

**CITY COUNCIL REGULAR MEETING
DECEMBER 01, 2010 @ 7:30 PM
LIBRARY MEETING ROOM
MINUTES**

A. CALL TO ORDER

Mayor Jim Kallander called the Council Regular Meeting to order at 7:30 pm on December 1, 2010 in the Library Meeting Room.

B. INVOCATION AND PLEDGE OF ALLEGIANCE

Mayor Kallander led the audience in the Pledge of Allegiance.

C. ROLL CALL

Present for roll call were *Mayor Jim Kallander*, Council members *Keith van den Broek*, *Jim Kacsh*, *David Allison* (present via teleconference), *EJ Cheshier*, *David Reggiani* and *Robert Beedle*. *Bret Bradford* was absent. Also present were City Manager *Mark Lynch*, City Clerk *Susan Bourgeois* and Student Council representative *Jessica Smyke*.

D. APPROVAL OF REGULAR AGENDA

M/Reggiani S/Kacsh to approve the Regular Agenda.

Vote on motion: 6 yeas, 0 nays, 1 absent (Bradford). Cheshier – yes; Reggiani – yes; Beedle – yes; van den Broek – yes; Kacsh – yes and Allison – yes. Motion was approved.

E. DISCLOSURES OF CONFLICTS OF INTEREST – none.

F. COMMUNICATIONS BY AND PETITIONS FROM VISITORS

1. Guest Speakers

a. *Kathy Zamudio* (Safe Routes to Schools). *Zamudio* has been working with the SRTS for three years. Last year they received the non-infrastructure portion of the SRTS grant to be used for education, which allowed them to hire *Emily Low* as a part-time educator and encourager on safety issues. *Zamudio* recognized the agencies that have helped them these past three years: Cordova PTA, Cordova School District, Student Council, City of Cordova, KLAM, Whisky Ridge Bike Shop, Police Department, State Troopers, Alaska Department of Transportation, Cordova Times, Cordova P&R, Health Department, Native Village of Eyak, US Coast Guard, Copper River Water Project and the Community at large. Alaska 3M donated the reflective tape to put on kids coats. The community has participated in the Walk to school day for the past three years and has had many helpers. *Zamudio* has been asked to present what we are doing with the non-infrastructure part of the grant at the Alaska Schools Health and Wellness Institute in October. Council watched a 5-minute slide show she intends to show in that presentation. A Bike club started this year Fridays after school in September and October to teach the kids the safety issues to watch for when biking around Cordova.

b. *Buck Adams* – UBS Financial Services. Council had requested in a previous meeting that *Adams* research the “what, why and how” of other entities in the handling of their investments. In 1991, an asset allocation study showed that the best investment results didn’t come from picking the best stock but from the investments being properly allocated over time. Individual investors are more likely to jump in and out of stocks as a short-term investment whereas institutional investments are typically invested with certain guidelines that must be followed and therefore less likely to be moved about frequently. Most of the best results are the ones that sit and increase incrementally over time. Anyone can break a pencil but if you bundle several together you cannot. This shows the power of having diversified investments so if one is weak the others will continue to grow without completely

losing everything. Two-thirds of all publicly traded companies are not US companies. They are emerging economies that are commodity driven countries that do not have the debt load that more developed countries might have weighing them down. Good diversification includes emerging economies. In 1914, the US was the emerging economy, not so much anymore. *Beedle* asked how often rebalancing should take place. *Adams* responded that it would depend on the activity. However, as per the resolution the asset allocations for Cordova will be reviewed annually at least but can be reviewed as needed also. It does not cost to rebalance, it will however, stabilize investments over time. Alternative investments are anything that is not stocks/bonds/cash and really is a broad universe; they could be commodities or hedge funds. Alaska Permanent Fund has 28% of its investments devoted to alternative investments. *Kallander* inquired as to where cash comes into an investment factor. *Adams* responded that cash is usually categorized under the “fixed income” side of the portfolio, but typically does not take up more than 2% of the investments allocations. *Kallander* inquired as to what *Adams* recommendation for their investment allocations should look like. *Adams* responded that a conservative plan would be 25% in equities, 10% in alternative, and the rest to fixed income. *Kallander* asked why the recommendation is so much more conservative than the options discussed thus far. *Adams* responded that he felt Council was nervous about a less conservative recommendation and so would like to start Cordova out small and build over time. His personal opinion is that there really should be 35-40% devoted to equities with 10% to alternatives. *Reggiani* inquired as to which portion of the permanent funds should be converted into investment funds. *Adams* responded that maybe the City should split the Permanent fund into two funds. Keep one as fixed income and the other as alternatives so some funds are more liquid than the others are. *Reggiani* stated it helped him be prepared to make a decision today in knowing that by diversifying the city is actually reducing its risks. He personally felt good with the; 50 fixed income, 40 equities, and 10 in alternatives, divisions as *Adams* personal recommendation had suggested. He requested that once the decisions have been made by Council that the City’s portfolio be presented to the Council as these other sample portfolios have been presented. *Adams* said he planned to do just that and would help with writing up the resolution to start the process. *Allison* agreed with *Reggiani*. *Kallander* asked Council if they had consensus. Discussion followed as to procedure of the implementation of this portfolio allocation. *Kallander* directed *Lynch* to implement the consensus on the new portfolio allocations.

2. Audience comments regarding agenda items – none.

3. Chairpersons and Representatives of Boards and Commissions

Beedle reported that the Harbor Commission did have a meeting but did not have a quorum.

G. APPROVAL OF CONSENT CALENDAR

Mayor Kallander stated that the consent calendar was before the Council.

Van den Broek called out item #5 it was inserted into the agenda as item 25a.

4. Record excused absence for Mayor James Kallander (work-related) from the 11-3-10 regular meeting.

~~5. Mayor appointment and Council concurrence to fill seat on Planning & Zoning Commission~~

6. Mayor appointment and Council concurrence to fill seat on Health Services Board

7. Resolution 12-10-63

A resolution of the City Council of the City of Cordova, Alaska, approving the Final Plat of Cabin Ridge Phase I Amendment #1.

8. Resolution 12-10-64

A resolution of the City Council of the City of Cordova, Alaska, supporting increased public support for arts/humanities in Alaska communities

9. Resolution 12-10-65

A resolution of the City Council of the City of Cordova, Alaska, authorizing amendment to the 2010 budget and supplemental appropriation in the amount of \$26,925 for the general fund #101, for the payment to Peninsula Scrap and Salvage Company, invoice #SR10-576 for vehicle removal.

10. Resolution 12-10-66

A resolution of the City Council of the City of Cordova, Alaska, amendment to the 2010 budget and authorizing the transfer of money from the general fund to the permanent reserve fund in the amount of \$995,922.

Vote on Consent Calendar: 6 yeas, 0 nays, 1 absent (Bradford). Reggiani – yes; Beedle – yes; van den Broek – yes; Kacsh – yes; Allison – yes and Cheshier – yes. Consent Calendar was approved.

H. APPROVAL OF MINUTES

M/Reggiani S/Kacsh to approve the minutes.

11. Minutes of 10-13-10 Council Work Session

12. Minutes of 11-03-10 Regular Council Meeting

13. Minutes of 11-03-10 Council Budget work Session

Vote on motion: 6 yeas, 0 nays, 1 absent (Bradford). Beedle – yes; van den Broek – yes; Kacsh – yes; Allison – yes; Cheshier – yes and Reggiani – yes. Motion was approved.

I. CONSIDERATION OF BIDS - none

J. REPORTS OF OFFICERS

14. Mayor's Report

Mayor Kallander reported that he went to Juneau for the AML & Mayors meetings and met with the Juneau staff while there. He had many meetings with staff regarding the Civic Center. He said he has a lot of confidence in our staff with this project and that they are doing a great job. He met with *Bourgeois* and made phone calls in consideration of hiring a new lobbyist. *Kallander* presented a list he compiled of Capital projects based on prior discussions and had staff do some preliminary research on those items. The Governor's budget is done so we are late in reporting the list to that office and need to get moving. *Lynch* explained that there is some work to be done on the items on the list before they can be presented in January. *Kacsh* stated that the item warrants a work session so the Community has an opportunity to weigh in on the items. *Kallander* asked Council if it would be ok for staff to go ahead and start getting some numbers together so once we have the meeting we can fast track the list to Juneau. *Reggiani* pointed out that Cordova does not want to be left behind and asked Council if they could meet Friday at noon for a special meeting. *Beedle* stated he thought that Friday noon was too quick and would prefer a Monday meeting. Following discussion, Council agreed to have a meeting Friday at noon. *Kallander* stated he would be writing a letter of support for *Tim Joyce* for the forest service projects. He had a conversation with the Environmental/Fisheries contact for *Senator Murkowski*. He is aware of the LT2 issues and wants to meet with Council before the upcoming meeting with the EPA regarding LT2.

15. Manager's Report

He also attended AML. He did a lot of work on the budget this month and attended health care task-force meetings. The joint Councils meeting gave him some homework to have some follow up research and meetings. He researched whether a charter adjustment could happen by March and the answer was no but there was an option to have it on a special election in summer. He also is working on getting an RFI for 3rd party worked up. *Lynch* reported that the property lease with Chugach is on the Harbor agenda and the harbormaster is recommending the City go ahead and lease the property. Council can choose to allow the Harbor Commission to handle the negotiations but they are having issues with

quorums at their meetings and leases are typically dealt with by the Council. The Harbormaster was working on negotiating the purchase of the property but was unsuccessful and a lease was suggested as an alternative.

16. City Clerk's Report

Bourgeois reported that they have been working on a supplementary tax roll, the billing is going out tomorrow, and it worked out to be \$97K with interest.

16a. Student Council Report

Jessica Smyke reported to Council that Basketball began Monday. Wrestling regionals is this weekend. Student Council is working on recycling and getting art up in the school. Cordova is hosting the 2011 Alaska Association of Student Governments April 14-16, which will have about 300 delegates, so they are working on preparation for that event.

17. Staff Reports

a. Tom Cohenour, COR, Director of Public Works – School gym & reno updates- see written report
Many punch items have been completed on the gym side. The sound system was installed. They do have an issue that the system is not working with 4G iPods but the 3G iPods will work. The air balancing still needs to be completed but they cannot do that until the renovation has been completed. They are investigating why the concrete block front on the gym side is phosphorescing. They also still need to complete the gym floor, which will happen over Christmas break.

On the renovation side, they are working from the top down. They started on the second floor and it is very near its completion. The vinyl and carpet are nearly complete. The sinks have been installed but not plugged in yet. The walls and ducts have been painted. On the first floor, the light fixtures are currently being installed and the switches and outlets. The basement the drywall is nearly complete. The walls, ducts, window frames have been painted. The plumbing and electrical rough in is complete. The siding and roofing have been completed. The commons floor will be fixed over Christmas break. There are some small punch lists items have yet to be completed. Play area equipment is just about installed. This project is 14 days away from completion and it looks like they are going to make it. The flagpole is listing about 7 degrees west due to that big windstorm we had and will need to be fixed. Boiler 1 and 2 are not working together efficiently and will have to be corrected. There are a few small issues yet to be fixed. The architect and engineers are scheduled to be in for final completion walk through on the 15th for both projects.

b. Moe Zamarron, COR, Cordova Center Project – see written report

Forms were set today and they are heating the bedrock to be able to receive the concrete. Blasting of the bedrock has been completed. They are 3 weeks behind and the contractor should submit a revised schedule by Friday to accommodate this set back. This set back is due to the contract drawings not being completed when the project started and a civil excavation error that occurred. They will probably call for a 2-month winter shutdown starting from December 22 until March 1. Materials will continue to come in and he will be monitoring the material arrivals and administration activity. The concrete formers are concerned with the slow flow of information and materials, as a result, one set of steel shipments will come by jet and it will cost extra money but will cost less than if they had to wait. They had to redesign a portion due to the proximity of the sidewalk. This new design will save the City money as it calls for less concrete. A lot of the errors and corrections have cost more than expected due to the design not being ready when they started the construction. It is going to cost some money to bring everything back to schedule as a result. *Beedle* clarified that the shutdown will

actually be a good thing for the project. *Zamarron* responded that it would work well for the design team to be able to catch up to the work being done and for the materials to get here and be waiting so the workers will not have to wait. *Kallander* reminded the Council that we were aware of the design not being ready for the construction but we chose to start the construction in an effort to not lose out on grant money available at the time even though it will cost the City more money in the short-term. *Beedle* raised a concern if the design was being drawn incorrectly costing the City more money. *Zamarron* responded that he has watched for that and he has not seen careless designing on their part.

c. Chief Baty, CPD – timeline for E-911

K. CORRESPONDENCE

18. Letter from Denise Branshaw in re ferry schedule

19. Letter from State Petroleum Property Assessors in re TY 2006 supplemental roll

L. ORDINANCES AND RESOLUTIONS

20. Ordinance 1077

An ordinance of the City Council of the City of Cordova enacting Chapter 18.46 of the Cordova Municipal code to establish standards for the siting, Construction, and operation of wind energy systems (wind turbines) 1st reading

M/Reggiani S/Kacsh to adopt Ordinance 1077, an ordinance of the City Council of the City of Cordova enacting Chapter 18.46 of the Cordova Municipal code to establish standards for the siting, Construction, and operation of wind energy systems (wind turbines).

Vote on approval of Ordinance 1077: 6 yeas, 0 nays, 1 absent (Bradford). van den Broek – yes; Kacsh – yes; Allison – yes; Cheshier – yes; Reggiani – yes and Beedle – yes. Motion was approved.

21. Resolution 12-10-62

A resolution of the City Council of the City of Cordova, Alaska, adopting an operating budget for fiscal year 2011 in the amount of \$29,202,241.

M/Kacsh S/Reggiani to approve Resolution 12-10-62, a resolution of the City Council of the City of Cordova, Alaska, adopting an operating budget for fiscal year 2011 in the amount of \$29,202,241.

Vote on approval of Resolution 12-10-62: 6 yeas, 0 nays, 1 absent (Bradford). van den Broek – yes; Kacsh – yes; Allison – yes; Cheshier – yes; Reggiani – yes and Beedle – yes. Motion was approved.

M. UNFINISHED BUSINESS - None

N. NEW & MISCELLANEOUS BUSINESS

22. City Manager Contract approval

M/Cheshier S/Kacsh to approve the updated City Managers Contract

Vote on motion: 6 yeas, 0 nays, 1 absent (Bradford). Kacsh – yes; Allison – yes; Cheshier – yes; Reggiani – yes; Beedle – yes and van den Broek – yes. Motion was approved.

23. Council discussion of School district modular buildings

Kallander suggested that Council postpone this discussion until *Jim Nygaard* can be in attendance.

M/Cheshier S/none to refer to staff

Kacsh brought to Council's attention that *Nygaard* had mentioned that he would like to have the construction be completed by the beginning of the next school year so Council should not wait too long.

Kallander agreed with *Kacsh* and suggested it be put on the agenda for 12/15/2010 meeting

M/Reggiani S/van den Broek to postpone the discussion until the 12/15/2010 Regular Council meeting. Vote on motion: 6 yeas, 0 nays, 1 absent (Bradford). Allison – yes; Cheshier – yes; Reggiani – yes; Beedle – yes; van den Broek – yes and Kacsh – yes. Motion was approved.

24. Customers dispute of Utility bill (CMC 14-04-100 billing errors and disputes)

Chris Bourgeois presented his case before Council stating he thought the bill should be reduced. In May, a water main was broken at his home and he called for testing of the water and a locate. His dispute is that he did not have any one of the workers on the site for 3 hours but the bill reflects such. **Kacsh** stated he understands the frustration of paying for the service of someone who did not know what they were doing and so understands the grievance. **Cheshier** stated he has never dealt with anything like this and inquired as to what the Council's responsibilities are. **Lynch** said that thus far staff has decided that the bill does reflect as it should and so has not been reduced. It is being presented to Council today to see if they will override the staff's decision as the final decision. **Bourgeois** stated that when the grievance was first brought to the City in the beginning he was only able to talk to **Cohenour** and was unable to reach **Cathy Sherman** to explain the situation. **Lynch** stated that according to the union contract the City operates under the employees get a minimum of 3-hours for a call-out and that cost does get passed down to the customer. **Kacsh** stated that he is sorry **Bourgeois** had to go through this process and in the future, information about the costs to the customers needs to be more upfront so there are not surprise bills. **Beedle** stated he would hate to discourage someone from asking for "a locate" it could have negative consequences.

M/Kacsh S/Allison to reduce **Bourgeois** bill by half.

Kacsh stated that it is hard to know how much to reduce the bill by without knowing all the details but for now to reduce the bill and then look closely at this procedure for future occurrences. **van den Broek** stated that he would have a hard time reducing the bill in light of the other customers who have been charged this in the past; but agrees with **Kacsh** that we need to look at this procedure. **Bourgeois** stated that the man that came out twice was at the shop when he called. He was not called from home. In addition, the person that came was not qualified to do what was needed to be done so there was not a need for three people to be on site. **Cheshier** asked what a call-out costs the city. **Lynch** responded that if you take into account the employees' wages, holiday pay, benefits and the like would be about \$270.00 per person on a holiday call-out. **Bourgeois** pointed out that he was charged for 12 hours. **Reggiani** asked **Lynch** if he would like more time to evaluate the information. **Lynch** responded that he did not. The City paid for 12 hours of work, and in order to keep it fair with other customers who have been charged, he stands by his original decision.

Vote on motion: 3 yeas, 3 nays, 1 absent (Bradford). Cheshier – no; Reggiani – no; Beedle – yes; van den Broek – no; Kacsh – yes and Allison – yes. Motion failed.

25. Council discussion concerning City lobbyist RFP

Mayor Kallander reported that the City had received 8 applications; four applicants are first time lobbyists, three were fisherman so wouldn't be available during the summer, and two already serve other municipalities. He would like to see us be the lobbyist's only municipality. **Kallander** stated that he was particularly impressed with applicant **John Bitney**. **Bitney** is a legislative director, has been the chief of staff for Harris, managed campaigns for Palin and Murkowski, and comes very highly recommended by everyone **Kallander** has talked to. **Kallander** feels he will be valuable in Juneau as our lobbyist. **Kallander** asked for concurrence from Council for **Lynch** to draw up a contract for the hire of **John Bitney** as Cordova's lobbyist. **Reggiani** concurred but would like to add that the applicant stay with the City for 2 years instead of just 1 year. **Kallander** stated that 2 years was a good idea. **Cheshier** stated that he looked at the list of people who recommended **Bitney** and trusts their judgment. **van den Broek**

inquired if there could be wording in the contract that he could not just leave. *Allison, Kacsh, van den Broek* and *Beedle* concurred with *Mayor Kallander* recommendation. Council decided to have a meet and greet with *John Bitney* at the next Regular Council meeting along with approval of his contract.

25a. Mayor appointment and Council concurrence to fill seat on Planning & Zoning Commission *M/Reggiani S/Kacsh* in favor of *Mayor Kallander's* appointment of *Greg Loforte* to the Planning & Zoning commission to serve a term that will expire at the end of November 2013.

Van den Broek stated that he requested this item be pulled out of the consent calendar not because he disagrees with the Mayor's appointment but because he would like to hear why the Mayor had chosen *Loforte* when he knows there were many qualified applicants. *Mayor Kallander* responded that he first met *Loforte* during the development of the shipyard project which *Loforte* contributed much towards and attended every meeting. Since then, he has attended most of the planning meetings without being an appointed member. *Kallander* stated that Council relies heavily on the Planning & Zoning commission and *Loforte's* reliable attendance and experience will be a welcome contribution to the board.

Vote on motion: 6 yeas, 0 nays, 1 absent (Bradford). Cheshier – yes; Reggiani – yes; Beedle – yes; van den Broek – yes; Kacsh – yes and Allison – yes. Motion was approved.

26. Pending Agenda and Calendar

Special Council meeting December 3rd at noon

To discuss Capital Projects list to send out

Council FEMA training December 8th from 6-10 pm at the fire hall

Regular council meeting Scheduled for December 15, 2010 at 7:30 pm following the public hearing

Meet and greet with *John Bitney* added to the agenda

Discussion with *Jim Nygaard* on the School district modular buildings added to the agenda

O. AUDIENCE PARTICIPATION – none

P. COUNCIL COMMENTS

27. Council Comments

Cheshier thanked the Mayor for doing the homework on the Lobbyist.

Reggiani stated he is thankful for: the Mayor's leadership and his bringing forward the CIP list, the staff, big kudos to Lynch for presenting a budget that passed on December 1st It has to be a record, and the clerk's office.

Kacsh reported to Council that he was unsuccessful in his attempt to gain a seat on the AML board; but did become the co-chair of Education in the Government policy section committee.

Council moved to have a 5-minute recess at 10:27 pm before entering the executive session.

The Regular Council Meeting was reconvened and moved into executive session at 10:36 pm.

Q. EXECUTIVE SESSION

28. Update on negotiations with AIGCO

M/Reggiani S/Cheshier to move into executive session to discuss the update on negotiations with AIGCO, subjects, which may be discussed, are matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the government.

Vote on motion: 6 yeas, 0 nays, 1 absent (Bradford). Motion passed.

Council had a discussion in executive session with the City Manager over moving forward with a response to AIGCO over their proposal to buy land from the City.

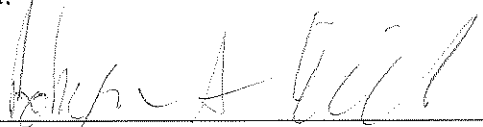
R. ADJOURNMENT

M/Reggiani S/Kacsh to adjourn the regular meeting at 11:02 pm.

Hearing no objection, the meeting was adjourned.

Approved:

Attest:



Robyn Kincaid, Deputy City Clerk