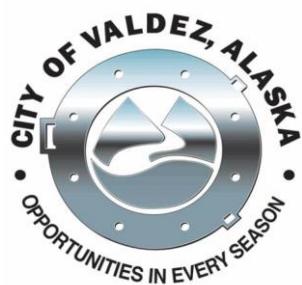


City of Valdez

212 Chenega Ave.
Valdez, AK 99686



Meeting Minutes - Draft

Tuesday, June 6, 2017

7:00 PM

Regular Meeting

Council Chambers

City Council

REGULAR AGENDA - 7:00 PM**I. CALL TO ORDER**

Mayor Knight called the meeting to order at 7:00 p.m. in Valdez City Council Chambers.

II. PLEDGE OF ALLEGIANCE

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

III. ROLL CALL

Present: 5 - Mayor Ruth E. Knight
Council Member Nate Smith
Council Member Lon Needles
Council Member Jim Shirrell
Council Member Dennis Fleming

Excused: 2 - Council Member Christopher Moulton
Council Member Darren Reese

Also Present: 4 - City Manager Elke Doom
City Clerk Sheri Pierce
Deputy City Clerk Allie Ferko
City Attorney Tony Guerriero

IV. APPROVAL OF MINUTES

The special meeting minutes of March 28, 2017 and special meeting minutes of April 25, 2017 were approved as presented.

V. PUBLIC APPEARANCES**1. Tabitha Gregory, Copper Valley Telecom - Topic: Fiber to the Home Project**

Ms. Tabitha Gregory, Copper Valley Telecom Chief Customer Relations Officer, and Mr. Lon Rake, Copper Valley Telecom Plant Superintendant, provided a presentation regarding the Fiber to the Home Project.

Ms. Gregory explained the Copper Valley Telecom (CVT) project is divided into two phases. Phase one construction involves installation of fiber optic lines around town and to individual homes. Phase two involves the complete network upgrade for the company and their customers' choice to upgrade to faster internet speeds. The project will both future-proof the telecommunications network and individual homes connected to the system.

Ms. Gregory stated in summer 2016, CVT buried conduit to over 700 homes in the core area of Valdez. During the winter, the company received fiber optic inventory and conducted field splicing and preparation for installation in the summer. During summer 2017, technicians will be running fiber to and into homes. This involves making an appointment with homeowners to install electronics inside the home to merge the new fiber network with the home's existing wiring.

Mr. Rake provided a brief technical overview of the electronics installed in and outside homes connecting to the fiber to home project.

Council Member Shirrell stated CVT technicians completed installation in his home and he was impressed with their customer service.

Ms. Gregory explained CVT offers a service to identify sources of interference to assist in improving internet connectivity.

Mayor Knight asked if all 700 homes, to which fiber has been installed, are required to connect to the CVT fiber network. She also asked if the service would be expanded to other portions of Valdez. Ms. Gregory stated the 700+ homes would be the project focus. However, over the next 10 years CVT plans to install fiber and other technologies to the remaining portions of town as well as up the Richardson Highway to Glenallen. The long term project aims to replace the old copper network with fiber. Ms. Gregory stated the copper network will be turned off, so for internet service to continue customers must shift to the new fiber network. There is no cost for the conversion, unless customers choose higher internet speeds. She explained City Hall, government buildings, the schools, and other commercial buildings are already on the fiber network and not included in the project.

Council Member Smith asked if homeowners have internet service from another provider, must they still schedule an appointment with CVT. Mr. Rake stated no they do not. He explained CVT would still likely run fiber to the home, but not do the in-home installation portion of the project.

Ms. Gregory provided a short presentation and answered general questions regarding future industry-wide data usage and the benefits of a fiber telecommunications network compared to a copper network.

VI. PUBLIC BUSINESS FROM THE FLOOR

Mr. Doug Davies, member of the Valdez Senior Center Board of Directors, explained the last census identified slightly more than 600 senior citizens in Valdez. The census also identified senior citizens as the most rapidly growing demographic in Valdez. The Valdez Senior Center currently has a 28-person waiting list for their independent living apartments. One apartment is open, but under renovations. He explained the board of directors is beginning to explore options and concepts for expanding their facility. Mayor Knight asked how many total apartment units exist at the Senior Center. Mr. Davies

stated 15 units. One unit is dedicated to an onsite, after hours manager which is very effective for the needs of the center's needs and residents.

Ms. Lee Hart, Levitation 49, provided an update regarding the organization's operations. The L49 Rock and Flow Festival (rock climbing and yoga) will be held June 23rd through June 25th. She outlined the schedule of events for the festival and invited the community to participate. There will be many free and kid-friendly events this year.

Ms. Hart explained L49 was able to open Blueberry Lake Campground in Thompson Pass early this year, with visitors from three countries – Germany, Switzerland, and Australia, and four states besides Alaska – New Mexico, Arizona, Idaho, and Colorado.

Ms. Hart explained L49 also opened and brushed out the first three miles of Shoup Bay Trail. A crew is out now working to open the remaining seven miles to the Shoup Bay cabins. Trail work is funded through a \$40,000 federal grant. This year's grant monies allowed the organization to purchase trail clearing equipment and hire labor. She explained this particular grant is facing challenges due to federal and state fiscal climates, both in terms of administration and grant money flow. The grant is a reimbursable grant, meaning L49 must first spend the money then apply for reimbursement. The reimbursement period will be extremely slow or non-existent. Ms. Hart explained she brought the issue to City Council because L49 has tried very hard to keep City community service organization (CSO) funding and other funding sources separate. However, L49 felt it was safe to use CSO funds to purchase trail clearing equipment and hire labor, knowing they would be reimbursed through the grant. Now, with the grant reimbursement situation in question, L49 might need to look at ways to reduce costs to make up the difference.

Ms. Hart explained L49 had many successes and celebrations of achievement in the past. However, this year's report to City Council may be a little different. Challenges with the Ice Fest continue to impact L49's operations and finances, from having to refund participant fees to permitting challenges to losing insurance sponsorship. The organization was challenged to find a new insurance provider following the Ice Fest, as only three providers offer the type of insurance needed by L49. Ms. Hart stated the L49 board of directors will be discussing the way forward in coming months and options.

Ms. Hart explained she hopes to have happy stories come from the Rock and Flow Festival. She explained how interested citizens could contact L49 to help with both the upcoming festival, as well as trail clearing efforts.

Council Member Shirrell asked if the issues with the Ice Fest event would continue into the future. Ms. Hart stated there were a series of events that culminated in the need to forgo the official Ice Fest event. She explained the warm spell eventually receded and approximately 100 people already in town had a fabulous time ice climbing that weekend. Ms. Hart stated it is the intention for L49 to attempt to hold the Ice Fest event again in 2018.

Council Member Smith thanked Ms. Hart for providing her report and keeping the City

Council informed of both successes and challenges for the L49 organization.

Council Member Needles also thanked Ms. Hart for her report and asked for an update on the potential Meals Hill Conservation Easement project. Ms. Hart explained the project has a long horizon time. She explained, based upon her understanding of the process, it would take until the end of the summer to assemble the packet necessary to present to the Valdez Trustee Council later in the fall. She stated, if everything falls into place, the first time L49 will receive a status update is at that time. She stated Greatland Trust does great work and has a lot of experience with this process.

VII. CONSENT AGENDA

1. **Appointment to Economic Diversification Commission (Three Month Term)**
2. **Appointment to Economic Diversification Commission (Two Year, Three Month Term)**
3. **Appointment to Valdez Museum & Historical Archive Association Board of Directors (Seven Month Term)**
4. **Approval To Go Into Executive Session Regarding: 1. Pending Litigation, 2. Contractual Liability**

MOTION: Council Member Smith moved, seconded by Council Member Needles, to approve the Consent Agenda. The motion carried by the following vote:

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

Council Member Shirrell asked how the process works for two vacancies with different terms on the same commission. Ms. Ferko explained the applicants requested a specific term length. She explained, had multiple applicants requested the same term length, the item would have appeared under New Business. Then the City Council would have selected their choice of applicants.

VIII. NEW BUSINESS

1. **Approval of Site Location for Pipeline Workers Statue**

MOTION: Council Member Smith moved, seconded by Council Member Shirrell, to approve site location for Pipeline Workers Statue. The motion carried by the following vote after the following discussion occurred.

Mayor Knight stated this item was forwarded to the City Council for approval from the Mayor's Beautification Task Force. Several Council members expressed concerns with costs associated with relocating the statute from Alyeska property to

City property near the ferry terminal.

Mayor Knight explained there were several grants available which could be used to fund the relocation effort. Ms. Doom clarified further that the movement of the statue would qualify as part of the Kelsey Dock Uplands development grant.

Ms. Patty Relay, Valdez citizen and Beautification Task Force Member, explained her area of expertise is public art. She stated she is thrilled the pipeline workers statue is being moved to a public space and thanked those involved in the effort.

Council Member Shirrell asked if Alyeska is involved in the relocation efforts.

Mayor Knight explained Alyeska will donate the statue; however relocation costs will be funded by the City.

Mr. Dwayne Dunning, Valdez citizen, asked if the stations and boom chain around the statue would be included. Mayor Knight stated those items had not been discussed, but she could ask Alyeska.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

2. Approval of Contract Award to Wolverine Supply, Inc. for the Airport Plumbing and Restroom project in the Amount of \$381,500.00

MOTION: Council Member Smith moved, seconded by Council Member Fleming, to approve contract to Wolverine Supply Inc. in the amount of \$381,500.00 for the Airport Plumbing and Restroom Project. The motion carried by the following vote after the following discussion occurred.

Mayor Knight stated, while this was the lowest bid, she was surprised at the cost of the project.

Council Member Needles asked what items are included in the project. Mr. Dean Day, City Capital Facilities Director, explained the cost of the project includes the bathrooms being remodeled in the airport to include new floors, fixtures, and ADA compliance work. There will also significant plumbing, electrical, and lighting work done in the building. Council Member Fleming asked if this type of project had been done several years ago. Mr. Day explained the project is the end result of the planning done at that time. Council Member Fleming asked if the project included providing the City with updated drawings. Mr. Day confirmed this as correct.

Mayor Knight asked if the unencumbered balance listed reflects the number for the project. Mr. Day explained he believes the project had been bid in the past, though the project was never awarded. At that time, the bid came in high and thus the

budgeted amount project reflects that data.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

3. Approval of Public Convenience and Necessity Certificate Renewal for Valdez Yellow Cab

MOTION: Council Member Shirrell moved, seconded by Council Member Fleming, to approve Public Convenience and Necessity Certificate renewal for Valdez Yellow Cab. The motion carried by the following vote after the following discussion occurred.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

4. Approval of Site Location for Air National Guard Memorial

MOTION: Council Member Smith moved, seconded by Council Member Shirrell, to approve site location as recommended by the Beautification Task Force. The motion carried by the following vote after the following discussion occurred.

Mayor Knight explained this item was forwarded by the Mayor's Beautification Task Force to the Council for approval.

Council Member Needles stated the City budgeted \$35,000 for the Air National Guard Memorial. As the project costs more than was budgeted, he asked where the City would find the remainder of the funds. Mayor Knight explained the memorial would be placed on the grassy knoll at the new harbor. She stated the former City Capital Facilities Director attended several Task Force meetings to discuss their possible involvement in landscaping and art for the new harbor project. Mayor Knight explained there would be costs to those types of projects and the memorial could be included in those costs. Selection of the Air National Guard Memorial statue has already been through a lengthy public selection process.

Council Member Needles explained, while he feels badly for those four Air National Guard members who lost their lives in 1964, no other organization, including the state, has volunteered funds for the memorial project. He stated he

would first prefer to see Valdez taxpayer dollars spent on a memorial for those Valdez residents who lost their lives in the earthquake.

Council Member Shirrell stated the agenda item is for approval of the site location, not funding authorization. Approval to fund the project would need to come back before the City Council. He stated he agreed with Council Member Needles that he would be much more comfortable funding a memorial recognizing all those lost the earthquake, not just the Air National Guard.

Mayor Knight explained a lengthy public memorial art selection process occurred last year. However, the earthquake survivors and their families did not like the memorial rendered by the artists, nor the placement of the memorial. Nothing has been satisfactory to the survivors to this point in the process. Thus, the Air National Guard portion of the project is the only piece being currently pursued. Ms. Patty Relay, Valdez Museum, provided additional insight into the 2016 art selection process. Ms. Relay explained Mr. Chuck Volanti from the Alaska Air National Guard has been very supportive of the project and is satisfied with the memorial as proposed.

Ms. Relay stated she sought other options to fund the remainder of the project, including the state of Alaska; however it is not currently a positive funding climate. Ms. Pierce explained there are several existing memorials in Valdez. It is not out of the norm to do memorial artwork or statues. The placement of this particular memorial appears to be appropriate as the plane crashed in the bay.

Council Member Shirrell stated his future support for funding the project would be dependent on finding other funding sources.

Council Member Smith stated the memorial looks wonderful.

VOTE ON THE MOTION:

Yays: 4 - Mayor Knight, Council Member Smith, Council Member Shirrell and Council Member Fleming

Nays: 1 - Council Member Needles

Absent: 2 - Council Member Moulton and Council Member Reese

5. Approval to Accept Offer of Sale of a 14.96 Acre Parcel of Land Described as Lot 2, Sleepy Hollow, Addition #5 (Gavora Property) in the Amount of 1 Million Dollars

MOTION: Council Member Needles moved, seconded by Council Member Fleming to approve acceptance of offer of sale of a 14.96 acre parcel of land described as Lot 2, Sleepy Hollow, Addition #5 (Gavora Property) in the amount of \$1,000,000.

MAIN MOTION: Council Member Needles moved, seconded by Council Member Fleming to approve acceptance of offer of sale of a 14.96 acre parcel of land described as Lot 2, Sleepy Hollow, Addition #5 (Gavora Property) in the amount of \$1,000,000

Council Member Shirrell asked if an appraisal had been done on the property. Ms Doom explained the appraised value is \$975,000. She stated the Council tasked her with reaching out to the Gavoras to discuss the value and sale of the property. The Gavoras are aware there are multiple property options for construction of the fire station. They initially listed the property for \$1.3million, but reduced the asking price to \$1million after speaking with Ms. Doom. They are not willing to reduce the price any further.

Council Member Shirrell stated the purchase of the property is not the best use of taxpayer funds. He asked how the development of the property fits in to the overall development plan for the community. He explained he would like to see a plan for development of the land prior to voting for the purchase. Ms. Piece explained the vote, at this point, was to move forward with accepting the sale. Once the purchase is brought back to the Council for approval, it will require six affirmative votes.

Council Member Fleming stated he supported building the fire station. However he would like to have a concrete plan for use of the rest of the parcel prior to purchase.

Council Member Needles explained he received feedback from the community that the City should allow private business or citizens to purchase the land instead of the City. He stated it has been available for sale for quite some time and, up until this point, no other private entity has been interested or able to purchase it. He explained if the City purchases the large parcel, splits it up, and installs utilities, extra smaller portions of the land could be sold. It could also be used for property for the Valdez Museum. Doing so would allow the Museum to apply for grants they would not be eligible for without designated land to build.

Council Member Shirrell stated he will support the purchase, once there is a plan. He would like to move forward in the planning process. He said there are also multiple other properties around town he would be more supportive of purchasing.

Council Member Smith explained there were several work sessions to discuss the proper location for building the new fire station. He explained he had his doubts along the way, but believes the Gavora property is the ideal location for the fire station. It is a basic City function to provide fire, police, and other services to the community. Council Member Smith explained there was ample discussion of other space needs for the City, as well as discussion about subdividing and selling the remaining land to the public. Investors and others might be able to purchase smaller parcels of land, instead of the full 14.96 acres. Council Member Fleming stated he agreed with Council Member Smith but would like to see a more detailed plan for use of the land.

Ms. Pierce explained she received an email from Council Member Moulton, who was absent from the meeting. The email stated Council Member Moulton did not support the purchase. However, if the Council decided to move forward with the land he wanted to see a plan developed and extra land subdivided and sold. Council Member Shirrell asked what Council Member Moulton's vision is for the location of the fire department. Ms. Pierce stated Council Member Moulton would prefer the fire station be built on City property.

Mr. Guerriero and Ms. Pierce briefly discussed if City Council could take action on the agenda item with two members absent. Mr. Guerriero explained the agenda statement is not written clearly, but the intent seems to be authorizing the City Manager to move forward with further negotiate the terms of the contract. Mr. Guerriero stated Ms. Doom has already been given informal direction to negotiate. He explained he did not recommend moving forward with a vote until a full Council is present. City Council held a brief discussion regarding options to either amend the motion to counter the offer down to the appraised value or postpone until the next regular meeting.

MOTION TO POSTPONE: Council Member Smith moved, seconded by Council Member Fleming, to postpone approval to accept offer of sale of a 14.96 acre parcel of land described as Lot 2, Sleepy Hollow, Addition #5 (Gavora Property) in the amount of \$1,000,000 until the next regular City Council meeting on June 20, 2017. The motion to postpone carried by the following vote after the following discussion occurred.

Council Member Fleming asked for a plan for the property prior to the item being brought back to City Council. Council Member Smith asked if City staff would have enough time to put together a plan or options to discuss. Ms. Doom stated she and her staff will do their best to provide the requested information. She recommended the process for subdividing the property should be kept fluid to meet the needs of potential buyers. Council Member Shirrell would like to be provided the plan several meetings prior to the purchase vote so he would have time to thoughtfully review the proposal options.

VOTE ON THE MOTION TO POSTPONE:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

6. Approval of Contract Award to Harris Sand & Gravel for the Lowe River Slope Improvements Project in the Amount of \$51,200

MAIN MOTION: Council Member Smith moved, seconded by Council Member Fleming, to approve construction contract to Harris Sand & Gravel in the amount

of \$51,200 for the Lowe River Slope Improvements Project.

Council Member Needles stated he visited the project location. The dike that is being improved is solid and requested additional information about the project plan. He expressed concerns with the work being done when the water level is high.

Mr. Dean Day, City Capital Facilities Director, explained the dike was originally put in by Mr. Rick Wade. Mr. Day stated he is working to get updated on the project. He stated the City received the plans from DOWL and put the project out to bid as soon as possible. Mayor Knight stated she spoke with City staff before the meeting. The Mayor's Task Force had not been provided the information on this project. DOWL had identified a section of the dike which was eroding the fastest. The project was put out to bid in order to get the work done as quickly as possible. Mayor Knight requested additional information about the project.

Council Member Fleming stated there would of course be normal business that did not need to always go through the City Flooding Task Force. He asked, however, if this project should have been presented to them before being brought to City Council. He stated he understood Mr. Day would likely not have an answer being newly appointed to his position.

Ms. Lain stated the Flooding Task Force identified priorities moving into the season and prioritized the list. An emergency revetment was put in last year along the end of groin two, which is now being called groin four. There was a discussion about the sufficiency of the revetment to prevent future emergency declarations in the future. Out of that conversation, DOWL created the slope improvement project. She explained this is not all inclusive of the work that needs to be done in the area.

Council Member Fleming stated the agenda statement did not provide any photographs or background information on the necessity of the project. Ms. Lain stated, as the flood plain manager, she could only speak to how these types of project ideas are created. She explained the slope improvement project was intended to be a preventative measure before the next high water event.

Council Member Shirrell and Council Member Needles asked Mr. Rick Wade, City Flooding Task Force member, to speak about the slope improvement project. Council Member Needles stated he believes the project will cause additional issues with the groin. Council Member Smith stated the toe of the groin is currently under water. Mayor Knight stated the project has been recommended by the City's contract hydrologist at DOWL.

Mr. Wade explained he understands Mr. Day's minimal understanding of the project. He stated the Flooding Task Force was unaware of the project as well and he did not understand the reasoning behind it. He stated that area had the most amount of rock in it. There were other areas adjacent to it, with a steeper slope that should be addressed instead. The contractors ran out of funding and class three

rock last year. With the extensions on the groins, they were able to move 80% of the water threatening the subdivision to the other side of the river.

Mr. Wade stated he has not heard updates on that portion of the river since last fall. At that time, the Task Force began to lay out long term plans for the river and how it should be done. He stated, however, there was no real work done over the winter.

Mr. Wade stated he was down in the area today and there has been another channel change with debris being rushed down the river. He stated the dike and slopes that were previously built have not eroded to this point. Thus, he did not understand the need for slope improvement or erosion control. He explained he was able to find the plans for the project. He believes it will put more stress on the existing dikes and cause additional erosion.

Mr. Wade expressed concerns with how these types of plans are created, especially when they do not involve consultation with the Flooding Task Force and local citizens. He stated he is usually called in to discuss flooding concerns but was not on this particular project.

Mayor Knight stated the Flooding Task Force has not met for awhile and should do so in the very near future. She asked for Mr. Wade's recommendation on the project. He stated he would leave everything as is and then install additional armoring in the fall. Mr. Wade stated the two groins were extended last year needed to be extended another 100 to 150 feet. This would take most of the pressure off the entire dike system. Then class three toe should be placed, starting upstream and blending in to the existing toe. Mayor Knight stated this would be a good discussion for the Flooding Task Force.

Council Member Shirrell stated he is concerned with the discrepancy between the local citizens' perspective on flooding control and what was being proposed by DOWL. Mr. Wade stated he believes the plan should be continued to be refined. He stated the rock is already gone from groin one. Council Member Shirrell stated he does not believe the contractor is doing what is needed and recommended bringing in a third party to do a project review. He believes this would have value to assist in making future informed decisions. He stated DOWL is a reputable firm, but is unsure about their experience with glacial streams.

Council Member Fleming stated communications between DOWL and the Flooding Task Force need to be improved. With the recent changes to City staff, he stated he hopes this will change.

Mayor Knight stated in the last couple of years, DOWL has engineered good projects for the City. She explained Mr. Wade has much experience with the river and has put in multiple dikes in the river over the years. She stated City Council makes the decisions, the Task Force makes recommendations. She would like to start a standing meeting for the Task Force instead of meeting as needed and

briefly discussed logistics for scheduling the meeting.

Council Member Smith stated citizens are asking for things to be done quickly, while also asking to slow down the process. He stated there are permits, reports, and studies that must be done before action can be taken. He explained it appears this plan intends to place additional rock to reduce the attack angle of the river on the apex of that groin, further strengthening it. With the upcoming rainy weather forecast, now is the time to get in the river and take action. He stated he supports the project, but also wants the Flooding Task Force to continue to work on a longer term project.

Council Member Needles asked what would happen if the project was not done. He stated the groin does not have fill, it was only constructed with rock. He stated he needs someone to explain why they are planning to place rock in the middle of the groin.

Council Member Shirrell reiterated the need for a third party to validate DOWL's plans to ensure they are adequate.

MOTION TO POSTPONE: Council Member Smith moved, seconded by Council Member Fleming, to postpone approval of construction contract to Harris Sand & Gravel in the amount of \$51,200 for the Lowe River Slope Improvements Project until the next regular City Council meeting on June 20, 2017. The motion to postpone carried by the following vote after the following discussion occurred.

Mr. Wade stated the process for citizens on City Task Forces and engineers working together needed to be improved. He stated he agreed action needed to be taken with the potential for upcoming high water events. He explained he did not support delaying action, but wanted to ensure the right decisions are being made and taxpayer money is being spent wisely.

Council Member Smith stated he hopes that the community and Task Force stays involved in the process to understand the full picture. He would like everyone to be on board and educated when an agenda item comes up for Council approval.

VOTE ON THE MOTION TO POSTPONE:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

VIII. RESOLUTIONS

1. **#17-20 – Amending the 2017 Budget by Transferring \$70,059 from the City Council Contingency Reserve to the General Fund, and Appropriating Same for the Education Dual-Credit Program**

MOTION: Council Member Smith moved, seconded by Council Member Needles, to approve Resolution #17-20. The motion carried by the following vote after the following discussion occurred.

Council Member Fleming asked if the funding for this program would continue to remain in a City contingency fund or be moved to a line item in the college or school district budget.

Mr. Jim Nygaard, Valdez City Schools Superintendent, stated after this year's State Legislature session, there will be reduction in college funding, a loss of the Governor's scholarship for graduating high school seniors, and other economic issues. He explained there appears to be a growing interest in taking college courses locally, while more and more seniors remain home for several years after graduation.

Mr. Nygaard stated 138 student college credit classes through Prince William Sound College were taken by high school students in the past semester. He explained this year's small graduating class of 44 students set a goal to receive one million dollars in scholarships upon graduation. This was a wonderful way to give incentives and keep children motivated. The 2017 Valdez High School graduating class generated \$1.4million in scholarships, significantly beating their goal.

Mr. Nygaard explained the City's investment into the dual-credit program produces tax-paying, career developing citizens. Federal grants provide education funding for staff, so they can become instructors of record for the program. Dual-credit options continue to grow. He stated he has great hope for growth of the program.

Council Member Fleming asked for an explanation of the how the dual credit program works. Mr. Nygaard explained it is multi-faceted. If the school teachers instruct the courses, the Prince William College only charges a paperwork fee per student. In other cases, the high school students are sent to take classes at the college for full tuition rates. The program provides a clear avenue for success and serves as an extraordinarily strong motivator for Valdez students.

Council Member Shirrell stated the Council should be using significant tax dollars in Valdez to reduce the cost to live in the community. The dual credit program is a perfect example of how the Council can reduce education costs for Valdez families. The cost for the benefit is minimal and he would like the program to be built into future budgets.

Council Member Shirrell asked which budget the funding would most appropriately fit. Mr. Nygaard explained, factoring in the funding cap, the school district budget would not be the most appropriate location. He recommended the funds be placed in a reserve account with either the City or the college.

Mayor Knight asked Mr. Nygaard and Mr. Dan O'Conner from Prince William Sound College to work with Ms. Doom to determine the best method for funds.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

2. #17-21 - Authorizing a Land Lease with Mega Trucking, LLC for Tract B, ASLS 98-26

MOTION: Council Member Smith moved, seconded by Council Member Needles, to approve Resolution #17-21. The motion carried by the following vote after the following discussion occurred.

Council Member Needles stated he supports new business. However, he stated he has concerns with how the river situation is being handled. He explained one of the reasons the current reasons the river is causing so many problems is because gravel was extracted from area gravel pits inappropriately in the past. He asked where Mega Trucking would get their gravel and what their plan is moving forward.

Mr. Jesse Passin, owner of Mega Trucking, LLC, provided an overview of his plan for the land. He provided City Council with a map, explaining the Army Corps of Engineers drawings for the permit show the area in which he intends to work. The five-year gravel extraction plan includes a similar process as Harris Sand & Gravel completed for the City as part of their gravel extraction plan. Mr. Passin explained he spoke with DOWL many times to determine the best way to keep his project within a scope to meet the needs of the City. He stated it would also be a cost savings for the City.

Council Member Smith explained Mr. Passin would like to lease a portion of property from the City to store extracted gravel. In order to have the equipment on the property, Mr. Passin will also need to get a conditional use permit. Then the company can do the work, refine the rock, and sell it. Council Member Smith stated, in order to get the appropriate permits for the work, Mr. Passin must go through multiple agencies' processes and comply with their regulations. Approval of the land lease is needed to move forward with Mr. Passin's work.

Mr. Passin stated gravel permitted through the City of Valdez is usually \$0.60 per cubic yard without a stack of permits. There is a large contrast between what must be done on City land and what must be done if he must store gravel in another location.

Council Member Shirrell asked Mr. Passin about the notation on the map which states "no subsurface mineral rights". Mr. Passin explains this is just a lease to

store and process the gravel. Council Member Shirrell asked why the lease did not include the right of purchase. Ms. AnnMarie Lain, acting City Community Development Director, stated most City leases that include the right of purchase involve significant financial backing for investment in the community. She explained this lease is unmarked territory. She stated she was impressed with Mr. Passin's proposal. The City has struggled with maintaining permits, and now a private business wants to attempt to extract gravel. She explained in no way is this lease prohibiting the right of purchase, but a trial run of five years seems reasonable to explore the process.

Mr. Passin stated most of his equipment is mobile and the location for gravel extraction might change in the future. Council Member Needles stated he appreciates Mr. Passin's forethought. Mayor Knight stated she appreciated Mr. Passin's hiring of local labor.

Mr. Dwayne Dunning, Valdez resident, stated Mr. Passin has done wonderful things for the Valdez community. He explained, however, he was conflicted because Mr. Passin could obtain a state lease to sell the gravel and could lock others out of the opportunity. He stated he would like to see the master plan for gravel extraction in all the rivers. Mayor Knight stated she spoke with Mr. Passin about his plan being in line with the City's overall gravel extraction plan and it appears that is the case. Mr. Dunning stated there was still confusion about the City's overall flood mitigation plan.

Council Member Smith asked Ms. Lain if Mr. Passin obtaining a state gravel extraction would preclude others from extracting gravel in the same area. Ms. Lain explained she spoke with the state Department of Natural Resources personnel who handle gravel extraction permits for sale. She explained the state does not normally offer gravel extraction permits in a flood plain due to flood issues downstream. She stated Mr. Passin's plan is in line with the need to do annual gravel extraction with City oversight as part of the lease. It does not preclude others from apply for extraction permits from the state.

Council Member Fleming stated the City lease is only five years and concerns could be addressed in the future. Ms. Lain clarified the permits are issued by state and federal agencies. It is Mr. Passin's responsibility to obtain those permits.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

3. **#17-22 - Requesting State FY 18 Payment in Lieu of Taxes (PILT) Funding from the Department of Commerce, Community, and Economic Development**

MOTION: Council Member Smith moved, seconded by Council Member Fleming, to approve Resolution #17-22. The motion carried by the following vote after the following discussion occurred.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

X. REPORTS

1. **Lowe River Levee Certification Update Report and Timeline**
2. **Postponement of the Whalen Avenue Construction Project**

Council Member Shirrell stated it appears the project is no longer needed. He asked if the funds would be reallocated during the mid-year budgeting process. Ms. Doom stated this is a postponement to deal with other more immediate projects.

Mr. Dean Day, City Capital Facilities Department, explained one of the driving factors for this project is installing a new water well near the elementary school. There are other projects that should be done in the area prior to installing a new well.

Mayor Knight stated in the future when planning all roads and infrastructure, community needs as a whole should be reviewed.

Council Member Needles asked if work had been started on the road. Mayor Knight said it is currently a dirt road, but has been widened for regular use.

3. **Monthly Treasury Report - April, 2017**
4. **First Quarter Financial Summary**
5. **Contract Amendment #18 with R&M Consultants, Inc. for Construction Administrative Services**

Council Member Smith asked if the intent with both R&M Consultants and Arcadis is to retain these contractors for the remainder of the new harbor project. Mr. Day explained the intent is to bring two contract amendments back to Council for approval for these contractors for phase two of the harbor project through 2018.

Council Member Smith expressed his support for retaining the same engineering

and project management throughout the project.

Council Member Shirrell asked if the contracts have been extended in the past. Ms. Doom stated the previous City Capital Facilities Director intended to have the final contract amendments in place at this meeting. With the director's departure, the shorter term extension was needed.

Council Member Shirrell asked for details about the scope of work involved in these amendments. Mr. Day explained they are currently working on the Army Corps of Engineers permit for moving rock, submittal review, and other processes needed to begin phase two. Council Member Shirrell stated he expects a change order or contract amendment to include a scope of services. Mr. Day stated for the next two weeks, the amendment involves additional funds to keep the contractors moving forward. The next amendment covering the remainder of phase two will include a detailed scope of work and plan.

Council Member Shirrell asked for on the authority of the City Manager when signing change orders and contract amendments. He does not feel this is appropriate when the overall project is multi-million dollars. Mayor Knight stated she expects the full scope be brought forward in one of the next couple of meetings. With the change of City staff, she encouraged patience with the process. Council Member Shirrell stated he believes change orders and contract amendments for multi-million dollar contracts should be brought to the Council for action instead of allowing the city manager to sign.

- 6. Contract Amendment #7 to Arcadis, Inc. for Project Management Services - New Boat Harbor Project**
- 7. Foreclosure Process for Delinquent Taxes**
Ms. Pierce stated she will email the City Council the current list of foreclosed properties.
- 8. 1st Quarter 2017 Travel Report - City Council, City Manager, & City Clerk**
- 9. Lloyd Tremer House Abatement Report**
Council Member Fleming stated he appreciated the report and helped him better understand the process. Mayor Knight stated she would like the process to move forward in a timely manner and the City should explore alternative options.
- 10. Alaska Pacific Development MOU**

Council Member Shirrell stated the Council should be concerned with the exclusivity clause included in the MOU.

Ms. Doom stated it is her understanding another development firm spoke with the

City Council in October 2016 regarding affordable housing development. They would like to meet with City Council again in the future. Ms. Doom stated she did not see any difference between the previous proposal and the current one, with the exception they are now looking at developing mixed use commercial and residential property. She explained she spoke with others in Anchorage and Fairbanks regarding affordable housing development.

Ms. Doom believes Alaska Pacific Development is asking for far more than is reasonable. City Council had asked Ms. Doom to provide them a copy of the MOU, so it is included in the packet. Council Member Smith said they had an impressive idea, but the City Council had discussed putting this type of project out for RFP. Ms. Doom stated to put out an effective RFP, the City must first identify an appropriate piece of property and decide what the City is willing to absorb for cost of the development. Ms. Doom recommended the City Council decide what they would be willing to offer for development incentives.

11. Legal Billing Summary - April 2017

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

1. City Manager Report

Ms. Doom stated she appreciated the visual provided during her tour of the local rivers and dike systems around Valdez.

Ms. Doom announced Ms. Lain has accepted the position as the new City Community Development Director. Mr. Day has also accepted a temporary contract appointment as City Capital Facilities Director.

The cruise ship EUROPA arrived on May 22nd. City staff did an outstanding job preparing logistics and City facilities for the ship. Ms. Doom expressed her gratitude for their hard work. She briefly explained the events occurring during their visit.

Ms. Doom attended the City Permanent Fund meeting and she stated the City is in good hands with the City Finance Department Director.

Mr. Doom explained her experience during the preconstruction meeting for the new harbor project. She stated she wants to ensure all the contractors involved have clearly defined roles and responsibilities. The project is huge and requires extensive, detailed coordination.

Ms. Doom attended a meeting with Police Chief Hinkle and representatives from the FBI. They came to Valdez to discuss security measures to protect our national interests, including the pipeline terminal.

Ms. Doom outlined upcoming staff vacancies and hires at the City.

2. City Clerk Report

Ms. Pierce, Ms. Doom, and City Finance Director, Mr. Brian Carlson, outlined the schedule and content for multiple upcoming City Council work sessions.

Ms. Pierce outlined the upcoming visit by Governor Walker and the First Lady during the 25th anniversary of the Last Frontier Theater Conference. They would also like to meet with the City Council on Saturday, June 10th at 5:00 p.m. in Council Chambers. They will also be visiting with the seniors at the Senior Center.

Ms. Pierce reminded City Council about the annual City hosted Theater Conference Dinner at Roma and requested an RSVP, if possible.

Council Member Smith requested an update on materials for the upcoming work session with Kimley-Horn. Ms. Doom stated no materials to review in advance have been provided yet. She provided a brief overview of the structure and content for the Kimley-Horn work session. Council Member Smith asked for the materials from the previous meeting with the firm to review prior to the work session. Ms. Lain stated Kimley-Horn reached out to her today to schedule a one-on-one meeting. She requested background materials from them and could provide that to Council through the City Clerk's Office.

Council Member Shirrell reiterated the need for a refresh on the Kimley-Horn project and a recommendation from administration. Ms. Doom stated there were several portions of the firm's original proposal, such as the Waterfront Master Plan, which need not be included moving forward. City Council briefly discussed the timing of the previous meetings and documents from the firm.

3. City Attorney Report

Mr. Guerriero stated he would provide his report during Executive Session.

4. City Mayor Report

Mayor Knight provided a brief verbal synopsis of her written Mayor report.

Mayor Knight stated she and Ms. Doom met with Copper Valley Electric Association to discuss power needs for the community. CVEA is currently working with SilverBay Seafoods to determine future power needs. Mayor Knight explained CVEA would appreciate knowledge of future development plans so they could plan appropriately to meet those needs. Mayor Knight recommended CVEA staff also attend Commission meetings to provide advisory information. She also recommended the upcoming CVEA work session include invitations to the respective City commissions. Council Member Shirrell stated he was impressed with the amount of leased power generation SilverBay Seafoods is currently using.

Mayor Knight stated she listened in on the Southeast Conference regarding the

reform act for the ferry system. She provided the Conference's website information to the City Council. Many coastal communities are involved in the Conference and they would like to hold a community meeting in Valdez in July. The Conference plans to have something prepared to present to the State Legislature in eight to nine months.

XII. COUNCIL BUSINESS FROM THE FLOOR

Council Member Smith asked about clearing the brush at the Salmon Turnaround which is covering the waterfall. Mayor Knight asked if the land is City owned. Council Member Smith asked it be done if it is City owned.

Council Member Smith stated he was impressed with the new harbor breakwater construction.

Council Member Smith asked for City Council to remember work and project load when discussing tasking for City staff.

Council Member Smith asked if the City Council could work together to prevent postponements of agenda items in the future.

Council Member Needles asked for an update on the small business classes offered through the Economic Diversification Commission. Mayor Knight stated the classes do not occur during the summer. Ms. Martha Barberio, City Economic Development Director, stated she will receive an update about fall classes in September.

Council Member Needles asked for an update on the Valdez Glacier Stream project. Mr. Rob Comstock, City Public Works Director, explained the contractor is waiting on one special permit from the State of Alaska Department of Natural Resources in order to move forward with the project. The contractor is expecting to get the permit any day, but they cannot move forward without the permit in place. Ms. Lain stated the permit was received today.

Council Member Fleming asked if the ownership of the water tower had been determined. Ms. Lain stated she is working with the City Clerk for that information. Council Member Fleming the water tower is currently installed on land not owned by the City.

Council Member Fleming encouraged continuance of the City code review. He stated there are several zoning code violations in Corbin Creek which have been in place for years. He asked Ms. Lain to address the violation. Ms. Lain explained her process moving forward with zoning enforcement. She would like to include a follow-up with complainants in the future.

XIII. EXECUTIVE SESSION

City Council transitioned into Executive Session at 10:40 p.m.

City Council returned from Executive session at 11:59 p.m.

MOTION: Council Member Smith motioned, seconded by Council Member Fleming to extend the City Council meeting past midnight.

VOTE ON THE MOTION:

Yays: 5 - Mayor Knight, Council Member Smith, Council Member Needles, Council Member Shirrell and Council Member Fleming

Absent: 2 - Council Member Moulton and Council Member Reese

City Council transitioned back into Executive Session at 12:01 p.m.

XIV. RETURN FROM EXECUTIVE SESSION

City Council returned from Executive Session at 12:34 p.m.

XV. ADJOURNMENT

There being no further business, Mayor Knight adjourned the meeting at 12:35 p.m.