

**Mayor**

*Clay Koplín*

**Council Members**

*Tom Bailer*

*Cathy Sherman*

*Jeff Guard*

*Melina Meyer*

*Anne Schaefer*

*David Allison*

*David Glasen*

**City Manager**

*Helen Howarth*

**City Clerk**

*Susan Bourgeois*

**Deputy Clerk**

*Tina Hammer*

**Student Council**

*vacant*

**City Council Work Session  
October 21, 2020 @ 6:00 pm  
Cordova Center Community Rooms  
Agenda**

**A. Call to order**

**B. Roll call**

Mayor Clay Koplín, Council members Tom Bailer, Cathy Sherman, Jeff Guard, Melina Meyer, Anne Schaefer, David Allison, and David Glasen

**C. Work Session topics**

- 1. Charter 5-19 – discussion with City Attorney Holly Wells..... (page 1)
- 2. 2021 Budget discussion..... (page 4)

**D. Adjournment**

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## MEMORANDUM

**TO: CORDOVA CITY COUNCIL**

**FROM: HOLLY C. WELLS**

**RE: RECOMMENDED REVISIONS TO CORDOVA CITY CHARTER  
SECTION 5-19 "PERSONAL INTEREST"**

**CLIENT: CITY OF CORDOVA**

**FILE NO.: 401777.261**

**DATE: OCTOBER 14, 2020**

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### **INTRODUCTION**

City Council has expressed interest in revisiting the prohibitions included in City Charter Section 5-19. In substantive part, Charter Section 5-19 prohibits the Mayor, council members, the City Manager, Utility Manager, and any member of the Utility Board or any other board from selling or buying anything with a value over \$100 from or to the City without a sealed bid. The concerns raised regarding Charter Section 5-19 involved:

1. Clarity of the language
2. Severity of penalty for its violation
3. Restrictive nature of charter provision during times of emergency or when terms of transactions favor the City
4. Problems arising from identifying a value in a Charter provision despite inflation

In light of the concerns informally raised by Council and the administration, this memo presents several options for revising the Charter provision to more closely align with the City's goals and needs.

## **ANALYSIS**

This memo is intended to provide Council a working document during its October 21, 2020 work session. It includes the current language of City Charter 5-19 as well as options for revising that language. Currently, City Charter 5-19 states:

Neither the mayor, any councilman, city manager, utility manager, any member of the utility board, nor any other board shall sell or barter anything to the city or to a contractor supplying the city; or make any contract with the city; or purchase anything from the city other than those things which the city offers generally to the public (as for example, utility services), and then only on the same terms as are offered to the public, unless an invitation to submit sealed bids is published, and the city accepts the sealed bid which is most advantageous to the city; provided that such sale, contract or purchase involving a consideration of not more than \$100 in value, may be made without bids; and provided further that every such sale, contract or purchase, regardless of consideration, must be reported to the council, utility board, or other such board involved, and entered in its respective journal before the city can pay out any money thereon or be bound thereby. Any such officer violating this section, upon conviction thereof, shall thereby forfeit his office. Any violation of this section, with the knowledge, express or implied, of the person or corporation contracting with the city shall render the contract voidable by the city manager, or the council, utility manager, utility board, or any other elected board.

### **Option 1: Clarify Language but Retain Prohibition**

This language mirrors the original intent of existing Charter Section 5-19 but removes ambiguities regarding intent, sealed bid methods, determination of a violation, and the application of the provision to appointed officials.

The City Manager and elected City officials may only sell, purchase, barter or contract with the City for property, goods or services with a value of over \$100 if the sale, purchase or exchange of the property, good or services is awarded via competitive sealed bidding and in compliance with City law. This prohibition does not apply to property, services and goods offered to all members of the public under the same terms. An elected official who violates this law shall forfeit his or her office upon determination by City Council that a violation has occurred. Any contract entered into in violation of this provision shall be voidable by City Council.

### **Option 2: Retain Prohibition But Adopt An Exemption Permitting Deviation when Approved by Council via Ordinance**

This language mirrors the original intent of existing Charter Section 5-19 but, in addition to clarifying the language and making corrections noted in Option 1, it also

adds an exemption for contracts, sales, and purchases permitted by Council via ordinance. This ensures that the oversight remains but Council is given authority to make exceptions when such exceptions are in the best interest of the City. Requiring approval by ordinance of an exemption also ensures that the public is aware of and has an opportunity to participate in Council's decision to permit an otherwise prohibited acquisition, sale, contract or exchange.

Except when approved by City Council via ordinance, the City Manager and elected City officials may only sell, purchase, barter or contract with the City for property, goods or services with a value of over \$100 if the sale, purchase or exchange of the property, good or services is awarded via competitive sealed bidding and in compliance with City law. This prohibition does not apply to property, services and goods offered to all members of the public under the same terms. An elected official who violates this provision shall forfeit his or her office upon determination by City Council that a violation has occurred. Any contract entered into in violation of this provision shall be voidable by City Council.

### **Option 3: Additional Options for Revision**

In addition to the above options for substantially revising Charter Section 5-19, Council may want to consider the following revisions:

1. Increase the \$100 exemption to a larger amount to an amount that would equate to a "substantial financial interest"
2. Remove the forfeiture of office penalty and instead rely solely on the voidability of the contract and the general consequences that apply for any violation of Code or Charter
3. Remove real property from the prohibition in light of the proposal process used by the City for the sale of real property and its need for flexibility when purchasing property.

### **CONCLUSION**

During the October 21, 2020 work session, Council will have an opportunity to work through the options and potential impacts of the above identified revisions and to identify other changes Council may find appropriate or needed. I will be present at that work session to advise Council on the legal ramifications of any proposed changes to Charter Section 5-19 as well as on the effects of Section 5-19 in its current form.

**BUDGET MEMO: October 21, 2020**

**TO: Mayor and City Council**  
**FROM: Ken Fay, Finance Director**  
**RE: Draft General Fund budget issues work session**

**Background**

City has a revenue problem in 2021. It is anticipated that revenue will be down over \$1.2M from 2020 due to a 45% reduction in expected 2021 raw fish tax, a result of the poor season in 2020, and no School Bond Debt contribution from the State. Additionally, revenue from recreational facilities and Cordova Center are budgeted 50% lower (\$85K) due to Covid-19 restrictions and closures.

On the expense side, department heads met with Finance Director and have submitted draft departmental budgets for the 2021 fiscal year. Management is assuming flat budgets except for required increases for staff contracts and other essential projects.

During the 2020 budget process, staff had committed to finding new revenue and savings but COVID-19 changed the direction of many funders and stalled our intentions. To be prudent, City must prepare itself for fiscally difficult years in 2021 and beyond.

**Council Action**

Discuss strategies and make recommendations to staff to close the projected budget gap in the General Fund.

**Considerations**

1. \$1.2M Revenue shortfall compared to 2020 budget:
  - a. 2020 Raw Fish Tax expected late October is \$1.233M. 2021 budget is estimated at 55% of the 2020 number or \$678K.
  - b. State bond debt reimbursement for FY21 is \$0 compared to \$463K budgeted but only \$75K received in 2020.
2. Personnel costs: 2% mandatory wage increase totals approximately \$150K (loaded)
3. CCMC contribution reduced from \$900K in 2020 to \$600K in 2021, plus in-kind budgeted at \$30K.
4. Cordova School District: \$2.075M request per Alex Russin, a 19% increase over 2020 budget of \$1.75M, plus in-kind budgeted at \$200K.
5. On the positive side:
  - a. Possible carryforward of CARE funds from emergency personnel costs is estimated between \$600K to \$800K.
  - b. Sales taxes are coming in at budget for 2020 and the budget will remain static for 2021.

<i>Original CARES budget</i>		<i>Through 9/30</i>	<i>Expected thru 12/30</i>		<i>TOTAL</i>	<i>Adjustments</i>	<i>ADJUSTED TOTAL</i>
<b>1st Responders and IMT Payroll</b> (all 1st responders less reimbursements, IMT time worked)	900,000 (A)	724,612	360,000 (120k/month)		1,084,612 (A)	(265,450)	<b>819,162 (B)</b>
<b>CARES Act Admin &amp; Non-Payroll Expenses</b> (ambassadors, strike team. Legal, PR, etc)	250,000	365,404	100,000 (33k/month)		465,404 (C)	(75,000)	390,404
<b>Facility Enhancements &amp; PPE</b>	1,189,908	339,902	778,000 (see detailed list)		1,117,902		1,117,902
<b>Non-Profit Grants</b>	75,000	109,100	109,100		109,100 (D)	(29,550)	79,550
<b>Individual Assistance Grants</b>	1,000,000	-	1,000,000		1,000,000		1,000,000
	<u>3,414,908</u>	<u>1,539,018</u>	<u>2,347,100</u>		<u>3,777,018</u>		<u>3,407,018</u>
							Under/(Over) budget
							7,890

This report updates the one that was presented at the end of July. It shows our run rates and where we expect to be at the end of the year.

NOTES

(A) This amount will be reduced by other revenue that pays for 1st responders, such as

Jail Contract	164,000
Dispatch Services	36,450
Airline Security Service	65,000
	<u>265,450</u>

(B) Since these expenses are expenses that we would be paying anyway this reimbursement goes to the general fund to help offset current year revenue short falls and increased expenses

(C) We are in negotiation with the State on how much they will reimburse us for our airport ambassadors. We have estimated that the amount to be \$75K

(D) This was a match by the Rasmuson Foundation for non profit art organizations

**CARES Projects upcoming / in process / not billed**

231,000 Shipyard restroom  
196,000 HVAC repair CCSD  
60,000 Generator  
56,000 Strike Team Truck with lift gate  
50,000 Lap tops and computers  
40,000 Bidarki upgrades  
40,000 Additional Bidarki flooring  
35,000 Additional work on portable restroom  
35,000 Ambulance bay upgrades  
35,000 Snack shack upgrades

778,000