

Regular City Council Meeting
October 4, 2017 @ 7:00 pm
Cordova Center Community Rooms A & B
Minutes

A. Call to order

Mayor Clay Koplín called the Council regular meeting to order at 7:00 pm on October 4, 2017, in the Cordova Center Community Rooms.

B. Invocation and pledge of allegiance

Mayor Koplín led the audience in the pledge of allegiance.

C. Roll call

Present for roll call were *Mayor Clay Koplín* and Council members *James Burton, Ken Jones, Jeff Guard, Robert Beedle, David Allison* and *James Wiese*. Council member *Josh Hallquist* was absent. Also present were City Manager *Alan Lanning* and City Clerk *Susan Bourgeois*.

D. Approval of Regular Agenda

M/Burton S/Allison to approve the Regular Agenda.

Vote on the motion: 6 yeas, 0 nays, 1 absent (Hallquist). Motion was approved.

E. Disclosures of Conflicts of Interest

F. Communications by and Petitions from Visitors

1. Guest Speakers - none

2. Audience comments regarding agenda items

Greg Meyer of 1 Cannery Row offered opinions about the sales tax ordinances before Council tonight. He thought the single purchase cap should go to \$10,000 and the bed tax should be lowered if the sales tax went to an 8%/4% split. He was fine with the proposed \$.04 per gallon motor fuel tax.

Mike Mickleson of 206 Lake Avenue opined that the motor fuel tax is a good direction as it hits a broad user-ship. He would not support a summer sales tax increase, we should encourage people to spend their money here.

Bill Fisher of 605 Cedar Street said the cap increase will hurt his business especially engine sales, etc. The difference could cover the freight and encourage people to buy outside.

Jerry Blackler of 921 Center Drive said he was opposed to changing the sales tax to 8%/4%. He was also against raising the cap.

Tom Bailer of Orca Inlet Drive didn't like the raising the cap idea. He said companies like North Star lumber have really tight margins as it is and this could lose them business to Seattle. He also wondered if the budget is cut to the bone - have we not filled positions like we said we weren't going to.

3. Chairpersons and Representatives of Boards and Commissions

CCMC Authority Board of Directors - CCMCA CEO *Scot Mitchell* mentioned that the nursing home received an excellence in quality award recently; he says the hospital has been able to simultaneously improve quality while making financial improvements as well.

Cordova School Board - no report

4. Student Council Representative Report - not present

G. Approval of Consent Calendar

Mayor Koplín declared the consent calendar was before the City Council.

5. Record excused absence of *Mayor Clay Koplín* from the September 20, 2017 Regular Meeting

6. Record unexcused absence of Council member *Hallquist* from the September 20, 2017 Regular Meeting

Vote on the consent calendar: 6 yeas, 0 nays, 1 absent. Allison-yes; Beedle-yes; Jones-yes; Guard-yes; Wiese-yes; Burton-yes and Hallquist-absent. Consent Calendar was approved.

H. Approval of Minutes

M/Burton S/Jones to approve the minutes.

7. Minutes of 09-20-17 Council Regular Meeting

Vote on the motion: 6 yeas, 0 nays, 1 absent (Hallquist). Motion was approved.

I. Consideration of Bids

8. Direction to Manager to negotiate contract for engineering of waterline relocation as part of ADOT Hippie Cove culvert project

M/Allison S/Wiese to direct the city manager to negotiate a contract with R&M Consultants, Anchorage, AK, to provide engineering services for water line relocation per RFP#17-01 for a sum not to exceed twenty nine thousand nine hundred ninety one dollars and forty five cents (\$29,991.45).

Vote on the motion: 6 yeas, 0 nays, 1 absent (Hallquist). Motion was approved.

J. Reports of Officers

9. Mayor's Report - *Mayor Koplin* mentioned the SHTF meeting tomorrow at 1:30 pm here. He also reminded Council about the work session with the Navy next Wednesday at 6 pm.

10. Manager's Report - *Lanning* said the audit was completed and is in the mail - he will forward to Council. He also said that P&Z is hearing the 2 conditional use permit requests at their next meeting on Tuesday October 10. *Lanning* reminded Council that he would be out of the office from October 20-30. He said the State is finally starting to talk about the Adams Sr. paving /sidewalk project. Live-streaming is getting worked out should be available by October 11 or 18. Allison asked where we are with a lease for the Polar Bear/ for the moorage. *Lanning* said he would get an update and report back on that.

11. City Clerk's Report - *Bourgeois* said she had a written report in tonight's packet.

K. Correspondence - none

L. Ordinances and Resolutions

12. Ordinance 1156 An ordinance of the City Council of the City of Cordova, Alaska, adopting chapter 5.39, "motor fuel excise tax" and imposing an excise tax of \$.04 per gallon on motor fuel dispensed into vehicles and watercraft from a fuel facility within Cordova - 1st reading

M/Allison S/Guard to adopt Ordinance 1156 an ordinance of the City Council of the City of Cordova, Alaska, adopting chapter 5.39, "motor fuel excise tax" and imposing an excise tax of \$.04 per gallon on motor fuel dispensed into vehicles and watercraft from a fuel facility within Cordova.

Guard wondered about the language that said "into a vehicle or watercraft" - would that rule out fuel into a tank on a tender for resale? *Burton* and others seemed on the fence about this but willing to pass on first reading - they seemed to need to discuss the next ordinance too as they were interested in a combination of these taxes but not every one of them.

Beedle said he supports this motor fuel tax one the most.

Vote on the motion: 5 yeas, 1 nay (Jones), 1 absent (Hallquist). Motion was approved.

13. Ordinance 1157

An ordinance of the City Council of the City of Cordova, Alaska, amending Cordova municipal code chapter 5.40 to decrease sales tax from 6% to 4% from October 1st to March 31st of each year and increase the sales tax from 6% to 8% from April 1st through September 30th of each year, increase the cap on sales tax from \$3000 to \$7500, and repeal CMC 5.40.090, eliminating the compensatory collection discount - 1st reading

M/Allison S/Guard to adopt ordinance 1157 an ordinance of the City Council of the City of Cordova, Alaska, amending Cordova municipal code chapter 5.40 to decrease sales tax from 6% to 4% from October 1st to March 31st of each year and increase the sales tax from 6% to 8% from April 1st through September 30th of each year, increase the cap on sales tax from \$3000 to \$7500, and repeal CMC 5.40.090, eliminating the compensatory collection discount.

Allison said he supports parts of this - like the cap but maybe with exemptions for boat engines and if you have a building permit. *Guard* said he'd be on board for the cap going to \$7500 as well, he'd like to see these split into three ordinances in order to vote on things separately.

M/Guard S/Burton to separate this into three pieces, sec. 1, sec. 2, and sec. 3.

Vote on the motion: 6 yeas, 0 nays, 1 absent (Hallquist). Motion was approved.

Guard said that all of these things together total about \$600K in additional revenue when all that is needed is \$354K to balance the budget. Therefore, we will only need a portion of each of these. We are aiming at equity among taxpayers, segments of the economy. *Burton* said he is good with repealing the compensatory discount, for him it will either be one or the other between the 8/4 seasonal sales tax split and raising or eliminating the cap. He is not in favor of going for all of them and raise the \$640K if that's more than is needed. He wishes there could be more public input, he wants to hear what the people think. *Allison* agreed with the splitting of these into 3 ordinances and with repealing the compensatory discount. *Jones* said the businesses are more burdened with a split tax and he's not sure about taking away the compensatory discount when we're asking them to do more work. He can't support any of these without first looking at expenses. He thinks we can get close to the deficit with Motor Fuel Tax and cuts.

Lanning said he could further assist by bringing these back as 4 separate ordinances with options written right into the ordinances. He can show you 8/4, 7/5, etc. on the sales tax split. Also, motor fuels of 3 cents and 4 cents, etc.

After further discussion, Council opted to refer.

M/Beedle S/Allison to refer back to staff.

Vote on the motion to refer: 6 yeas, 0 nays, 1 absent (Hallquist). Motion was approved.

M. Unfinished Business

14. Leo Americus performance deed of trust extension

M/Allison S/Burton to extend Leo Americus' performance deed of trust substantial completion date to October 1, 2018.

Allison said we still have a few of these performance deed of trust sales out there and this is the best alternative or else he could pay the fine and really sit and speculate on the property.

Beedle was of the opposite opinion and is not in favor of the extension.

Vote on the motion: 6 yeas, 0 nays, 1 absent (Hallquist). Motion was approved.

N. New & Miscellaneous Business

15. Pending Agenda, Calendar and Elected & Appointed Officials lists

Council changed the work session with the Navy on Oct 11 to begin at 5 pm so they could discuss expenses in the budget before the vote on the revenue ordinances on the Oct 18 meeting. So 5 - 6 would be budget work session then the Navy to present at 6 pm.

School Board joint work session is on Oct 18 at 6 pm. City Manager's evaluation would be on that agenda as well.

O. Audience Participation

Lee Holter of 102 East Henrichs Loop, CFO at the hospital, has been a resident of Cordova for one year. He understands now that quite a few fishermen don't live here; make their money and leave with it. He advised that Council looks at the big picture here, he commented that you have to have some kind of revenue to maintain the City.

Scott Pegau 110 Mt. Eccles Estates, thanked Council for dealing with these tough issues - taxes and revenues. He is a consumer and will whine about increased fuel costs but it won't bother him. He spoke against seasonal sales tax adjustments, but he said it won't change his shopping habits.

Tom Bailer of 304 Orca Inlet Road, said the motor fuel tax wouldn't upset him too much. The seasonal shift 4%/8% would probably force him to spend more in the spring at Costco. Property tax hurts him the most. His opinion on the building permit, sales tax exemption is that the builder should pay the sales tax at the point of sale and then go and get reimbursed after the fact with receipts at the City. This would help with all of the work being done under the table, unlicensed contractors, not paying sales tax. He wants to see more efficiencies being taken advantage of at the City. He wants accountability. He complimented the City staff for the work being done at the City Shop - paving the inside - heat pipe underneath - taking the initiative to better the place. As far as marijuana he'd like to see a vote of the people on whether or not they want retail sales here. He thinks it should be on the March election. He praised the manager for his calm and collected approach to these difficult budget discussions.

Chris Bolin of 607 Birch - thanked *Bailer* for noticing the improvements at the shop. He thinks the City shop is also one of the leaders on burning waste oil. Appreciated the Council for what they do.

Greg Meyer of 1 Cannery Row, said that on a different topic - the ferry schedule killed his business this summer. He commented that it costs him money to collect sales tax for the City - when he takes credit cards from consumers - so the 2% is a payback he looks at as covering a portion of that. He appreciates the process, the City Manager, Mayor and all of Council has been going through - identifying needs of the community, etc. He has watched this for nine months now and it looks and seems like we are down to bare bones - a lot of cuts have been made. He is in support of these increased taxes. He gave a scenario about the cap - his fuel purchase for the hotel (\$15,000) - he's only paying \$160 in tax on that - \$12,000 in sales is going untaxed - he'd rather pay that tax (behind his customer) rather than an increased sales tax on the customer. He'd rather be in control of raising prices at his hotel/bar/restaurant, rather than the City. The insurance jobs on boats, etc. huge jobs taking place in the City and we're only getting \$160 on those - leaving a lot on the table. He appreciated Council's work.

P. Council Comments

Wiese - thanked the people for comments tonight and telling council what they can and cannot stomach.

Jones - echoed the thanks - said we need more input in the future too

Allison - echoed the thanks - also said people can get ahold of Council members, tell friends to get ahold of Council members - let us know now how you feel

Burton - reiterated the importance of hearing from people, wants to hear all perspectives - he thanked everyone for their patience

Q. Adjournment

M/Burton S/Wiese to adjourn the meeting.

Hearing no objection the meeting was adjourned at 9:23 pm.

Approved: October 18, 2017

Attest:



Susan Bourgeois, CMC, City Clerk

