VALDEZ CITY COUNCIL Regular Meeting Minutes June 7, 2010 Page 1 of 20

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

Mayor Bert Cottle Council member Dorothy M. Moore Council member Dave Cobb Council member Mike Wells

Council member Karen Ables Council member Steve McCann

Absent and excused: Council member Prax.

Also Present:

John Hozey, City Manager Sheri Pierce, City Clerk Joe Levesque, City Attorney

Members of staff and approximately 25 people were in the audience.

IV. APPROVAL OF MINUTES OF THE REGULAR MEETING OF August 16, 2010

Minutes were approved with one minor correction.

V. PUBLIC APPEARANCES

VI. PUBLIC BUSINESS FROM THE FLOOR

Colleen Stephens spoke as a concerned citizen and frequent user of the Boat Harbor as well as a concerned business owner. Ms. Stephens expressed that none of her concerns were targeted negatively towards a specific user group of the harbor. She addressed Council with hopes of being able to come up with an educational and preventative process to eliminate serious issues with navigational safety. She explained that there have been times this summer that traffic in and out of the small boat harbor was very dangerous. Large vessels, her company included, and tender vessels have put themselves in very hazardous situations to avoid accidents. At the beginning of the summer Ms. Stephens brought the concerns to the Ports and Harbor staff. Ms. Stephens stated that as a result of that communication some issues were corrected. However, recent

> concerns that have been building over the last three years center on the silver salmon season. Ms. Stephens explained that anglers fishing in the Harbor from the fuel docks to the exit of the Harbor are trolling and anchoring in the Harbor. Ms. Stephens stated that at one time she counted seventeen boats in that specific area trolling in circles. Ms. Stephens said that this was not what the Harbor was designed for. It was designed as an exit and entrance for safe navigation. She futher explained that in the last week their vessels have had to back up to successfully leave the Harbor once they are on their way. Ms. Stephens also witnessed a tender coming off the dock at Peter Pan Seafoods that had to take extreme measures to avoid a boat that was trolling and did not pay attention to the tender in process. Also, small boats such as pilot boats have had to stop and back up for other boats that have fish on the line and are oblivious to the traffic of the other boats around them. Ms. Stephens stressed that getting to and from the dock has become very dangerous. She also stated that they have also had to literally police that portion of the Harbor due to boats anchored in their slips and other boats being tied off of them.

> Ms. Stephens expressed the need to move forward in a preventative manner to make our Harbor safe. She stated that using the winter months to approach this issue with all parties involved would be a start in the right direction. Educational materials are needed to educate the public on proper use of the Harbor. Ms. Stephens acknowledged that there are jurisdiction issues since it is navigable water and that the Coast Guard would need to be involved to come up with a workable solution. She stated that there are several locations at which we could hand out educational materials such as with harbor user permits, at fishing derby sales points, and sales points for sport fishing licensing. Ms. Stephens voiced her opinion of needing to designate a rule that inside the Harbor that there be no fishing by boat. Once that designation is made we can use the winter to get together the materials needed to educate the public. Ms. Stephens stated that they want to be a part of the solution and would like to help out to make the Harbor as safe as possible for everyone. Mayor Cottle asked Ms. Stephens if she planned to address the Ports and Harbor Commission with this issue. She indicated that she had in fact done so previously.

> Alan Crume stated that as a small boat user he completely supports Ms. Stephens's position because it has become very dangerous in the harbor with people anchoring at the entrance of the harbor and in the navigation of the Harbor. It is very difficult to maneuver in there even in a small vessel much less a large one. Mr. Crume suggested that an ordinance be adopted making trolling in the Harbor illegal.

Council member Cobb suggested that Ms. Stephens also include Fish and Game in this request because they are the ones who can rule that there cannot be fishing in certain areas. Council member Cobb stated that as a City we may be limited in what we can rule as fishing or non-fishing areas as long as the waters

are navigable. Ms. Stephens indicated that she believed that The Coast Guard would play a key role in making this happen. She has been in contact with them and they are supportive but are concerned with the education piece and how it will be handled.

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

CITY MANGER

Mr. Hozey reported on projects that have reached completion in the last three weeks including the Civic Center and school re-staining project, the high school fire alarm and sprinklers project, the port security camera installation project and the VCT causeway renovation project.

Mr. Hozey reported that a pre-construction meeting was held for the Forest Service Visitor's cabin during the previous week. The project is on target to begin as scheduled. Mr. Hozey stated that the Senior Center Roofing and Siding project has been a difficult process. As the project has unfolded a significant amount of decay and rotting have been found mainly attributed to the poor design of the building that did not include a roof overhang to prevent leaks within the structure. Mr. Hozey said that the ceiling, walls, and floors have been exposed to water for years without showing any signs of water leaking from the inside of the building. He explained that as the crew moved further into the renovation more and more damage was found resulting in a significant change to the original scope of work. Mr. Hozey reported that it is work that has to be done but consequently a change order will be discussed later in the meeting as well as an additional expense of new flooring that will need to be replaced. Mr. Hozey stated that if the bid for that replacement exceeded his spending authority that it will come back to Council for approval in the following meeting.

Mr. Hozey reported that Phase II of the LED Street Lights Project has been completed. Specifically, this included the type A street lights. Phase III lights which include B lights that the City owns will be switched out next by City staff.

Mr. Hozey stated that the lift station replacements were going well. Lift Station IV is complete now. The Galena and Meals station have new panels installed. Mr. Hozey reported on the 10 Mile septic issues. He stated that all sites have been reviewed in Phase I and Phase II of the subdivision and issues pertaining to abandonment concerns have been evaluated. Mr. Hozey reported that the city has contracted with an engineer to address concerns related to abandonment issues, leach field cover, and grading. Mr. Hozey stated that all sites have been visited. Mr. Hozey said that currently, the Engineers are now looking at the ground water moving through these tanks after they are cut open as a possible cause of the problem. Mr. Hozey stated that perhaps a different kind of slurry should be explored for certain tanks. He stated that the tanks will be evaluated on

a case by case basis. He explained that as a problem surfaces it is being dealt with. Mayor Cottle asked if we had any recourse on how we got to this point. Lisa Von Bargen, Community Development Director, stated that they are in the process of figuring that out now. Mayor Cottle asked for a time frame on when an answer would be given. Ms. Von Bargen responded that a time frame has not been established but that they are contacting the previous reviewing Engineer by certified letter this week.

Mr. Hozey reported on the Marine Testing and Training Initiatives, the Baca Group that was here for an entire week touring the town and meeting with stake holders. Mr. Hozey indicated that they had a very productive week. The Baca group met with Mr. Hozey and Mayor Cottle and expressed their excitement with what they are seeing in Valdez. Mr. Hozey reported that the biggest drawback was not with Valdez as a city but rather the transportation to Valdez. However, they are still moving forward with their project as they are happy with what they have seen so far.

Mr. Hozey reported on the School Facilities Master Plan. A joint steering committee meeting was recently held. At the meeting it was decided to move forward with the direction received at the joint work session. Mr. Hozey stated that at a previous meeting, Council member Moore questioned whether or not an additional change order would be required. It was determined that it would be necessary and Mr. Hozey asked the committee to approve the change order. Mr. Hozey said that since it was within his spending authority that he would not need Council approval but that he did include a report on the change order in the report section of the Council Agenda Packet. Mr. Hozey indicated that they were able to take that expenditure out of the current budget and would not need to ask Council for further funding. Mr. Hozey reported that the process would proceed as follows. They will begin with the new Middle School concept as directed by the joint work session. Once that is complete it will be brought back to Council one more time in a joint work session with the school district tentatively scheduled for the regular meeting on October the 19th. Mr. Hozey stated that if Council approves the plan then the next step would be to take the plan to a Public Meeting on October 28th.

Mr. Hozey announced that the Assisted Care Living Task Force met again on August 26th and had their first interaction with the consultant. Good information was received and the next series of meetings were scheduled where the real details of the plan will begin to unfold. Mr. Hozey stated that because there are so many people involved with the task force the time line for the schedule had to be stretched a bit to accommodate everyone. A meeting was supposed to be held in October however with conflicts of key participants on the task force that meeting has been pushed back to November 8th and 9th.

Mr. Hozey mentioned legislative priorities stating that that he has been doing prep work for his trip to Washington D.C. He will be leaving on Monday September 13th for two weeks which will include some personal time off as well. Mr. Hozey stated that he is working with our lobbyists to set up meetings there. They are finishing up the new harbor feasibility study which is going to COE headquarters on the 15th when he arrives. He will discuss with the Corp the next steps which will include negotiations for a design contract assuming we can keep the funding. Mr. Hozey reminded Council that we did receive \$500,000 in the bill mark up and that the money was appropriately placed within the budget, which may allow for future funding of the project. Mr. Hozey stressed the importance of placing the money in the correct fund which outweighs the importance of the actual dollar amount.

Mr. Hozey reminded the Council about the work session for the EFV testing program on Monday September 13th at 6:00 pm. Mr. Hozey stated that though he will be in D.C. at that time that Eric Phillips and Lisa Von Bargen will be in attendance in his absence.

Finally, Mr. Hozey asked the Council for direction on the approval granted by Council at midyear for funding to purchase the property on West Egan for the potential of Public Works expansion and shop space. The property is currently owned by the Port Valdez Company. Mr. Hozey stated that they are almost 100% sure that the asking price exceeds the appraised value. Mr. Hozey asked the Council if they would like him to get an appraisal of the property or rather assume that it will be above market value and bring it back to Council for approval which will require six votes? Mayor Cottle asked if we had required appraisals on all other properties. The Council responded in the affirmative. It was agreed that it would need to be appraised. Mr. Hozey stated that he would move forward to obtain an appraisal on the property.

CITY CLERK'S REPORT

Ms. Pierce reported that absentee voting will begin on September 20th at City Hall. The regular municipal election will be held on October 5th. If anyone needs assistance with voting, please contact the City Clerk's office by emailing Ms. Pierce through the City website or calling 834-3408.

<u>CITY ATTORNEY'S REPORT</u>

Joe Levesque explained that the executive session planned for that evening had to do with the City of Valdez appealing tax assessments. Mr. Levesque said that the City is challenging some of those assessments and that the executive session will serve as a time to discuss in further detail the City's litigation strategies and techniques.

MAYOR REPORT

Mayor Cottle reported that tomorrow at noon he will have an Energy Task Force meeting in the Council Chambers. He explained that for the past few years the task force has been looking at alternative energy sources. One thing they have considered is wind energy. Mayor Cottle stated that Chris Botulinski, from Copper Valley Electric (CVEA) will be giving a presentation on the MET tower site assessment. CVEA has been looking at putting up a couple of MET towers to begin collecting wind data to determine if, in fact, we have the correct kind of wind to consider it as a viable resource for power generation. Mayor Cottle explained that CVEA has taken a look at various sites in town and will be presenting the two sites to the task force that they believe are worth considering. Mayor Cottle continued stating that Mr. Botulinski will be discussing the pros and cons of each site and that the meeting is open for anyone who would like to attend.

Mayor Cottle also said that they are currently looking for volunteers who would like to join the energy task force. Mayor Cottle suggested that those interested please contact the City Clerk's office to be added to this group.

Council member Cobb stated that a report recently came out on a study of tidal energy done on the Yukon River that showed no adverse effects to spawning salmon or migratory fish. Council member Cobb suggested that the task force take a look at the report for purpose of discussion.

VIII. CONSENT AGENDA

- 1. Proclamation: Eunice Kennedy Shriver Day
- 2. Proclamation: National Alcohol and Drug Addiction Recovery Month
- 3. Approval of City Manager Employment Agreement
- 4. Approval to go into Executive Session: City of Valdez vs. Alaska Department of Revenue Litigation Tactics and Strategies

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

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

IX. NEW BUSINESS

1. Approval of Contract Amendment with the Army Corps of Engineers for Valdez Navigation Improvements (New Harbor) in the Amount of \$44,000

MOTION: Council member Cobb moved, seconded by Council member Moore, to approve a contract amendment with the Army Corps of Engineers for Valdez Navigation Improvements (new harbor) in the amount of \$44,000.

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

2. Approval of Contract with Copper Valley Telecom for a Five Year Network Connectivity Solution

MOTION: Council member Cobb moved, seconded by Council member Ables, to approve a five year contract with Copper Valley Telecom for network connectivity.

Council member Moore asked if Copper Valley would be providing a fiber optic connection and ATS would be providing a wireless connection. Mr. Hozey replied in the affirmative. Council member Ables asked who ATS is. Chris Farmer, IT Director, stated that ATS is a solution provider out of Anchorage. Copper Valley is local. Mr. Farmer explained that both have bid and scored very closely. CVEA is providing a fiber solution to the buildings across leased circuits and ATS is proposing a wireless system until it hits the buildings and then it would transfer to copper.

Council member Wells asked if this was being proposed for data transmission. Mr. Farmer stated that this is the backbone network for the entire City and that yes it was entirely data oriented. Council member Wells asked about the analysis of both systems and if the issue lied in an insignificant amount of minutes over a year's time between both providers as far as inaccessibility during down time. Mr. Farmer responded in the affirmative. Mr. Hozey explained that Mr. Farmer had made an effort to interpret the terminology in terms that the average person could understand. They are general conversions. He also stated that our weather conditions could be more aggressive than the average and it was the feeling of Mr. Hozey and Mr. Farmer that a wireless might be preferred though both systems scored very closely. Council member Wells stated that the price difference was substantial at \$233,000. Mayor Cottle asked if the close proximity to our system through Copper Valley was preferred in the analysis. Mr. Hozey agreed that it was all taken into consideration.

Council member Ables asked about the level of service for both in their ability to minimize dropped phone calls. Mr. Farmer directed that question to Copper Valley Telephone and ATS who were both present at the meeting.

Dave Brand, CEO and partial owner of ATS Alaska, described his company. He stated that they are a facility systems integrator. They do fire alarm systems, security systems and data transmission systems and they do work on several

different commercial accounts in Valdez. Mr. Brand discussed the RFP process. Specifically, he stressed the cost portion stating that ATS cost was significantly lower than CVEA yet CVEA only scored five points lower than ATS by the City of Valdez. He stated his respect for those doing the scoring but indicated that he had never seen a scoring system such as the one used by the City. He described a typical way of scoring that he has seen used over his many years of being in the business that uses a ratio of every participant's bid minus the low bid which would in this case score CVEA much lower than ATS. Mr. Brand stated that he believed that ATS actually won the RFP.

Mr. Brand discussed the ATS wireless solution. He agreed that there had been dissatisfaction in reliability with previous wireless solutions however, those systems were completely different than what ATS offers. He explained that ATS offers a higher level, higher frequency network that is specifically licensed for the City of Valdez so there is not a lot of cross talk between other transmission sources. Mr. Brand also explained that the issue at hand lies in point to point communication creating a mesh network. So, if one point between two points goes down then the network will automatically heal itself and will begin transmitting in a different direction. Mr. Brand stated that he understands that the weather in Valdez is a definite consideration but that ATS is providing the video surveillance project for the City which has been installed effectively. Mr. Brand stated that he believes ATS is offering an excellent, very reliable, and cost effective solution for the City of Valdez. He also pointed out that ATS received 30 of the 35 points on the overall design of the RFP. Finally, Mr. Brand stated that he understood there to be a local hire desire present. However, his company would save the City \$233,000 and that the money saved could be used for the benefit of the City of Valdez. Council member Wells asked Mr. Brand what assurances the City would have contractually that ATS would deliver what they say they will deliver. Mr. Brand replied that if they do not complete the work properly ATS does not get paid. Mr. Brand stated that his company has grown from a small home based business to a large company because of their reputation and commitment to quality service. Council member Cobb asked if they were comparing two completely different products between the two companies. Mr. Brand stated that the comparison was between ways of transmitting data between two points. There are two different ways of doing that and Mr. Brand stated that ATS's way of transmitting data is a more common way to go because it is more cost effective and reliable. Council member Moore asked Mr. Brand how many other clients ATS has that transfer large amounts of financial and confidential data that use this system. Mr. Brand responded that ATS uses an encrypted data transmission solution. This system is used with many other municipalities around the country. Council member Moore asked for specifics. Mr. Brand stated that he provided references in the RFP. Mr. Farmer stated that in the RFP they requested that companies comply with a standardized encryption which is AS, an industry standard. Mr. Hozey clarified that the same

encryption is being used but the two companies are using two different methods of delivering the service.

Council member McCann asked what the industry standard was in the lower 48, if people are going to wireless or fiber. Mr. Brand replied that it depends on the particular situation and on the complexity of the job. Council member McCann asked specifically if any banking systems are using wireless. Mr. Brand responded that he did not know for sure but that it is likely that banks use it as it is being used in many different capacities. Mayor Cottle asked what the response time would be if the system went down. Mr. Brand responded that it would typically be driving time from Anchorage or flight time. Mayor Cottle asked about snow banks and how their system dealt with that issue. Mr. Brand stated that it worked through falling snow but that it did not work through a snow bank meaning that self cleaning systems would be installed to deal with snow accumulation. Council member Ables asked if new antennas would need to be installed and Mr. Brand responded in the affirmative stating that all new equipment would be used for the project.

Dave Dengel with Copper Valley Telecom addressed Council stating that they began working with the City three years ago to provide fiber optics at their own expense. They provided fiber to most City buildings hoping to at some point get a return for their investment. Mr. Dengel pointed out a benefit for the city explaining that that they planned to provide the Animal Shelter and the Teen Center with fiber lines at their expense which would cost CVEA about \$40,000. Mr. Dengel also clarified that though their bid totaled \$455,000 CVEA would only receive roughly \$337,000. The rest of the cost quoted would be for equipment that the city would have to purchase and federal universal service charges. Mr. Dengel reminded Council that CVEA is a local company that employs 35 people with an annual payroll of about three million dollars. He said that they operate 24 hours a day and when you call a live person answers the call. Depending on the nature of the call a person may be dispatched within an hour or two. Mr. Dengel also mentioned that because CVEA is a Co-op that the City would receive capital credits back. Also as a Co-op they pay gross receipt taxes to the state and the City will get a portion of that back. CVEA pays about 2% on the gross receipts and the City will get about 50% of that 2% back each year. Mr. Dengel also pointed out that since the fiber is buried that snow is not an issue and that this system is incredibly reliable.

Council member Cobb asked Mr. Dengel for a laymen's view of what fiber optics are. Mr. Dengel responded that it is strand of glass that light is shot through and in that light resides the data that is being sent along. Council member Cobb asked about the reliability. Mr. Dengel stated that it is the industry standard of 99.99% reliable.

Allen Sorum addressed the Council stating that he supported CVEA based on previous experience with complications due to snow interfering with wireless service at the Port and Harbor. He said it was often necessary to climb on the roof to address service issues due to heavy snowfall. Mr. Sorum also reminded the Council about the accessibility of CVEA since it is a local company. If there are issues, there are responders right in town that can quickly address problems.

Mr. Hozey stated as a point of clarification that on the Agenda Statement there were no fiscal notes and the reason for that was because the two options presented are for a period of five years and budgets only cover one year. Mr. Hozey said that it was difficult to present a number for just one year so he wanted to see where the discussion went to make sure that it was understood the value the Council would be voting on. Mr. Hozey explained that if they voted in favor of the motion on the floor that money had been appropriated at midyear to pay for part of this cost. For CVEA the prepayment would be covered by the current budgeted amount. That would reduce the ongoing cost for the remainder of the time. Mr. Hozey asked Mr. Farmer to provide the dollar amount for the regulatory costs of the project. Mr. Farmer replied that roughly it would cost \$142,491.89. Mr. Hozey stated that that amount is in fact the fiscal note and would be coming out of this year's budget. Mr. Hozey stressed however that the fiscal note is only for the first year and that the entire contract would cover a five year period.

Council member Cobb asked for clarification on future upgrades or equipment. Mr. Farmer stated that CVEA is providing point to point connection. The City then puts encryption devices on the end of their connection so that every four years the City still has to purchase approximately \$30,000 worth of equipment and CVEA then controls everything from those two points. Mr. Farmer stated that CVEA owns everything from those two points inward. Council member Cobb questioned if any upgrades were needed from those two points if it would be the City's responsibility. Mr. Farmer responded in the affirmative.

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

3. Approval of Purchase of a HR6X6LP Hose Reel System from Service Brass, Inc. in the Amount of \$94,895.99

MOTION: Council member Moore moved, seconded by Council member Wells, to approve the purchase of a HR6X6LP hose reel system from Service Brass, Inc., in the amount of \$94,895.99.

Council member Moore stated that she appreciated the savings mentioned in the agenda statement however by her calculations the savings would be more than what was mentioned if the proposed amount was subtracted from the original

> amount. Larry Weaver, Public Works Direction stated that a pump would be purchased separately. When they originally priced this it was to be a self contained trailer that had a six inch dry prime pump attached to the trailer and the hose reel. Mr. Weaver said that by dividing it out this item fell above the City Manger's spending authority so it is being brought to Council. The pump, however, cost only \$32,000 and therefore was approved by Mr. Hozey and is not on the agenda statement. Mr. Weaver stated that if you add the \$32,000 to the fiscal note on this agenda statement the amount saved is approximately \$22,000. Council member Cobb asked Mr. Weaver if the pump and trailer were interchangeable for other uses in the City. Mr. Weaver responded in the negative. He explained that what they are looking for is if in an emergency situation they needed to bypass a lift station they could use this mobile system to do that. The hose system is already on a reel and one reason they separated the pump from the hose reel itself is so that could be used at two different places. Mr. Weaver also clarified that this equipment could not be used for other city needs because it will be used for wastes.

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

4. Approval of Snow Removal Contract for Area 1 to Harris Sand & Gravel

MOTION: Council member Cobb moved, seconded by Council member Ables, to approve a contract award to Harris Sand and Gravel for Area 1 snow removal services.

Council member Wells stated that it had been brought to his attention that there is concern about the amount of sand that is applied and how that fit into the contracts. Specifically, how will the City monitor that areas are adequately sanded? Mr. Weaver stated perhaps this is an item that could be clarified in the future. He explained that it was put in the contract as bidding for an hourly rate of sanding. It did not state an amount to be sanded or a limit of sanding. Mr. Weaver stated that he approached it as a weather determining factor that could not be defined by specific amounts required. The amount required would depend on the need. It would not be spelled out in the contract as a definite amount. Mr. Hozey asked Mr. Weaver about quality control and if Public Works does go out and check the area to make sure it is adequately covered. Mr. Weaver replied in the affirmative. Mayor Cottle stated that the difference in the two lowest bids for Area 1 was only \$18. Mr. Weaver stated that one factor considered was price but that other factors were also evaluated. Mayor Cottle stated that the reason he was questioning this recommendation was because for the next area and item on the agenda the highest bidder was the preferred company. Council member Cobb stated that it could be assumed that for a given snow removal episode it would require a grader, a loader and a sander which would cost \$243 per hour for those three pieces of equipment. Mr. Weaver explained that by past

experience of knowing what is needed out in the different areas he looked at the contracts and took into consideration equipment verses need and tried to match them up as closely as possible and those were the numbers he used. Council member Moore asked if that would be what the City would pay for an hour's worth of snow removal in that particular area. Mr. Weaver replied in the affirmative if all three pieces of equipment were needed each time there was a snow removal event. He clarified that they did not have to use all three pieces of equipment every time. Council member Ables asked about the low price quoted for sanding by one bidder of only \$50 an hour. Council member Cobb stated that the bidder in question owns his own sand pile. Council member Ables stated that it still seemed low. She also asked what vehicle do they used the most? Mr. Weaver replied that it depends on several factors but in all areas the three pieces of equipment would be needed at different times.

Mayor Cottle asked if any areas in the present bid had been expanded. Mr. Weaver replied in the affirmative explaining that last year the state stopped plowing the airport and therefore a one year contract was awarded for that area. He explained that Zurich Loop Road has been added this year.

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

5. Approval of Snow Removal Contract for Area 2 to Rogers Snow Removal

MOTION: Council member Cobb moved, seconded by Council member Wells, to approve a contract award to Rogers Snow Removal for Area 2 snow removal services.

Council member Wells asked Mr. Weaver for verification on the reason the higher bidder was preferred. Mr. Weaver stated that other factors were considered such as past performance and the location of their equipment. Mr. Weaver explained that response time is a key factor in snow removal and that the bidder has equipment in close proximity to this area. Mr. Weaver also stated that the preferred bidder has done snow removal for the past two years and complaints have been minimal. Mr. Hozey also stated that another factor considered was capacity. The low bidder is already receiving quite a few other contracts and there is only so much equipment and time to get all areas plowed. So, capacity to do the job is a significant factor. If the bidder is fully tasked in other areas then we have to consider their ability to cover all contracts in an efficient manner. Council member Ables thanked Mr. Weaver for the bidding process and the thought process behind the recommendation.

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

6. Approval of Snow Removal Contract for Area 3 to Harris Sand & Gravel

MOTION: Council member Cobb moved, seconded by Council member Moore, to approve a contract award to Harris Sand and Gravel for Area 3 snow removal services.

Council member Moore stated that on all of the Snow Removal contracts there is an amount budgeted but the expenditure required is not presented. She asked if this was because these contracts are based on an hourly basis dependant on the amount of snow received. Mr. Weaver responded in the affirmative. Council member Moore further clarified that the proposed amount of \$320,000 for all snow removal contracts would only cover January to December of 2010. Mr. Weaver replied in the affirmative. Council member Moore asked if some of the money had already been spent. Mr. Weaver agreed stating that approximately \$170,000 was left in the budget for snow removal in 2010. Council member Moore asked if that amount was believed to be enough money to last for the rest of the year. Mr. Weaver replied in the affirmative.

Neal Dees, Valdez resident, addressed the Council stating that he bid on Areas 3 and 5. He stated that he was confused by the pricing for sanding. He listed as an hourly rate of \$51 per hour. He also made a side note that he would charge \$100 per square yard of material. He stated that sanding is effected by two factors, the amount of time taken to drive and the amount of material used. He said that he understands the quality control process. If more sand is needed they will go back out and charge accordingly. He said that it depends on the type of equipment you have how fast it can put the material down. Mr. Dees stated he felt that it should have been quoted in two different components or considered that sanding is a small component of the overall cost and a weighted average given to the quality of the equipment.

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

7. Approval of Snow Removal Contract for Area 4 to C & D Dunning

MOTION: Council member Moore moved, seconded by Council member Cobb, to approve a contract award to C&D Dunning for Area 4 snow removal services.

Council member Moore asked what would be plowed in the Robe Lake Subdivision. Mr. Weaver stated that it was only the entrances that would be covered by this contract.

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

8. Approval of Snow Removal Contract for Area 5 to Nordic Village Supply

MOTION: Council member Moore moved, seconded by Council member Ables, to approve a contract award to Nordic Village Supply for Area 5 snow removal services.

Neal Deeze addressed the Council stating that he did not understand how the City will know what they are getting for their money. He provided the following example. If you run a sanding truck for three hours at \$70 an hour it costs \$210 an hour to sand the street. He stated that his company could sand the same street for a total of \$150. He does not understand how the contracts can be looked at by the hour alone because there are two components to sanding. A larger, higher capacity truck can put down much more sand than a smaller vehicle in a fraction of the time. Therefore the smaller vehicle costs the city more money.

Rick Wade addressed the Council stating that he has been in snow removal for thirty years in Valdez and that each year these discussions come up to the Council and the Public Works Department. It is very difficult to come up with a process that can effectively consider all variables. The factors that influence a bid can be difficult to accurately estimate. Mr. Wade emphasized however that sanding is a small factor in the overall picture of snow removal. He also stated that a large part of the issue is to consider past experience and learn from previous years on overall cost and quality of performance. Mr. Wade closed by stating that snow removal is a difficult situation to measure and Mr. Weaver should be applauded for his efforts.

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

9. Approval of Snow Removal Contract for Area 6 to Harris Sand & Gravel

MOTION: Council member Moore moved, seconded by Council member Ables, to approve a contract award to Harris Sand and Gravel for Area 6 snow removal services.

Mayor Cottle asked Mr. Weaver if this area was completely new. Mr. Weaver responded in the affirmative. Mayor Cottle asked Mr. Weaver to provide an estimate on the total cost because this area was previously done by the City. Mr. Weaver explained that the City has been covering this area but the job has become too large for them to handle so it was decided to bid it out. Mr. Weaver stated that he did not have an estimate on hand. Mayor Cottle asked if it would be cheaper to keep it in house. Mr. Weaver stated that equipment would have be provided and maintained so it is hard to determine at this point what the true cost would be. Mr. Weaver stated that he would know more after this year. Council

member Moore asked if they could get a report on the amount spent on the area in the past. Mr. Weaver stated that he would have to get with Diane Kinney, Ports and Harbor Director, to see what she used to budget for the terminal and container dock.

Council member Ables stated that the cheaper route is not always the better route and that providing a business in this community with an opportunity to make money is a positive thing.

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

10. Approval of Contract Award for Installation of Solomon Falls Restroom (Romtec) to Rockwell E&C in the Amount of \$43,313

MOTION: Council member Cobb moved, seconded by Council member Moore, to approve a contract award to Rockwell E&C for installation of Solomon Falls Romtec restroom in the amount of \$43,313.

Council member Moore asked if this structure would have be maintained requiring a contract during the summer. Mr. Hozey stated that we would have to maintain the restrooms but that we would be freed of the current cost of providing temporary restrooms as we do now. Council member Cobb asked if they would be closed in the winter. Mayor Cottle responded in the affirmative.

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

11. Approval of Contract Award to Harris Sand and Gravel to Complete the Exterior Portion of the Library/Museum Boiler Replacement Project in the Amount of \$64,699

MOTION: Council member Wells moved, seconded by Council member Moore, to approve a contract award to Harris Sand and Gravel to complete the exterior portion of the Library/Museum boiler replacement project in the amount of \$64,699.

Mayor Cottle asked for an actual price for what this will cost. Mr. Hozey stated that Jack McCay, Capital Facilities Director, should be acknowledged for his efforts to get the price of this project to an affordable level. The bid originally went out and came back very high and way out of budget and Mr. McCay went back to the drawing board and worked to get it down to an acceptable level. Mr. Hozey thanked Mr. McCay for all of his efforts in trying to make this a workable solution for the City. Mr. Hozey explained that they have been piecing together the components of this project. The final piece will include the actual mechanical

work that will tie everything in next year. Based on conversations with electrical contractors that were subs on other jobs they are confident they will be able to get the project done with the budget they originally began with. Mayor Cottle asked how far the time line had been pushed back. Mr. Hozey stated that it had been pushed back one year. Mayor Cottle asked if the building would have to be stored for the winter. Mr. Hozey stated that it would be installed with this contract but that all of the underground work of tying in the boilers would not be done until next summer. Mayor Cottle asked if it would be protected so that it does not get damaged and Mr. Weaver replied in the affirmative stating that it would be winterized.

Jack McCay addressed the Council explaining that he broke the project down into two parts. Basically, all exterior work would be done this Fall including placing the building on its foundation, placing the fuel tank, and doing all under ground work to tie the building to the library and museum. The next contract will be to complete all mechanical work which will consist of purchasing and installing the boilers and connecting the inside of the building to the pipe that has been placed underground and tying it to the inside of the building. Then the boilers will be taken out of the library and the museum taking the fire source out of both. Council member Ables asked if we had considered other solutions in the process such as geo thermal options. Mr. McCay stated that they did not look at geo thermal as a possibility. Mr. Hozey stated that we would have to do a geological study of the City to determine if it was even possible. Council member Ables stated that there are grants available for this type of project. Mayor Cottle stated that the Energy Task Force had looked into the idea of geothermal in the past for other projects and as he remembered the price was determined to be so high that it was not economically feasible.

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

X. RESOLUTIONS

 #10-47 – Amending the 2010 Budget in the Reserve Fund and the Capital Facilities Fund by Transferring \$320,000 to the Airport Industrial Park Extension Account and Authorizing its Expenditure

MOTION: Council member Cobb moved, seconded by Council member Moore, to approve Resolution No. 10-47.

Council member Moore asked for clarification on the resolution. Mr. Hozey stated that Council had put that money aside pending information requested. The information was provided and now the money can be moved to the proper account.

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

2. #10-48 – Amending the 2010 Budget in the Capital Facilities Fund by Transferring \$85,000 to the Major Maintenance Civic Center Re-staining Project

MOTION: Council member Wells moved, seconded by Council member Ables, to approve Resolution No. 10-48.

Council member Cobb asked Mr. Hozey if this would complete the project. Mr. Hozey replied in the affirmative. Mr. Hozey explained that the project is complete but there was a mistake by Administration during the construction of the midyear budget. An incorrect account number was placed on the item and this resolution will move it into the correct account.

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

3. #10-49 — Amending the 2010 City Budget in the Clinic Fund by Transferring \$8,500 from Gilson Medical Clinic Fund Balance to the Gilson Medical Clinic Utilities and Authorizing its Expenditure

MOTION: Council member Cobb moved, seconded by Council member Ables, to approve Resolution No. 10-49.

Council member Wells asked Mr. Hozey if an explanation was given as to why we are grossly exceeding the utility costs. Mr. Hozey responded that there is a difference between an estimate and actual and we did not have metering equipment before. He explained that we were estimating it before and now we have actual data and can budget more carefully from now on.

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

4. #10-50 – Amending the 2010 Budget in the General Fund by Accepting Additional Revenue from the State of Alaska Department of Corrections in the Amount of \$15,021.19 for the Purchase of Camera Equipment and Authorizing its Expenditure

MOTION: Council member Wells moved, seconded by Council member Ables, to approve Resolution No. 10-50.

Council member Cobb asked if this completely replaces the current system. Mr. Hozey responded in the affirmative. Council member Moore asked if there was a maintenance contract with this. Mr. Hozey replied that the city would have to maintain it. Mr. Farmer responded that the IT department would maintain the cameras in house once they are installed and a spare camera will be kept for back up if one goes out. He explained that it is usually just a matter of exchanging parts when the cameras fail.

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

XI. REPORTS

- 1. Change Order Report
 - a. School Master Planning
 - b. Senior Center Re-roof
 - c. Sawmill Drive Extension
 - d. VCT Causeway Renovation
 - e. Kelsey Dock Upland Electrical
- 2. Civic Center Movie Report
- 3. VCVB Convention Marketing Report

Council member Moore stated that she was pleased with the report but asked for clarification on the total amount of \$146, 454 for events held through July. Was the number the gross amount? Mr. Hozey responded that there are some functions that the City sponsors where certain fees are waived. He explained that what is shown in the report is the total value of everything that took place to include the value of some of the waived fees. Council member Moore asked if a schedule of upcoming conventions could be provided. Todd Wegner, Parks and Recreation Director, stated that this could be provided in a report stating what we have in queue for the upcoming year. Mr. Hozey suggested that we do that in December so that we will have a more accurate picture for the upcoming year. Council member Moore agreed.

4. Sea Otter Winter Storage Report

Mayor Cottle suggested that in regards to storing fishing equipment that we need to make sure it has been removed by May 15th. Council member Wells stated that he believed that direction is needed from Council. He suggested that until we have a long term use for the area that we should come up with a long term rate for storage for interested parties. Council member Wells also stated that as far as fishing storage that perhaps after a certain amount of time there should be fees for storage, perhaps after 60 or 90 days, to avoid having the area turn into a junk yard. Diane Kinney, Ports and Harbor Director, asked for clarification on their direction. Mr. Hozey summarized that he understood the consensus to be that a

winter rate should be created by the Ports and Harbor commission and be brought back to Council for approval. The rate should include some consideration for the fisherman's dock. Council member Cobb stated that he had a problem with allowing the storage of vessels because they could be abandoned and the city would then have to deal with the disposal of those vessels.

Finally, Mayor Cottle also suggested that Ms. Kinney ask the Ports and Harbor Commission to discuss the ser charge assessed at the dock for a penny per gallon of fuel. Mayor Cottle felt that it is likely that it costs more to collect this fee than the profit made from it and that this is costing Valdez business. Ms. Kinney agreed to start that discussion with the Ports and Harbor Commission.

XII. COUNCIL BUSINESS FROM THE FLOOR

Council member Moore

Council member Moore asked if the letter requesting to use capital dollars for the C-arm (Fluoroscopy package) also went to the Hospital Advisory Council. Mr. Hozey stated that Mr. Sean McCallister, Hospital Director, will be present at the next council meeting with a presentation where he will address this issue. Mayor Cottle asked for a cost estimate. Mr. Hozey stated that the purchase price was limited to whatever had been approved in the budget.

Council member Moore reported that she had been out weighing fish at the Harbor and commented on the amount of activity going on there. She stated that it was very busy and was great to see all of the interest.

Council member Cobb

Council member Cobb requested to be excused from the next Council meeting because he would be hunting.

Mayor Cottle

Mayor Cottle reported that he, the City Clerk, and the City Manager all attended the Alaska Municipal League meetings in Kodiak. As the president of AML, Mayor Cottle ran the meeting there. He reported that there were about 85 participants there. He was able to visit the three GE wind towers while in Kodiak. Mayor Cottle stated that the cost was approximately 21 million dollars for the project. They did receive four million dollars in grants which left them with about 17 million dollars that they indebted themselves to at about 1 percent interest. He stated that the sections they ran there were about 120-140 foot sections. A road had to be built to access the area. They are considering putting in two to three more. Mayor Cottle also visited their hospital which is managed by Providence as well. He reported that they currently have 19 long term beds, 25 acute beds and

are looking at future expansions also. They also had three to four birthing rooms because they have on average about 23 births per month. Mayor Cottle also reported that they have over 30 doctors on the island itself.

Finally, Mayor Cottle mentioned the bear issues in Valdez. He stated that by this time of year if bears are not eating salmon they are garbage bears. He stated that he would hate to see a child be injured over saving a bear. Mr. Hozey stated they he agreed and that the plan is to trap them before dispatching them. Mr. Hozey assured the Mayor that they are carefully watching the bear situation.

XIII. COUNCIL TRAVEL

Council member Moore will be gone on September $16^{th} - 17^{th}$ to Seldovia for the RCAC meeting.

XIV. EXECUTIVE SESSION

XV. RETURN FROM EXECUTIVE SESSION

XVI. ADJOURNMENT

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