

**MINUTES OF THE REGULAR COUNCIL MEETING
OF THE CITY OF KODIAK
HELD JUNE 8, 2006,
IN THE BOROUGH ASSEMBLY CHAMBERS**

I. MEETING CALLED TO ORDER/PLEDGE OF ALLEGIANCE/INVOCATION

Mayor Carolyn L. Floyd called the meeting to order at 7:32 p.m. Councilmembers Charles E. Davidson, Dennis A. McMurry, Josefina F. Rosales, Gabriel T. Saravia, Thomas D. Walters, and David M. Woodruff were present and constituted a quorum. City Manager Linda L. Freed, City Clerk Debra L. Marlar, and Deputy Clerk Barbara J. Volpe were also present.

After the Pledge of Allegiance, Salvation Army Captain Dave Davis gave the invocation.

II. PREVIOUS MINUTES

Councilmember Walters MOVED, seconded by Councilmember Woodruff, to approve the minutes of the May 11, 2006, regular meeting as presented.

The roll call vote was Councilmembers Davidson, McMurry, Rosales, Saravia, Walters, and Woodruff in favor. The motion passed.

III. AGENDA AMENDMENT

None.

IV. PERSONS TO BE HEARD

a. Proclamation: Declaring Filipino American Heritage Week

Councilmember Rosales read the proclamation, which recognized the vital contributions made by Filipino Americans to the economic, social, political, and cultural quality of life in our community and urged citizens to participate in the festivities celebrating the 108th anniversary of the declaration of Philippine independence. Mayor Floyd presented the proclamation to Mary Hawver on behalf of the Filipino American citizens of Kodiak.

b. Proclamation: Celebrating National Small Cities and Towns Day

Councilmember Walters read the proclamation, proclaiming June 10, 2006, as National Small Cities and Towns Day as an effort to build inclusive communities that support and celebrate the diversity of race, religions, gender, abilities, and cultures. Mayor Floyd presented the proclamation to Councilmember Davidson on behalf of the National League of Cities.

c. Public Comments

Salvation Army Capt. Dave Davis reported on a successful year for the crossing guard program.

June 8, 2006

V. UNFINISHED BUSINESS

- a. Second Reading and Public Hearing, Ordinance No. 1206, Rescinding Ordinance No. 1189 and Authorizing a GPS Monument Contract on Pillar Mt. With Plate Boundary Observatory, UNSVCO, Inc.**

Mayor Floyd read Ordinance No. 1206 by title. The Plate Boundary Observatory (PBO) is part of the EarthScope project funded by the National Science Foundation and conducted in partnership with the U.S. Geological Survey and NASA. The PBO studies the three-dimensional strain field resulting from active plate boundary deformation across the western United States. A little over a year ago, researchers from the PBO requested approval to place a GPS monument on Near Island near the existing radio tower. Unfortunately, after the Council approved the request, additional research showed that the site was unsuitable. The PBO subsequently identified a location on Pillar Mountain, near the City's communication site, that meets their needs. The improvements that the PBO wants to place on Pillar Mountain consist of a small GPS antenna (5'), a small GPS panel, and an equipment panel. The purpose of the monument is to measure ground shifts caused by earthquakes and slow fault slip between earthquakes at the site of the monument. Due to the length of time the monument is expected to be in place, staff recommends approval of its placement by ordinance.

Councilmember Rosales MOVED, seconded by Councilmember Davidson, to adopt Ordinance No. 1206.

Mayor Floyd closed the regular meeting, opened and closed the public hearing when no one came forward to testify, and reopened the regular meeting.

The roll call vote was Councilmembers Davidson, McMurry, Rosales, Saravia, Walters, and Woodruff in favor. The motion passed.

VI. NEW BUSINESS

- a. First Reading, Ordinance No. 1207, Levying Taxes and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2006 and Ending on the Thirtieth Day of June 2007**

Mayor Floyd read Ordinance No. 1207 by title. Ordinance No. 1207 provides for the adoption of the City of Kodiak's FY'07 budget. The budget document estimates all sources of revenue and establishes an operating and capital expenditure plan for FY'07. This budget represents the culmination of many hours of effort by City staff to assess community needs and to translate those needs into an annual financial plan. The Council reviewed the proposed budget and supporting documentation at a work session held on June 3.

June 8, 2006

As has been the case for quite a few years, the FY'07 budget is a maintenance budget. This year, in order to provide enough revenue to pay for annual operating costs, the budget closes a number of projects and funds and lapses these funds to the general fund. This is a one-time, short-term "fix." Therefore, to maintain the same level of services next year, the City will again have to draw down the general fund balance. Drawing on the fund balance to balance the annual operating budget will, in the not too distant future, eliminate the City's financial reserves. The City of Kodiak has reached a point where either revenues need to be increased or services need to be cut. To provide sufficient resources to pay for the services that the City of Kodiak provides to its residents, Manager Freed had recommended a one cent increase to the sales tax, effective October 1, 2006. The City last raised general taxes 13 years ago. However, the City Council determined that they will not authorize a general tax increase in FY'07.

The proposed FY'07 budget provides for the same level of services as the FY'06 budget. The FY'07 budget also includes a small, net decrease in the number of City employees; the general fund portion is approximately 0.3% smaller than the FY'06 general fund budget. City staff have done an admirable job developing a conservative budget; however, the City faces rising costs.

In FY'07 enhancement fund monies are budgeted for financial support of capital projects. These expenditures are aimed at improving the infrastructure of the City, with a particular emphasis on port and harbor projects, and the next phase of the public safety building replacement project.

The FY'07 budget funds the general services provided by the City of Kodiak to residents and visitors for law enforcement, fire and emergency medical services, public works, engineering, port and harbor facilities, parks and recreation facilities and programs, public library, and general administrative functions.

Councilmember Walters MOVED, seconded by Councilmember Davidson, to pass Ordinance No. 1207 in the first reading and advance to second reading and public hearing at the next regular meeting.

The roll call vote was Councilmembers Davidson, McMurry, Rosales, Saravia, Walters, and Woodruff in favor. The motion passed.

b. First Reading, Ordinance No. 1208, Amending Kodiak City Code Title 3, Chapter 8 Sales Tax

Mayor Floyd read Ordinance No. 1208 by title. For the past several years, the City of Kodiak has used fund balance, or savings, to balance the annual operating budget. This practice cannot be continued indefinitely. In fact, it is likely that within a few years this budgeting practice will eliminate any financial reserves that the City has. The City of Kodiak has reached a point where revenues need to be increased or services need to be cut. Manager had recommended a one cent increase to the sales tax, effective October 1, 2006, in order to provide sufficient resources to pay for the services that the City of Kodiak provides to its residents. This sales tax increase would have raised an estimated \$1,250,000 annually, an amount similar to what the City of Kodiak formerly received in

June 8, 2006

Revenue Sharing and Safe Communities funding from the State of Alaska. The City of Kodiak last increased general taxes 13 years ago. However, the City Council determined that they will not authorize a general tax increase in FY'07.

Manager Freed also recommended changes to the City Code section that dedicates general fund revenues for specific purposes. This change means that the amount appropriated to these specific funds will be decided by the Council on an annual basis, rather than happening automatically. Manager Freed recommended that the funds automatically dedicated for road and parks capital projects be halved to \$450,000 and \$50,000 respectively and that the funds automatically dedicated to the Cargo Enterprise Fund be eliminated. The proposed code revision retains the automatic, annual dedication of \$500,000 to the Harbor Enterprise Fund.

Councilmember Rosales MOVED, seconded by Councilmember Woodruff, to pass Ordinance No. 1208 in the first reading and advance to second reading and public hearing at the next regular meeting.

The roll call vote was Councilmembers Davidson, McMurry, Rosales, Saravia, Walters, and Woodruff in favor. The motion passed.

c. First Reading, Ordinance No. 1209, Authorizing a Contract With Brechan Enterprises, Inc., for Mill Bay Road Repair

Mayor Floyd read Ordinance No. 1209 by title. The City owns a portion of Mill Bay Road and has taken responsibility for maintenance of the entire roadway. Over the years, the volume of traffic using Mill Bay Road has increased more than 100 percent. City staff keep a very close eye on the condition of Mill Bay Road because it is the primary traffic route in the City. The ruts in Mill Bay Road are deepening, in some locations, to nearly the thickness of the pavement overlay that was placed in 2001 and significant maintenance is now required. Staff strongly believe that timely maintenance of asphalt pavement results in significant savings and a better-traveled surface for the public, as opposed to letting the pavement deteriorate to the point where it must be entirely removed and replaced. Brechan Enterprises, Inc., is the only asphalt-paving contractor in Kodiak and has agreed to work cooperatively with the City to make timely and economical repairs to Mill Bay Road. Staff have presented a budget of \$150,000 for this repair work. An ordinance is needed to authorize this proposed cooperative work method, because it is not consistent with the City's competitive bidding process. The Council has discussed alternative contract arrangements at work sessions in the past. Staff believe that this project is a good candidate for an alternative contracting arrangement to complete work as economically as possible.

Councilmember Davidson MOVED, seconded by Councilmember Woodruff, to pass Ordinance No. 1209 in the first reading and advance to second reading and public hearing at the next regular meeting.

The roll call vote was Councilmembers Davidson, McMurry, Rosales, Saravia, Walters, and Woodruff in favor. The motion passed.

June 8, 2006

d. Resolution No. 06-15, Authorizing the Issuance of a Permit to the Kodiak Lions Club for Use of Public Property in Conjunction with the Soap Box Derby Practice and Race

Mayor Floyd read Resolution No. 06-15 by title, which permits the Kodiak Lions Club to close and use City streets for its annual Soap Box Derby inspection, practice races, and formal stock and super-stock races. The street closures will take place on Saturday, June 10, from 9 a.m. until 2 p.m., and Saturday, June 17, from 8 a.m. until 5 p.m., beginning at the intersection of Powell Avenue and Baranof Street to Armstrong Avenue.

Councilmember Woodruff MOVED, seconded by Councilmember Saravia, to adopt Resolution No. 06-15.

The roll call vote was Councilmembers Davidson, McMurry, Rosales, Saravia, Walters, and Woodruff in favor. The motion passed.

e. Resolution No. 06-16, Authorizing the Issuance of a Permit to the American Legion Post 17 for Use of Public Property in Conjunction with Fourth of July Celebrations

Mayor Floyd read Resolution No. 06-16 by title, which permits American Legion Post No. 17 to close and use City streets for its annual Fourth of July parade. Street closures for the parade will take place on Tuesday, July 4, from 11 a.m. until 12:30 p.m., beginning at the St. Paul Harbor spit gazebo, turning left onto Marine Way, turning right onto Rezanof Drive, turning right onto Center Avenue, turning right onto Marine Way, and ending at the St. Paul Harbor spit gazebo.

Councilmember Davidson MOVED, seconded by Councilmember Walters, to adopt Resolution No. 06-16.

The roll call vote was Councilmembers Davidson, McMurry, Rosales, Saravia, Walters, and Woodruff in favor. The motion passed.

f. Authorization of Bid Award for FY'07 Sodium Chloride

On an annual basis, the City of Kodiak requests bids for sodium chloride (salt) for winter road maintenance. The Public Works and Finance Departments work together to ensure that this ongoing supply need is met. With the length of winter just experienced, almost all of the available stock on hand was used; therefore, 250 tons of salt are needed for purchase this year. This will provide the City with a salt supply and reserve adequate for the upcoming winter, provided it is a "normal winter." The bids for sodium chloride were opened on May 5, 2006. Four bids were received:

<u>Bidder</u>	<u>Amount</u>
Univar, USA	\$74,300.00
Round Butte Products	\$80,992.00
Brenntag Pacific, Inc.	\$86,750.00
Belle Acquisitions	\$124,940.85

June 8, 2006

Councilmember Walters MOVED, seconded by Councilmember Saravia, to award the FY'07 sodium chloride bid to Univar, USA, in the amount of \$74,300, with funds coming from FY'07 General Fund, Public Works-Streets Account, Supply line item.

The roll call vote was Councilmembers Davidson, McMurry, Rosales, Saravia, Walters, and Woodruff in favor. The motion passed.

g. Authorization of Bid Award for FY'07 Petroleum Products

On an annual basis, the City of Kodiak requests bids for petroleum products. The Public Works and Finance Departments work together to ensure that this ongoing supply need is met. Bids for FY'07 petroleum products were opened on May 5, 2006. Two bids were received for the four petroleum products used by the City. (Note: Heating fuel #1 is needed for blending purposes during cold weather and is awarded to the vendor who is selected to provide heating fuel products.)

<u>Bidder</u>	<u>Diesel #2</u>	<u>Gasoline</u>	<u>Heating Fuel #2</u>	<u>Heating Fuel #1</u>
Petro Marine Services	\$2.46	\$2.55	\$2.46	\$2.56
North Pacific Fuel	\$2.48	\$2.72	\$2.48	\$2.56

Councilmember Davidson MOVED, seconded by Councilmember Walters, to award the FY'07 petroleum products bid to Petro Marine Services for diesel #2 at \$2.46 per gallon, gasoline at \$2.55 per gallon, heating fuel #2 at \$2.46 per gallon, and heating fuel #1 at \$2.56 per gallon, with funds coming from the appropriate FY'07 budget line items.

The roll call vote was Councilmembers Davidson, McMurry, Rosales, Saravia, Walters, and Woodruff in favor. The motion passed.

h. Authorization of Professional Services Contract With PND for Engineering and Design for the Travel Lift/Boat Yard

The City of Kodiak issued a request for proposals for design of the St. Herman Harbor Travel Lift Facility in December 2004. Proposals were received from PND, Reid Middleton, and TNH on January 31, 2005. A diverse committee reviewed and scored the proposals. PND was the highest scoring proposer. PND has already completed some preparatory work for this project. The master planning portion of the project and conceptual facility design is now complete and was reviewed by the Port and Harbors Advisory Board on March 30 and by Council at the June 6 work session. PND proposes to perform the design and engineering work and to provide the City with bid-ready documents for this project for a lump sum fee of \$459,342. Associated permitting will be provided on a time and materials basis, with a budget estimate of \$40,300. Contract administration and on-site inspection will also be performed on a time and materials basis, with a budget estimate of \$336,955.

June 8, 2006

Councilmember Woodruff MOVED, seconded by Councilmember Saravia, to authorize a professional services contract with PND for the engineering and design of the St. Herman Harbor Travel Lift Facility in the amount of \$836,597, with funds coming from the Capital Projects Fund, Harbor and Port Improvement Fund, Marine Travel Lift Account.

The roll call vote was Councilmembers Davidson, Rosales, Saravia, Walters, and Woodruff in favor and Councilmember McMurry opposed. The motion passed.

i. Authorization of Professional Services Contract With PND for Engineering and Design for the Replacement of M and P Floats in St. Herman Harbor

Based on the discussion and Council direction at the August 23, 2005, work session, City staff requested that PND provide a fee proposal for St. Herman Harbor master planning and design of replacements for floats M and P. The need to replace floats M and P and other inner harbor facilities in St. Herman Harbor was supported by a "second opinion" engineering review and thoroughly discussed at the August 23 work session. Of all the inner harbor floats located in St. Herman Harbor, floats M and P are in the worst condition. The proposed scope of work for the initial planning effort was reviewed by the Council at the October regular meeting and awarded at the January regular meeting. The master planning and data gathering phase of the project is now complete and was reviewed by the Port and Harbors Advisory Board on March 30, 2006, and by Council at the June 6, 2006, work session. PND proposes to perform the design and engineering work and to provide the City with bid-ready documents for a lump sum fee of \$254,670. Associated permitting work will be provided on a time and materials basis, with a budget estimate of \$9,795.

Councilmember Walters MOVED, seconded by Councilmember Saravia, to authorize a professional services contract with PND for the St. Herman Harbor Engineering/Design Project M & P Floats, Project No. 06-14, in the amount of, \$266,465 with funds coming from the Capital Projects Fund, Harbor and Port Improvement Fund, St. Herman Harbor Engineering/Design Account.

The roll call vote was Councilmembers Davidson, McMurry, Rosales, Saravia, Walters, and Woodruff in favor. The motion passed.

VII. Staff Reports

a. City Manager

Manager Freed thanked Cary Bradbury for 10 years of service with Police Department. She also reported on the next steps required to proceed with the proposed ferry terminal facility; these steps are to be taken by the State. Manager Freed reported the results of her meeting with ADOT staff regarding the Y project; requests for bids will be announced in the fall, with work to begin next spring.

June 8, 2006

b. City Clerk

The City Clerk welcomed Barbara Volpe as the new Deputy City Clerk. She also reminded the public of the upcoming October municipal election, as well as the next two scheduled work sessions and regular meeting.

VIII. MAYOR'S COMMENTS

Mayor Floyd noted the many events taking place in the City recently, including hearings and meetings held by the North Pacific Fisheries Management Council, the University of Alaska Board of Regents, and the Federal Subsistence Board. She also thanked the Chamber of Commerce for their work to make this year's Crab Festival a success. Mayor Floyd also recognized the multicultural celebration held at the high school during Crab Fest, which brought together 250 members of our diverse community.

IX. COUNCIL COMMENTS

Councilmember Woodruff announced his recent marriage. He will be out of town from June 18 to July 10 for medical treatment. Councilmember Woodruff also noted that the fishing community has been very busy recently.

Councilmember McMurry thanked those responsible for getting the street painting truck to the island earlier than usual. He also thanked Manager Freed and her staff for their work on the budget.

Councilmember Saravia thanked Manager Freed and her staff for their work on the budget. He noted that the City must think about ways to increase revenue so that services are not reduced.

Councilmember Rosales thanked Mayor Floyd for the proclamation recognizing the Filipino American community. She also thanked Manager Freed for work well done on the budget. Councilmember Rosales concurred with Councilmember Saravia that there is a need for additional revenue without raising sales tax, if possible. She also welcomed Deputy Clerk Volpe.

Councilmember Walters congratulated Councilmember Woodruff on his recent marriage. He noted that sales tax revenues had increased during the past few years and expressed his belief that tax revenue will continue to increase with the increase in jobs created by the new travel lift and boat yard facility. Councilmember Walters stated the Enhancement Fund had grown during the years when revenue was plentiful, and the City was using Enhancement Fund revenue for capital projects. He stated he did not support increasing the sales tax and spoke in favor of reducing building constructions costs for new City facilities.

Councilmember Davidson announced the cancellation of the community barbeque originally planned for Saturday. He also welcomed Deputy Clerk Volpe and congratulated Councilmember Woodruff. Councilmember Davidson extended his thanks to Bryan Martin of the *Kodiak Daily Mirror* for his reporting. He further congratulated

June 8, 2006

the recent graduates of Kodiak High School, especially those receiving special awards and scholarships.

X. AUDIENCE COMMENTS

None.

XI. ADJOURNMENT

Mayor Floyd adjourned the meeting at 8:36 p.m.

CITY OF KODIAK

Carolyn L. Floyd
MAYOR

ATTEST:

Debra M. Landon
CITY CLERK

Minutes Approved: June 29, 2006

