

**MINUTES OF THE REGULAR COUNCIL MEETING  
OF THE CITY OF KODIAK  
HELD THURSDAY, NOVEMBER 9, 2017  
IN THE BOROUGH ASSEMBLY CHAMBERS**

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

Mayor Pat Branson called the meeting to order at 7:30 p.m. Councilmembers Laura B. Arboleda, Randall C. Bishop, Charles E. Davidson, Gabriel T. Saravia, Richard H. Walker and John B. Whiddon were present and constituted a quorum. City Manager Mike Tvenge and City Clerk Debra Marlar were also present.

Salvation Army Major Dave Davis gave the invocation and the Pledge of Allegiance was recited.

**II. PREVIOUS MINUTES**

Councilmember Whiddon MOVED to approve the minutes of the October 26, 2017, regular meeting as presented.

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

**III. PERSONS TO BE HEARD**

**a. Public Comments**

**Jonathan Strong** said he lives in Service District 1 and spends most of his time in the City. He spoke in support of annexation to allow proper representation of taxation issues.

**Lawrence Anderson**, Senior Citizens of Kodiak, Inc., provided an FY2018 report. He provided an overview of meal delivery, transportation, adult day services, lifeline services, respite, and informational assistance on Medicare, social security and housing assistance. He said the center is the only senior center to receive three national accreditations in Alaska. He thanked the Mayor and Council for their work and said he was proud to be a resident of Kodiak.

**Jesse Glaman**, Manager of Big Rays, via telephone, said businesses have been affected by budget shortfalls by the federal and state cuts. He encouraged the Council to look harder at their budget to make cuts and be more efficient. He does not support the increased tax cap.

**Alexandra Turner** spoke in opposition to increasing the sales tax. She said she believes the budget deficit could be met without raising taxes and advocates for shopping local.

**Sarah Harrington**, Executive Director of the Kodiak Historical Society and Baranov Museum, spoke in favor of Ordinance No. 1371. She said they would like to work on a facility upgrade and the approval of the ordinance and the lease will allow the Kodiak Historical Society to work on the redesign project.

**Tyler Randolph**, via telephone, shared his ideas for minimizing the tax gap, which included a 10 percent departmental cut, review of salaries and benefits, elimination of the tourism fund, and turning the library over to the Kodiak Public Library Association.

**Patrick O Donnell** said he does not support raising the tax cap. He stated the Harbor fees have increased and commented there is a reduction in the cod and pollock fisheries. He stated a higher number of the trawl fleet has moved from Kodiak due to cost. He expressed his concern regarding other potential tax increases by the state and suggested a fuel exemption if the tax cap was raised.

**Darius Kasprzak** spoke in support of Ordinance No. 1370 regarding selling seafood from vessels at the Kodiak Harbor and said he supports a tax exemption for marine fuel, if the sales tax cap passes.

#### IV. UNFINISHED BUSINESS

**a. Authorization of Service Agreement With Johnson Controls, Inc., for Annual Inspection and Preventative Maintenance of the Kodiak Police Station Building Control Systems**

This authorization would award a multi-year service agreement to Johnson Controls, Inc. to provide preventative maintenance and correction of minor deficiencies encountered during routine inspections of the fire, security, and mechanical systems utilized within the Kodiak Police Station. The vote on this motion was postponed at the June 8, 2017, meeting. Since that time, staff has worked with a local vendor who is more cost efficient and trained to provide the needed service.

Councilmember Davidson MOVED to postpone indefinitely the pending service agreement with Johnson Controls.

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

**b. Second Reading and Public Hearing, Ordinance No. 1367, Amending Kodiak City Code 3.08.120, "Maximum Taxable Sale," to Increase the Maximum Amount of a Sale Service or Rental that is Subject to City Sales Tax to \$3,000**

Mayor Branson read Ordinance No. 1367 by title. Since May 2016 City staff has provided updates regarding the City's fiscal outlook. The State of Alaska budget has been experiencing a shortfall over the past three fiscal years that has impacted funding provided to the City of Kodiak. The City revenues are generated through sales tax, property tax, City charges for services, and intergovernmental revenues. Due to continual decreases in City intergovernmental revenues, City staff has presented data to the City Council and Mayor throughout eighteen work sessions to consider the implications to the City. These discussions culminated into the direction from Council to move forward with three ordinances:

- Increase minimum taxable sale from \$750 to \$3,000
- Hold the maximum taxable sale on real property commercial and real property residential rentals to \$750
- Eliminate the 2% discount allowed to early sales tax filers

Councilmember Bishop MOVED to adopt Ordinance No. 1367.

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

**Alexandra Turner** spoke in opposition to amending the sales tax cap. She stated a small business group has formed and urged the Council to reconsider adopting the ordinance.

**Joe Dinnocenzo**, via telephone, spoke in opposition to the ordinance and asked the Council to reconsider.

**Jamey Spencer**, owner of Kodiak Rentals, spoke in opposition of Ordinance No. 1367. He stated the tax cap increase would crush local businesses.

**Sarah Harrington** thanked the Council for careful consideration of taxation. She stated she feels lucky to live in a wonderful and vibrant community. She said she represents the average shopper and most individuals do not purchase transactions of \$3000 regularly and would be minimally impacted by this ordinance. She supports the ordinance and appreciated everyone's comments.

**Ben Ardinger**, via telephone, spoke against the Ordinance No. 1367. He urged the Council to consider other options.

**Chris Lynch** said she would continue to advocate for downtown businesses and emphasized that businesses create revenue for the City. She commented about the first Economic Development Committee meeting and said the discussion was headed in a positive direction.

**Kevin Arndt** spoke in opposition to the increase tax cap of \$3000.

Mayor Branson closed the public hearing after public testimony and re-opened the regular meeting.

Councilmember Walker said the Council has worked on this issue for a long time; he does not agree with the amount of the \$3000 sales tax cap and favors the idea of a five-year progressive tax plan; therefore, he will vote against the ordinance.

Councilmember Davidson, stated not one person on the Council looks forward to seeing this ordinance pass. He further stated there is a decrease in federal and state funding, increase in online purchasing, and other factors that are influencing this decision. He said that not raising the cap is an injustice to Kodiak's economic future. He apologized that this has caused grief, but he does not believe it will have as much impact as expressed in the comments. He stated that the Council has cut the budget 23 percent over the last three years.

Councilmember Whiddon said this has been the most difficult decision he has faced in the last eight years, and he has spent many hours with business owners and individuals discussing taxation issues. He referenced an article in the paper regarding the state fiscal cliff and said the situation is very real for Kodiak. He commented that the Fire department has been short staffed, and they have worked 48 hours shifts; KPD is short staffed by standards; and Public Works projects are in need of repair. He stated it is important to have an environment where business can survive

and flourish, and the Economic Development Committee is working toward long-term plans. He reaffirmed that 65 percent of the revenues are from sales tax, state funding cuts have impacted the City, and the City's general fund cannot sustain the current costs.

Councilmember Saravia thanked everyone that provided a public opinion and reiterated this has been an 18-month discussion. He reminded the public that running for public office is an option every year and urged residents to get involved and find solutions. He commented that one recommendation and option discussed was to entirely eliminate the sales tax cap, and he felt the Council compromised by increasing the cap to \$3000. He said he believes the Council was elected to make tough decisions and realizes it is difficult to please everyone; he commented that the ordinance can be rescinded in the future if different opinions are expressed. He said he has lived in Kodiak for 35 years and he loves the community.

Councilmember Arboleda said this was a very tough decision and a tough issue to speak about. She commented that she originally wanted to vote against the ordinance; however, she believes this is the right course of action and hopes the community continues to work together moving forward.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, and Whiddon in favor. Councilmember Walker opposed. The motion passed.

**c. Second Reading and Public Hearing, Ordinance No. 1368, Amending Kodiak City Code 3.08.040, "General Exemptions" and Kodiak City Code 3.08.120, "Maximum Taxable Sale," to Exempt Real Property Rentals Exceeding One Month and \$750.00 From City of Kodiak Sales Tax**

Mayor Branson read Ordinance No. 1368 by title. Ordinance No. 1368 is meant to protect rental property from escalating sales taxes with the intent to continue the City Council's vision of maintaining affordable housing in our community. The sales tax cap for property rentals is set at \$750.

Councilmember Whiddon MOVED to adopt Ordinance No. 1368.

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

**Kevin Ardent** commended the Council for the rental exemptions. He said he supports Ordinance No. 1368.

Mayor Branson closed the public hearing after public testimony and re-opened the regular meeting.

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

**V. NEW BUSINESS**



**a. First Reading, Ordinance No. 1370, Amending Chapter 5.04 of the Kodiak City Code to Add a New Section 5.04.080 Pertaining to Procedures for Issuing Permits for Retail Sales of Seafood Directly From Vessels at City Port and Harbor Facilities**

Mayor Branson read Ordinance No. 1370 by title. The ordinance amends Chapter 5.04 of the Kodiak City Code by adding a new section 5.04.080 pertaining to procedures for issuing permits for retail sales of seafood directly from vessels at City Port and Harbor Facilities.

Councilmember Bishop MOVED to pass Ordinance No. 1370 in the first reading and advance to second reading and public hearing at the next regular or special meeting.

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

**b. First Reading, Ordinance No. 1371, Authorizing a Contract With the Kodiak Historical Society to Operate the Baranov Museum Through June 30, 2020**

Mayor Branson read Ordinance No. 1371 by title. The City has provided funding to the Kodiak Historical Society to help cover operating costs of the Baranov Museum for many years. In 2014 KHS requested that the City enter into a multi-year operating agreement or contract with them for the services provided at the Baranov Museum. The current contract expires June 30, 2018. The Historical Society is planning an exhibit redesign project that benefits by continued support from the City.

Councilmember Arboleda MOVED to pass Ordinance No. 1371 in the first reading and advance to second reading and public at the next regular or special meeting.

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

**c. Resolution No. 2017– 26, Authorizing the Borrowing From the Alaska Clean Water Fund of an Aggregate Amount Not to Exceed Six Hundred Thousand Dollars (\$600,000) to Pay Part of the Cost of Phase I of an Upgrade to the City of Kodiak Wastewater Treatment Plant Condition and Process Assessment**

Mayor Branson read Resolution No. 2017–26 by title. The last Wastewater Treatment Plant (WWTP) upgrade was completed in 1999. Generally, wastewater treatment plants are evaluated and upgraded approximately every 20 years. The City has developed a concept plan using four phases to complete the project.

Councilmember Walker MOVED to adopt Resolution No. 2017–26.

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

**d. Resolution No. 2017–27, Adopting a FY2019 State Capital Improvement Program List**

Mayor Branson read Resolution No. 2017–27 by title. Council and staff reviewed a draft of the City's FY2019 state CIP request resolution during the October 24 work session. Based on Coun-

cil discussion, staff prepared the attached resolution requesting two projects that impact life, safety, and support for the Community Assistance Program.

Councilmember Bishop MOVED to adopt Resolution No. 2017–27.

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

**e. Resolution 2017–28, Adopting the Federal Fiscal Year 2018 Federal Capital Needs and Issues List**

Mayor Branson read Resolution No. 2017–28 by title. Each year the City identifies capital improvement projects important to the maintenance and/or improvement of the City’s infrastructure as well as issues that are important to the City or greater community. Council reviewed the draft outlining the proposed federal requests and issues at the October 24, 2017, work session. Staff worked closely with the City’s federal lobbyists Brad Gilman and Sebastian O’Kelly to articulate the list of projects and issues, which they will promote this year in Washington, D.C.

Councilmember Davidson MOVED to adopt Resolution No. 2017–28.

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

**VI. STAFF REPORTS**

**a. City Manager**

Manager Tvenge said the bypass repairs to Lift Station No. 3 are complete. The Waste Water Treatment Plant (WWTP) employees repaired a pump and reinstalled a pump to have a secondary one working. He clarified this has been a need for years and the high volume pump used in the bypass and the work completed by Brechan Construction has made this feasible. He said the centrifuge system at the WWTP is more than 50 percent complete and scheduled to be tested on December 12. He said staff would train with the factory representative when they are in Kodiak. He said all City departments have had a busy week and he thanked them for their dedication and accountability.

**b. City Clerk**

Clerk Marlar provided an overview of the upcoming work session and regular meeting scheduled for the Council and she included the dates and times for the Fisheries Work Group, Economic Development committee, and planning session in December.

**VII. MAYOR’S COMMENTS**

Mayor Branson invited her colleagues to take a tour of the City’s Fire Station. She said the Fire Station should be at the top of the CIP list. She said the Council has had some difficult decisions and the discussions will continue; she said they would look at exemptions, alcohol and tobacco taxes, and review operational efficiencies. She commented that the City has been fortunate they

have received grants for capital projects over the years. She commented that the City would need to review the feasibility of business licenses. She said the Economic Development Committee met for the first time and it was very positive. She said Councilmember Saravia brought back a good book from NLC on economic development in other communities. She shared that the Legislature is in its fourth special session, and they are only now getting reports on the financial situation. She said the State needs a fiscal plan. She said the Mayors would stand up at the Alaska Municipal League and be vocal requesting that legislators do their jobs. She commended Veterans and noted there are many Veterans in Ouzinkie.

## **VIII. COUNCIL COMMENTS**

Councilmember Walker said they all have worked hard over the last 18 months. He said he had to disagree with the tax cap increase and stated he respects his colleagues and emphasized everyone takes these tough decisions very seriously. He said the Council would continue to look at the budget, including exemptions. He asked for the public's continued support.

Councilmember Davidson commented that to continue with the quality of living in Kodiak, the change in the tax cap had to be implemented. He reaffirmed that City projects continually need to be done. He regrets it has caused grief to those who have expressed opposition to the taxation ordinance. He wished everyone a Happy Thanksgiving.

Councilmember Arboleda wished everyone a Happy Thanksgiving and gave a salute to the Veterans. She expressed Kodiak is a wonderful community to live in and helping one another is important.

Councilmember Whiddon agreed with Mayor Branson's comments and referenced the article from the Juneau Empire. He asked legislators to do their jobs and stated that in a small community the elected officials have to make financial decisions. He expressed his support for local activities such as Shop the Rock in Kodiak. He saluted the Veterans in the country.

Councilmember Saravia expressed his appreciation to all Veterans who have served. He stated that Juneau legislators need to do their jobs. He said the Council showed today that it does its job to maintain the quality of life. He commented about the extensive services that the Fire department provides on the road system. He shared his philosophy of his role as an elected official.

Councilmember Bishop encouraged everyone to remain positive during difficult discussions. He spoke about the Economic Development Committee meetings held recently, noting the discussions were positive. He thanked City department heads and stated they do their best to run efficiently. He thanked all Veterans and active duty military and wished everyone a Happy Thanksgiving.

## **IX. AUDIENCE COMMENTS**

None

## **X. EXECUTIVE SESSION**

### **a. City Clerk's Annual Evaluation**

Annually, the City Council reviews the performance of the City Clerk. In accordance with the Open Meetings Act, the City Clerk does not object to the evaluation being done in executive session.

Councilmember Arboleda MOVED to enter into executive session, as authorized by Kodiak City Code Section 2.04.100(b)(2), to conduct the City Clerk's annual performance evaluation.

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

Council entered into executive session at 9:03 p.m.

Mayor Branson reconvened the regular meeting at 9:26 p.m.

**b. City Manager's Six-Month Evaluation**

Initially, at six months then annually thereafter, the City Council reviews the performance of the City Manager. In accordance with the Open Meetings Act, the City Manager does not object to the evaluation being done in executive session.

Councilmember Davidson MOVED to enter into executive session, as authorized by Kodiak City Code Section 2.04.100(b)(2), to conduct the City Manager's six-month performance evaluation.

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

Council entered into executive session at 9:27 p.m.

The Mayor reconvened the regular meeting at 10:27 p.m.

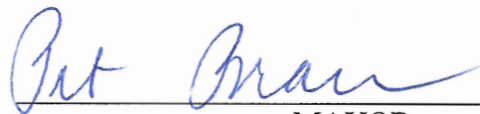
**XI. ADJOURNMENT**

Councilmember Davidson MOVED to adjourn the meeting.

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

The meeting adjourned at 10: 28 p.m.

CITY OF KODIAK



MAYOR

ATTEST:



CITY CLERK

Minutes Approved: December 14, 2017

