

City of Valdez

212 Chenega Ave.
Valdez, AK 99686



Meeting Minutes - Draft

Tuesday, January 21, 2020

7:00 PM

Regular Meeting

Council Chambers

City Council

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

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

II. PLEDGE OF ALLEGIANCE

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

III. ROLL CALL

Present: 6 - Mayor Jeremy O'Neil
Council Member Ron Ruff
Council Member Christopher Moulton
Council Member Sharon Scheidt
Council Member Darren Reese
Council Member Alan Sorum

Excused: 1 - Council Member Dennis Fleming

Also Present: 6 - City Manager Mark Detter
Assistant City Manager Nathan Duval
Assistant City Manager Roxanne Murphy
City Clerk Sheri Pierce
Deputy City Clerk Allie Ferko
City Attorney Jake Staser (*participated by teleconference*)

IV. APPROVAL OF MINUTES

1. **City Council Regular Meeting Minutes of December 17, 2019**
2. **City Council Regular Meeting Minutes of January 7, 2020**

The City Council regular meeting minutes of December 17, 2019 and January 7, 2020 were approved as presented.

V. PUBLIC BUSINESS FROM THE FLOOR

There was no public business from the floor.

VI. CONSENT AGENDA

1. **Appointment to Valdez Museum & Historical Archive Association Board of Directors (Two-Year Term)**
2. **Appointment to Valdez Museum & Historical Archive Association Board of Directors (Three-Year Term)**
3. **Approval of Settlement Agreement and Release of All Claims Regarding HR Matter**
4. **Approval of Liquor License Renewals: The Wheel House/The Stampmill Restaurant/Mike's Palace Restaurant**

5. Approval of Transfer of Package Store License #5162: Valdez Liquor LLC to Valdez Food Cache LLC

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

VOTE ON THE MOTION:

Yays: 7 - Mayor O'Neil, Council Member Ruff, Council Member Moulton, Council Member Scheidt, Council Member Reese, Council Member Fleming and Council Member Sorum

VII. NEW BUSINESS

1. Approval of Valdez Eco-Stewardship Program

MOTION: Council Member Moulton moved, seconded by Council Member Scheidt, to approve the Valdez Eco-Stewardship Program. The motion carried by the following vote after the following discussion occurred.

Council Member Moulton stated the conversation at the work session on this topic was centered around the program's coursework. He observed staff included the program syllabus in the agenda packet for Council review. Mr. Nick Farline, city parks, recreation and cultural services director, explained he confirmed the draft itinerary with Prince William Sound College. The budget and intern job description was also included for Council review.

Council Member Scheidt stated she thought the materials presented looked great and adequately answered Council questions posed during the work session.

Council Member Moulton requested a report to Council following the conclusion of the 2020 program.

Mayor O'Neil expressed reservations with funding the program, as he did not feel the purpose, goals, and benefits of the program were clearly defined. Mr. Farline explained over the past couple of years it had been challenging to find ways to encourage participation by high school students in PRCS programming. VESP targets the local high school demographic to provide job training and critical life skills, while also providing opportunities to obtain college credits. Additionally, VESP provides opportunities for college students seeking internship opportunities in the parks and recreation field.

Mayor O'Neil asked what else could be done, aside from VESP, to encourage high school student participation in PRCS summer programming. Mr. Farline explained natural resource education as a vehicle for job and life skills is a proven model and there is a shortage of those types of programs in the Valdez community. Mayor O'Neil asked Mr. Farline how he would define success of the program. Mr. Farline stated he would define success as all students completing the course with high grades for both high school and college credit, as well as a positive evaluation course evaluation and post-course knowledge and skills check.

Council Member Reese asked how the two college interns and eight high school

students would be selected. Mr. Farline explained the intern position descriptions would be sent to colleges and universities both in and out of state. Interns would then be selected through an application and interview process. High school students would submit an essay and letters of recommendation.

Council Member Moulton stated he is aware of similar programs in other states which are structured the same as the VESP proposal. He explained he is willing to support VESP for one year and then evaluate its success before funding the program in subsequent years.

Mr. Shawn Arnold, Valdez City Schools superintendent, stated he believes many local students would be interested in participating in VESP. Many summer programs exist for younger children in Valdez and VESP would fill a need for high school students.

Council Member Sorum expressed his appreciation for the information provided by staff. He stated he supported funding the program for one season and then evaluating its success. Council Member Scheidt stated she appreciated the partnerships involved and the ability for students to network in the community. She explained many high school students need to earn money during the summer and the VESP stipend would help ensure those children are able to participate.

Mayor O'Neil asked for details regarding the funding source for the program. Ms. Pierce explained the Council Contingency Reserve account typically funds projects or programs the Council approves outside the normal budget process. Ms. Pierce stated the reserve account could be replenished during the mid-year adjustment process.

VOTE ON THE MOTION:

Yays: 5 - Council Member Ruff, Council Member Moulton, Council Member Scheidt, Council Member Reese and Council Member Sorum

Nays: 1 - Mayor O'Neil

Excused: 1 - Council Member Fleming

2. Approval of Contract Award to Orion Construction Inc. for the Fire Station 1 Hazmat Remediation and Ventilation Upgrades Project in the Amount of \$271,500.00

MOTION: Council Member Moulton moved, seconded by Council Member Ruff, to approve the construction contract with Orion Construction Inc. for the Fire Station 1 Hazmat Remediation and Ventilation Upgrades Project in the amount of \$271,500.00. The motion carried by the following vote after the following discussion occurred.

Council Member Reese asked if the new exhaust ventilation system would be transferred to the new fire station. Mr. Nate Duval, city capital facilities director, explained the exhaust ventilation system is split into individual units. The units would be repurposed at fire station 3, fire station 4, or in another city vehicle bay. The new fire station ventilation system would be separate and centralized for the entire space.

Council Member Moulton asked how detailed remediation efforts are outlined in the contract. Mr. Duval stated remediation of the decontamination room is clearly defined. He briefly outlined some of the other components of the project. A portion of remediation efforts would also be based upon discovery once walls were opened.

Mayor O'Neil asked for clarification on the funding source for this project, as outlined in Resolution #20-05. Mr. Duval explained the original intent was to fund this project during the 2020 capital improvement project process. However, based upon timelines, it made the most sense to complete the project now. The funding source involved repurposing unspent funds from the completed swimming pool project.

VOTE ON THE MOTION:

Yays: 6 - Mayor O'Neil, Council Member Ruff, Council Member Moulton, Council Member Scheidt, Council Member Reese and Council Member Sorum

Excused: 1 - Council Member Fleming

3. Discussion Item: 2020 Legislative Priorities

Council reviewed and discussed Council legislative priorities from 2019, as well as legislative priorities from the Alaska Municipal League, Valdez Fisheries Development Association, and Valdez City Schools.

Council discussed the need to update their 2019 priorities for 2020 to ensure they remained relevant.

Council expressed support for the following priorities (in no particular order): Expanding incentives for community development; support for the Alaska Marine Highway system and restoration of AMHS funding; support for maintaining a local Alaska State Wildlife Trooper; support for continued funding of community jails; sustained and healthy budgets for the Alaska Department of Environmental Conservation and Alaska Department of Fish & Game; support for the Alaska Seafood Marketing Institute; support for state of Alaska tourism marketing; continued support for Medicaid expansion in Alaska; concerns regarding Alaska Department of Natural Resources permitting for gravel extraction and other flood mitigation efforts; TERS/PERS liability and termination study concerns; predictable funding for schools and early childhood programs; support for the Safe and Secure Rural Schools Program (forest receipts); support the 2020 census count; support for continued local municipality tax authority; support for real property sales disclosures; support for state harbor grants; support for adoption of a sustainable state budget; support for adoption of a statewide energy program; and support for the Valdez option for the LNG pipeline.

Council Member Sorum volunteered to provide Ms. Pierce with draft language for the priority supporting the Alaska Department of Environment Conservation budget.

Council requested the 2019 SHARP III legislative priority be removed for 2020, as this program is now in place. Council requested the term "Medicare" in the draft priorities be revised to read "Medicare".

Council Member Scheidt asked for clarification on the status of DNR permitting issues for flood mitigation. Mr. Detter explained staff held a conference call with DNR and learned Valdez previously had been involved in creating legislation which addresses most of the permitting concerns related to flood mitigation efforts. While the state statute exists, good regulations or processes have not been developed at the state level. Mr. Duval added land use, right of way, gravel extraction, and material sales are all encompassed in the statute. The City would need to work with DNR to develop an agreement which both works locally and is in compliance with the statute. The agreement would then allow municipal flood mitigation projects to proceed without requiring state permitting.

Mayor O'Neil stated Council previously discussed Copper Valley Electric Association concerns related to utility liability for forest fires in remote locations. Council Member Scheidt stated draft language on the topic is still in development by CVEA and not quite ready for inclusion in the Council priorities document. She explained CVEA would certainly request support once the priority language is ready.

Mr. Shawn Arnold, Valdez City Schools superintendent and Alaska superintendent association president, explained no decision has been made on the \$30M set aside for 2020 outside the school funding formula. In 2019, the governor released \$20M before a court decision was reached. For 2020, a court decision will be reached regarding the \$30M in the next couple of months. For Valdez City Schools, the decision would translate to approximately \$140,000 to \$160,000 in funding. Even with the court decision, school funding issues would still exist. Base student allocation funding amounts, based upon a standard formula used statewide, have remained the same over the past couple of years. He explained flat funding is concerning, as even basic costs to run schools have been increasing. Forward funding is not an option. He stated it is difficult to plan and prepare for school operations and make good hiring decisions when budgets set by the state legislature are unpredictable.

Mr. Arnold stated there are serious concerns with the unfunded liability of the PERS/TERS retirement statement. Discussions within the state legislature involve the possibility of shifting the liability burden and contributions from the state back to the local level.

Mr. Arnold explained Valdez City Schools has had great success over the past two years with their preschool/kindergarten readiness program. Senate Bill 6 proposes a tiered rollout of preschool services across the state for four year old students. Based upon current needs, Valdez would likely receive partial funding for services within four years if the bill passes.

Mr. Detter asked if support for the 0-3 Parents as Teachers Program had been discussed. Mr. Arnold stated funding for the program was cut by the governor in 2019. While the state legislature restored funding for K-12, it was not restored for the Parents as Teachers Program.

Council Member Sorum requested the City's state lobbyist work with Mr. Arnold to support the Valdez School District's concerns and legislative priorities.

Ms. Pierce stated the language included in the AML priority related to TERS/PERS termination studies contradicts previous City priority language. She

requested how the Council would like to proceed on that particular topic. She explained a full time employee position classification could not be eliminated without completing a termination study. Council Member Reese explained the termination study process is an unfunded mandate and must be paid for by the municipality or school district. Council provided direction to use the language provided by AML.

Council discussed the need and desire to continue pursuing matters related to the LNG pipeline. Council consensus allowed for continued involvement until adoption of the final FERC DEIS.

Ms. Pierce explained the City's state lobbyist provides recommendations on how to make the priorities document more concise and easily readable for lobbying efforts.

Council Member Scheidt asked what would be done with the state legislative priorities document once finalized. Ms. Pierce explained the document would be provided to the state legislature, state departments, and the City's state lobbyist. The document would also be taken to Juneau during the upcoming Council legislative fly-in.

Ms. Pierce explained she would work with Mr. Detter to compile the edits and priorities discussed and provide the final version to the Council for formal approval during their next regular meeting.

Several Council members stated they would really like to see action happen out of these state priorities.

VIII. RESOLUTIONS

1. **#20-03 - Adoption of an Alternate Allocation Method for the FY20 Shared Fisheries Business Tax Program and Certifying that the Allocation Method Fairly Represents the Distribution of Significant Effect of Fisheries Business Activity in FMA 15: Prince William Sound**

MOTION: Council Member Sorum moved, seconded by Council Member Moulton, to approve Resolution #20-03. The motion carried by the following vote after the following discussion occurred.

Council Member Sorum asked if the other two communities in Prince William Sound had passed a similar resolution in 2020. Ms. Sarah Von Borgen, Valdez harbormaster, explained both the City of Whittier and City of Cordova were moving forward with the same resolutions.

Council Member Moulton asked if the wording in the resolution was prescribed by the state of Alaska. Ms. Von Borgen explained there are two methods for splitting fisheries business tax – the alternate method, which splits the funds equally amongst the three communities and the standard method, which splits the funds proportionately based on the effect of activity on individual municipalities. She explained the alternate method has been annually adopted in Prince William Sound since approximately 2012. The verbiage in the resolution is what is

required by the state of Alaska.

VOTE ON THE MOTION:

Yays: 6 - Mayor O'Neil, Council Member Ruff, Council Member Moulton, Council Member Scheidt, Council Member Reese and Council Member Sorum

Excused: 1 - Council Member Fleming

2. #20-04 - Endorsing the Prince William Sound Regional Citizens' Advisory Council for Recertification by the U.S. Coast Guard

MOTION: Council Member Reese moved, seconded by Council Member Moulton, to approve Resolution #20-04. The motion carried by the following vote after the following discussion occurred.

Council Member Sorum declared a financial conflict of interest, as he is employed by the Prince William Sound Regional Citizens' Advisory Council. He abstained from participating in the discussion or vote regarding Resolution # 20-04.

Ms. Donna Schantz, PWS RCAC executive director, provided brief remarks on behalf of the organization. She explained the U.S. Coast Guard annually certifies the PWS RCAC to ensure they are meeting the intent of the Oil Pollution Act of 1990. Every three years, the recertification involves a public comment period. Letters from member entities provided great value to the recertification process. Ms. Schantz thanked the City Council for their support for not only the resolution, but also other collaborative projects and efforts in recent years.

VOTE ON THE MOTION:

Yays: 5 - Mayor O'Neil, Council Member Ruff, Council Member Moulton, Council Member Scheidt and Council Member Reese

Excused: 1 - Council Member Fleming

Abstained: 1 - Council Member Sorum

3. #20-05 - Amending the 2020 City Budget by Transferring \$300,000 within the Major Maintenance Reserve, from Swimming Pool Cover and Boiler Upgrade Project to Fire Station I Berthing Quarters Project

MOTION: Council Member Moulton moved, seconded by Council Member Ruff, to approve Resolution #20-05. The motion carried by the following vote after the following discussion occurred.

Council Member Reese asked for clarification of the term "berthing quarters" in the name of the project. Mr. Duval explained the term refers to the location where

the firefighters sleep. Most of the HVAC system services the berthing area.

VOTE ON THE MOTION:

Yays: 6 - Mayor O'Neil, Council Member Ruff, Council Member Moulton, Council Member Scheidt, Council Member Reese and Council Member Sorum

Excused: 1 - Council Member Fleming

4. #20-06 - Naming Rates and Fees for Use of Facilities in the Valdez Harbors and Repealing Resolution No. 17-44 Naming Such Rates and Fees

MOTION: Council Member Sorum moved, seconded by Council Member Moulton to approve Resolution #20-06. The motion carried by the following vote after the following discussion occurred.

Mayor O'Neil stated the drive-down float is not intended for long-term moorage. He asked why then would mooring at the drive-down float for more than active loading or unloading even be considered in the fee schedule. Ms. Von Barga explained in 2019, harbor staff observed vessels mooring there without prior authorization. By requiring a fee even for short-term use, the harbor is attempting to discourage mariners from mooring at the drive-down float for an extended period of time. She explained the rates are also higher than normal daily moorage rates and increase after the third night. Similar fees exist in other harbors around the state. The harbormaster also has full authority and discretion under municipal code to require vessels to move within the harbor facility.

VOTE ON THE MOTION:

Yays: 6 - Mayor O'Neil, Council Member Ruff, Council Member Moulton, Council Member Scheidt, Council Member Reese and Council Member Sorum

Excused: 1 - Council Member Fleming

5. #20-07 - Amending the 2020 Budget by Transferring \$44,105 from Reserve/Council Contingency to General Fund/Parks and Recreation Department for the Parks and Recreation Internship and Valdez Eco-Stewardship Programs

MOTION: Council Member Moulton moved, seconded by Council Member Scheidt, to approve Resolution #20-07. The motion carried by the following vote.

VOTE ON THE MOTION:

Yays: 5 - Council Member Ruff, Council Member Moulton, Council Member Scheidt, Council Member Reese and Council Member Sorum

Nays: 1 - Mayor O'Neil

Absent: 1 - Council Member Fleming

IX. REPORTS

1. **Monthly Treasury Report: November, 2019**
2. **Change Order Report: Change Order #1 with Orion Construction, INC. Regarding the North Meyring Park Shelter Project in the Amount of \$22,223.92 dollars.**
3. **Parks, Recreation & Cultural Services 2019 Year End Report**

X. CITY MANAGER / CITY CLERK / CITY ATTORNEY / MAYOR REPORTS**1. City Manager Report**

Mr. Detter provided a verbal overview of his written report included in the agenda packet.

Mr. Detter explained he recently met with members of the Valdez Local Emergency Planning Committee (LEPC). He stated he would be engaging the group regarding the draft City Emergency Operations Plan. He stated the LEPC supports the creation of a full-time City emergency manager position. The LEPC also requested at least one local elected leader participate in future LEPC meetings.

Mr. Detter announced the upcoming city department directors working retreat scheduled for the end of February.

Mr. Detter and Ms. Pierce briefly discussed Council logistics for the upcoming state legislative fly-in to Juneau in February and the federal legislative fly-in to Washington D.C. in March.

Mr. Detter explained the City received a request from the Sand Point Police Department to assist them with emergency dispatching services. He stated he and Chief Hinkle would explore if the Valdez Police Department could support the request, to include a 90-day beta test. If provision of regional dispatch services could be supported, additional information would be brought forward to Council for consideration.

Mayor O'Neil reiterated the City is actively working on a housing study project and encouraged citizens to participate and provide feedback. He stated he appreciated due diligence being completed prior to the City committing to a major development project.

2. City Clerk Report

Ms. Pierce reviewed dates for upcoming Council meetings and work sessions. She announced upcoming vacancies on City boards and commissions. She outlined her travel over the next month.

Ms. Pierce discussed the need for revisions to the city clerk annual evaluation form. She provided examples from other Alaskan city and borough clerks who have similar responsibilities. She asked Council to review the form currently being used, compare it to the examples, and then provide feedback. She explained she would prefer to have an evaluation which provides solid feedback

on her performance and future goal-setting. Mayor O'Neil stated he reviewed similar clerk evaluation forms from three other municipalities. He agreed the revised form should be less quantitative and more qualitative. Council Member Moulton stated, in the past, Council struggled with combining written comments from individuals into comments reflecting a unified voice.

Ms. Pierce explained she would provide Council with the final version of the form along with her annual report during their February 4th meeting. Each member of Council would fill out an evaluation form individually, with one member of Council designated to collect and compile the data. She explained she would then meet with Council in executive session to review and discuss her evaluation results.

3. City Attorney Report

Mr. Staser provided updates on projects and cases his firm is working on behalf of the City, including monitoring the FERC DEIS regarding the AK LNG project; C-Plan adjudication efforts; ADEC request for comments regarding state regulations regarding oil spill prevention and response; the Meals Hill enhancement project federal funding process; the Hilcorp acquisition of BP assets in Alaska; Valdez 2020 population determination and appeal process; and the 2020 nationwide census.

Council held a brief discussion regarding how the Valdez population determination dropped from 2019 to 2020. Council Member Reese asked if population numbers collected in conjunction with the City energy assistance program could be used to challenge the determination. Ms. Pierce explained the numbers collected with the energy assistance program only reflected those who applied for the voluntary program and did not reflect an actual comprehensive census of the entire community. Mr. Staser stated there are two opportunities to appeal the population determination, one related to state assistance and the other related to the tax cap.

Mr. Staser stated Mr. Robin Brena, lead legal counsel for the City, would be participating in the state of Alaska hearing related to the Hilcorp acquisition of BP assets the week of February 2nd. He explained Mr. Brena would join the Council in executive session for a comprehensive legal briefing during their February 18th meeting, to include his report on borough formation concerns.

4. City Mayor Report

Mayor O'Neil stated Hilcorp management reached out to schedule a meeting with himself and the city manager. He also requested the city manager schedule a meeting with the new Alyeska CEO, city administration, and members of Council in the near future.

Mayor O'Neil explained he participated in a program with Gilson Middle School sixth graders in an effort to teach them more about local government and the role of City Council. Students traveled to Council Chambers for a short informational program, followed by participation in a mock City Council meeting to work through a hypothetical issue. He thanked the deputy city clerk for her assistance with the program.

XI. COUNCIL BUSINESS FROM THE FLOOR

Council Member Sorum thanked staff for their recent work regarding flood mitigation efforts.

XII. ADJOURNMENT

There being no further business, Mayor O'Neil adjourned the meeting at 8:57 p.m.

DRAFT