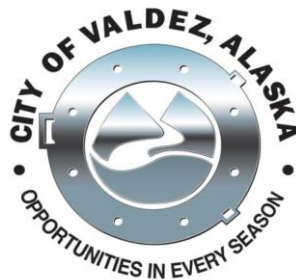


# City of Valdez

212 Chenega Ave.  
Valdez, AK 99686



## Meeting Minutes - Final

Tuesday, December 4, 2018

6:00 PM

Work Session (State Lobbyist) & Regular Meeting

Council Chambers

**City Council**

**WORK SESSION AGENDA - 6:00 pm**

Topic: Presentation by Kim Hutchinson, City Lobbyist

**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 Christopher Moulton  
Council Member Lon Needles  
Council Member Jim Shirrell  
Council Member Dennis Fleming  
Council Member Darren Reese

Excused: 1 - Council Member Ron Ruff

Also Present: 5 - City Manager Elke Doom  
City Clerk Sheri Pierce  
Deputy City Clerk Allie Ferko  
Assistant City Manager Roxanne Murphy  
City Attorney Jake Staser

**IV. APPROVAL OF MINUTES****1. Regular City Council Meeting Minutes of November 20, 2018**

The regular City Council meeting minutes of November 20, 2018 were approved as presented.

**V. PUBLIC APPEARANCES**

There were no public appearances.

**VI. PUBLIC BUSINESS FROM THE FLOOR**

There was no public business from the floor.

**VII. CONSENT AGENDA**

1. Appointments to City Planning & Zoning Commission
2. Appointment to City Permanent Fund Committee
3. ~~Approval of Liquor License Renewal #5078 Board Room (Moved to New Business #5)~~
4. Approval of Liquor License Renewal - #2326 Fu Kung Restaurant
5. Approval of Liquor License Renewal - #369 BPO Elks Club
6. Approval To Go Into Executive Session Regarding Personnel Matter/Arbitration

MOTION: Council Member Moulton moved, seconded by Council Member Fleming to approve the Consent Agenda.

VOTE ON THE MOTION:

Yays: 6 - Mayor O'Neil, Council Member Moulton, Council Member Needles, Council Member Shirrell, Council Member Fleming and Council Member Reese

Excused: 1 - Council Member Ruff

**VIII. UNFINISHED BUSINESS**

1. **#18-39 - Authorizing a Lease with Silver Bay Seafoods, LLC for Tract E Harbor Subdivision. (Postponed from the regular City Council meeting of November 20, 2018.)**

MOTION ALREADY ON THE FLOOR. The motion carried by the following vote after the following discussion occurred.

Council Member Reese asked Ms. Cora Campbell, representative from Silver Bay Seafoods, LLC, to provide an overview of the company's vision for the future. Ms. Campbell thanked City Council for the opportunity to speak. She explained the modern plant built on Tract E is a large financial investment for the future. If the salmon runs allow, the company intends to continue to grow and develop in the Valdez area. Ms. Campbell gave a brief overview of future plans in response to Council's questions, including consideration of docking options for offloading, personnel concerns, recruiting for seasonal jobs, and employee housing development near the plant. Mr. Jeremy Talbott, City Ports & Harbors Director, added development around Silver Bay's campus is also likely dependent on completion of the Valdez Waterfront Master Plan.

VOTE ON THE MOTION:

Yays: 6 - Mayor O'Neil, Council Member Moulton, Council Member Needles, Council Member Shirrell, Council Member Fleming and Council Member Reese

Excused: 1 - Council Member Ruff

**IX. NEW BUSINESS**

1. **Approval to Purchase a Cat 816K Landfill Compactor from NC Machinery in the Amount of \$499,600**

MOTION: Council Member Moulton moved, seconded by Council Member Needles, to approve purchase of a CAT 816K landfill compactor from NC Machinery in the amount of \$499,600. The motion carried by the following vote after the following discussion occurred.

Council Member Shirrell clarified the funding is already in the equipment reserve. The only thing changing is the type of equipment being purchased. Mr. Rob

Comstock, City Public Works Director, explained the CAT 816K landfill compactor will take operational hours away from the D8 and extend its lifecycle by approximately three years. Mr. Comstock stated the compactor is specifically built for compacting construction debris and municipal trash. The spikes on the machine break up the material and the machine then compacts it. This process allows almost 50% more material to be compacted into the landfill.

Mr. Comstock explained there is approximately two years left in the current landfill. His staff are coordinating the process of expanding the landfill in conjunction with the oversight of the State of Alaska Department of Environmental Conservation. He stated the expansion would only be authorized for ten year period based upon the space used over the past ten years.

**VOTE ON THE MOTION:**

Yays: 6 - Mayor O'Neil, Council Member Moulton, Council Member Needles, Council Member Shirrell, Council Member Fleming and Council Member Reese

Excused: 1 - Council Member Ruff

**2. Approval of a Contract Amendment with R & M Consultants  
Design/Planning of Comprehensive Municipal Harbor Facilities Contract  
No. 1085 in the Amount of \$233,373.00**

MOTION: Council Member Reese moved, seconded by Council Member Fleming, to approve a contract amendment with R&M Consultants, Inc. to the planning and feasibility for, and design of comprehensive municipal harbor facilities in the amount of \$233,373.00. The motion carried by the following vote after the following discussion occurred.

Council Member Reese asked if this contract amendment would take the City to completion on the Harbor Project. Mr. Nate Duval, City Capital Facilities Director, confirmed this as correct based on the contractor's current scope, schedule, and close-out timing. Changes to the schedule are the unknowns. Mr. Duval stated the project is still financially on track with a healthy contingency fund. Additional unspent monies will be recouped from the Army Corps of Engineers which will go back into the project account.

**VOTE ON THE MOTION:**

Yays: 6 - Mayor O'Neil, Council Member Moulton, Council Member Needles, Council Member Shirrell, Council Member Fleming and Council Member Reese

Excused: 1 - Council Member Ruff

**3. Approval of a Professional Services Agreement with ECI/HYER, Inc. for the  
Kelsey Dock Warehouse Renovation in the Amount of \$261,520.00**

MOTION: Council Member Moulton moved, seconded by Council Member Shirrell, to approve a professional services agreement with ECI/HYER, Inc. for

the Kelsey Dock Warehouse Renovation in the amount of \$261,520.00. The motion carried by the following vote after the following discussion occurred.

Council Member Reese stated the scope of this project is just a “cut and wrap”. He expressed concerns with doing a temporary fix, which would likely end up becoming long term, instead of removing the building completely.

Council Member Shirrell stated the topic has been discussed at length and is the result of a public meeting and multiple City Council work sessions. He stated, in the short term, this option reduces costs and addresses the needs of the museum. He stated he would like to see a future work session to discuss long term plans for the museum and the yellow warehouse area as a community space.

Council Member Needles asked how much it will cost to do the work once the design is in place. Mr. Nate Duval, City Capital Facilities Director, explained there is two million dollars allocated for the actual construction work but there are other costs related to moving items in the yellow warehouse.

Council Member Reese stated he would like to see the City commit to a new museum facility and enter into a written agreement with the Museum to match their fundraising efforts.

Mayor O'Neil stated there has been extensive public input into the process to get to this decision. He thanked the community for informing the City Council about their preferences for the building.

Ms. Patty Relay, executive director for the Valdez Museum & Historical Archive, stated what is best for the museum is to move one time into a single, unified facility. She expressed her appreciation the museum collection is not being moved out to the airport. Ms. Relay said she would like the memorandum of agreement move forward so fundraising efforts for a new facility could begin. Mr. Staser stated the memorandum is at the legal review stage and he will be in touch with Ms. Relay regarding revisions. Council Member Shirrell recommended holding a work session to discuss concepts and ideas prior to formal agreement being signed.

Ms. Relay asked that museum staff be involved in the design process for the yellow warehouse renovation.

**VOTE ON THE MOTION:**

Yays: 4 - Mayor O'Neil, Council Member Moulton, Council Member Shirrell and Council Member Fleming

Nays: 2 - Council Member Needles and Council Member Reese

Excused: 1 - Council Member Ruff

**4. Approval of Professional Services Agreement with Wolf Architecture, Inc. for the Valdez Fire Station 1 Replacement in the Amount of \$1,291,015.50**

MOTION: Council Member Moulton moved, seconded by Council Member Reese, to approve a professional services agreement with Wolf Architecture, Inc. for the Valdez Fire Station 1 replacement in the amount of \$1,291,015.50.

The motion carried by the following vote after the following discussion occurred.

Council Member Reese asked if the design would be done in time so the bond for the project could appear on the May 2019 regular municipal election ballot. Mr. Nate Duval, City Capital Facilities Director, confirmed this as correct and referenced the draft project schedule available on the project page of the City website. Ms. Pierce stated a resolution would come before Council for approval by March 2019 if the bond was to appear on the May ballot.

Mr. Duval outlined the plan for an open house on December 12<sup>th</sup> and asked for City Council guidance regarding the composition of the project advisory group. He explained the design stakeholder group would be composed of fire department personnel with specialized knowledge regarding operational needs of the fire service. Mayor O'Neil explained the composition of the stakeholder group would include members selected by the Fire Chief and Capital Facilities Director. Mr. Duval explained a second advisory group would consist of informed community advocates who would review and understand the design and help educate and inform the general public. Following discussion, Council determined the advisory group should include three council members, several members of the fire department, and several members of the capital facilities department.

Council Member Shirrell asked if the costs being approved for the facility design would bring the project to 100% design. Mr. Duval confirmed the costs included costs for final design and construction administrative services. He explained minor changes might happen, however fire station design is relatively predictable. Field-based management may still be needed once the project reaches the construction phase. The contract includes 24 trips by the design team to Valdez.

Mayor O'Neil asked staff to highlight the process by which the design firm was selected. Mr. Duval explained three firms bid on the project and were all deemed well qualified. Wolf recently completed multiple projects in the Mat-Su Valley. The firm stood out from the other bidders in relation to their public outreach approach to project management, as well as sustainability and savings on lifecycle maintenance for their facility design.

**VOTE ON THE MOTION:**

Yays: 6 - Mayor O'Neil, Council Member Moulton, Council Member Needles, Council Member Shirrell, Council Member Fleming and Council Member Reese

Excused: 1 - Council Member Ruff

**5. Approval of Liquor License Renewal #5078 Board Room (Moved from the Consent Agenda)**

MOTION: Council Member Reese moved, seconded by Council Member Moulton to approve liquor license renewal #5078 Board Room. The motion carried by the following vote after the following discussion occurred.

Council Member Reese asked if recent changes to Valdez Municipal Code regarding bar operating hours had made a substantial difference in the community. Valdez Chief of Police Bart Hinkle stated it is too early to tell in terms

of statistics, as the change has only been in place for a few months. He explained the bar continues to fully cooperate with the Valdez Police Department. He clarified the City Council can file a protest and express formal objections against any liquor license within city limits at any time, not just when the license is up for renewal.

Council Member Shirrell asked the Police Chief to bring concerns or problems with liquor license holders to the Council to help them do the right thing for the community.

**VOTE ON THE MOTION:**

Yays: 6 - Mayor O'Neil, Council Member Moulton, Council Member Needles, Council Member Shirrell, Council Member Fleming and Council Member Reese

Excused: 1 - Council Member Ruff

**X. ORDINANCES**

**1. #18-05 - Amending the Zoning Map to Effect a Change to Lot 1, ASLS 78-139 from General Commercial to Commercial Residential. First Reading.**

MOTION: Council Member Moulton moved, seconded by Council Member Shirrell, to approve Ordinance #18-05, amending the zoning map to effect a change to Lot 1, ASLS 78-139 from general commercial to commercial residential. Second Reading. Adoption. The motion carried by the following vote after the following discussion occurred.

Ms. Pierce clarified a typographical error. The Ordinance is before City Council as second reading and adoption.

**VOTE ON THE MOTION:**

Yays: 6 - Mayor O'Neil, Council Member Moulton, Council Member Needles, Council Member Shirrell, Council Member Fleming and Council Member Reese

Excused: 1 - Council Member Ruff

**XI. RESOLUTIONS**

**1. #18-40 - Supporting the Valdez Senior Center Transportation Grant Application**

MOTION: Council Member Shirrell moved, seconded by Council Member Moulton, to approve Resolution #18-40 supporting the Valdez Senior Center Transportation Grant application. The motion carried by the following vote after the following discussion occurred.

**VOTE ON THE MOTION:**

Yays: 6 - Mayor O'Neil, Council Member Moulton, Council Member

Needles, Council Member Shirrell, Council Member Fleming and  
Council Member Reese

Excused: 1 - Council Member Ruff

**2. #18-41- Amending the 2018 Budget by Accepting Book Basket Auction Proceeds in the Amount of \$2,642 to the Valdez Consortium Library and Authorizing its Expenditure**

MOTION: Council Member Moulton moved, seconded by Council Member Reese, to approve Resolution #18-41 amending the 2018 Budget by accepting Book Basket Auction proceeds in the amount of \$2,642 to the Valdez Consortium Library and authorizing its expenditure. The motion carried by the following vote after the following discussion occurred.

VOTE ON THE MOTION:

Yays: 6 - Mayor O'Neil, Council Member Moulton, Council Member Needles, Council Member Shirrell, Council Member Fleming and Council Member Reese

Excused: 1 - Council Member Ruff

**3. #18-42 - Amending the 2018 City of Valdez Budget by Appropriating \$5,712,442.98 in Funds Carried Forward from the 2017 Budget Year**

MOTION: Council Member Moulton moved, seconded by Council Member Reese, to approve Resolution #18-42 amending the 2018 City of Valdez by appropriating \$5,712,442.98 in funds carried forward from the 2017 budget year. The motion carried by the following vote after the following discussion occurred.

Mr. Brian Carlson, City Finance Director, explained the historical process and established convention for mid-year budget adjustments. In the past, this process occurred in August of each year and involved contemplation of the carry-forward monies from the previous year, budgeting for SAARB adjustment for oil and gas property tax which were just estimated in the annual budget, major projects, and unanticipated operational priorities. The resolution this year was further complicated and delayed by the events of the recent cyber-attack.

Mr. Carlson explained, in the future, budgeting processes are being tightened up to either limit or eliminate the regular need for a routine mid-year budget resolution. Many budgetary processes which were inherited based upon past practices are not necessarily the best and most efficient options. He stated the number for oil and gas property tax estimates needs to be captured somewhere in the budgeting process, although the actual audited figures would not be known until the spring of the actual budget year.

Mr. Carlson provided an overview of the items included in this carry forward appropriation and the allocation of approximately \$900,000 of these monies for operational needs and expanded priorities.

Council Member Shirrell expressed concerns with the timing and content of the resolution. He suggested an operational reserve fund would be more appropriate



to pull funding from in the event of a legitimate, unanticipated operational need. Mayor O'Neil asked if the operational items included in the resolution would be complete by the end of calendar year 2018. Mr. Carlson explained some items, such as the expenses for the boat lift incident and temporary wages, occurred earlier in the year. The other new initiatives or purchases would be complete or in progress by the end of 2018.

Mr. Carlson stated annual project budgeting will begin in February and March.

Council Member Fleming asked Mr. Carlson to bring recommendations for more efficient and effective future budgetary processes to the City Council for review well before the next budget cycle begins.

**VOTE ON THE MOTION:**

Yays: 5 - Mayor O'Neil, Council Member Moulton, Council Member  
Needles, Council Member Shirrell and Council Member Fleming

Nays: 1 - Council Member Reese

Excused: 1 - Council Member Ruff

**4. #18-43 - Adopting the 2019 Budget for the City of Valdez and Appropriating Monies for that Budget**

MOTION: Council Member Shirrell moved, seconded by Council Member Fleming, to approve Resolution #18-43 adopting the 2019 Budget for the City of Valdez and appropriating monies for that budget. The motion carried by the following vote after the following discussion occurred.

City Council transitioned into a short recess at 8:35 p.m.

City Council returned from recess at 8:45 p.m.

Council Member Shirrell asked Mr. Carlson for the actual City spend for the 2019 budget. Mr. Carlson provided a breakdown of high-level budget figures. The total appropriation for the 2019 budget equals expense plus transfers, equating to approximately \$68.5 million. He explained the City also budgets reserve funds by appropriations instead of how they are actually spent down through the budget year. Appropriated expenses are approximately \$55 million. \$8.4 million will be appropriated into reserve funds, but only \$4.2 is anticipated to be spent in 2019. The Permanent Fund Reserve appropriation equates to \$3.1 million. Operating subsidies to utilities, port, and airport represent \$2.0 million which are already built into department budgetary expenses.

Council Member Moulton asked what the appropriate answer would be if a layperson asked him the amount of the City budget. Mr. Carlson stated the City's expenses plus transfers in 2019 equal approximately \$68.5 million.

Mr. Carlson clarified the 2019 cost of living adjustment (COLA) for City employees is 2.1%.

**VOTE ON THE MOTION:**

Yays: 6 - Mayor O'Neil, Council Member Moulton, Council Member

Needles, Council Member Shirrell, Council Member Fleming and  
Council Member Reese

Excused: 1 - Council Member Ruff

**5. #18-44 - Establishing the Tax Calendar for the 2019 Tax Year**

MOTION: Council Member Moulton moved, seconded by Council Member Reese, to approve Resolution #18-44 establishing the tax calendar for the 2019 tax year. The motion carried by the following vote after the following discussion occurred.

**VOTE ON THE MOTION:**

Yays: 6 - Mayor O'Neil, Council Member Moulton, Council Member Needles, Council Member Shirrell, Council Member Fleming and Council Member Reese

Excused: 1 - Council Member Ruff

**XII. REPORTS**

There were no reports.

**XIII. CITY MANAGER / CITY CLERK / CITY ATTORNEY / MAYOR REPORTS**

**1. City Manager Report**

Ms. Doom explained the consultant who is completing the municipal employee pay study would like to hold a work session with City Council prior to the second regular meeting in January. The pay study is anticipated to be complete in February 2019.

Chief of Police Bart Hinkle has revived the City's bear and animal safety committee. The group met today to discuss proactive ways to live and recreate safely in bear country. The committee would like to have one member of City Council join the group.

Ms. Doom outlined her recent participation on the Alaska Municipal League Managers Board of Directors.

**2. City Clerk Report**

Ms. Pierce outlined upcoming City Council work sessions and events. She also explained her annual evaluation is due. She will send out the evaluation form and her year-end report to City Council by email. Council Member Moulton has volunteered to collect and compile evaluation input. Ms. Pierce's evaluation would then occur in executive session at an upcoming meeting.

**3. City Attorney Report**

Mr. Staser outlined projects and provided updates on cases his firm is working on behalf of the City, including nuisance abatement municipal code revisions, the Cummings litigation, C-Plan adjudication, and proposed borough formation.

Council Member Shirrell stated the City should not be involved in the borough formation topic, as he believes a borough would not be in the best interest of Valdez. Mr. Staser explained the City may not have discretion in some portions of the borough formation process under state statute. His firm will provide an analysis to City Council on the topic to help in future decision making.

#### **4. City Mayor Report**

Mayor O'Neil highlighted the response efforts of staff from Valdez Police Department, Valdez Fire Department, and Valdez City Schools during the November 30<sup>th</sup> earthquake. He also thanked the City and Schools building maintenance teams for verifying the public buildings were safe to occupy.

Mayor O'Neil congratulated Judge Schally on his promotion and upcoming transfer to Juneau and thanked the judge for many years of service to the Valdez community.

### **XIV. COUNCIL BUSINESS FROM THE FLOOR**

Council Member Shirrell asked for information on the upcoming City Council work session regarding childcare. He asked if City administration would provide thoughts and insight relevant to the topic during the work session. Ms. Doom stated she and her staff have been in discussion regarding strategy.

Council Member Shirrell asked to schedule a work session to discuss the Museum agreement after the first of the year.

Council Member Shirrell also asked to revive the Hospital Task Force. Ms. Doom stated she would be able to lead the Task Force since the Mayor would need to be involved as the Hospital Administrator instead. He explained the group addressed health care needs planning specific to the physical layout and development of the hospital campus. Several council members supported the task force being revived.

Council Member Needles asked for a report from the medical clinic and hospital regarding the progress of recruiting new physicians and how Valdez is being marketed to potential hires. Ms. Pierce stated she has been contacted by two new physicians – Dr. Alfaro and Dr. Hopkins-Vacca – who are interested in the program. She explained contracts were provided to both for review and she is awaiting a response from them. Council Member Reese asked for clarification on whether part-time physicians qualified for the City's physician recruitment program. Council Member Moulton expressed concerns with the City being involved in hiring physicians. He explained the businesses employing the physicians would more appropriately be the ones involved in the selection and hiring process.

### **XV. EXECUTIVE SESSION**

City Council transitioned into executive session at 9:28 p.m.

### **XVI. RETURN FROM EXECUTIVE SESSION**

City Council transitioned out of executive session at 9:59 p.m.

City Council provided direction to the City attorney to continue settlement negotiations in

the personnel arbitration case.

**XVII. ADJOURNMENT**

There being no further business, Mayor O'Neil adjourned the meeting at 10:00 p.m.