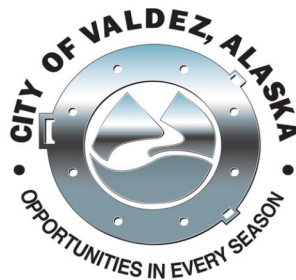


City of Valdez

212 Chenega Ave.
Valdez, AK 99686



Meeting Minutes - Final

Monday, May 20, 2019

7:00 PM

Regular Meeting (Moved from 5/21 Due to Need for Quorum)

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 City Council Chambers.

II. PLEDGE OF ALLEGIANCE

The City Council led in 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 Darren Reese
Council Member Dennis Fleming
Council Member Jim Shirrell

Excused: 1 - Council Member Ron Ruff

Also Present: 4 - Assistant City Manager Roxanne Murphy
Deputy City Clerk Allie Ferko
Records Manager Shelley McMillen
City Attorney Jake Staser (by teleconference line)

IV. SWEAR-IN NEW COUNCIL MEMBERS

Outgoing Council Members Shirrell and Needles provided brief remarks and were presented gold pans thanking them for their service to the community prior to departing the dais.

Deputy City Clerk Allie Ferko administered the oath of office to newly elected Council Members Sharon Scheidt and Alan Sorum.

Council Members Scheidt and Sorum took their place on the dais and provided brief remarks.

City Council took a brief recess for refreshments.

V. ELECTION OF MAYOR PRO TEM

Mayor O'Neil accepted nominations from the floor for Mayor Pro Tempore. Council Members Scheidt and Fleming received nominations.

As there was more than one nomination, City Council selected Council Member Scheidt by paper ballot.

MOTION: Council Member Fleming moved, seconded by Council Member Moulton, to elect Sharon Scheidt as Mayor Pro Tempore.

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 Scheidt,
Council Member Reese, Council Member Fleming and Council
Member Sorum

Absent: 1 - Council Member Ruff

Mayor O'Neil thanked Council Member Fleming for his previous year of service as Mayor Pro Tempore.

VI. APPROVAL OF MINUTES

1. City Council Regular Meeting Minutes of May 8, 2019

The City Council regular meeting minutes of May 8, 2019 were approved as presented.

VII. PUBLIC BUSINESS FROM THE FLOOR

Mr. Lon Needles, Valdez resident, provided testimony regarding what he believed needed to happen in the future regarding the new fire station project. He stated he supported the fire station project, but not the selected location for the project. He expressed support of the fire chief being designated as overall city emergency manager. Council Member Fleming stated the need for the fire station was for the overall good of the community.

VIII. CONSENT AGENDA

1. Proclamation: National Trails Day

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

VOTE ON THE MOTION:

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

Absent: 1 - Council Member Ruff

Mayor O'Neil read the proclamation and formally presented it to representatives present at the meeting.

IX. NEW BUSINESS**1. Approval of Contract Award to Petro Star, Inc., for Fuel Supply and Delivery**

MOTION: Council Member Moulton moved, seconded by Council Member Reese to approve contract award to Petro Star, Inc. for fuel supply and delivery. The motion carried by the following vote.

VOTE ON THE MOTION:

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

Absent: 1 - Council Member Ruff

2. Discussion Item: Special Election for Bonding Referendum

Ms. Murphy explained a group of city departmental directors met to discuss recommendations for projects to bring to bond.

Mr. Brian Carlson, city finance director, explained bonding for the city is a revenue enhancement strategy. Essentially, the city has more revenue than can be legally retained unless there is debt toward which it can be applied. This is based upon tax cap figures set by the state of Alaska. He explained for the next two years there is approximately \$400,000 per year which the city is at stake to lose. Dialing up or dialing back enough debt service payments each year allows retention of all revenue to which the city is entitled.

Council Member Fleming asked how the recommended amount of seven to ten million dollars to bond for the paving project had been estimated. Mr. Nate Duval, city capital facilities director, explained it is based upon best estimates. Some immediate pavement work will be completed this year and were not included in the estimate. Including pavement project scope funded by the bond would include South Harbor Drive, Meals Avenue from Pioneer to Egan, West Egan, and the remainder of Robe River subdivision which is paved. Mr. Duval explained the pavement management plan is based upon what is currently paved. However, the scope can certainly be expanded to include paving of unpaved areas or other portions of town.

Council Member Sorum provided comments on his views of why the fire station project bond measure failed, including understanding how the project helped residents outside the core downtown district, proposed site location, scope creep and fear of local impacts of the state budget. He encouraged creative thinking in the future for outreach to residents.

Council Member Scheidt asked for clarification on the project. She stated it was her understanding the pavement project would be completed regardless and the ballot question would be strictly to decide if it was to be funded through a bond or cash. Mr. Duval explained, while the ultimate decision is up to City Council, Council Member Scheidt's understanding would be his recommendation. Mayor O'Neil stated the pavement project has been an ongoing high priority for the Council.

Council Member Moulton asked for clarification on why the bonding process would make more sense financially. Mr. Carlson explained how the benefit works out when factoring in the issuance costs for bond counsel, staff time, financial advisor, and interest costs. He explained the city at any time could pay the full bond at any time if retaining debt no longer made financial sense.

Council Member Fleming stated in future years he would like to see Council work sessions scheduled to discuss paving project work in addition to the already paved areas addressed by the five year plan. He stated he would specifically like to discuss the areas of the community with unpaved roads.

Mayor O'Neil explained bonding to retain property tax revenues in Valdez is good stewardship of the community's assets. He stated the bond ballot measure for the fire station attempted to accomplish the same thing.

Ms. Ferko stated the Clerk's Office budgeted for a special election in 2019.

Council provided consensus to city staff to move forward with formal actions to schedule a special election. The ballot measure would be to fund the pavement project through bonding instead of cash.

**3. Approval of Providence Valdez Medical Center Request to Make
Unscheduled Capital Equipment Purchase of a New X-Ray Unit in the
Amount of \$105,000**

Mayor O'Neil recused himself from discussion and voting on this agenda item due to a potential conflict of interest. He designated Council Member Scheidt to serve as meeting chair and departed the dais.

MOTION: Council Member Moulton moved, seconded by Council Member Fleming, to approve PVMC request to make an unscheduled capital equipment purchase of a new x-ray unit in the amount of \$105,000. The motion carried by the following vote after the following discussion occurred.

Council Member Reese asked the life expectancy of an x-ray machine. Mr. Cesar Solomon, Providence Valdez Medical Center's radiology supervisor explained the current machine is inoperable and parts are no longer supported. The hospital only has a small portable machine until a new machine can be purchased. Life expectancy of a new machine is approximately is ten to fifteen years. Support by the manufacturer is usually around seven years. Council Member Reese asked if this machine is included on the city's equipment list. Mr. Rob Comstock, city public works director, explained hospital equipment is separated and managed by the hospital staff.

VOTE ON THE MOTION:

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

Absent: 1 - Council Member Ruff

Abstain: 1 - Mayor O'Neil

X. ORDINANCES

1. **#19-03 - Amending Chapter 15.12, Section 15.12.070(B) Titled Amendments to the Uniform Plumbing Code. Second Reading. Adoption.**

MOTION: Council Member Scheidt moved, seconded by Council Member Moulton, to approve Ordinance #19-03. The motion carried by the following vote on second reading, adoption.

VOTE ON THE MOTION:

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

Absent: 1 - Council Member Ruff

XI. RESOLUTIONS

1. **#19-26 - Authorizing a Five-year Gravel Lease for RSR Contracting, LLC on a Portion of Tract A, ASLS 79-116 (1500 Airport Road) (POSTPONED FROM THE MAY 8, 2019 REGULAR MEETING)**

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

Council Member Reese asked about the status of the city's gravel extraction plan. Ms. Rochelle Rollenhagen, city planning director, stated the current gravel extraction plan was published in 1991. She stated there will be a request for proposals to revise the plan published in the next two weeks, with the goal to have revisions completed by the fall.

Council Member Reese asked about RSR Contracting's previously denied conditional use permit. Ms. Rollenhagen explained the previous application had been for a location along Glacier Haul Road, which had a high probability of flooding issues. Primarily due to these concerns, the Planning Commission denied the permit. Mr. Roger Kipar from RSR Consulting then met with planning department and public works department staff to look at alternate site options for gravel extraction.

Ms. Rollenhagen explained it is the responsibility of staff to bring the Council the best possible data and analysis so that they can make the best possible decision for the good of the community. She stated, because the city does not have a current comprehensive plan or a current gravel management plan, it very difficult to provide good data without those tools. She does not have a hydrologist or other specialist on staff.

Ms. Rollenhagen stated the Planning & Zoning Commission did approve a ten-

year conditional use permit for RSR Contracting, LLC for this land. She explained she recommended the lease terms be set at five years, so it could be revisited, especially once the gravel management plan is in place.

Mayor O'Neil asked if the way RSR Contracting, LLC was being treated is a departure from how other applicants had been treated. Ms. Rollenhagen explained past planning department staff had informal policies in place not to allow any additional upland gravel leases. She explained, however, by municipal code, if an applicant applied for a conditional use permit and the use is allowed in that zoning district due process must be served. She stated under her leadership, her department will follow the requirements outlined in municipal code when processing these types of applications. She explained RSR Contracting is following the proper application process and the use is allowed.

Mayor O'Neil asked if past applicants had been treated the same. Ms. Rollenhagen explained in the past she did not believe due process was served. Before her time with the department, Mr. Jesse Passin was told by planning department staff that there was a policy that no additional uplands gravel leases were going to be provided by the city.

As the current planning director, Ms. Rollenhagen stated she will follow municipal code and provide due process for current and future applicants. She explained by municipal zoning code, if gravel extraction is allowed in a specific district, citizens have the right to apply for the conditional use permit and go through the process.

Ms. Rollenhagen explained, unfortunately, because the current gravel management plan is so old, decisions about these applications have to be made by the Planning & Zoning Commission and City Council without solid, recent data. Ms. Murphy stated once the gravel management plan is updated, the process will become even more level and fair for applicants moving forward.

Council Member Sorum explained Mr. Passin jumped through quite a few hoops to take gravel out of the rivers, which required more state permitting and expense to his company. He stated the city should be encouraging gravel extraction in areas that help with flood mitigation and other concerns.

Council Member Reese asked how long Mr. Passin had left on his gravel extraction permits with the state. Mr. Passin stated his lease and permit for gravel extraction would cover the next three seasons. He explained he believed Ms. Rollenhagen was handling the process the right way. He had been administratively shut down for years by previous planning department directors. He explained Ms. Rollenhagen, however, stated there is nothing to prevent the use and is providing due process to applicants.

Mr. Passin explain it is more expensive for him to do gravel extraction in the

rivers – between state and federal permitting, needed equipment, land leases for access, and the cost of gravel. He reiterated Ms. Rollenhagen is handling things now the right way.

Council Member Reese stated there has been mining in the Lowe River, Mineral Creek, and Valdez Glacier Stream by other contractors in the last five to ten years. Mayor O'Neil asked if that gravel extraction had been for-profit or strictly for flood mitigation purposes. Mr. Duval stated the bulk of the material removed from Mineral Creek was for flood mitigation. The use was for public goods for a portion of the material, however a portion was also sold to private contractors for their own purposes. Most of the recent city sponsored extraction in Valdez Glacier Stream has been for flood mitigation. However, there are contractors like Mr. Passin who have permits for commercial extraction in areas which also benefit flood mitigation. Mr. Duval stated there has not been a city-sponsored effort for commercial gravel extraction.

Mr. Bill Comer, Valdez resident, testified in support of gravel extraction for the benefit of both small businesses and residents trying to purchase gravel at a reasonable price. He encouraged the city to follow due process and be fair and consistent moving forward.

Council Member Sorum encouraged city administration to look at ways to help assist Mr. Passin's operation until the flood mitigation plan is in place. Ms. Murphy asked if the price of commercial gravel sales would help his business. Mr. Passin stated the material from Valdez Glacier Stream is DNR gravel. The state of Alaska's policy is if the gravel is not used for public good, it must be privately sold for \$1.50 per cubic yard. He explained the costs associated with getting the raw material out of the water to make processed gravel is two-thirds of his operation. Mining out of the river was the only option for him at the time. He stated he supported how applications are being handled now and going forward, fairly and consistently. He stated he also supported a good comprehensive plan and good gravel extraction plan. He recommended splitting flood mitigation efforts and commercial mining, unless doing both would be profitable for the company.

Council Member Scheidt asked if the concerns expressed by city administration were addressed. Ms. Rollenhagen stated she recommended a five-year lease, with an option to revisit and renew for an additional five years. She also recommended the conditions outlined in the agenda statement be included in the lease terms.

Mayor O'Neil asked what might happen if the land does not bear good quality gravel. Ms. Rollenhagen stated the area has been mined in the past, but she is not a hydrologist or engineer and cannot speak to the quality of the gravel. Mayor O'Neil stated RSR Consulting would then be taking some element of risk with the lease. Mr. Kipar, the lease applicant, stated he has been working on a gravel

plan for his own needs for about three years. He stated he, like Mr. Passin, had been administratively denied in the past for a city permit for gravel pit mining. After several attempts to obtain permits through the state, he came back to the city this year to try to again apply for a city gravel extraction permit.

Mr. Kipar stated his previous application for the Glacier Haul Road site was denied by the Planning & Zoning Commission based on concerns with the groundwater, flooding, and proximity to the landfill. He then met with several city departments to determine if there were any concerns with the location in his current application.

Mr. Kipar outlined his perspective on the differences between river mining and dry pit mining. He also outlined his future plans for mining the area and why he selected the location. He stated he supported finalizing the city gravel extraction plan to support both the needs of the city and local businesses.

Mayor O'Neil asked how long it would take Mr. Kipar to start mining operations. Mr. Kipar explained if the lease is approved, there is a 30-day waiting period and some other surveys which would need to be done before he could begin operations. He stated he would likely need to mine for three to five years to finish his construction project. He then outlined his plans for both mining and his construction project at Crooked Creek. He stated he understood he bears the risk if the leased land is not profitable for mining. Mr. Kipar also volunteered to help with any city effort regarding gravel extraction and flood mitigation planning.

Mayor O'Neil asked if the city capital facilities or public works department had any comments. Mr. Rob Comstock, city public works director, stated he met with Mr. Kipar to facilitate locating a viable location in city limits for a gravel pit. Extracting gravel out of Valdez Glacier Stream is complicated, expensive, and requires a separate location to process the material. He stated he did not have any objections to Mr. Kipar's current lease application.

VOTE ON THE MOTION:

Yays: 5 - Mayor O'Neil, Council Member Moulton, Council Member Scheidt,
Council Member Fleming and Council Member Sorum

Nays: 1 - Council Member Reese

Absent: 1 - Council Member Ruff

2. #19-28 - Granting a Public Utility Easement to Copper Valley Telecom on City Owned Tract F and F2 ASLS 79-116 and Tract B ASCS 98-23

MOTION: Council Member Moulton moved, seconded by Council Member Fleming to approve Resolution #19-28. The motion carried by the following vote.

VOTE ON THE MOTION:

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

Absent: 1 - Council Member Ruff

3. #19-29 - Amending the 2019 City of Valdez Budget by Increasing Reserve Fund Revenue by \$1,517,460 and Appropriating Same for Three Council-Approved Projects for Providence Valdez Medical Center

Mayor O'Neil recused himself from discussion and voting on this agenda item due to a potential conflict of interest. He designated Council Member Scheidt to serve as meeting chair and departed the dais.

MOTION: Council Member Sorum moved, seconded by Council Member Moulton, to approve Resolution #19-29. The motion carried by the following vote after the following discussion occurred.

VOTE ON THE MOTION:

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

Absent: 1 - Council Member Ruff

Abstain: 1 - Mayor O'Neil

XII. REPORTS

1. Report: Temporary Land Use Permit for Roadside Potatohead Restaurant

Council Member Moulton reviewed citizen feedback he had received about the intersection being too busy for this type of permit. Mayor O'Neil noted the permit is in compliance with the federal Americans with Disabilities Act.

2. Report: Contract Amendment with Burkhart Croft Architects, LLC, for the Valdez Swimming Pool Renovation Contract

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

1. City Manager Report

Ms. Murphy explained she contacted the state of Alaska to discuss concerns

about when the local DMV office would reopen. She was told the DMV had hired a local clerk and would reopen by the end of June.

Ms. Murphy provided a brief overview of recent cruise ship visits to Valdez, including lessons learned and economic impact. She thanked the Port and Economic Development Departments for their operational and outreach work. She also stated she would be bringing forth a policy to Council regarding options for vendors in certain areas of town.

Ms. Murphy reminded Council about the upcoming Flood Task Force meeting, as well as her intention to bring forth a gravel management plan. She announced the city hired a new human resources director who would begin work in late June. She thanked Ms. Tina Fifarek for serving as interim human resources director.

Ms. Murphy outlined her participation in the May Day Fly-in and work to improve the city's economic development department. She will continue to provide weekly emailed reports to Council. Several Council Members expressed their appreciation for her weekly updates.

2. City Clerk Report

Ms. Ferko stated the livestream service was down for this meeting due to an issue with the host provider.

The following Council Members volunteered for to serve on committees for the coming year:

- City Permanent Fund Committee: Council Members Reese, Scheidt, and Moulton.
- Audit Committee: Council Members Moulton, Sorum, and Fleming.
- VCVB Representative: Council Member Scheidt.
- Flood Task Force: Council Members Fleming, Reese, and Sorum.
(This task force is likely to either sunset in the near future or be turned into a commission if its work is to proceed long term.)

Ms. Ferko reviewed upcoming Council work sessions and community events.

Ms. Ferko mentioned Council might consider the need to designate names for the two harbors, with the opening of the new harbor in June. Council Member Sorum explained naming the harbors has been an ongoing conversation for many years. He stated "North Harbor" and "South Harbor" had been suggested.

Ms. Ferko announced on behalf of the U.S. Coast Guard that the USO show troupe would be performing in Valdez the first week in June. As a thank you for everything the Valdez community did for local Coast Guardsman during the federal government shutdown, the USO has opened the free, family-friendly show up to the entire community.

Ms. Ferko explained Ms. Pierce was attending the annual IIMC conference and would return to Valdez in late May.

3. City Attorney Report

Mr. Staser outlined projects and provided updates on cases his firm is working on behalf of the City, including the Meals Hill purchase, SB57 issues, the Pacific Pile and Marine claim, C-Plan adjudication, meta-ocean marine buoy, municipal code, policies and forms revisions.

Council Member Fleming asked Mr. Staser when the firm would brief the Council on borough formation options. Mr. Staser explained work on borough formation

4. City Mayor Report

Mayor O'Neil reviewed his recent and upcoming activities, including serving on the All-America City Scholarship selection committee and the upcoming military appreciation weekend. He thanked everyone for community-wide efforts in interacting with cruise ship visitors.

XIV. COUNCIL BUSINESS FROM THE FLOOR

Council Member Sorum thanked the ports and harbors staff for all their operational work in support of the cruise ship visits. He stated several years ago the city explored options to become a Coast Guard city. After looking into the requirements, it appeared that the Coast Guard did more for the community than vice versa. That was the birth of military appreciation weekend. Council provided consensus for Ms. Ferko to bring back a report at the next meeting with Coast Guard city requirements.

Council Member Fleming thanked Ms. Murphy for all the work she was doing for the city as interim city manager.

Council Member Moulton outlined scholarships given by the Alaska State Firefighters Association, Port of Valdez Chapter. Scholarship funds are raised through volunteer efforts such as the Splash-in and Snowtown Santa deliveries.

XV. ADJOURNMENT

There being no further business, Mayor O'Neil adjourned the meeting at 9:27 p.m.