

I. CALL TO ORDER

Mayor Cobb called the meeting to order at 7:00 pm in the Valdez City Council chambers.

II. PLEDGE OF ALLEGIANCE

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

III. ROLL CALL

Mayor Dave Cobb

Council member Karen Ables

Council member Mike Wells

Council member Sorum

Council member Dorothy Moore

Council member Joe Prax

Council member Steve McCann was absent and excused.

Also Present:

John Hozey, City Manger

Sheri Pierce, City Clerk

Bill Walker, City Attorney

Members of staff and approximately 25 people in the audience.

IV. APPROVAL OF MINUTES OF THE REGULAR MEETING OF March 5, 2012.

The minutes were approved as presented.

V. PUBLIC APPEARANCES

VI. PUBLIC BUSINESS FROM THE FLOOR

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

Strategic Planning

Mr. Hozey reported that cell meetings will be held on Saturday, March 31st. A public open house is scheduled for April 10th along with an online survey which will be available on the city website.

Middle School

Mr. Hozey stated that the Ed Specs were amended to include a mat room. Mr. Hozey said he was working to get this project submitted to the State for submission and approval. The Building Committee is being formed at this time. The first meeting of the Building Committee will be the week of April 9th.

City Website

The new city website will launch on Friday, March 23rd.

State Reimbursement for Snow Removal

Council member Prax asked if Mr. Hozey had contacted the State about submitting for reimbursement of expenses incurred due to snow removal. Mr. Hozey said he did submit the forms. Next week the State would be sending representatives to Valdez to review the city's claim and determine what will qualify for reimbursement due to the disaster declaration issued by the Governor.

Council member Prax asked Mr. Hozey when a report would be provided by City administration in answer to the questions he submitted relative to the snow event. Mr. Hozey responded that he would be providing this information at the second meeting in April. Council member Prax requested to see the itemized list of expenses which total 1.2 million dollars. He also asked if the City request for assistance would provide an avenue for commercial building owners who decided not to shovel their building resulting in collapse. Mr. Hozey responded that our request for municipal assistance would not affect private business owners in any way. The Governor's declaration resulted in the approval of a Small Business Administration loan program for private individuals and businesses which suffered damages, but it has nothing to do with the City submission for reimbursement. Mr. Hozey said the City did ask the Governor to consider amending his declaration to include individual assistance. Mr. Hozey said he did this under the direction of the City Council. Council member Prax said this was the action he was referring to, which would request state assistance for negligent commercial property owners. Council member Prax expressed his concern that the manner in which direction was given to the City Manager by consensus at the last meeting did not appear as an agenda item in order to provide the opportunity for public notice and input on the action.

Harbor Snow Removal

Council member Sorum asked the status of a report he requested on alternative methods of snow removal at the small boat harbor. He reiterated that he was in

favor of a policy which would prohibit the City and private contractors from depositing snow directly into the harbor.

Mr. Hozey responded that he had asked the Port Director and the Public Works Director to look into other options that may be available. Mr. Hozey said he would follow up on his request.

City Clerk

Ms. Pierce reported that she had received an email from the Alaska Redistricting Board stating that the recent State Supreme Court ruling had directed the Redistricting Board to redraw district boundaries to comply with the State Constitution. Ms. Pierce stated that she would be monitoring live audio feeds of the upcoming meetings which begin on March 26th. Mr. Walker, City Attorney, stated that moving boundaries to comply with the court ruling could change the current composition of our district.

City Attorney

Mr. Walker stated that progression is being made toward a long term settlement on the TAPS value. Mr. Walker said he hoped to bring back some scenarios of a settlement prior to the conclusion of the 2006 TAPS litigation.

Late this afternoon the AGPA released the third study completed by the McDowell Group which compared the benefits of a large gas line to Valdez to a proposed small diameter bullet line up the Parks Highway. Mr. Walker said this report had been distributed to the Alaska Legislature. Mr. Walker said the AGPA has focused on working with the Asian markets and producers.

VIII. CONSENT AGENDA

1. Approval of Late File Senior Citizen/Disabled Veteran Property Tax Exemptions
2. Approval of Senior Citizen Hardship Exemption
3. Approval to go into Executive Session Regarding TAPS Value/Litigation

Mayor Cobb stated that the City Attorney had requested the executive session be removed from the agenda.

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

VOTE ON THE MOTION: 6 yea, 1 absent (McCann). Motion carried.

IX. NEW BUSINESS

1. Approval of Appointment to Regional Citizens' Advisory Council

Due to his employment with the Regional Citizens' Advisory Council, Council member Sorum declared a conflict of interest and asked to abstain. There was no objection by the council.

MOTION: Council member Moore moved, seconded by Council member Ables, to ratify the vote by ballot to appoint Amanda Bauer, to the Regional Citizens' Advisory Council.

VOTE ON THE MOTION: 5 yea, 1 abstain (Sorum), 1 absent (McCann). Motion carried.

2. Approval of Part 1 of the Valdez Medical Campus Master Plan

MOTION: Council member Sorum moved, seconded by Council member Ables, to approve Part 1 of the Valdez Medical Campus Master Plan.

Mr. Hozey stated that the Assisted Living/Hospital Expansion Task Force has been working for a number of years on assisted living and development of a campus master plan. The task force has divided their work into several parts. Part 1, presented to the council for approval this evening reserves space for a number of components which make up the master plan. The decision by the task force to bring this portion of the plan forward was to resolve the placement of the Senior Center carport in the master plan, so that design and construction of the carport can move forward. Mr. Hozey stated that the Senior Center has approved this plan for the carport.

Council member Moore said she was concerned about emergency room access. She stated that she believed access from the Richardson Highway should be available. Mr. Hozey responded that the only access from the highway would be through the State Department of Transportation property. Mr. Wells expressed his concern that if an alternate route was opened from the highway it may create additional traffic noise for the hospital and Senior Center.

VOTE ON THE MOTION: 6 yea, 1 absent (McCann). Motion carried.

3. Approval of Contract with Architects Alaska for Design of the Senior Center Carport Replacement Project in the Amount of \$71,120

MOTION: Council member Ables moved, seconded by Council member Sorum, to approve a contract award to Architects Alaska for design of the Senior Center carport replacement project in the amount of \$71,120.00.

Council member Wells asked how the City selected Architects Alaska as the design firm for this project. Mr. Hozey responded that they were selected based on the fact that they are the current architects for the Valdez Medical Campus Master Plan. Mr. Hozey said he wanted to make sure there was no disconnect between the two projects, therefore it seemed prudent to select this firm.

VOTE ON THE MOTION: 6 yea, 1 absent (McCann). Motion carried.

4. Approval of Contract with Design Alaska for Urban Planning and Design Services in the Amount of \$92,500

MOTION: Council member Ables moved, seconded by Council member Moore, to approve a contract award to Design Alaska for urban planning and design services in the amount of \$92,500.00.

Mr. Hozey stated that the Mayor's Beautification Task form had selected this firm for submission to the Council for approval. The task force solicited proposals based on an RFP. Mr. Hozey said the task force selected this group based on their ability to address issues unique to Valdez such as annual snow accumulation.

Council member Prax said that due to the City's dire need to solicit money from the State of Alaska for snow shoveling he did not support spending over \$90,000 for this purpose. Council member Prax disagreed with the entire idea of hiring someone to do a plan for the City and tell people what they must do to conform to that plan.

Council member Moore asked how this will fit into the City's strategic planning process. Mr. Hozey responded that strategic planning will address some of the community needs in the form of milestones. Mr. Hozey pointed out that Valdez did not have a traditional main street feel like most small town communities. Mr. Hozey said this plan will serve as a tool in the strategic planning process.

Council member Wells said he supported a plan to refine and set some goals, however that did not mean that he would support all of what comes out of the plan.

Council member Moore said she could support this for community involvement and for the purpose of planning. She pointed out that Valdez needed to remain unique.

Council member Ables said that by hiring this design firm the City would be moving forward, therefore she was in support of this action.

Mayor Cobb said he disagreed with Council member Prax and stated that Beautification Task Force had worked very hard over the past year. He stated that he supported the betterment of the community and using our winter assets to the best of our ability.

Council member Prax said he did not doubt that there were extremely well meaning people who have put their time in on the task force. But it was his feeling that this process would not work.

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

5. Approval of Health Insurance Broker Services Agreement with Alaska USA Insurance Brokers in the Amount of \$25,974

MOTION: Council member Wells moved, seconded by Council member Moore, to approve the health insurance broker services agreement with Alaska USA Insurance Brokers in the amount of \$25,974.00

Council member Sorum said he supported the City issuing a request for proposals for a new health care provider. He stated that he had received many complaints from employees regarding Meritain claims administration services. Walter Sapp, Finance Director, said the City has been looking into issuing an RFP for claims administration services to take effect in January. Mr. Sapp stated that the School District would need to agree to this action. Mr. Sapp said there may be another company that can offer improved health care administration services at a lower price.

Mr. Sapp pointed out that the increased cost of health care was due to increased utilization of the plan, not fees charged by our current administrator. Mr. Sapp stated that the City Benefits Committee was working on ways to reduce employee utilization costs. Council member Ables said she has also received complaints. Mr. Hozey urged council members to forward their concerns to Mr. Sapp or Mr. Hozey if they receive complaints.

Mr. Hozey pointed out that the cost of health insurance varies from year to year based on usage. Council member Ables asked if private citizens could buy into the City insurance plan to reduce costs. Mr. Hozey said no, the City did not belong to a private health insurance group which would benefit from more participants. He explained that the City is a self-insured, claims based system. Mr. Hozey said that some additional services have been added during the past year, therefore the committee needs to determine if these added services have drastically increased usage. Or, there may have been increased use in emergency room services or one or two very costly illnesses. Mr. Hozey reiterated that the committee will be looking into reasons why our costs increased by such a high percentage this past year.

Council member Moore stated that health care costs increased by 47 percent this year. She asked what the cost was if broken down by each employee. Mr. Hozey responded that each employee pays 4% of the insurance cost; therefore this amounted to about \$20.00 more than employees are currently paying. Council member Moore asked what it cost per employee in taxpayer dollars. Mr. Hozey responded that it was approximately \$1,600 per employee per month. Council member Moore said that many people in the community performed service level jobs with little or no benefits. Council member Moore said she wished more people had the opportunity for jobs which offered good benefits.

VOTE ON THE MOTION: 6 yea, 1 absent (McCann). Motion carried.

6. Approval of Life and Health Insurance Plan Renewal

MOTION: Council member Wells moved, seconded by Council member Moore, to approve the life and health insurance plan renewal.

Council member Moore asked if administration had clear direction to explore other options for claims administration. Mr. Hozey replied in the affirmative.

VOTE ON THE MOTION: 6 yea, 1 absent (McCann). Motion carried.

7. Approval of Contract to Wolverine Supply Inc. for the Construction of an Updated Front Entry to the Valdez Consortium Library in the Amount of \$45,000

MOTION: Council member Sorum moved, seconded by Council member Moore, to approve a contract award to Wolverine Supply Inc. for the construction of an updated front entry to the Valdez Consortium Library in the amount of \$45,000.

Council member Moore asked if this was a firm cost, or based on time and materials which could come in under the amount of \$45,000. Mr. Hozey responded that this was a total cost bid.

Council member Ables said she had trouble supporting this project as nothing seemed to be wrong with the current entryway.

Council member Wells asked Mr. McCay, Capital Facilities Director, to speak to the ADA requirements. Mr. McCay responded that this project corrects the current ADA deficiencies. Mr. McCay said that the single doors will be replaced with double doors and push buttons at the entry to allow access for wheelchairs.

Mr. Prax said this seemed to be an excessive amount of money for this project.

Ms. Gloria Day said she hoped that the doors will be hardwired and do not rely on batteries to open and close the doors. Ms. Day said that the handicapped accessible doors at the senior center do not work properly most of the time and were installed by this same company.

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

8. Approval of Contract to Harris Sand and Gravel for Replacement of the SBH Sea Wall Dock in the Amount of \$210,040

MOTION: Council member Sorum moved, seconded by Council member Wells, to approve a contract award to Harris Sand and Gravel for replacement of the SBH Sea Wall Dock in the amount of \$210,040.00.

Council member Wells asked if this project had been reviewed and recommended by the Ports and Harbor commission. Ms. Diane Kinney, Port Director, replied in the affirmative.

Council member Moore stated that since this project came in under budget, where would the savings be utilized? Mr. Hozey stated that later in the agenda these savings will be applied to the high school roof project.

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

9. Approval of Change Order #2 with B & B Electric to Complete the SBH Electrical Meter Replacement Project in the Amount of \$57,869.88

MOTION: Council member Wells moved, seconded by Council member Moore, to approve change order #2 with B&B Electric to complete the SBH electrical meter replacement project in the amount of \$57,869.88.

Council member Sorum asked who the design engineer was for this project. Mr. McCay, Capital Facilities Director, stated that Coffman Engineering did the design. Council member Sorum pointed out that there have been two change orders to this project totaling approximately \$103,870.00. Council member Sorum stated that the agenda statement indicated that the increased cost was due to poor design by this engineering firm. Mr. McCay responded that at least 3/4 of the cost can be attributed to insufficiencies in the design work. Council member Sorum asked why the City was not filing a claim against the design firm to recover these increased costs. Mr. Hozey said the City did not think it prudent to expend legal fees for this purpose but that the City would certainly no longer use their services. Council member Sorum suggested that the City submit a letter to the design firm explaining their dissatisfaction and possible intent to file a claim. Mr. Hozey said the City could move forward with sending a letter to the design firm.

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

10. Approval of Contract with Silver Bow Construction to Remove and Replace the Existing Roof at Valdez Civic Center in the Amount of \$690,000

MOTION: Council member Ables moved, seconded by Council member Moore, to approve a contract award to Silver bow Construction to remove and replace the existing roof at the Valdez Civic Center in the amount of \$690,000.00.

Council member Wells asked if the new roof would provide increased insulation and a greater R-Value, and if so how would this factor into the frequency for snow removal for this building. Mr. McCay responded that the roof would need to be shoveled more frequently due to reduced heat loss.

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

11. Approval of Contract with Wolverine Supply Inc., to Remove and Replace the Existing Valdez High School Gymnasium Roof as well as the remainder of the High School Roof Identified as Additive Alternate A in the Amount of \$1,248,200

MOTION: Council member Ables moved, seconded by Council member Sorum, to approve a contract award to Wolverine Supply Inc. to remove and replace the existing Valdez High School gymnasium roof as well as the remainder of the High School roof identified as additive alternate A in the amount of \$1,248,200.00.

Council member Wells stated he was glad this project could be completed in it's entirety. Council member Moore asked if the City would be requesting reimbursement from the State of Alaska during this legislative session. Mr. Hozey responded in the affirmative.

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

12. Approval of Community Purpose Property Tax Exemptions

MOTION: Council member Moore moved, seconded by Council member Ables, to approve the 2012 Community Purpose Property Tax Exemptions.

Council member Wells and Mayor Cobb declared that they are employed by one of the applicants. The Council determined there was no conflict of interest which require Council member Wells or Mayor Cobb to abstain.

VOTE ON THE MOTION: 6 yea, 1 absent (McCann). Motion carried.

X. RESOLUTIONS

1. #12-11 – Providing for the Conveyance of an Easement within ADL 225445 Brown's Creek Municipal Land Selection Area – Mile 12.8 of the Richardson Highway to the State of Alaska Department of Transportation

MOTION: Council member Ables moved, seconded by Council member Moore, to approve Resolution No. 12-11.

Council member Moore stated that this was the second conveyance of an easement to the State Department of Transportation in this area and questioned why they are requesting an additional easement.

Ms. Lisa VonBargen replied that the State had surveyed the area where they needed to perform work on the 12 mile levy prior to requesting the last easement and were told by the City their survey location was incorrect. The State disagreed with the City until they started working in the area and realized that the City was

in fact correct. Therefore, the State is now requesting approval for an easement in the correct location

VOTE ON THE MOTION: 6 yea, 1 absent (McCann). Motion carried.

2. #12-12 – Authorizing the Purchase of Tract A, Alpine Woods Estates for Levee Upgrades and Flood Control Purposes in the Amount of \$42,500

MOTION: Council member Moore moved, seconded by Council member Wells, to approve Resolution No. 12-12.

Lisa VonBargen, Community Development Director, clarified that the agenda statement for this item had incorrectly listed the assessed value at \$5,000. Ms. VonBargen said the correct assessed value was \$32,100.

Council member Prax questioned the comment in the agenda statement regarding the City receiving a credit for purchasing property within the 100 year flood plain. Council member Prax said he thought the majority of Alpine Woods Subdivision was outside of the 100 year flood plain. Ms. VonBargen said she would need to confirm this, but she believed only a portion of the subdivision remained in the 100 year flood plain.

VOTE ON THE MOTION: 6 yea, 1 absent (McCann). Motion carried.

3. #12-13 – Requesting FY13 Payment in Lieu of Taxes Funding from the State of Alaska Department of Commerce, Community & Economic Development

MOTION: Council member Ables moved, seconded by Council member Moore, to approve Resolution No. 12-13.

Ms. Von Bargen, Community Development Director, stated that this may be one of the last years that the City will receive this payment, which could result in a decline in revenue to the City of approximately \$700,000.

VOTE ON THE MOTION: 6 yea, 1 absent (McCann). Motion carried.

4. #12-14 – Rescinding Resolution 11-22 and Adopting an Investment Policy Statement to Include the Allocation of the Valdez Permanent Fund Assets and Statement of Inflation-Proofing

MOTION: Council member Wells moved, seconded by Council member Moore, to approve Resolution No. 12-14.

Council member Wells asked about the allocation and the anticipated rate of return. Mr. Hozey responded that the long-term goal of the plan is to have real growth in the fund which is CPI plus 4.5 percent. But in the next 12 months it will be harder to achieve 4.5 percent real growth without taking on more risk to the fund. The policy speaks to two planning horizons, the main one is a long term planning horizon, of more than ten years. But when looking at setting our year to year asset allocations we must look at data based on assumptions within a 10 year period. So when we look at what we are going to do this coming year we are looking at the ten year projections. Based on these ten year numbers, for us to have tried to obtain that long term goal of 4.5 percent over CPI would mean we would have to accept significant greater risk this year. So what the committee decided to do was to keep the risk the same as it was last year, understanding that we may accept a short term reduction in rate of return for just this year. The bottom line is we are recommending only 1 or 2 percent changes, with essentially the same allocation mix as last year. To keep the risk the same, we may have a slightly lower rate of return this next year.

Council member Wells stated that Callen and Associates realizes that in order to chase a 4.5 return you must keep taking more risk.

VOTE ON THE MOTION: 6 yea, 1 absent (McCann). Motion carried.

5. #12-15 – Amending the 2012 Budget in the Capital Facilities Fund by Transferring \$640,000 to the Valdez High School Roof Replacement Project and Authorizing its Expenditure

MOTION: Council member Moore moved, seconded by Council member Wells, to approve Resolution No. 12-15.

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

6. #12-16 – Authorizing The Issuance Of General Obligation Refunding Bonds Of The City, In The Principal Amount Of Not To Exceed Three Million Five Hundred Eighty-Five Thousand Dollars (\$3,585,000), In One Or More Series, To Refund Certain Outstanding General Obligation Bonds Of The City; Authorizing The Execution Of Certain Documents In Connection Therewith; And Pledging The Full Faith And Credit Of The City To The Payment Thereof

MOTION: Council member Moore moved, seconded by Council member Wells, to approve Resolution No. 12-16.

Council member Moore asked how this would affect future bonding for the middle school. Mr. Walker, City Attorney, replied that this was simply a refunding of existing bonds held by the City. This would bring a savings to the City of approximately \$250,000.00. Mr. Walker said there would be no negative impact to the City.

VOTE ON THE MOTION: 6 yea, 1 absent (McCann). Motion carried.

XI. REPORTS

1. Building Permit Report

Council member Moore pointed out that residential building permits this year were up from the last ten years which was a good sign.

2. Change Order Report

Council member Sorum said he disagreed with the amount of the cumulative change orders for this contract which to date add up to \$61,170.00. Council member Sorum pointed out that the original contract approved in the amount of \$115,000.00 had now increased to \$176,170.00 for strategic planning services. Council member Sorum said he did not plan on attending any further meetings facilitated by the contractor.

Mayor Cobb stated that he supported the strategic planning process and is seeing a benefit from the process. Council member Ables said she believed that good things will come from moving forward in a positive manner.

Council member Wells said the Council and Administration should be aware of the costs charged by the contractor for schedule changes.

XII. COUNCIL BUSINESS FROM THE FLOOR

Council member Moore

Council member Moore said that she was pleased to see that the City received more bidder response to projects. She attributed this to going out to bid earlier in the year. Council member Moore said she supported planning one year and executing the project the next year.

Council member Prax

Council member Prax asked that city tax assessments list the previous year tax amount so that property owners could see the difference.

Mayor Cobb

Mayor Cobb said he would like City administration to engage the school board in a discussion regarding the formation of a youth commission for the community. Sheri Pierce, City Clerk, stated that she had gathered information from the National League of Cities and other municipalities around the country regarding civic youth commissions. The information outlines how to engage, form and sustain a youth commission.

Ruthie Knight stated that she supported the idea, but suggested it work in concert with a civics or government class.

Mayor Cobb suggested that the Mayor report be substituted for a "commission" report. Council member Wells said this was tried before. Mayor Cobb said we did, but it was not mandatory. Council member Wells questioned the probability of having a commission representative come to every council meeting to provide a report.

Council member Prax suggested that "council business from the floor" be moved to the beginning of the agenda. Sheri Pierce, City Clerk, responded that the order of the agenda is set in the Council policies and procedures. Ms. Pierce said if it is the wish of Council the policies and procedures can be brought back for review and revision at a future meeting.

XIII. COUNCIL TRAVEL

Mayor Cobb stated that he would be travelling to Washington D. C. with the City manager the week of March 26th and attending and Economic Development conference in Portland the week of April 1st.

XIV. ADJOURNMENT

There being no further business, Mayor Cobb adjourned the meeting at 9:00 pm.