

City of Valdez

212 Chenega Ave.
Valdez, AK 99686



Meeting Minutes - Final

Tuesday, September 3, 2019

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 in the Pledge of Allegiance to the American flag.

III. ROLL CALL

Present: 5 - Mayor Jeremy O'Neil
Council Member Ron Ruff
Council Member Christopher Moulton
Council Member Darren Reese
Council Member Alan Sorum

Excused: 2 - Council Member Sharon Scheidt
Council Member Dennis Fleming

Also Present: 4 - Assistant City Manager Roxanne Murphy
City Clerk Sheri Pierce
Records Manager Shelley McMillen
City Attorney Jake Staser

IV. APPROVAL OF MINUTES**1. Regular City Council Meeting Minutes of August 20, 2019**

The regular City Council meeting minutes of August 20, 2019 were approved as presented.

V. PUBLIC BUSINESS FROM THE FLOOR**VI. CONSENT AGENDA**

- 1. Renewal of Limited Marijuana Cultivation License #10043 - Alaska Greenery**
- 2. Approval to Go Into Executive Session Regarding: 1) Update on C-Plan Litigation Collaborative Process, 2) Update on PPM Settlement Negotiations, 3) Discussion of Employee Grievance Status, and 4) Interim City Manager Review**
- 3. Proclamation: Recognizing Dr. John Cullen**

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

Excused: 2 - Council Member Scheidt and Council Member Fleming

Mayor O'Neil read the proclamation and presented the proclamation certificate to Dr. John Cullen.

Dr. Cullen thanked the Council and community for the proclamation. He provided brief remarks regarding his experience as president of the American Academy of Family Physicians and a long-term physician practicing in Valdez. He discussed nationwide concerns related to rural healthcare, critical access hospitals, obstetrics, and infant mortality rates. He stated Valdez is a model for quality rural healthcare.

VII. UNFINISHED BUSINESS

1. #19-38 - Authorizing a Lease with the Valdez Community Garden for a .69 Acre Portion of Medical Park Subdivision (Postponed from August 20, 2019 Regular Meeting)

Under municipal code, this resolution requires an affirmative vote of at least six Council members to pass. Since there were only five members present at the meeting, the resolution must be postponed until the next regular meeting.

MOTION: Council Member Moulton moved, seconded by Council Member Reese, to postpone Resolution #19-38 to the next regular City Council meeting of September 17, 2019. The motion carried by the following vote.

VOTE ON THE MOTION:

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

Excused: 2 - Council Member Scheidt and Council Member Fleming

VIII. NEW BUSINESS

1. Discussion Item: Available City Land for Housing Development

Ms. Murphy explained lack of housing in Valdez has been identified as a major economic area of concern. Multiple parcels of city-owned properties have been identified as potential areas for housing development. She stated she hoped this discussion would be a call to developers that the city is encouraging housing construction projects in the community.

Ms. Murphy reviewed three possible areas for development. First, she recommended issuance of an RFP for housing development project concepts for the centrally located Woodside Subdivision. Second, a private developer has expressed interest in purchasing and developing the Cottonwood extension near Front Street. Lastly, the Corbin Creek extension could be platted into smaller parcels and sold.

Council Member Moulton asked if Mr. John Clark had been contacted regarding his Mineral Creek area development idea. Ms. Martha Barberio, city economic development director, explained she spoke with Mr. Clark several months ago and he is looking for a development partner before moving forward on a project.

Council Member Moulton encouraged the option of public-private partnerships for

not only city property, but private property as well. He mentioned there may be private property owners with large plots of land looking to sell. Ms. Murphy suggested making revisions to the incentive package options provided for Council review to meet this concept. Council Member Moulton suggested there should be framework or programs from other communities Valdez could use as templates. He stated he would like to see a more comprehensive, polished draft program for Council consideration.

As part of the overall housing development topic, Council Member Sorum expressed support for revisiting and potentially revising municipal building code. He also suggested streamlining and shortening the length of time required to process a building permit, especially with the short construction weather window. Ms. Murphy stated she would also like to collect input from local business owners about how best to streamline City permitting processes.

Mayor O'Neil asked if permit processing times were tracked and suggested a need to set data points or key performance indicators for future improvement. Ms. Kate Huber, city senior planner, explained permitting process times are tracked and could easily be tabulated for presentation. Council Member Ruff asked if the City Planning Department had recommendations for areas of improvement or changes to make the permitting process simpler. Ms. Huber stated her department could definitely provide feedback in the future. Ms. Murphy suggested a continued need for comprehensive review of municipal code related to planning and zoning. Ms. Huber added her department director continues to partner with the Economic Development Department to assist developers working through the permitting process.

Mr. Jim Shirrell, Valdez resident, stated there were historical concerns with soils in the Corbin Creek extension area. He explained the soils were unsuitable for building and needed to be replaced, which drove up development costs.

Council Member Moulton asked if metrics exist which outline the extent of housing needs in the community. Actual data would help to identify the types of development opportunities to be promoted through incentives and other programs. Ms. Martha Barberio, City economic development director, explained both Sound View Apartments and the Valdez Senior Center have waiting lists for housing.

Ms. Murphy suggested meeting with a group of local housing subject matter experts – a local banker, a local real estate agent, and a local housing builder – to gather their suggestions. She explained she believes housing needs revolve around diversifying different types of available housing and opening up the available rental market. Council Member Reese stated it seems to be more economically feasible to build multi-family homes. Council Member Moulton stated it would be helpful to decision makers to have quantifiable data outlining the number and types of housing needed.

Mayor O'Neil explained he met with several parties interested in investing in housing development in Valdez. Those investors were also looking into applying for federal grant monies to assist in building housing, which involved fairly strict and aggressive timelines. Mayor O'Neil stated housing is a high priority for City Council, with money set aside in the budget. He expressed he would like to see staff bring actionable housing development or incentive ideas to Council moving forward.

Ms. Barberio provided background on the process for the Alaska Housing Authority's Community Development Block Grant program. More points are given to grant applications which involve a public-private partnership. This is why many housing developers look to involve local governments in projects. The deadline for CDBG grants occurs in December.

Ms. Murphy explained the Economic Development Department would be partnering with a consultant who specializes in housing development to collect community-wide data on housing types and volume needed. However, she would like to move forward with the projects already identified for action prior to the anticipated completion date of the data study.

Council expressed consensus on moving forward on a RFP for the Woodside Subdivision, platting for the Corbin Creek extension, and moving forward in discussions for developing the Cottonwood extension. Council provided direction to City Administration to bring the Woodside RFP back to them for approval at their next regular meeting.

2. Approval of Contract with Orion Construction, Inc. for the N. Meyring Park Shelter Project in the Amount of \$363,800.00.

MOTION: Council Member Moulton moved, seconded by Council Member Ruff, to approve the Contract with Orion Construction, Inc. for the N. Meyring Park Shelter Project in the amount of \$363,800. The motion carried by the following vote after the following discussion occurred.

Council Member Moulton asked if the fireplace is included in the bid. Mr. Nathan Duval, city capital facilities director, explained bid alternate one was the inclusion of a fireplace. Bid alternate two involved using a concrete slab instead of asphalt for the floor surface. Staff recommends the base bid plus alternate one. He explained the covered area is approximately the same size as the former shelter.

Mayor O'Neil asked for clarification on the factors involved in the pricing on the project compared to a similar private project. Mr. Duval explained public projects involve stringent seismic and structural requirements, as well as prevailing wage requirements which can add 25 to 40 percent to the cost of the project. Additional considerations such as materials shipping, aesthetic design, and other factors add to the overall cost.

Council Member Moulton asked for the maintenance and anticipated life span of the structure. Mr. Duval explained standard maintenance for a park shelter includes items such as touching up paint and resealing exposed wood and rock. Anticipated life span on a general park shelter should be 30 years, which was about the life span of the previous structure.

VOTE ON THE MOTION:

Yays: 4 - Mayor O'Neil, Council Member Ruff, Council Member Moulton,
and Council Member Sorum

Nays: 1 - Council Member Reese

Excused: 2 - Council Member Scheidt and Council Member Fleming

3. Approval of Contract with Hilltop Securities for Financial Advisory Services in the Amount of \$150,000

MOTION: Council Member Moulton moved, seconded by Council Member Ruff, to approve contract with Hilltop Securities for financial advisory services in the amount of \$150,000. The motion carried by the following vote after the following discussion occurred.

Mayor O'Neil stated this type of professionals services contract was budgeted and previously vetted. Mr. Brian Carlson, city finance director, explained it adds to the city's debt issuance process and is an important GFOA best practice.

Mayor O'Neil asked if this contract was premature pending the outcome of the bond measure in the upcoming election. Mr. Carlson explained the RFP for the contract specified the city would be in the bond market multiple times over the next couple of years. The contract is a three-year contract, not to exceed \$150,000 aggregated. Each bond issuance would be around \$25,000.

VOTE ON THE MOTION:

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

Excused: 2 - Council Member Scheidt and Council Member Fleming

4. Approval of 2018 Financial Audit

MOTION: Council Member Moulton moved, seconded by Council Member Sorum, to approve the 2018 financial audit. The motion carried by the following vote after the following discussion occurred.

Mr. Brian Carlson, city finance director, provided a brief overview of the 2018 financial audit process and draft findings. He explained the auditors, the Finance Department, city administration, and the City Audit Committee worked through the auditor's draft during a series of meetings prior to presentation to Council. For 2018, there were no findings and it is considered by industry standards to be a "clean audit".

Mr. Sam Thompson, representative from the city's auditor, explained his firm plans to issue the City an unmodified opinion. This is the highest level of assurance professionally rendered by an audit firm. Three findings identified by the 2017 audit were reviewed during the 2018 audit. The audit demonstrated City management took appropriate corrective action to fix those issues and prevented them from occurring in 2018.

Mr. Thompson provided a high-level review of the City's assets, liabilities, and investments. He also explained the City had to adopt a new accounting standard in 2018 called GASB 75, which involved changes in reporting of the City's proportionate share of post-employment benefits specifically related to membership in the healthcare portion of PERS.

Mayor O'Neil asked for a brief overview of how an auditor tests the completeness of a municipality's financial reporting. Mr. Thompson explained auditors look for understated or overstated reported assets, confirm investment and asset

balances directly with third parties, confirm receivable balances with various customers of the City, conduct an inventory of real property or other physical assets, review minutes of City Council meetings, review major projects, confirm with state and federal entities regarding contributions to the City, assess fraud risk, evaluate internal controls for cash handling and other financial processes, and identify practices outside the norm.

VOTE ON THE MOTION:

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

Excused: 2 - Council Member Scheidt and Council Member Fleming

IX. ~~ORDINANCES~~

X. RESOLUTIONS

1. **#19-41 - Amending the 2019 City Budget by Appropriating \$150,000 from Unrestricted Debt Service Fund Balance to Professional Services for Financial Advisory Services Contract**

MOTION: Council Member Sorum moved, seconded by Council Member Ruff, to approve Resolution #19-41. The motion carried by the following vote.

VOTE ON THE MOTION:

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

Excused: 2 - Council Member Scheidt and Council Member Fleming

2. **#19-42 - Amending the 2019 Budget by Appropriating \$60,000 from Budget Variance Reserve to General Fund / Information Services / Communications**

MOTION: Council Member Ruff moved, seconded by Council Member Moulton, to approve Resolution #19-42. The motion carried by the following vote.

VOTE ON THE MOTION:

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

Excused: 2 - Council Member Scheidt and Council Member Fleming

3. #19-43 - Amending the 2019 Budget by Accepting Unbudgeted Revenues of \$19,425.08, and Transferring Same to Reserve Fund to Establish the Police Scholarship Account

MOTION: Council Member Moulton moved, seconded by Council Member Ruff, to approve Resolution #19-43. The motion carried by the following vote after the following discussion occurred.

Mayor O'Neil asked for an explanation of the source of the revenues. Chief of Police Bart Hinkle explained a small part of the funds were raised through the department's dunk tank fundraiser and other donations. The majority of the funds were from cash evidence forfeited to the city from the state court system following controlled substances case adjudication dating back to 1999. Chief explained he would like to designate these funds for the police scholarship account.

Council Member Reese asked for more information about the scholarship program. Chief Hinkle explained his department began the scholarship program the previous year. One scholarship was awarded to a Valdez High School senior in the amount of \$1,500. Chief Hinkle briefly explained the scholarship application process.

VOTE ON THE MOTION:

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

Excused: 2 - Council Member Scheidt and Council Member Fleming

4. #19-44 - Appointing the Judges and Clerks for the Special Municipal Election to Be Held September 10, 2019, and Setting the Hourly Rate of Compensation

MOTION: Council Member Reese moved, seconded by Council Member Sorum, to approve Resolution #19-44. The motion carried by the following vote after the following discussion occurred.

Council expressed sincere appreciation for the service of the city election workers.

VOTE ON THE MOTION:

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

Excused: 2 - Council Member Scheidt and Council Member Fleming

5. #19-45 - Establishing a Records Retention Schedule for the City of Valdez and Repealing Resolution #02-57

MOTION: Council Member Moulton moved, seconded by Council Member Reese, to approve Resolution #19-45. The motion carried by the following vote after the following discussion occurred.

Council Member Reese asked for the percentage of records center boxes which would be disposed of in the near future. Ms. Pierce explained between items which could be disposed of under the adopted retention schedule and items which could be microfilmed, a large amount of space could be made in the records center. She added historical and legal documents would need to be retained in paper form.

VOTE ON THE MOTION:

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

Excused: 2 - Council Member Scheidt and Council Member Fleming

XI. REPORTS

1. 2019 2nd Quarter Projects Report

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

1. City Manager Report

Ms. Murphy stated she is currently working on transition items for the incoming city manager. She thanked Mr. Carlson for his work on the Council budget priorities work session materials. She explained the interim city manager budget review would begin this week.

2. City Clerk Report

Ms. Pierce reviewed upcoming Council work sessions and meetings. She reviewed information about the special election on September 10th, including options for voting absentee. She announced she will be traveling for IIMC duties from September 13th thru September 20th.

3. City Attorney Report

Mr. Staser reserved his report for executive session.

4. City Mayor Report

Mayor O'Neil provided a briefing on his attendance at the fall Alaska Municipal League meeting. He explained other municipalities support protection of maximum local control, to include protection of the constitutional right to tax property and resources within their jurisdictions.

Mayor O'Neil explained he represents District 9 on the AML board of directors,

which covers all of the communities in Prince William Sound. One of the major areas of concern in District 9 is the impact of the drastic reduction in AMHS ferry service for the Sound following state budget cuts. He explained he is joining with other District 9 mayors, as well as mayors in other coastal communities, in a letter to outline economic impacts of ferry service reduction.

Mayor O'Neil thanked the community's efforts for facilitating a smooth back-to-school week. He expressed his appreciation for the new pool facility. He discussed upcoming community and school athletic events.

Mayor O'Neil thanked the Valdez Fire Department for their support of state wildland firefighting efforts. The department sent both personnel and equipment to assist with the Swan Lake Fire.

XIII. COUNCIL BUSINESS FROM THE FLOOR

Several Council members discussed their upcoming absence and travel schedules.

Council Member Reese reminded citizens to be careful with fire during hunting and camping season.

Council Member Ruff expressed his appreciation for the public information published about the bond measure.

Council Member Sorum expressed his support for the city's ongoing financial backing of the work done by the Southeast Conference regarding the AMHS ferry system.

XIV. EXECUTIVE SESSION

The City Council transitioned into executive session at 8:45 p.m.

XV. RETURN FROM EXECUTIVE SESSION

The City Council transitioned out of executive session at 10:29 p.m.

XVI. ADJOURNMENT

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