter and questioned Prochaska's character. He found the letter very offensive, so much so, that if he had to vote again he would have changed his vote based on the letter alone.

Ms. Pam Shirrell, Task Force Member, spoke of her concerns and disappointment in the process. She explained that there is in fact truth in the letter written by Prochaska as well as a lot of emotion. Mr. Prochaska had a very good relationship with the City and the letter reflected his disappointment. He has given a great deal to the community in the delivery of the building and infrastructure for health care. However, Ms. Shirrell felt the issue before them that night was the proposal. She did vote for Prochaska and is proud of the product he designed for Valdez. She explained that we were the first in the state to build a critical access hospital and came in under budget and finished on time. The economic model has surpassed all modeling. We are economically viable and are an economic engine within the community. We have close to 100 full time employees with good benefits.

Ms. Shirrell stated that the real concern is that the amount of \$100,000 was the estimate given to all participants at the pre-bid meeting. Now we are requesting three times that amount. The scope of service was to provide a master site plan. She stated that what is before the council is an evaluation of existing facilities. It is looking at the infrastructure and a pre-build, not a campus design. What we asked for was a campus design. What we have is a material change since the task force has met. Ms. Shirrell said this was not what they had discussed. Ms. Shirrell stated that the task force members did not make money an issue; however three times the original amount of money was a significant change. She stated that a good example of the inefficiencies in the proposal could be seen by reading Task 3A. Ms. Shirrell questioned why as detailed by Task 3A were two financial experts needed. She stated that it would cost the City twice as much and is not necessary. Ms. Shirrell asked that the Council not reverse the decision of the task force but instead send it back to the task force to really evaluate what is currently proposed. There were two major material changes that were not discussed with the task force and Ms. Shirrell believed they deserved the right to look at those changes.

Council member Cobb asked Ms. Shirrell to clarify the major changes she was referencing. She explained the changes to be an increase from the original \$100,000 proposed for the project to close to \$300,000 and the scope of services to design a facility site plan. What Architects Alaska provided is an evaluation of existing infrastructure.

Council member Wells quoted the RFP scope of work as, "these evaluations will include preliminary design and conceptual drawings and preliminary construction cost estimates, preliminary operational feasibility analysis and recommendations

for the optimization of total campus area facilities when all inhabitants are eventually included". In Mr. Wells' review of Architects Alaska's proposal he did not see what was so greatly outside of the scope as defined by the original request for proposals.

Mr. Hozey qualified the point made by Ms. Shirrell because he made the comment during the pre-bid meeting about the budget line item and did say that currently there was a place holder of \$100,000 for the budget. But he clarified that by also telling all potential proposers that this number had been selected prior to development of any scope of work. He stated that he cautioned each responder at the pre-bid meeting to not develop their proposal based on that number. Mr. Hozey felt that he made it very clear that the original amount was simply used as a place holder as it was put in before the scope of work was ever agreed upon. All proposers heard that comment.

Ms. Shirrell responded that it seemed like a significant change that could have influenced the way the proposers responded to the RFP. Mayor Cottle clarified that when the task force voted money was not an issue. The dollar amount for services was not revealed or considered in the task force decision. The task force agreed that this was the fairest way to do it. Mayor Cottle revealed that he voted for Prochaska but agreed before the vote on the process which he stands by. Mayor Cottle explained that the ultimate goal of the task force is to improve healthcare in Valdez. This process was created to accomplish that goal. It started with assisted care living and then the three other components were added. Mayor Cottle stated that he could not think of a way to do this more democratically.

Council member Moore explained that she witnessed the process of building the current hospital and clearly remembers the quality of care we had before and what we have now. She acknowledged the great improvements to our healthcare facility now and is very pleased with the final product. She remembers three years of arguing whether or not it was the right size. She expressed that she has a very good opinion of Prochaska. There are people who do not share her opinion but that is to be expected in a small town. Ms. Moore stated that everything is not always in hindsight as you look at it in foresight. There will always be things that you would do differently. Council member Moore expressed her concerns with people pointing fingers. She acknowledged that there were people who did not like the hospital design but pointed out that since the architect was on board changes were made. In past projects, the architect made a plan and the builder built it and the two groups did not communicate with each other. This is not the proper way to handle this. Council member Moore stated that we need to do what is best for the community and plan ahead.

Council member McCann indicated that he came into this process with less information than the other members because he was just recently appointed as a

Council member. He explained that his questions and concerns were addressed by Pam Shirrell and Mr. Hozey.

Council member Prax asked for clarification in that the task force was given proposals based on qualifications only, with no monetary value assessed to them. The money was not on the table. He stated that it seemed odd to him to not require a cost estimate because there is no way to know if we are getting the best deal. Mr. Hozey stated that it was a fair question. Professional services are treated differently than a construction contract. Generally, the rates of an architect are fairly standard. It is the level of effort, number of hours, the approach, and the technique that is what is more important. It comes down to approach. The hourly rate being the same, it comes down to the amount of effort. That is what the evaluation was based on. Mayor Cottle stated that for the most part 80 percent of the members on the current task force were on the original hospital task force. Council member Prax explained that he is not questioning the two companies but unless you are bidding there is no reason for them to have a sharp price. They are not competing with anyone. Council member Prax argued that the city has put projects out to bid for a lot less money than this and chose the lowest bidder to get the job. Mr. Hozey explained that the process in general works to make the best faith effort to negotiate a price with the first choice. If you cannot reach an agreement then you go to your second choice and so on. Council member Prax questioned our ability to know we have a good price if there is no competition. He asked how the city would know if it is reasonable? Mayor Cottle indicated that we do have a comparison. We have other master plans to compare the current price to. Mr. Hozey explained that it is hard to compare two companies based on price because the proposal of one company is completely different than the proposal of the other. It is not like a bid that you can compare prices because they are offering different products. Council member Prax asked if it was in fact driven by what we are telling them we want. Mr. Hozey explained that the task force, through the assistance of the community survey, set the goal. There are a number of ways to achieve that goal. Each firm looks at it differently to address the same goal. It is largely subjective and which is the reason we brought so many people in help make the decision. Mr. Prax argued that without a cost to compare a service it makes the decision much more difficult. Mr. Hozey explained that it is much more complicated than a bid for a construction project. It is the ideas we want in order to make the goal a success, which is difficult to put a number on. Mayor Cottle asked if the Planning and Zoning and Ports and Harbor Commissions see actual numbers when they go through similar processes. It was determined that they do not. Mr. Prax argued that it should come down to monetary costs not who is the otherwise favored firm. Mr. Hozey explained that it is not black and white information. The level of quality is involved. We need to have the best design first and then can hire the lowest bidder to build the project. The design is the most important factor. Council member Prax asked where else have we used this type of a process. Mr. Hozey replied that every master planning project brought to Council has used

this exact process. Council member Prax suggested that this process invites waste. He suggested that the City look at how we do this for future planning.

Council member Moore stated that she agreed with Council member Prax. When we cannot answer to people what the qualifications are to choose a firm we run into problems.

Mayor Cottle indicated that he supports the process and he was on the losing end of the vote. Council member Prax commented that to him it is not about either company but he questions the fact that no monetary value was used to compare firms.

Council member Wells asked for clarification that until the letter was received from Prochaska and Associates on the day of the Council meeting an estimate of his cost had not been revealed. Mr. Hozey responded in the affirmative.

Dr. John Cullen spoke from the floor on the decision making process. He asked the same question to both architectural firms based on his position as the medical director of long term care for four years. One of the issues he was interested in when building the new hospital was the greenhouse philosophy. Dr. Cullen explained that it is a very novel way of care delivery for the elderly. With the two presentations Prochaska and Associates described using the traditional big house philosophy which is basically what we have now. So the question he asked both firms was what the difference in the two philosophies was. What he heard from Prochaska and Associates was that there was not a real difference but that the green house philosophy was much more expensive. Dr. Cullen explained that this response was not accurate. There is an entire movement out there promoting the green house philosophy. Architects Alaska fully supported the green house philosophy. Dr. Cullen explained the philosophy as creating a home like environment for elders. He went on to question why the only time a person is incarcerated is when they either go to prison or when they are old. The greenhouse philosophy tries to get around that as best they can. That was the biggest argument for voting for Alaska Architects for Dr. Cullen. Dr. Cullen stated that we must get it right in the planning phase or it will be very costly in the end. Dr. Cullen asked the Council to support the motion and vote in favor of the process.

Council member Cobb stated that in looking at the facility we have now it is a direct reflection of the original task force who worked long and hard to come up with a good facility for this community. Council member Cobb commented that we could not ask for a better process to continue the expansion of the hospital. He pointed out that the vote was close but the reasons that Dr. Cullen gave on the greenhouse philosophy are very important with great potential for Valdez. He stated that the bottom line is that the task force process works and therefore the city council should uphold that process. He stated that his heart goes out to those

opposed but the process itself worked. It worked before and it will work again. Council member Cobb thanked the task force for the effort they put into it.

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

2. Approval of Late File for Senior Citizens Property Tax Exemption

MOTION: Council member Cobb moved, seconded by Council member Moore, to accept the late file of a senior citizens property tax exemption application by Steve Alley, Sr.

Mayor Cottle stated that the council receives requests after the filing deadline every year. He suggested that at some point we have to hold people accountable by charging a fee or something if they are late. He stated that the council should give direction as to how they want to handle late file appeals. Council member Wells agreed with Administration that there comes a time where we have to decide how lenient we can really be. Council member McCann asked if Mr. Alley recently became of age to file for the exemption. It was determined that he did not and that it was just an over sight on his part. Council member Prax asked for clarification on the process, if it has to be done every year and what age you have to be. Mr. Hozey responded that a person must be 65 years old and it must be done every year because it is the only way we can keep track of it. If people pass away or sell their home there is no way for us to know. Therefore it is necessary that they do file every year. Mr. Hozey explained that we try and notify the seniors every year. We run ads in the paper and on the radio. Mr. Hozey explained that granting late file appeals becomes difficult once the tax bills go out. Council member Moore stated that she was thinking of when the tax bills go out but stated that she understood that the City Clerk's office sends out a notice at the beginning of the year to those who have applied for them in the past. Mr. Hozey confirmed this.

Mayor Cottle suggested we implement a \$100 late fee for filing late. Council member Cobb asked why they have to file each year after they reach 65. What changes to necessitate a yearly filing? Mr. Hozey explained that sometimes people move and there is no other way for us to know unless they file each year. Council member Cobb said he felt it was a big inconvenience and burden for the citizen and the City. Walter Sapp, Finance Director, explained that citizens must file each year because the state statute states it must be done every year. Council member McCann asked if we send it out each year. Mr. Hozey confirmed that we send out the form to those who have filed before each December. Mr. Hozey stated that he supports approving extensions for extraordinary circumstances but there is no reason listed at all in most cases. Mr. Hozey asked for guidance from the Council and for it to be required that the senior citizen provides a reason why they are late so there is something for us to evaluate.

Council member Prax stated that when someone gets a break someone else gets the bill. He does not like that it is all on the Council to decide. He would support a fee or something similar to help encourage them to submit the form on time. Council member Moore agreed to a nominal fee and also a requirement to provide a reason why they are filing late. Council member Wells asked if we had previously approved these past the tax deadline before. Mr. Hozey stated that we receive them routinely in the spring and summer and Council has never denied the extension. Mayor Cottle asked for the deadline and Mr. Hozey replied that it is January 15th. Council member Wells read from the state statute that exemption applications filed after the due date must be accompanied by an affidavit stating why they are late. Mayor Cottle suggested that Administration bring this back stating that after January 15th if a person files late a fee of \$100 will be added. Mr. Hozey clarified that the late fee would automatically apply and then it would still be brought to Council for approval. Council agreed. It would go into effect in the 2011 tax year. Mayor Cottle restated the direction from Council that beginning next year, if a senior citizen files after January 15th there will be late fee of \$100.

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

3. Acceptance of the 2009 Financial Audit

MOTION: Council member Cobb moved, seconded by Council member Moore, to accept the 2009 financial audit.

Being a member of the audit committee, Council member Moore explained the audit process. She explained that the audit is about checking our policies and whether or not we are following them. She stated that the auditors do not check every single financial document, they take samples. The auditors complete their audit and find a few things that they offer suggestions for improvement on. The suggestions are not things that they call material weakness. They are just suggestions. Council member Moore summarized the findings as follows; The PERS payments were an issue because the State is on a different fiscal year than we are. The PERS payment was booked at one year and not the other and the Finance Department has already corrected that. The second finding was on Capital Fund Reconciliations. The reconciliation was to make sure everything was ready before the auditors arrive. The third was internal control over capital assets. This is related to Gatsby 34 that states we have to do an inventory and place value on every building and infrastructure we own, how much it cost, and how long it will last. We went through and did that from 2001 – 2003. We had buildings estimated to last 100 years and those buildings probably will not last that long. We need to go back and make corrections to that list to be more accurate. When we repair or fix up a building we need to add the improvement to the list and update the number of years the building or part of the building will

last. The fourth suggestion was for internal control over the prepaid fire truck that was paid for in 2009 but was not received until 2010. The fifth was internal control over grant receivables. One grant did not get put in the correct place and Walter is working to correct that. Council member Cobb stated that the key thing to note is that there were no major problems. All federal and state grants and programs received a clean audit. There were just minor adjustments. They are more a matter of style or policy rather than being detrimental to our financial picture. Council member Cobb commended Walter Sapp and the Finance Department for doing an outstanding job considering the financial situation the City was in when he first came on board. Council member Cobb also attributed the success to the strong leadership from John Hozey.

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

IX. RESOLUTIONS

1. #10-33 – Amending the 2010 City Budget in Various Funds to Effect the 2010 Mid-year Budget Adjustment

MOTION: Council member Wells moved, seconded by Council member Cobb, to approve Resolution No. 10-33.

Mayor Cottle suggested that the Council consider taking \$320,000 from the Major Renovation Reserve and moving it to the Capital Facilities Fund as the Airport Industrial Park Extension Account. Mayor Cottle explained that the City has sold land in the Industrial Park that has no road access to it. Mayor Cottle stated he would like to see roads put in out there, not only to gain access to the current land but to also provide access to other land in the area. Mayor Cottle asked Mr. Hozey if this would be enough money to build roads. Mr. Hozey confirmed that it would be enough to get basic roads installed. Mayor Cottle asked Lisa VonBargen, Community Development Director, if that would open up additional lots as well. Ms. VonBargen stated that it would provide access to lots that are currently for sale. Council member Cobb asked that Mr. Hozey bring back a report on what lots we need to have access to and whatever lots out there would benefit from this road installation. Mr. Hozey agreed that he could provide this report. The Council agreed to wait to see the report before moving the money.

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

2. #10-34 – Amending the 2010 Budget by Accepting the Annual Coastal Management Program Grant in the Amount of \$6,000 Increasing the Appropriation in the Reserve Fund and Authorizing its Expenditure for the Coastal Management Program Work

MOTION: Council member Moore moved, seconded by Council member Cobb, to approve Resolution No. 10-34.

Council member Cobb stated that Senator Reggie Jewel had introduced a bill last year to allow more community input in the coastal policy management decision. The bill failed. It did not make it out of the Senate. Council member Cobb felt that this was an issue for council to consider when they begin to develop legislative priorities for next year. Council member Cobb stated that it is important to encourage public input and create a policy that requires it. He pointed out that previously citizen input had been allowed which is very important for this community. Mr. Hozey agreed to make a note of it and bring it back when they discuss legislative priorities.

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

X. REPORTS

1. Moore Alaska Consulting May/June 2010 Report
2. Building Permit Report June 2010

Council member Moore expressed her appreciation for the Building Permit Report.

XI. COUNCIL BUSINESS FROM THE FLOOR

Council Member Moore

Council member Moore reported that Channel 11 featured the latest winners of the Kid's Halibut Derby with their pictures on July 19th. The Kid's Derby on Saturday was a lot of fun to watch. There were 237 children who participated. Ms. Moore also asked about the water report that recently gave a vulnerability rating of very high for several items. She asked if a written report of explanation could be provided. Mayor Cottle asked if other Council members wanted a written report. Council member Cobb indicated that he would like to see the report as well. Larry Weaver, Public Works Director, agreed to provide the report.

Council Member Prax

Council member Prax reported on the Kid's Halibut Derby as well. He indicated that it was a huge success. Connecting Ties said they served 650 hot dogs meaning there were probably over 500 people in attendance. The Baptist Church set up a kid's obstacle course and the Forrest Service was there as well. For those who did not want to keep their pink salmon, Easy Freeze is going to process those and donate them to the Food Bank. A lot of people visited from out

of town for the event and it was great success overall. Council member Prax stated that after boating the previous weekend he felt we should give some thought to the expansion of our boat launch facilities and if there is some way that the old Sea Otter RV Park could be used for that. He felt that the economic impact of a boat that is launched is greater than a boat that is in the harbor. If they go out and come back every day they are spending money in town. The current ramp discourages coming and going because of congestion. Mr. Prax also commented on how much of the Richardson Highway is chip sealed. He asked that we do not lose that information; perhaps it is a possibility for the Sawmill Road. He does not want to see that idea die. If we can get more roads covered with the chip seal we should try to do so.

Council Member Cobb

Council member Cobb echoed the praise of the Kid's Salmon Derby. He also reported that to date there have been close to 12 million salmon caught which is a huge increase from last year. The Commercial fleet has caught 10 million of those which is great for the community. He stated that the Silver salmon are at Goose Island and are on their way to the Port.

Council Member McCann

Council member McCann stated that the Planning and Zoning Commission is starting to work on the City Comprehensive Plan and would like to remain involved in this process as a council member. The Council expressed no objection.

Mayor Cottle

Mayor Cottle stated that during his travels this summer he has witnessed some things they do in other areas that we might consider in Valdez. One example is a four wheel pull which we could do out at the pipe yard. They use four wheelers, not big trucks to do a weight pull. It's relatively easy to organize and is something that might be good for Valdez. Also, an idea for launching boats would be to use the boat lift. They do this in other communities. It might be something to consider as we might be able to get 4-5 more boats in the water per hour. He stated that once Valdez builds a new Harbor it will alleviate many of the congestion issues.

XII. COUNCIL TRAVEL

Council member Cobb will be out traveling July 22nd and 23rd.

XIII. ADJOURNMENT

There being no further business, Mayor Cottle adjourned the meeting at 8:45 pm.