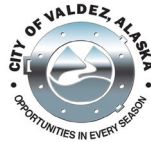


City of Valdez

212 Chenega Ave.
Valdez, AK 99686



Meeting Minutes - Final

Tuesday, January 15, 2019

5:30 PM

Work Session (Municipal Employee Pay Study) & Regular Meeting

Council Chambers

City Council

WORK SESSION AGENDA - 5:30 pm**Work Session: Employee Benefits & Compensation Study By The Foraker Group**

Minutes not transcribed for work sessions. Audio available online or by request.

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

Mayor O'Neil called the meeting to order at 7:08 p.m. in Valdez City Council Chambers.

II. PLEDGE OF ALLEGIANCE

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

III. ROLL CALL

Present: 7 - Mayor Jeremy O'Neil
Council Member Ron Ruff
Council Member Christopher Moulton
Council Member Lon Needles
Council Member Jim Shirrell
Council Member Dennis Fleming
Council Member Darren Reese

Also Present: 6 - City Manager Elke Doom
City Clerk Sheri Pierce
Deputy City Clerk Allie Ferko
Assistant City Manager Roxanne Murphy
City Attorney Jake Staser (by teleconference)
City Attorney Jack Wakeland

IV. APPROVAL OF MINUTES

1. **City Council Regular Meeting Minutes of January 2, 2019**
2. **City Council Regular Meeting Minutes of July 17, 2018**
3. **City Council Regular Meeting Minutes of June 5, 2018**
4. **City Council Special Meeting Minutes of July 30, 2018**

The City Council regular meeting minutes of January 2, 2019, July 17, 2018, June 5, 2018, and July 30, 2018 were approved as presented.

V. PUBLIC APPEARANCES

1. **Public Appearance: David Mitchell, Greatland Trust - Meals Hill Project Presentation**

Mr. David Mitchell provided a brief overview about the Greatland Trust and its purpose, mission, and past projects.

Mr. Mitchell stated the Greatland Trust was working with the Exxon Valdez Oil Spill Trustee Council (EVOS) to conserve land in the spill area that has been prioritized as beneficial to injured species and resources. Meals Hill has been identified as having a high benefit to both a number of species injured by the oil spill as well as recreational tourism. Meals Hill consists of 184 acres of property, accessible to citizens as a place to recreate.

Funding for the acquisition of Meals Hill was approved in November, 2017. Greatland Trust worked with the State of Alaska to get funding approved in the state budget. The City of Valdez sent letters to the Governor and the Department of Natural Resources showing their support.

The current property owner, the Port Valdez Company, and Greatland Trust came to a cost agreement based on fair market value and an assessment done by a qualified appraiser. Once the purchase is complete, Greatland Trust would like to give the property to the City of Valdez, subject to a conservation easement protecting the habitat.

Mr. Mitchell stated the purchase agreement must be signed before May 1st, 2019, after which an assessment and title review will occur. Once the land is purchased, his group will work with the City regarding planning and uses for the land. Mr. Mitchell shared that Greatland Trust, EVOS and The Port Valdez Company have established funding to implement property improvements, i.e. trails, trail heads and overlooks.

Several Council members thanked the parties involved for moving forward with such an outstanding project.

VI. PUBLIC BUSINESS FROM THE FLOOR

Ms. Lanette Oliver, Valdez Adventure Alliance, expressed her excitement regarding the acquisition of the Meals Hill property. Ms. Oliver stated most of the trails available in Valdez were difficult to access during lunch breaks, do not allow residents to feel fully immersed in nature, and can be very muddy most of the summer. She was hoping the Meals Hill project could be developed with those things in mind for the sake of those with depression, multiple jobs and/or those with dogs.

Ms. Patty Relay, Valdez Museum & Historical Archive, thanked the Council and the City for their continued support of the Valdez Museum. She also provided an update on upcoming museum events, including several temporary exhibits.

VII. CONSENT AGENDA

- 1. Appointments to Valdez Museum & Historical Archive Board of Directors (One Year Terms)**
- 2. Approval of Contract Award to Trust Consultants for 2019 State**

Lobbyist Services in the Amount of \$50,000

3. **Approval of Contract Award to Capitol Hill Consulting Group for 2019 Federal Lobbyist Services in the Amount of \$36,750**
4. **Approval of Liquor License Renewal - Glacier Sound Inn**
5. **Approval To Go Into Executive Session - Annual City Clerk Evaluation**

MOTION: Council Member Moulton moved, seconded by Council Member Reese 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 Needles, Council Member Shirrell, Council Member Fleming and Council Member Reese

Council Member Reese asked how local holders of liquor licenses were made aware of the recent ordinance regarding bar hours. Ms. Pierce explained all establishments were sent a letter and a copy of the ordinance right after Council approval.

VIII. UNFINISHED BUSINESS

1. **#19-01 - Authorizing a Lease with the Valdez Emergency Assistance and Food Bank for a Portion of Tract D, USS 447 (Postponed from January 2, 2019 Regular City Council Meeting)**

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

VOTE ON THE MOTION:

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

2. **Approval of Settlement with Alyeska Pipeline Company Regarding C-Plan Administrative Appeal (Postponed from January 2, 2019 Regular City Council Meeting)**

MAIN MOTION ALREADY ON THE FLOOR.

Council Member Fleming recused himself from the discussion and vote on the item due to a conflict of interest.

Mr. Staser explained there are two discrete terms in the settlement agreement which remain unresolved. The parties will be meeting with the mediator and hope to have settlement terms for Council approval at the next regular meeting. Council Member Moulton asked if any deadlines would be missed with the

postponement. Mr. Staser stated no deadlines would be missed under the circumstances. The overall collaborative process must be concluded by November 15, 2019.

MOTION TO POSTPONE: Council Member Ruff moved, seconded by Council Member Moulton, to postpone approval of settlement with Alyeska Pipeline Company regarding C-Pan administrative appeal to the next regular City Council meeting of February 5, 2019. The motion to postpone carried by the following vote.

VOTE ON THE MOTION TO POSTPONE:

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

Abstain: 1 - Council Member Fleming

IX. NEW BUSINESS

1. Appointments to Valdez Museum & Historical Archive Board of Directors (Three Year Terms)

City Council selected Tom McAlister, Richard Duncan, Cameron Farrington, and Jhon Serwin Alegado, Jr by paper ballot.

MOTION: Council Member Reese moved, seconded by Council Member Needles, to approve appointment of Tom McAlister, Richard Duncan, Cameron Farrington, and Jhon Serwin Alegado, Jr. to each serve three-year terms on the VMHA Board of Directors, expiring January 2022. The motion carried by the following vote.

VOTE ON THE MOTION:

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

2. Approval of Physician Recruitment and Retention Agreement with Dr. Parin Seakit

Mayor O'Neil recused himself from the discussion and vote on the item due to a conflict of interest.

MOTION: Council Member Shirrell moved, seconded by Council Member Ruff, to approve physician recruitment and retention agreement with Dr. Parin Seakit. The motion carried by the following vote after the following discussion occurred.

Council Member Reese stated he wants to make sure the five full-time physician limit for the program is not jeopardized by the inclusion of a part-time physician. Council Member Shirrell expressed hope if Dr. Seakit decided to provide care full-time in Valdez, the recruitment and retention program would support that

transition.

Council Member Reese asked for clarification on Dr. Seakit's schedule in Valdez. Dr. Kathy Todd, representative from Valdez Medical Clinic, explained Dr. Seakit has promised the clinic a minimum of one week per month but hopes to work more based around his obligations in Anchorage. Mr. Brian Carlson, city finance director, stated the current contract in front of Council is based upon a part-time prorated schedule. He recommended adding a retroactive clause in the contract to provide for additional incentive if the physician ended up working more than a part-time schedule. Ms. Pierce recommended doing a contract amendment. Council directed Administration to bring back the contract amendment at the next regular meeting.

Council Member Shirrell asked if the Clinic and Hospital physician incentive packages for Dr. Seakit were prorated as well. Dr. Todd confirmed the incentive packages are prorated based upon hours worked.

VOTE ON THE MOTION:

Yays: 6 - Council Member Ruff, Council Member Moulton,
Council Member Needles, Council Member Shirrell, Council
Member Reese, and Council Member Fleming

Abstain: 1 – Mayor O'Neil

3. Approval of Physician Recruitment and Retention Agreement with Dr. Angela Alfaro

Mayor O'Neil recused himself from the discussion and vote on the item due to a conflict of interest.

MOTION: Council Member Needles moved, seconded by Council Member Reese, to approve physician recruitment and retention agreement with Dr. Angela Alfaro. The motion carried by the following vote.

VOTE ON THE MOTION:

Yays: 6 - Council Member Ruff, Council Member Moulton,
Council Member Needles, Council Member Shirrell, Council
Member Reese, and Council Member Fleming

Abstain: 1 – Mayor O'Neil

4. Approval of Contract with Xpress Solutions, Inc. for Provision of Web-Based Billing and Payment System

MOTION: Council Member Reese moved, seconded by Council Member Ruff, to approve contract with Xpress Solutions, Inc. for provision of web-based billing and payment system. The motion carried by the following vote after the following discussion occurred.

Council Member Reese asked if this system is replacing a current capability. Mr.

Carlson explained the system is a web-based billing and payment solution. The current credit card processing agreements would be replaced under this contract. Council Member Fleming asked if the solution would assist with employee workload. Mr. Carlson stated the program is such an improvement, he anticipates there will be many users of the system. Therefore, the time involved will likely not be reduced. However, using the system will be easier and more straightforward for both the public and employees.

Council Member Fleming asked why the Ports & Harbors Department is using a different billing software than the rest of the city departments. Mr. Carlson stated ports and harbors customers have very specialized, unique needs representing a niche market, which are not met with standardized municipal financial software. He explained that department sought out software which would best meet the specialized needs of ports and harbors customers.

VOTE ON THE MOTION:

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

5. Approval of Contract with Global Diving & Salvage, Inc. for VCT/SBH Underwater Repairs in the Amount of \$886,935.00.

MOTION: Council Member Moulton moved, seconded by Council Member Fleming, to approve contract with Global Diving & Salvage, Inc. for VCT/SBH Underwater Repairs in the amount of \$886,935. The motion carried by the following vote after the following discussion occurred.

Council Member Reese asked how much of this project relates to deferred maintenance. Mr. Jeremy Talbott, city ports & harbors director, explained a good portion of the project relates to deferred maintenance. Mr. Nate Duval, city capital facilities director, added some of the work, like fenders, relates more to lifecycle replacement instead of deferred maintenance.

Council Member Ruff asked how this work would impact the overall lifespan of the Valdez Container Terminal. Mr. Nate Duval stated there should be a 10-year lifespan for the work.

Council Member Moulton stated this project is the cost of doing business with aging infrastructure.

VOTE ON THE MOTION:

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

6. Discussion Item: Proposed Memorandum of Understanding (MOU) Between the Valdez Museum and Historical Archive (VMHA) Association and City of Valdez. Requested by Council Member Shirrell and Council Member Moulton.

Council Member Shirrell stated the proposed MOU has been discussed at length over many months and he would like to see action taken on it in the near future. The MOU would allow the VMHA to move forward on fundraising for a portion of the new facility. The City would also commit to assist the effort through provision of land for the new facility and funding the preliminary design.

Council Member Moulton asked if the final version of the MOU had been reviewed by the City legal team. Mr. Staser stated the MOU before Council for review had been revised by City legal. It now reflects standard terms for an MOU instead of the more firm contractual language initially included, as well as a termination clause.

Council Member Moulton stated he has no objections to Ms. Patty Relay, VMHA executive director, choosing to utilize her resources and staff to pursue grant funds for a potential future museum facility. He stated the commitments for the City – providing land, selecting a site, and funding the design – were what was up for discussion. He explained he would like to see the project funded through a bond. However, the MOU provides the City the ability to discontinue the process if funding is not available for the project.

Council Member Shirrell explained he understood the VMHA needed two things from the City to move forward with fundraising – a parcel of land and a facility conceptual design. He stated those two expenditures should be included in the overall \$14 million anticipated cost for the project.

Council Members Reese and Needles stated they are not in favor of doing several million dollars of work on the yellow warehouse and also spending \$14 million on a new museum. They stated they would prefer the yellow warehouse be demolished if a new museum was to be built.

Council Member Shirrell stated the yellow warehouse is a transitional building. Once the new museum is built and exhibits moved, the warehouse would be repurposed for other uses. He explained this concept was supported by the community during a recent public meeting on the topic. Mayor O'Neil stated the

work on the yellow warehouse is a good investment as that facility could very easily be repurposed once the collection currently housed there moved to the new museum.

Council Member Reese requested the statistics from the yellow warehouse public meeting be provided again to Council when the museum topic is discussed in the future.

Council Member Fleming asked how the dollar figure included in the MOU was determined and if that number could decrease or increase through the planning process. Mr. Staser stated signing the MOU does not obligate the City to provide a certain amount of funding towards the project. Other types of contracts would need to be executed for that purpose. The MOU simply expresses the City's commitment to work with the VMHA towards the goal of a new museum. He explained the \$14 million upper threshold figure was decided upon during the very early stages of discussions on the topic.

Council Member Ruff stated he supported building a new museum, but questioned the timing of the project. He would prefer to see a comprehensive plan for prioritizing the full list of capital projects instead of merely reacting to the most vocal project champions.

Council Member Moulton stated he supports the yellow warehouse remaining in place with the proposed aesthetic upgrades. He reiterated the new museum concept is in the very early infancy stages with many factors still yet to be explored and worked out. The MOU does not necessarily place the new museum on the city capital improvement project list, it simply allows the concept to be explored and the VMHA to undergo fundraising activities.

Council Member Needles asked for the timeline for the aesthetic work on the yellow warehouse. Mr. Duval stated the design team for that project is actively working on the final design. He anticipates the RFP for construction services will be published in the next couple of weeks.

Mr. Gary Minish, VMHA board president, stated the concept of the new museum did not start with the yellow warehouse discussion. The VMHA board has been working on the idea for many years. The MOU provides a commitment between the VMHA and City Council to move forward on the project. He urged City Council to continue their support for a new museum.

Ms. Relay requested time for the VMHA board to review the MOU prior to formal Council approval. Council provided consensus for staff to bring back the MOU as an action item on a regular meeting agenda after the VMHA board had time to review.

X. ORDINANCES

1. #19-01 - Repealing and Reenacting Chapter 15.30 Relating to Flood Hazard Protection Regulations. First Reading. Public Hearing.

MOTION: Council Member Moulton moved, seconded by Council Member Fleming, to approve Ordinance #19-01, repealing and reenacting Chapter 15.30 relating to flood hazard protection regulations. First Reading. Public Hearing. The motion carried by the following vote after the following discussion occurred.

Ms. Kate Huber, city senior planner, explained staff brought this ordinance forward to pair with the new FEMA flood insurance rate map adopted on January 2, 2019. It introduces new flood zones reflected in the adopted map, as well as clarifies new definitions. The City's participation in the national flood insurance program requires the City to meet federal standards for flood hazard regulations. The proposed ordinance is based upon the FEMA model and meets the basic minimum requirements for participation in the national flood insurance program. Participation in the program allows Valdez residents to be eligible for flood insurance.

Ms. Huber called attention to one change to note in the proposed code language. New structures in the special flood hazard area would be required to be built one foot above the base flood elevation established in the adopted FIRM maps. The change is based upon a recommendation from FEMA. She explained she recently learned the 2018 international residential building code also includes this as a requirement. The City still operates under the 2009 international residential building code, but will likely adopt the more recent building code in the future. She also explained a new requirement from FEMA requires new mobile homes to have a permanent foundation in the special flood hazard area.

Ms. Huber noted all changes codified in this ordinance would apply to new or substantially improved structures. The term "substantially improved" means the improvement project exceeds 50% the value of structure. Mobile home placement in the special flood hazard area would qualify as a new structure, even if the mobile home itself was not new. Any existing structures in the special flood hazard area were required to be built by requirements in the previous code, adopted in 1983.

Council Member Shirrell asked what would happen if the ordinance failed. Ms. Huber explained if the Council did not approve the minimum FEMA requirements changes to code, Valdez would face suspension from the national flood insurance program. Implications of suspension include: no resident would be able to purchase a federal flood insurance policy, existing flood insurance policies would not be renewed, no federal grant or loans administered by federal agencies would be allowed for projects in the special flood hazard area, no federal disaster assistance would be provided to repair insurable buildings located in identified flood hazard areas, no federal mortgage or loan guarantees

(FHA, VA, etc.) would be provided for property located in identified flood hazard areas, and other lending institutions would be notified properties in the area were not eligible for federal flood disaster relief.

Ms. Huber reminded Council that Alpine Woods and Nordic Subdivisions were not yet included in the new FIRM maps, as that area is awaiting FEMA levy certification. Once that certification is approved, the City will need to request a FEMA FIRM map revision to reflect the levy and address protections for those subdivisions.

Mr. Rick Wade, Valdez resident, stated there is some confusion amongst residents as they have begun to receive postal mailed notices from the federal government about the FIRM map adoption and subsequent changes to flood insurance. He stated he does not feel like flood regulations related to building code are equitably enforced throughout the community. He stated he would also like to see more public and Flood Mitigation Task Force review and input in this type of process. He stated he was not aware of the ordinance until the last week.

Council Member Moulton asked for clarification if the changes outlined in the ordinance were directives from FEMA. He stated if the changes are directed by FEMA and mandatory, there was no reason to send them to the Flood Mitigation Task Force for debate. Ms. Huber explained all changes, with the exception of the one foot above base flood elevation building requirement, were specific minimum requirements directed by FEMA. She added City staff completed an additional public notification, above the notification requirements in code, about the ordinance to ensure the public received the proposed language. A letter was mailed to every property owner within City limits who own even a portion of property in the special flood hazard areas.

Council Member Shirrell stated the directives were required from FEMA and not debatable. He reiterated, if Council decided to vote against the ordinance, citizens would not be able to buy or sell a house in Valdez within the special flood hazard area unless they used cash, as no federally backed financial institution could provide a mortgage or loan on those properties.

Mr. Wade explained he would have still liked a chance for the public to weigh in on the proposed changes, as there might have been places where additional requirements were needed. Ms. Huber stated the changes in the proposed ordinance are the minimum required by FEMA. If Council wanted to go above and beyond those minimum requirements, she would be happy to provide additional information at a later date. The additional information could also be provided to the public and the Flood Mitigation Task Force for discussion. She stated, however, she would recommend moving forward now on this ordinance to ensure the community's continued participation in the national flood insurance program.

Ms. Huber stated if a property owner received notification from their bank related to the adopted FIRM maps, she is available as the city floodplain manager to do flood determinations. Those determinations can be sent directly to the banks to clarify locations of the special flood hazard areas.

Ms. Rhonda Wade, Valdez resident, local building contractor, and city Planning & Zoning commissioner, asked for clarification on the date of the FIRM maps. Ms. Huber explained the final maps are dated on the day of adoption, which is

January 2019. She clarified the study leading to the creation of the maps began back in 2011. There were multiple public hearings and public notices sent out during the mapping process. The final draft maps prior to adoption were dated 2016.

Ms. Wade stated she believes there are some inaccuracies on the adopted FIRM map. During recent Planning & Zoning Commission meetings, they discussed that if the City had to adopt the FIRM maps, it would be a good idea to write FEMA a letter addressing some of the identified inaccuracies and ask to confirm the source of their data. She provided several examples of irregularities. If FEMA received inaccurate data, from the City or other sources, it needed to be corrected. Ms. Wade also mentioned the new flood maps impact several areas of potential housing development property, as well as the Valdez cemetery. She asked how these flood area designations had been determined and if a letter could be sent to FEMA addressing areas of inaccuracy.

Council Member Shirrell asked about the process for amending FIRM maps. Ms. Huber stated the maps establish the areas of special flood hazard. The ordinance language establishes regulations for the areas identified in the maps. The City could apply for map changes or revisions, if necessary. Mr. Staser added approximately 90% of the language in the flood management code was retained. Revisions were primarily reorganization of existing language and the addition of a few additional FEMA requirements.

VOTE ON THE MOTION:

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

XI. RESOLUTIONS

1. 19-03 - Authorizing an Amendment to an Existing Snow Storage Agreement with the State of Alaska Department of Transportation and Public Facilities to Include a Portion of Block 6, Block 20, Mineral Creek Subdivision

MOTION: Council Member Moulton moved, seconded by Council Member Shirrell, to approve Resolution 19-03, authorizing an amendment to an existing snow storage agreement with State of Alaska Department of Transportation and Public Facilities to include a portion of Block 6, Block 20, Mineral Creek Subdivision. The motion carried by the following vote.

VOTE ON THE MOTION:

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

2. 19-04 - Amending the 2018 City of Valdez Budget by Transferring \$340,073 from the Budget Variance Reserve to General Fund, Legal Department, to Cover 2018 Expenses in Excess of Unencumbered Budgeted Funds

MOTION: Council Member Moulton moved, seconded by Council Member Ruff, to approve Resolution #19-04 amending the 2018 budget by transferring \$340,073 from the Budget Variance Reserve to General Fund, Legal Department, to cover 2018 expenses in excess of unencumbered budgeted funds. The motion carried by the following vote after the following discussion occurred.

Council Member Shirrell asked if the budget for 2019 had been adjusted to reflect a potential increase in legal fees. Mr. Carlson stated the 2019 legal budget was increased from approximately \$2.5 million to approximately \$2.6 million.

Council Member Fleming asked if there could be a process instituted to provide notification to Council when total legal expenditures neared the legal budget. Mr. Carlson stated the department does not currently alert departments prior to nearing the budget. Instead, a monthly report is provided to departments, who are then responsible for submitted budget adjustment requests as needed. He added the legal budget is unique based upon who spends and manages that budget.

Council Member Shirrell asked for the source of the funds used for this transfer. Mr. Carlson stated the funds would come out of the 2018 balance of the Budget Variance Reserve. The balance of the 2019 Budget Variance Reserve would then be less than anticipated. The fund could be replenished with the upcoming carry-forward resolution.

Council Member Moulton stated the legal budget is a moving target and often driven by emergent items or direction from Council to pursue certain legal avenues. Council Member Shirrell suggested tracking the areas of variance in the legal budget moving forward.

Mr. Nate Duval, Valdez resident, asked if the areas of variance in the 2018 legal budget were specifically identified. Mr. Staser stated the C-Plan adjudication process would be one major, extended, unplanned area of variance. He stated he believed the value of the case is commiserate with the resources being expended.

Council Member Shirrell asked who at the city is responsible for tracking the legal budget. Ms. Doom stated the legal department's bills are processed for payment by the city manager's office. Council Member Shirrell stated the city manager should be actively monitoring spending for the legal budget and bring any variances or anomalies forward in advance of an overspend.

VOTE ON THE MOTION:

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

3. 19-05 - Adopting an Alternate Allocation Method for the FY18 Shared Fisheries Business Tax Program and Certifying That This Allocation Method Fairly Represents the Distribution of Significant Effects of Fisheries Business Activity in FMA 16: Prince William Sound

MOTION: Council Member Moulton moved, seconded by Council Member Reese to approve Resolution #19-05, adopting an alternate allocation method for the FY18 Shared Fisheries Business Tax Program and certifying that this allocation method fairly represents the distribution of significant effects of fisheries business activity in FMA 16: Prince William Sound. The motion carried by the following vote after the following discussion occurred.

Council Member Fleming asked if the alternate method was the method used in previous years. Council Member Moulton the alternate method has been used for many years. The regular method is based on a percentage calculation per port. In Prince William Sound, the alternate method allows for an even split of tax revenue between Valdez, Cordova, and Whittier.

VOTE ON THE MOTION:

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

XII. REPORTS

1. December, 2018 New Boat Harbor Report

Mr. Ron Rozak, Arcadis new boat harbor construction manager, provided an overview of the current progress on the new boat harbor based upon his written report.

Council Member Reese asked when the facility would begin to be used as a working harbor. Mr. Duval stated there are a few contract dates which come into play. There is a date in May where the contractor must provide the ability for moorage at the harbor slips, as well as a date when all utilities must be online. The final date will be when the contract is substantially complete.

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

1. City Manager Report

Ms. Doom stated the Bear Safety Committee has been reactivated to explore additional options for positive coexistence with the local bear population. She explained she is also in the process of reactivating the Hospital Expansion Task Force. She stated she will continue to work with the Foraker Group to complete the analysis for employee wages and benefits. Recruitment and retention of quality employees is difficult without being competitive for wages and benefits.

2. City Clerk Report

Ms. Pierce asked if there was any objection to appointing Mr. Dave Dengel to the

Comprehensive Plan Advisory Committee. Council expressed no objections and stated there was no need to bring the appointment back formally during a meeting.

Ms. Pierce reviewed upcoming Council meetings and events.

3. City Attorney Report

Mr. Wakeland explained his firm, with the assistance of bond counsel and Mr. Carlson, filled an appeal to the state of Alaska Department of Education & Early Development. On December 13, 2018, the department sent the City a one-page decision stating the City's 2012 bond payments were no longer going to be reimbursed. The decision is specific to Valdez and the City's 2012 bond. He stated the decision has a substantial budget impact and the City has a strong position to dispute this decision. The City was not given notice prior to the decision. A decision would be issued on the appeal prior to February 13, 2019. At that point, the need to pursue an administrative hearing would be determined. Mr. Carlson added while the City has all of the associated legal obligations as the bonds are not retired, they are full defeased.

Mr. Staser outlined projects and provided updates on cases his firm is working on behalf of the City, including municipal code revisions, Cummings litigation, C-plan adjudication proceedings, the Boulder Bay case, the Barton case, borough formation and boundary change issues, and the Verfaillie settlement agreement.

4. City Mayor Report

Mayor O'Neil hoped the community would join Council for the upcoming work session on the new fire station project. He thanked those in the community who continue to work to support local U.S. Coast Guard and other federal employees and their families during the federal government shutdown.

XIV. COUNCIL BUSINESS FROM THE FLOOR

Council Member Reese encouraged the City Council to consider deferring payments and penalties for local active duty U.S. Coast Guard and other federal employees during the federal government shutdown. Council Member Moulton stated he did not think deferring payments and penalties for only one group of people was fair to the rest of the community. Mayor O'Neil stated the impacts of the federal government shutdown on the families of U.S. Coast Guard members and other federal employees are special circumstances deserving of special consideration. Council provided consensus for staff to bring forth a resolution at the next regular Council meeting authorizing city administration to defer payments due from federal employees for city services and waive related interest charges during the federal government shut down.

Council Member Needles stated the Valdez Senior Center would like to hold a meal for federal employees affected by the federal government shutdown. He stated the Valdez Senior Center board wanted to know if the City would be willing to assist with the cost of food for the meal.

XV. EXECUTIVE SESSION

City Council transitioned into executive session at 9:33 p.m.

XVI. RETURN FROM EXECUTIVE SESSION

City Council returned from executive session at 10:29 p.m.

XVII. ADJOURNMENT

There being no further business, Mayor O'Neil adjourned the meeting at 10:30 p.m.