

**MINUTES OF THE REGULAR COUNCIL MEETING
OF THE CITY OF KODIAK
HELD THURSDAY, JUNE 14, 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, Mark Anthony G. Vizcocho, and John B. Whiddon were present and constituted a quorum. Councilmember Gabriel T. Saravia was absent. City Manager Aimée Kniazowski, City Clerk Debra L. Marlar, and Administrative Assistant Catherine Perkins 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 May 24, 2012, regular meeting as presented.

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

III. PERSONS TO BE HEARD

a. Proclamation: Filipino American Heritage Month

Mayor Branson read the proclamation, which recognizes Filipino Americans for their vital contributions to our community and urges citizens to participate in festivities celebrating the rich heritage and traditions of the Philippine Islands.

Mayor Branson presented the proclamation to Lys Alanzo, Nita Nicholas, Rosalina Banaga, and Patilou Peralta. Rosalina Banaga accepted the proclamation on behalf of the Filipino American community and thanked the Mayor and Council.

b. Public Comments

Douglas Long expressed a concern about sidewalk safety. He noticed that numerous cars around town park on the sidewalk, which forces citizens to walk into the street. He asked the City to make sidewalks safer and ticket cars parked on sidewalks.

Rick Langfitt congratulated the City for securing funding for the Baranof Park project, as well as establishing a phasing process. He urged the Council to support Change Order No. 2 to the Baranof Park Improvement Project and offered to serve on the project team.

IV. UNFINISHED BUSINESS

- a. Continued 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 growing annual revenue shortfalls of \$3 to \$4 million since early 2011. The City has been using varying amounts of fund balance to cover the gap between revenues and increased operating 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 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 was introduced at the April 26, 2012, meeting, and the second reading and public hearing was postponed from the May 10, 2012, meeting to the June 14, 2012, meeting to allow for more discussion and response to public comments.

Clerk's Note: The motion to adopt Ordinance No. 1297 is on the floor from the May 10, 2012, meeting.

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

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

The City Clerk explained suggested amendments to Ordinance No. 1297 based on Council comments at the June 12 work session.

Councilmember Davidson MOVED to amend Ordinance No. 1297 by striking three thousand five hundred dollars in Section 3 and inserting twelve hundred dollars.

The roll call vote on the amendment was Councilmembers Davidson and Haines in favor; Councilmembers Bishop, Vizcocho, and Whiddon opposed. Councilmember Saravia was absent. The amendment failed.

Councilmember Whiddon MOVED to amend Ordinance No. 1297 by striking section 3 in its entirety and striking all words in the ordinance title on line 6 following the words "sales tax rate."

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

Councilmember Haines MOVED to amend Ordinance No. 1297 by striking Section 4 in its entirety and inserting the following: This ordinance shall be effective upon the later to occur of (i) the date that is one month after its final passage and publication in accordance with Kodiak Charter Section 2-13; and (ii) October 1, 2012.

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

The roll call vote on the main motion as amended was Councilmembers Bishop, Davidson, Haines, Vizcocho, and Whiddon in favor. Councilmember Saravia was absent. The main motion passed.

V. NEW BUSINESS

a. Authorization of Contract Extension With Rise Alaska for Construction Management Services for New Library, Project No. 6012

The City selected Roe Sturgulewski and his firm RISE Alaska to manage the new library project during the design phase in the summer of 2011. Now that the construction phase is ready to begin, the City and RISE need to extend the contract to include construction management services. RISE submitted the proposal that outlines the tasks and costs for services during this next stage of the project, based on a project completion date of July 15, 2013. Some of the tasks the project manager will be responsible for include project schedule and budget management, preparation and presentation of status reports, facilitation of weekly construction and owner meetings, oversight and management of change orders, administration of the architect and contractor contracts, coordination of special inspections, and completion of project close-out.

Councilmember Haines MOVED to authorize a contract extension with RISE Alaska for construction management services for the new library project in an amount not to exceed \$222,683, with funds coming from the Building Improvement Fund, New Library Construction Project, Project No. 6012.

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

b. Authorization of Amendment No. 2 to the Professional Services Contract With Cornerstone General Contractors, Inc. for Foundation Construction for New Library, Project No. 6012

The City Council authorized contract amendment No. 1 to Cornerstone General Contractors, Inc. to do civil site work and utility installation on the new library site at the May 24, 2012, meeting. The next phase of construction is to install the building foundation. The City's project manager worked with the architectural firm and the contractor to reconcile the scope and construction budget to ensure the construction costs were in alignment prior to bringing the next construction package forward. City staff, the library building committee, and the project manager reviewed

the cost estimates and list of reductions/modifications on May 30, 2012, and supported award of the foundation package, now that the updated construction cost estimates fall within the project construction budget.

Councilmember Vizcocho MOVED to authorize Amendment No. 2 to the professional services contract with Cornerstone General Contractors, Inc. for foundation construction of the new library for the guaranteed maximum price amount of \$333,155, with funds coming from the Building Improvement Fund, New Library Project, Project No. 6012.

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

c. Authorization of Change Order No. 2 to Baranof Park Improvement Project, Project No. 12-05/9001

Renovation of Baranof Park has been an ongoing effort for many years. Phase I of the project, which included the track and football field, was bid in February 2012. The work identified for Phase II of the project was included in the bid as additive alternates to be awarded contingent upon additional funds being made available through the FY2013 state legislative grant process. Council awarded the bid to Ohno Construction in April 2012. Governor Parnell approved the state budget in May 2012, including funding for Phase II of the Baranof Park project. The City received permission from the Alaska Department of Community and Regional Affairs to proceed with the award of the Phase II work prior to finalization of the formal grant paperwork. This permission results in cost efficiencies and savings, a better quality end product, and the ability to include the baseball infield this summer. Change Order No. 2 will authorize Ohno Construction to proceed with the Phase II work.

Councilmember Bishop MOVED to authorize Change Order No. 2 to the Baranof Park Improvement Project to Ohno Construction in the amount of \$1,576,094, with funds coming from the Parks and Recreation Capital Improvement Fund, Baranof Park Improvements, Project No. 12-05/9001.

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

d. Authorization of FY2013 Community Jails Contract

The Alaska Department of Corrections is proposing a continuation of the professional services contract with the City to provide short-term community jail confinement of persons held in custody for violations of state law.

Councilmember Whiddon MOVED to approve the FY2013 professional services contract for community jail service with the Alaska Department of Corrections in the amount of \$1,133,993, and authorize the City Manager to sign the contract on behalf of the City.

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

e. Authorization of Animal Shelter Operation Contract With the Humane Society of Kodiak

The City of Kodiak has contracted with the Humane Society of Kodiak for the operation of the City animal shelter since 1995. The FY2013-2014 contract reflects slight rate increases for both years of the proposed agreement.

Councilmember Davidson MOVED to authorize a two-year Animal Shelter Operation contract, ending June 30, 2014, with the Humane Society of Kodiak in the amount of \$105,000 for FY2013 and \$108,000 for FY2014, with funds coming from the General Fund, Police Department, Animal Control account.

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

f. Authorization to Purchase Public Works Vehicle From CH2M HILL

CH2M HILL provided a vehicle for their onsite project representative as part of the professional service contract for project management with CH2M HILL for the UV disinfection facility. The City discussed options for this vehicle with CH2M HILL and the State Grant and Loan group and determined what cost of the vehicle would be grant reimbursable. We were able to get substantial grant support that allowed CH2M HILL to purchase a new vehicle with the intention that the City would purchase it at the end of the project. The project representative is no longer on site, and CH2M HILL is ready to turn the vehicle over to the City.

Councilmember Vizcocho MOVED to authorize the purchase of the 2010 Ford F150 pickup truck from CH2M HILL for \$12,866, with funds coming from the Water Utility Fund, machinery and equipment account.

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

g. Authorization of Bid Award for FY2013 Sodium Chloride

Each year Public Works orders deicing salt to mix with ¼ inch rock chips for winter deicing and traction control on City streets and parking lots. The quantity of product requested is based on the remaining stock on hand and the previous winter's consumption. Last winter was a very difficult winter of cold and snow; however, salt use was consistent with that of previous winters. Based on this, the bid quantity for FY2013 was 275 tons, the same quantity as the last two years.

Councilmember Haines MOVED to authorize the FY2013 sodium chloride bid to Round Butte Products in the amount of \$88,411.40, with funds coming from the FY2013 Public Works Department, Street Supplies account.

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

h. Authorization of Bid Award for FY2013 Petroleum Products

Each year the Public Works Department issues bids for the City's petroleum products. On May 11, 2012, bids were opened for petroleum products for FY2013. Two bids were received. North Pacific Fuel was the lowest bidder for equipment diesel fuel and No.1 and No. 2 heating oil. Petro Marine Services was the low bidder for gasoline.

Councilmember Whiddon MOVED to award the FY2013 petroleum products bids as follows: ultra low sulfur diesel at \$3.945 per gallon, heating fuel No. 1 at \$4.075 per gallon, heating fuel No. 2 at \$3.945 per gallon to North Pacific Fuel and gasoline at \$3.82 per gallon to Petro Marine Services.

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

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

Manager Kniazowski commented that Borough Manager Rick Gifford's last day of work was June 13, and Bud Cassidy will be the interim Borough Manager. She said the Rezanof paving project is well underway and informed the public to expect delays and, if possible, avoid construction areas. She encouraged the public to sign up for Nixle text and email alerts from the Kodiak Police Department. She reported a U.S. Army landing craft hit Humpback Rock on June 8, and there was a minor diesel spill. She said there were no injuries reported, and impacts to wildlife are being monitored. She noted Phase 2 of the Baranof Parks Project will begin in the next few days and said there will be a presentation and report on the project at the July 10 work session. She also reminded the Council of the upcoming joint work session and Fisheries Work Group meeting.

b. City Clerk

City Clerk Marljar informed the public of upcoming Council meetings.

VII. MAYOR'S COMMENTS

Mayor Branson said she is glad to move forward with the sales tax issue and hopes the cap will not be forgotten. She noted the Council will vote on the FY2013 budget at the next meeting. She congratulated the Filipino American Association and looks forward to the related events. She noted today was Flag Day and Father's Day was on Sunday.

VIII. COUNCIL COMMENTS

Councilmember Bishop said that he was proud to be a Filipino and explained how he participated in a video interview about the history of Filipinos in politics, stating he was proud and honored to be involved. He also said the Council has come a long way on the sales tax issue and agreed as a body on the sales tax increase and will continue to work on the issue to do what is best for the citizens and community. He wished everyone a happy Father's Day.

Councilmember Whiddon recognized Filipino American Month and said he was happy to see such good representation at the meeting and, especially, on the City Council. He said there is a lot more work that needs to be done on sales tax and the budget and stated good progress has been made. He also noted that he recently read an article that referred to Kodiak as a healthy vibrant economy and wanted to emphasize that even though the sales tax had to be raised, the economy remains healthy and vibrant.

Councilmember Davidson wished Rick Gifford best wishes in this new job and urged the public to drive cautiously during the increased road construction in town. He expressed his disappointment in not raising the sales tax cap and offered his condolences to the family of Don Werbe.

Councilmember Haines wished Rick Gifford good luck. He said the Council is on the same page with getting the budget balanced and believes there will continue to be open conversation about it and hopes the public will continue to participate in the conversation. He noted that other communities in Alaska have a Borough sales tax, which when combined with the City sales tax, is much higher than seven percent. He also said he is proud and happy to live in such a diverse community and urged the public to enjoy Filipino American Heritage Month.

Councilmember Vizcocho congratulated Filipino Americans on the proclamation and said he is proud to be a Filipino. He said there are going to be a lot of events taking place related to Filipino American Heritage Month and urged the public to participate in those events. He also invited the community to take part in a summer football camp with the Seahawks at the KANA Football Field.

IX. AUDIENCE COMMENTS

Mike Mulligan said he appreciated the difficulty of the sales tax issue but does not think it is fair to business and individuals to keep taxing them. He urged the Council to create policies that encourage people to own property and open businesses locally. He voiced support of a proposal for a lower sales tax rate and higher tax cap and encouraged the council to look at different ideas to raise revenue.

X. ADJOURNMENT

Councilmember Vizcocho MOVED to adjourn the meeting.

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

The meeting adjourned at 8:54 p.m.

CITY OF KODIAK



MAYOR

JUNE 14, 2012

7578

ATTEST:

Debra Mander

CITY CLERK

Minutes Approved: July 12, 2012

