

**MINUTES OF THE REGULAR COUNCIL MEETING  
OF THE CITY OF KODIAK  
HELD THURSDAY, MAY 10, 2012  
IN THE BOROUGH ASSEMBLY CHAMBERS**

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

Mayor Pat Branson called the meeting to order at 7:31 p.m. Councilmembers Randall C. Bishop, Charles E. Davidson, Terry J. Haines, Gabriel T. Saravia, Mark Anthony G. Vizcocho, and John B. Whiddon were present and constituted a quorum. City Manager Aimée Kniaziowski, City Clerk Debra L. Marlar, and Deputy Clerk Matthew Gandel were also present.

After the Pledge of Allegiance, Salvation Army Sergeant Major Dave Blackater gave the invocation.

**II. PREVIOUS MINUTES**

Councilmember Whiddon MOVED to approve the minutes of the April 26, 2012, regular meeting as presented.

The roll call vote was Councilmembers Bishop, Davidson, Haines, Saravia, Vizcocho, and Whiddon in favor. The motion passed.

**III. PERSONS TO BE HEARD**

**a. Proclamation: Emergency Medical Services Week**

Councilmember Davidson read the proclamation, which urges residents to recognize the value and accomplishments of emergency medical services providers.

Mayor Branson presented the proclamation to Firefighter Dan Farmer who thanked the Mayor and Council for recognizing the efforts of emergency medical service providers.

**b. Proclamation: Police Week and Peace Officers' Memorial Day**

Councilmember Bishop read the proclamation, which encourages all citizens to honor those law enforcement officers who have made the ultimate sacrifice in service to their community and to recognize all police officers, past and present, who have rendered a dedicated service to their community and, in so doing, have established for themselves an enviable and enduring reputation for preserving the rights and security of all citizens.

Mayor Branson presented the proclamation to Chief of Police T.C. Kamai who thanked the Mayor and Council on behalf of the men and women of the Kodiak Police Department and other law enforcement agencies in Kodiak.

**c. Older Americans Month**

Mayor Branson read the proclamation, which urges all citizens to celebrate this year's theme "Never Too Old to Play!" and take time this month to engage with our older citizens through enjoyable social interactions such as sports, games, contests, and other forms of play.

Mayor Branson presented the proclamation to Dave Blackater who thanked the Mayor and Council on behalf of all seniors in Kodiak and gave a short report on the recent activities of the Senior Center.

**d. Public Comments**

**Craig Niles** asked the Council for assistance rectifying a problem of standing water at the back of his property on Hemlock Street.

**Danielle Ringer**, via telephone, spoke in opposition to Ordinance No. 1297, saying raising the sales tax cap would cause already high rents to increase and make it difficult for young people to afford to live in Kodiak.

**IV. UNFINISHED BUSINESS****a. Second Reading and Public Hearing, Ordinance No. 1297, Amending Kodiak City Code 3.08.010(b), Levy of Sales Tax, to Increase the Rate of Sales Tax From Six Percent to Seven Percent on All Sales, Rentals, and Services Made Within the City Other Than Rentals of Transient Rooms; Amending Kodiak City Code 3.08.110(b), Tax Schedule, to Reflect the Increase in the Sales Tax Rate; and Amending Kodiak City Code 3.08.120(a), Maximum Taxable Sale, to Increase the Maximum Amount of a Single Transaction Subject to Taxation From \$750.00 To \$3,500.00**

Mayor Branson read Ordinance No. 1297 by title. Council and staff have discussed how to bridge the substantial annual revenue shortfalls of \$3 to \$4 million since early 2011. The City has been using fund balance to cover the gap between revenues and increased expenses since about 2007. The fund balance continues to diminish, which will limit the City's ability to maintain its fiscal obligations. After many months of work, Council and staff held a special planning meeting in January 2012 to discuss how the City could meet current operational obligations, maintain existing services and infrastructure, manage investments and debt capacity, and cover unexpected or emergency expenses. They also discussed how to plan for and afford the replacement of aging infrastructure. Council recognized that the City could not continue to defer action and had to either increase revenues or cut services to balance the budget and meet required General Fund reserves. Council decided to increase revenues by raising the sales tax and the sales tax cap in order to fund current needs without dipping into the fund balance each year. Ordinance No. 1297 amends Kodiak City Code 3.08 and reflects the direction of Council discussion in January 2012.

Councilmember Haines MOVED to adopt Ordinance No. 1297.

Councilmember Davidson MOVED to postpone the vote on the motion to adopt Ordinance No. 1297 until the June 14, 2012, regular meeting.

Mayor Branson closed the regular meeting and opened the public hearing.

**Dan Rohrer** encouraged the Council to postpone the vote on Ordinance No. 1297 and spend time looking at other alternatives to raising the tax. He said even though the sales tax rate had been the same since 1993, prices had gone up and stated this meant the City received more sales tax revenue. He encouraged eliminating the exemption for senior citizens.

**Marya Nault** said she opposed an increase in the sales tax and cap and said it would be a hardship for small businesses, rental tenants and landlords, and the fishing fleet. She encouraged the Council to concentrate on essential services and use a balanced approach of budget cuts and revenue increases to make up the current budget shortfall. She said she opposed eliminating the exemption for senior citizens.

**Marnie Leist**, via telephone, suggested the Council raise the sales tax on non-essential items, but not everything. She said no one was in favor of having services reduced, but she asked the Council to look at a solution that combined increased taxes with cuts in services.

**Sarah Thayer**, via telephone, said that Kodiak couldn't afford two governments, and stated that only City residents could vote on City ordinances, which was undemocratic, and that it was time to consolidate the City and Borough governments.

**Jack Mann** said the biggest factor contributing to the current budget shortfall was uncontrolled spending. He said cuts in services and City personnel were necessary and that health insurance benefits to City personnel should be reduced.

**Janet Wente** said she opposed raising the sales tax cap because it would have an unfair affect on fishing vessel crewmembers. She spoke in favor of eliminating the exemption for senior citizens.

**George Rieth** suggested that the Council direct the City Manager and Finance Director to prepare a budget that met the basic needs of the community but eliminated enough expenses to balance, and then the Council could decide if those cuts were acceptable. He said the Council should consider requiring City employees to pay a portion of health insurance premiums.

There being no further public testimony, the Mayor closed the public hearing and reopened the regular meeting.

Councilmember Haines thanked the public for coming forward and offering ideas. He said he was concerned about the effect raising the sales tax and cap would have on rental prices, and on the increasing costs of City employee healthcare. He suggested there should be a minimum balance required in the General Fund, which would force the Council to deal with budget shortfalls in the future without using fund transfers.

Councilmember Whiddon said the Council would continue to deliberate carefully to meet the needs of the community to the best of their ability with the resources available. He said the Council had asked the City Manager to find meaningful costs that could be reduced. He said the current level of services could not be sustained, and that people would need to be ready for

changes to the services they had come to expect. He said Kodiak was facing a challenge that most of America had been facing for a while.

Councilmember Davidson said he hoped the public realized the City had already cut seven percent from the previous year's budget. He said there would be further reductions in expenses, but that revenues will still need to be increased. He said he appreciated the contributions from the community and said the Council would accommodate everyone the best they could.

Councilmember Whiddon said he was concerned with what would happen if the exemption for senior citizens was eliminated and said maybe there was a way to create a two-tiered system to ensure that those who were living on a fixed income could receive the exemption.

The roll call vote on the postponement was Councilmembers Bishop, Davidson, Haines, Saravia, Vizcocho, and Whiddon in favor. The motion passed.

## V. NEW BUSINESS

### a. **Resolution No. 2012-13, Authorizing the Issuance of a Permit to the Kodiak Garden Club for Use of Public Property for its Annual Plant Sale**

Mayor Branson read Resolution No. 2012-13 by title. Resolution No. 2012-13 authorizes the issuance of a permit to the Kodiak Garden Club to use the covered area of the Baranof Park ice rink to hold its annual plant sale on June 9, 2012.

Councilmember Saravia MOVED to adopt Resolution No. 2012-13.

The roll call vote was Councilmembers Bishop, Davidson, Haines, Saravia, Vizcocho, and Whiddon in favor. The motion passed.

### b. **Authorization of Extension of the Professional Services Contract With Birch, Horton, Bittner and Cherot for Legal Services**

The firm of Birch, Horton, Bittner, and Cherot was selected to provide legal services to the City in July 2000. The original contract was for a three-year period, with an option for three additional one-year extensions. The contract and eight extensions have been approved and renewed by Council since that time. The current contract extension is set to expire on June 30, 2012. The firm, and Tom Klinkner, the City's primary municipal attorney, wish to continue to serve the City of Kodiak and recommends a three-year contract extension with the option to extend for three additional one-year terms.

Councilmember Whiddon MOVED to authorize the ninth amendment to the contract dated August 22, 2000, with Birch, Horton, Bittner, and Cherot for professional legal services.

The roll call vote was Councilmembers Bishop, Davidson, Haines, Saravia, Vizcocho, and Whiddon in favor. The motion passed.

**VI. STAFF REPORTS****a. City Manager**

City Manager Kniazowski said staff had been working hard on the budget. She said the first draft of the budget had a seven percent reduction from last year, and that all departments were looking for further cuts. She said she was monitoring the status of the state capital projects budget, which included funding for several local projects. She congratulated Kodiak Police Department (KPD) employee Debra Buckey on her retirement after 20 years of service to the City. She said KPD had recently intercepted a shipment of heroin coming into Kodiak and thanked the department for their continued hard work on behalf of the community.

**b. City Clerk**

City Clerk Marlar informed the public of the next scheduled Council work session, regular meeting, and special sales tax work session.

**VII. MAYOR'S COMMENTS**

Mayor Branson assured the public that she and the Council were looking at all angles of the budget and trying to look to the future and keep the City's finances sustainable and reasonable. She said she appreciated people offering their opinion, and local media keeping people informed. She said many local senior citizens were living on annual fixed incomes of between \$12,000 and \$18,000, and needed the sales tax exemption. She said it was important to look at alternatives to eliminating the sales tax exemption for senior citizens. She said she recently sent a letter to Governor Sean Parnell asking for his support of Kodiak's requests in the state capital projects budget. She congratulated Debra Buckey on her retirement.

**VIII. COUNCIL COMMENTS**

Councilmember Vizcocho thanked the Department Heads for their presentations at the recent budget work session. He said the Council was trying to do what was best for the community.

Councilmember Haines said he felt that City departments were very well run, which made it difficult to find unnecessary costs to cut.

Councilmember Davidson said that City staff had put in many hours working on the budget and that nobody wanted to raise taxes. He said Senator Gary Stevens and Representative Alan Austerman had done an excellent job securing state money for local projects.

Councilmember Whiddon said the City was lucky to have an incredibly talented and dedicated work force and said he was proud of what they did for Kodiak. He said the Council was committed to being respectful of everyone during the public budget process.

Councilmember Saravia said it was difficult to cut services and that the Council would try to come up with a solution that was good for most citizens, but that it was impossible to make everyone happy. He thanked the public and staff for offering ideas. He thanked Senator Stevens and Representative Austerman for helping to secure state money for the replacement of Pier III.

Councilmember Bishop congratulated the 2012 graduates of Kodiak High School and Kodiak College. He thanked City staff for their efforts with the budget. He said the Council was considering the sales tax increase very carefully and trying to respond to public concerns.

#### IX. AUDIENCE COMMENTS

**Dan Rohrer** spoke about the idea of eliminating the sales tax exemption for seniors and said he didn't want to hurt seniors but wanted to find a way to increase revenues without raising taxes. He said the Council shouldn't strive to make everyone happy, and that the best budget is one that makes everyone equally unhappy.

**Caroline Thomas**, via telephone, said the country was bankrupt and overtaxed and that the City was continuing with that trend. She said services should be cut and that people shouldn't rely on the government to take care of them.

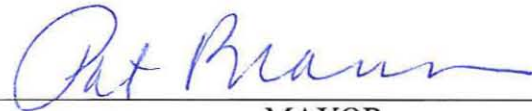
#### X. ADJOURNMENT

Councilmember Davidson MOVED to adjourn the meeting.

The roll call vote was Councilmembers Bishop, Davidson, Haines, Saravia, Vizcocho, and Whiddon in favor. The motion passed.

The meeting adjourned at 9:08 p.m.

CITY OF KODIAK



MAYOR

ATTEST:

  
CITY CLERK

Minutes Approved: May 24, 2012