I. CALL TO ORDER

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

II. PLEDGE OF ALLEGIANCE

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

III. ROLL CALL

Present:

Mayor Bert Cottle Council Member Mike Wells Council member Karen Ables Council member Dorothy M. Moore Council member Gay Dunham

Council member Dave Cobb and Council member Joe Prax were absent and excused.

Also Present:

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

Members of staff and approximately 10 people in the audience.

IV. APPROVAL OF MINUTES OF THE REGULAR MEETING OF June 7, 2010

The minutes of the meeting of June 7, 2010 were approved as presented.

V. PUBLIC BUSINESS FROM THE FLOOR

There was no public business from the floor.

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

CITY MANAGER REPORT

Ruth Pond

Mr. Hozey indicated that work is being done to wrap up this project before the 4th of July. He stated that the sod is almost complete and the pond has been stocked with trout.

Community Meeting Corbin Creek/Robe River Residents

Mr. Hozey said that a meeting with the residents of Corbin Creek and Robe River subdivision to discuss water and sewer projects was held.

Fire alarms at the High School

Mr. Hozey reported that work on this project is progresing and it is expected to be completed on schedule.

Blueberry Road Paving

Mr. Hozey said that the project is almost complete. There are a few drainage issues being dealt with but they will be finishing this up very soon.

Salomon Falls Restrooms

Mr. Hozey reported that the restroom has arrived and they are currently working on the installation package.

School Facilities Master Plan

Mr. Hozey said that council held a joint meeting with the school board on June 14th. The meeting went well and positive feedback was received. The documents have been distributed electronically. Hard copies will be available this week. Over the next few weeks both groups will be given time to review the information. A work session will then be scheduled to arrive at a consensus between the School Board and the City Council about what should be taken to the public.

Kelsev Dock Uplands

Mr. Hozey indicated that efforts to get the Kelsey Dock finished before the 4th of July are coming together. The buildings have been painted and flowers have been planted.

4th of July Festival

Mr. Hozey reported that administration is in the final stages of planning for the event. The schedule was passed out to the City Council. Mr. Hozey explained that all forms needed to sign up for various 4th of July events were available online. Mr. Hozey also had copies available for the public.

2009 Audit

Mr. Hozey said that they are finishing up the 2009 audit. After review of the final draft by the audit committee, it will be presented to the council for approval.

Alaska Shield After Actions

Mr. Hozey stated that he attended a statewide after action conference for Alaska Shield and voiced our issues. He recognized our accomplishments but also offered areas of improvement that we need to work on. Mr. Hozey said he and his staff will be working on some of those issues as they participate in a follow up to this meeting in a few weeks.

Permanent Fund Real Estate

The Investment Committee met and interviewed candidates for the Real Estate component of the city's permanent fund. Mr. Hozey stated that the city council had voted to begin investing in real estate over a year ago. To date, the current state of the market has not yet allowed the city to begin this investment. In the intervening time the original fund manager had a change of leadership and their performance was determined to be poor; therefore other candidates were interviewed. Mr. Hozey stated that this will be on the agenda for City Council approval at their next meeting.

CITY CLERK REPORT

Ms. Pierce announced that the first meeting in July will be on Tuesday July 6th due to the 4th of July holiday. Ms. Pierce stated that City offices will be closed on Monday the 5th. The Hospital Task Force will meet at 6:00 PM at Providence Medical Center conference room on Tuesday, June 22nd. On Wednesday, June 23rd, Council member Dunham will be giving a briefing to the public on the current status of the oil spill in the gulf at 7:00 PM in the Council Chambers. On June 24th at 6:30 PM in the Council Chambers the Alaska Pipeline Project will do a presentation for the public. Finally, on June 30th, the Planning and Zoning commission will meet in the Council Chambers to discuss the Comprehensive Plan.

CITY ATTORNEY'S REPORT

Mr. Richards announced that he would be available to answer questions about the Port Authority resolution that is on the agenda.

MAYOR'S REPORT

Mayor Cottle stated that he was interviewed by a Florida newspaper on the topic of the Exxon Valdez oil spill versus the current situation in the Gulf.

Mayor Cottle said that he had taken a trip to Alpine Woods to view septic systems along with Alan Crum, Allen Minish, and John Hozey. He stated that to date, all council members had made the trip out to Alpine Woods to view septic systems except for Council Member Moore. He advised Council Member Moore to contact Mr. Minish if she was interested in arranging a time for a tour.

Mayor Cottle stated that a Hospital Task Force meeting was scheduled for June 22^{nd} for the purpose of selecting a design firm which will be recommended to the City Council for approval. Of the six proposals received two have been selected to attend the meeting to discuss why their organization should be chosen.

Mayor Cottle stated that the Senior Center greenhouse was demolished last week when a Coast Guard helicopter landed at Providence Valdez Hospital after performing a medi-vac off a cruise ship last week. Mayor Cottle asked for the City Council's permission to replace the greenhouse and relocate it to a safer location. He estimated the cost to be approximately \$2,500. There was no objection by council members. Mr. Hozey announced that he had a meeting scheduled on June 23rd at noon with the Senior Center, the hospital administrator, and the Coast Guard to discuss this matter. He stated that the Coast Guard had offered to help out with the replacement efforts.

The Mayor announced that he had been in contact with the city baler facility in regards to the new glass pulverizer who have reported that it is installed and working. They are still working out small problems, but it is understood that a 55 gallon trashcan of glass will produce one 5 gallon bucket of sand. Mayor Cottle stated that there are deposit barrels at the baler now for people to bring their glass as needed. He suggested that glass collection cans should be provided to local liquor establishments.

VII. REPORTS/REFERRALS FROM BOARDS/COMMISSIONS

1. Joint Commission Report on Long Term Use of Sea Otter Property

Council member Moore asked about the report's accuracy in indicating that this is the last water front property owned by the City. Council member Moore said that she thought we had property at Old Town. Mr. Hozey responded that we still have property at Old Town but there are development restrictions there. Council

member Moore asked if the restrictions would allow the construction of a walk way to get to the water front. Mr. Hozey said yes, but it should be taken into consideration that the city would be inviting the public into a potentially dangerous area.

Council member Moore inquired about the term navigational servitude. Mr. Hozey explained that the term came up last year in regards to our spit. When the existing harbor was built some of the dredge material was used as fill material for the uplands area. When this is done the Federal government claims rights to it and can re-claim it for navigational purposes without going through imminent domain. Therefore, this land is actually considered navigable waters of the U.S. in the eyes of the federal government. Mr. Hozey stated that this must be kept in mind when contemplating any type of development to this property. He commented that as long as commercial financing is not involved, it probably would not be a factor. It is just something to be aware of.

Council member Wells first thanked the commissions for their hard work on the report. He expressed his concerns about the suggestion of putting more access, grass trails, etc. in this area. Council member Wells said he felt there was adequate access to the waterfront in other areas of the City such as at the Kelsey Dock, Harbor Cove, and Allison Point. He pointed out that the Sea Otter property is currently zoned for commercial and light industrial and that in his opinion it should remain as such. Council member Wells stated that according to this report, the commissions are suggesting the addition of another fish processing plant in the area. He stated that considering there are already two processing plants in this area which currently create a lot of traffic, another facility would only further congest the area.

Council Member Wells said that he also took issue with taking land from the private sector to essentially make a parking lot which would only be used for a few months out of the year. He stated that If the City were to develop or lease this land it would become a long term liability which is exactly opposite of where the City Council originally wanted to go with this project.

Council Member Wells expressed his concerns with the launch ramp idea proposed at Loop Road. He pointed out that the area is exposed to high afternoon winds in the summer, making it very difficult to operate any kind of launch facility unless the City could come up with the money to build a breakwater. Council member Wells said that in addition, this area goes dry so it would require costly dredging. As for using the area as a kayak launch, he felt that a significant amount of work would need to be done to make it safe and usable for

this purpose. He stated that other areas in town should be explored for such a project.

Mayor Cottle agreed with the commission's recommendation that the existing buildings should be demolished as they are of no value and would soon become a liability to the city. Mayor Cottle agreed with Council member Wells that for 12 hours a day one side of the point is dry, making it impossible to launch kayaks. In reference to the purchase of the Wells' property, he believed it would be in the city's best interest to try and buy it. He stated that a private buyer might end up with it but the City should at least try to purchase it as an investment if the opportunity arises.

Mayor Cottle pointed out that depending on the way it is read, the recommendation in the report might suggest that the City does not have an interest in helping the Coast Guard secure mooring. Mayor Cottle said that the City did not want to send this message to the Coast Guard. A new larger ship could replace the Long Island and end up in another community if mooring is not supported which would be disastrous for Valdez. He stated that losing Coast Guard families from this community would be a huge loss. Mayor Cottle said he felt that solving all or at least most of the issues raised in the report could be done by building a new Harbor which would also boost the economic status of the town. He questioned why the City would not fix the existing launch ramp at the Harbor if this will allow more boats to launch. He questioned why such a project had not been proposed by administration.

Mayor Cottle also mentioned that the land right next to Peter Pan Seafoods had in previous years been used for fishermen to store their nets and other equipment. He stated that the city should continue to grant this privilege to the fisherman to help them out.

Mr. Hozey asked the Mayor to clarify the Council's request in regards to this report. The Mayor confirmed that it is the Council's position to ask that each issue in the report be brought back individually to be addressed.

The small boat harbor ramp was discussed. Port Director, Diane Kinney, spoke about the needs of the boat launch ramp. She stated that construction of an additional floating dock on the current ramp would help people to access their boats enabling both ramps to be used. Ms. Kinney stated that even with this addition there would still be an issue with congestion. Ms. Kinney indicated that she has a midyear budget request to begin this process.

Mayor Cottle asked that those items that could be brought back at the midyear review, be brought back to include estimated costs. He stated that work to demolish the old buildings that are within the Sea Otter RV Park should begin now. Also, the property near Peter Pan could be designated as a storage area for fishermen for this season only. He did not think it was necessary to wait until midyear to bring this back for approval and suggested that the City go ahead and allow this use for now.

VIII. CONSENT AGENDA

1. Accept Resignation from Ports and Harbor Commission

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

VOTE ON THE MOTION: 5 yeas, 2 absent

Approval to go into Executive Session
a. TAPS Valuation

Mayor Cottle stated that the City Attorney had requested this item be removed from the agenda. There was no objection by the council.

IX. NEW BUSINESS

1. Accept Resignation of Council Member Dunham

MOTION: Council member Wells moved, seconded by Council member Ables, to accept the resignation of Council member Dunham.

Council member Dunham stated his regret in having to make this choice. He explained that he is currently working full time as the Operation Section Chief on the Gulf oil spill which will be ongoing for some time to come. He stated that it is a tough battle trying to manage the cleanup effort. He expressed his hope that BP will eventually cap the oil well so that he can get back to Valdez. But, for now, he felt he could not represent the people of the City while working the oil spill in Louisiana. He indicated that upon his return to Valdez he hopes to get back into the work of public service. Council member Dunham thanked the public for their support and understanding.

Mayor Cottle explained that Council Member Dunham's position would be filled by appointment. Council Member Moore asked that the City Clerk advertise for letters of interest from the public for appointment by the council on July 6th.

Sheri Pierce, City Clerk, explained that the person appointed to fill Council Member Dunham's seat shall serve a term which will end at the first regular meeting following the municipal election on October 6, 2010. Therefore, the vacancy will be placed on the ballot for election. The term of office for this council vacancy will be for the remainder of Council Member Dunham's term which will end in October 2011. The person running for office who receives the one (1) year term will be determined based on the *elected* candidate who receives the least number of votes. Ms. Pierce stated that she would get the advertisements out and that the Clerk's office would accept letters of interest until June 30th.

VOTE ON THE MOTION: 5 yeas, 2 absent

2. Approval of Project Scope for a Forest Service Information Center at Crooked Creek

MOTION: Council member Wells moved, seconded by Council member Moore, to approve the project scope for a US Forest Service information center at Crooked Creek.

Council member Moore asked about the internal layout of the structure. Mr. Hozey responded that the design of the building would be altered to fit the needs of the Forest Service. Council member Wells asked if the structure would be put on a permanent foundation. Mr. Hozey responded in the affirmative and clarified that the current motion serves to approve the concept of the project only. If approved, administration would issue a request for bids to hire a contractor to build the cabin, and that contract award would come back for Council approval. Mr. Hozey stated that the city is on a very tight time schedule and will need to act on this immediately if it is approved. Council Member Ables asked if the cost was all inclusive. Mr. Hozey replied that it was not. The quote only covered the shell of the building. Everything else would be at an additional cost.

VOTE ON THE MOTION: 5 yeas, 2 absent

3. Approval of City Property and Casualty Insurance Renewal for 2010-2011 in the Amount of \$633,819

MOTION: Council member Moore moved, seconded by Council member Ables, to approve the City property and casualty insurance renewal for 2010-2011 in the amount of \$633,819.

Council member Moore asked why the city's workman's compensation insurance cost had increased so much this year. Mr. Dave Hale with Hale and Associates explained that most coverage costs have gone down this last year. Mr. Hale stated that the workman's comp insurance is the only rate which went up due to a couple of factors such as an increase in payroll costs and significant losses over the past year. Mr. Hale pointed out that the overall rate is down but the individual losses have gone up substantially over the last several years. Council Member Moore asked if information related to the losses could be provided to the Council and suggested that measures be taken to work more safely. Council member Moore asked for clarification of the contract language which reads that the policy covers "potential loss through dishonesty." Mr. Hale explained that it is in referenced in the crime policy that provides employee dishonesty coverage. He stated that public entities often require coverage for theft, embezzlement, and mysterious disappearance of funds.

Council member Ables asked for the average rate of workman's compensation. Mr. Hale stated that over the past several years the city has realized a 7% decrease and that in the last 10 years overall there have been a reduction in claims. Mayor Cottle asked Mr. Hale if he could report the dollar amount of claims paid out last year. Mr. Hale stated that \$25,000 was paid in workman's compensation and that the other pay outs were minimal. He stated that he did not have all the loss data with him but agreed to break this information down and provide this to Walter Sapp, Finance Director.

VOTE ON THE MOTION: 5 yeas, 2 absent

4. Approval of Three (3) Year Brokerage Services Agreement with Hale & Associates for the Period July 1, 2010 through June 30, 2013

MOTION: Council member Moore moved, seconded by Council member Wells to approve a three year brokerage services agreement with Hale & Associates in the amount of \$25,000 per year for the period July 1, 2010 through June 30, 2013.

VOTE ON THE MOTION: 5 yeas, 2 absent

X. RESOLUTIONS

1. #10-29 – Accepting the Alaska Gasline Port Authority Project Development Plan

MOTION: Council member Ables moved, seconded by Council member Moore to approve Resolution No. 10-29.

VOTE ON THE MOTION: 5 yeas, 2 absent.

 #10-30 – Authorizing a Land Use Permit with the University of Alaska for Portions of USS 697 and USS 698 for City of Valdez Mineral Creek Trail System

MOTION: Council member Ables moved, seconded by Council member Moore, to approve Resolution No. 10-30.

Council member Moore asked for clarification of who Ms. Von Bargen was dealing with at the University of Alaska. Lisa Von Bargen, Community Development Director, indicated that it was the University of Alaska's Land Division with Mary Montgomery as head of the department. Mayor Cottle asked Ms. Von Bargen for an estimate of the amount of land that is in question. Ms. VonBargen indicated that she did not have an exact number. Todd Wegner, Parks and Recreation Director, stated that he would estimate it at about 20 acres or less. Mayor Cottle asked if the University was interested in selling the land to the city. Ms. VonBargen replied that she had made this request and was told by Ms. Montgomery that UAA was not at all interested in selling at this time. Council member Dunham asked if this issue had gone before the Planning and Zoning commission. Ms. VonBargen said that it had not and also reported that this was the first time it had been brought to the City Council in guite a long time. Council member Dunham asked the consequences if the city did not agree with the terms of this permit. Ms. VonBargen reported that the city would technically lose access. Mayor Cottle asked for clarification. Ms. VonBargen stated that if the city does not agree to this land use agreement then we have to get off the land. Ms. VonBargen reported that the current permit goes through 2012. She stated that if the city renews now, then UAA would grant the city a 5 year contract to 2015. If we wait until 2012, renewal is guaranteed.

Speaking from the floor, Dave Dengel addressed the council. He suggested that we continue to try and negotiate with the university and suggested that Ms. VonBargen speak with the person Ms. Montgomery works for. Mr. Dengel pointed out that any development of this property by the University would need

the cooperation of the City. He commented that it was strange that the University believes it can develop that land for a better use than what it is currently being used for. He suggested that letters be written by the City and the cross country ski club members to request that a long term permit be granted to the city.

VOTE ON THE MOTION: 5 yeas, 2 absent

XI. REPORTS

- 1. Harbor Sea Otter Report
- 2. Permanent Fund Historical Report

XII. COUNCIL BUSINESS FROM THE FLOOR

Council member Moore

Council member Moore thanked Finance Director Walter Sapp for the Permanent Fund report.

Council member Moore asked about legal passing areas on the highway. She requested that we add more solid yellow lines in areas that are dangerous for passing. She pointed out that last year there was a fatality near the Glacier Stream Bridge and to date no solid line is painted on the roadway in this area. Mayor Cottle indicated that we would need to contact the Alaska Department of Transportation to make this request. Council member Moore asked if this could be done. Mr. Hozey agreed to make a call to ADOT and discuss this and other issues.

Council member Dunham

Council member Dunham announced that he would be doing a presentation on Wednesday June 23rd on the oil spill in the gulf. This presentation is open to the public and will be held in the Council Chambers at 7:00 PM.

Council member Wells

Council member Wells commented on the road that leads to Robe Lake and its condition. He asked if ADOT could also be alerted to the needs there. Mayor Cottle suggested that we conduct a 30 minute work session with ADOT prior to the next regular council meeting to address council's concerns and requests.

Council member Ables

Council member Ables announced that she called AT&T and complained about their unsatisfactory service in Valdez for mobile coverage. The representative she spoke with encouraged her to spread the word to all AT&T customers to make their frustrations known.

Mayor Cottle

Mayor Cottle asked Walter Sapp, Finance Director, about reportable income for benefits received by employees. Mr. Sapp responded that it is reportable only for people in a domestic partnership where the partner receives benefits from their partner's employer. That benefit is considered taxable and therefore is required to be reported to the IRS.

Mayor Cottle thanked Mr. Dunham for his service as a City Council member.

XIII. ADJOURNMENT

There being no further business, Mayor Cottle adjourned the meeting at 8:30 pm.