

**CITY COUNCIL REGULAR MEETING  
FEBRUARY 6, 2013 @ 7:30 PM  
LIBRARY MEETING ROOM  
MINUTES**

**A. CALL TO ORDER**

*Mayor James Kallander* called the Council Regular Meeting to order at 7:30 pm on February 6, 2013, in the Library Meeting Room.

**B. INVOCATION AND PLEDGE OF ALLEGIANCE**

*Mayor James Kallander* led the audience in the Pledge of Allegiance.

**C. ROLL CALL**

Present for roll call were *Mayor James Kallander* and Council members *Tim Joyce, James Kacsh, David Allison* (via teleconference), *Bret Bradford, EJ Cheshier, David Reggiani* and *Robert Beedle*. Also present were Interim City Manager *Don Moore* and City Clerk *Susan Bourgeois*.

**D. APPROVAL OF REGULAR AGENDA**

*M/Cheshier S/Bradford* to approve the Regular Agenda.

Vote on motion: 7 yeas, 0 nays. Motion passes.

**E. DISCLOSURES OF CONFLICTS OF INTEREST - None**

**F. COMMUNICATIONS BY AND PETITIONS FROM VISITORS**

1. Guest Speaker – none

2. Audience comments regarding agenda items - none

3. Chairpersons and Representatives of Boards and Commissions

*Harbor Commission* representative *Beedle* reported there was no meeting.

*HSB* Interim chair *Reggiani* stated reports from administrator were given and privileging action was taken for some medical doctors. Three discussion items were heard, first being the new community health needs assessment. Second, the medical staff bylaws were approved. Finally, an update on the CT scanner was received.

*P&R* representative *Kacsh* stated they will meet next week.

*P&Z* representative *Reggiani* reported they will meet next week.

*School Board* representative *Bradford* said they will meet next week.

4. Superintendent's Report

*Theresa Keel* discussed North Pacific Erectors completion of roof repairs to the high school. They were unable to replace the roof but made a substantial number of patches in a 90' x 60' section. In doing so, they found considerable damage under the roof which is being submitted to the insurance company. *Keel* hopes the entire roof will be replaced. *Mayor Kallander* inquired about the student trip to Juneau. *Keel* reported that students *Carl Ranney* and *Steve Swartzbart*, and herself, attended the 2013 AASB Leadership & Legislative Fly-In. *Mayor Kallander* reported that *Senate President Charlie Huggins* interviewed the students and gave a televised press report on how impressed he was with them. *Keel* described the interaction between *Senator Huggins* and the students in Juneau. *Ranney* and *Swartzbart* told the *Senator* what they were doing in school, their plans after graduation and all the great things happening in Cordova. She continued that the students impressed all the Senators and Representatives they came into contact with giving their story of Cordova and Cordova schools. She felt that the students came away from the experience realizing what a great school and community we have here compared to some of the other students they met while attending the conference. *Joyce* returned to the topic of the roof and asked how extensive the damage was and if it went beyond the plywood layer. *Keel* said *Jared* will be giving a more detailed report at Monday's School Board meeting to the extent of the damage but that the



water was getting past the plywood on to the floor. **Beedle** asked which areas were leaking. **Keel** said leaks were in the hallways, cafeteria area and the library has a new leak causing stains on the ceiling tiles. **Cheshier** added that it is never good when the boat is sinking from the top.

5. Student Council Representative's Report – there was no student council rep in attendance.

#### **G. APPROVAL OF CONSENT CALENDAR**

**Mayor James Kallander** informed Council that the consent calendar was before them.

6. Waive right to protest renewal of liquor license for Anchor Bar & Liquor Store – Beverage Dispensary Lic. #61 & Anchor Liquor Store – Package Store Lic. #62.

7. Council concurrence of Mayor's appointments to fill vacancies on Harbor Commission.

Vote on Consent Calendar: 7yeas, 0 nays. Kacsh-yes; Cheshier-yes; Joyce-yes; Allison-yes; Beedle-yes; Reggiani-yes and Bradford-yes. Consent Calendar was approved.

#### **H. APPROVAL OF MINUTES**

**M/Cheshier S/Bradford** to approve the minutes.

8. Minutes of 12-19-12 City Council Public Hearing

9. Minutes of 12-26-12 City Council Special Meeting

Vote on motion: 7 yeas, 0 nays. Motion passes.

#### **I. CONSIDERATION OF BIDS – None.**

#### **J. REPORTS OF OFFICERS**

##### **10. Mayor's Report**

**Mayor Kallander** thanked Fish & Game Solstice captain **Dave Anderson** in arranging to have an AF&G vessel's major renovation repair done in our shipyard. This has provided work for five or six business here in Cordova that could have gone to Kodiak or Seward. **Mayor Kallander** was in Juneau on January 23, 2013 and attended a budget meeting with Fish & Game and House Finance Committee's along with **Commissioner Campbell**. **Bill Stoltze**, co-chair of house finance, presented information on the Cordova Community Center and requested funding. **Rep. Stoltze's** grandfather came to Cordova and **Mayor Kallander** presented him with some historical information for which he was happy to receive. He met with Fish & Game **Commissioner Campbell**, who has a vote on the EVOS trustee council, and discussed the letter he wrote and the request for funding for the Cordova Center which he felt went well. **Mayor Kallander** also met with **Tyson Gallagher** from the Office of Management & Budget, who reports to the Governor office, and went over the trustee's budget and the request for funding letter. **Mayor** stated that his letter had gotten a lot of activity before he arrived with the idea that he wanted the Governor onboard as he has three voters on the trustee council. **Mayor** met with the new DOT Commissioner, **Patrick Kemp** and confirmed that the Chenega would be staying in Cordova and squelched rumors to the contrary. **Kemp** discussed the preliminary issues with the Chenega's engines. He was up to speed with the Copper River Highway issues and the 38 mile bridge also recognized the challenges with funding. During a break **Mayor Kallander** called **Jen Schorr**, Alaska Department of Law and Federal Trustee **Pat Pourchot**, who will both be voters on the Federal side. **Jen Schorr** helped the City last year with the EVOS grant. **Mayor** met with **Senator Kevin Meyer** and a member of his staff, **Susan Cunningham**, who is Senate Finance Co-chair, again speaking about the \$5 million funding (for Cordova Center). The next day **Mayor Kallander** met with **Peggy Wilson** of transportation as the Chenega's outcome was unknown at that time. Next he met with **Alan Austerman** and got a commitment from him to do the ask on the house side for the \$5 million. Next he attended a meeting with **Senator Dennis Egan**, with transportation, about both the highway and the ferry. The **Mayor** lunched with **Gary Stevens** and chief of staff **Katrina Matheny** and received a commitment from him personally that he will carry the \$5 million number in the senate. The strategy was to build support around the people who would be doing the asking. He then met with **Jolene Julian**, head grant administrator, and **Jen Schorr** who has been getting three to five emails a day from



EVOS staff about how to restructure the grant. **Mayor Kallander** thanked **Schorr** and stated she is a huge advocate for Cordova with EVOS and the way the grant distributed the funds. The **Mayor** stated that we had developed a line of credit with UBS for cash flow problems. **Schorr** informed him that according to the grant agreement she has spending authority for 20% of the grant and could cut checks, which the City did not know. This contingency was set up in the grant to address cash flow problems. **Schorr** also alerted us to outstanding balances that were due to the City which have not been collected. In addition we are due interest from the point the grant was awarded but no language on how or when that interest will be paid. **Schorr** is looking in to this but City will be following up also. **Bradford** questioned what that interest rate might be. **Joyce** thought it would be the same rate as the permanent fund. This could be substantial amount of money. January 28, 2013 **Mayor Kallander** was invited by **Tom Barrett** and attended a community meeting at Alyeska Pipeline Service Company in Anchorage. He and **Kristen Smith Carpenter** toured the control center and **Mayor Kallander** was impressed with the technology. Alyeska is doing research into transporting the pipeline oil cold to keep the water frozen versus heating the oil. Currently, warm oil flow demands continuous pigging of the pipeline. Oil production has declined 6% last year which has resulted in a \$1.5 billion loss in tax revenue for the State of Alaska. **Mayor Kallander** then met with **Jen Schorr** at the Department of Law. In a lengthy conversation, he fielded questions from her and discussed the requests we made. Before tonight's meeting, **Mayor Kallander** had a conversation with **Captain Falvey** regarding the Chenega. It is crewed up and ready to go. Engine manufacture MTU has sent an inspection letter to DNV, a certifying agency in Norway. DNV has asked a couple of questions but **Falvey** felt they would be able to answer them appropriately. There is no indication if or when they will certify the Chenega but **Falvey** is optimistic. The Aurora was scheduled for 45 days of maintenance in Seward starting February 13 which has shrunk to 20 days of compliance work to recertify. Worst case scenario we will be without any ferry service for 20 days.

#### 11. Manager's Report

**Don Moore** informed council that he appointed **George Wintle** as acting Police Chief. **George** has been with the Cordova Department since June of last year and has over 25 years in law enforcement both in investigative and patrol work. The PERS audit from the State was received that covered a number of former employees with some adverse findings that are being dealt with. **Moore** listed the number of projects and their activity since last council meeting. He asked Public Works Director to make a presentation to council on the LT2 project funding. **Moe** updated council on the project funding that was put into the 2013 budget. We have a grant for the project that we need to match. DEC will loan us the matching amount. This loan has to be approved by the voters. The upgrading of our equipment will qualify as depreciation improvements. An existing depreciation improvement fund will be used to pay back the loan so there is no user rate increase required. We will be asking the voters to approve a \$1,018,500 loan for the matching 30/70 grant. DEC will forgive \$141,000 of the loan upon repayment. **Joyce** asked what dollar amount would be brought to the voters. **Moe** explained that the loan was pre-applied for in the amount of \$1,081,500 which is amount we should go to the ballot for. Project total match is \$1,617,857. **Kacsh** asked if we would have to go back to the voters for the remainder of the project total match and felt it was tough to keep going back to the voters. **Moe** explained that we could go back and borrow the balance or it could come out of a city fund. **Bradford** stated he liked the negative interest rate. **Moe** said he could start the loan process for the project balance. **Bradford** questioned the marketing plan. **Beedle** asked what happens if we don't do it. **Moe** explained that the LT2 project must be completed by September, 2014 regardless of loan approval and we will not get the forgiveness amount. **Mayor Kallander** clarified that two years ago there was a proposal for \$11M for this project. He tried to get out of the requirement but communities in Alaska, who had a lot of money, went ahead with LT2. If we had stuck together as a State we might have gotten out of it as Portland went to the Supreme Court and won. So now we must comply with the LT2 requirement. With complying by upgrading equipment this is



the least expensive way to go. *Joyce* agreed that we would be remiss in not accepting the loan with the forgiveness amount making it a negative interest rate. *Beedle* commented we would be encumbering the enterprise funds for the next 20 years and that rates might have to be raised later. *Moe* elaborated that by changing the direction of the LT2 project away from building \$12M in new infrastructure to addressing our aging equipment is what the depreciation funds were meant to be used for. Additionally, since snow removal to tanks is required a new road grader is included in project. *Moe* moved on to the Refuse Project funding which is a second loan up for voter approval to address deterioration and aging equipment at the bailer. The \$441,000 grant will be matched by a DEC loan amount of \$785,000 in a 30/70 split. This loan is to rebuild the bailer machine and building, increasing usability 10 to 15 years. The entire city portion will be paid using the existing depreciation from the refuse enterprise fund. No rate increases are required to fund this project. *Mayor Kallander* asked about the interest rate of the loan. *Moe* explained the interest rate is fixed at 1.5% and a small subsidy will apply. This subsidy will be about equal to the interest on the loan and the subsidy for both the LT2 and Refuse Project could increase with early application. A resolution is required to add both of these loans to the March ballot. *Joyce* commented these projects have to be done and the loans would be the cheapest way to fund them. *Moe* added that our landfill is rated class 2 which requires us to have a landfill closure fund that each year we fund with \$50,000. With the improvements at the baler we should reduce what we put into the landfill each year. This could reclassify us to a class 3 landfill then we would not be required to fund a closure fund. We now have \$584,000 in that fund. *Moore* continued with his report stating he had been working with the finance director on the City's finances. He reviewed UBS Financial Services fourth quarter report of the City's investment portfolio which is attached in packet. Grant or payment submittals made total \$1.3M and have been prescreened which will be received in the next week. Museum artifacts need to be moved out of the basement of CEC by February 15<sup>th</sup> and we have clearance to move them into the CCMC basement. *Moore* thanked the staff, *Sam Greenwood*, *Shannon Joekay*, *Paula Payne*, *Josh Hallquist* and community members *Karen Hallquist* and *Kristen Carpenter* for hosting the Cordova Community Center open house Saturday during the Iceworm Festival. He praised their efforts and received positive feedback from community attendees who were grateful to have an opportunity to tour the facility. Finally, *Moore* referred to his entrance report with his first month's observations. These are first impressions and if he got anything wrong he will correct it in his exit report.

#### 12. City Clerk's Report

*Bourgeois* reported that council's city email address is forwarding correctly to their home addresses. The Election preparations continue. Declaration of candidacy closed February 5 and *Bourgeois* updated council with the final declared candidates. She is in the process of printing the sample ballots and thought the newspaper or radio might be hosting a candidate forum. She has signed the City up for an Alaska Airlines EasyBiz account which will allow the City to earn mileage plan miles. There is no cost to the City for using EasyBiz.

#### 13. Staff Reports - None

### K. CORRESPONDENCE

14. Department of the Navy notice of supplemental EIS in re training in GOA 01-07-13

15. FY14 Population determination from DCCED 01-15-2013

16. Mayor letter in re Alaska Airlines EAS 01-22-13

17. News release form Chugach National Forest in re Forest Plan Revision 01/31/13

*Joyce* commented that there will be a public meeting, February 27<sup>th</sup> held at the Masonic Hall, starting at 6:30 PM for the Chugach Forest Plan Revision. Since the City is surrounded by national forest the plan revisions will affect the City over the next fifteen years. He encouraged citizens and Council to attend and



be informed. **Mayor Kallander** felt there should be a council representative and **Kacsh** volunteered to attend.

## **L. ORDINANCES AND RESOLUTIONS**

### **18. Ordinance 1104**

An ordinance of the City of Cordova, Alaska, exempting Lot 5, Block 5, Odiak Subdivision, from property taxation and any special assessments so long as a payment in lieu of taxes is paid by the Native Village of Eyak on the property and the property is used by the Native Village of Eyak as low-income housing

**M/Reggiani S/Kacsh** to adopt an ordinance of the City of Cordova, Alaska, exempting Lot 5, Block 5, Odiak Subdivision, from property taxation and any special assessments so long as a payment in lieu of taxes is paid by the Native Village of Eyak on the property and the property is used by the Native Village of Eyak as low-income housing

**Beedle** asked for an explanation of the ordinance. **Reggiani** referred to Holly Wells' memo on page 44 of council's packet. **Cheshier** explained that City's approval would allow NVE to receive their grant. NVE explained that this covers one unit.

Vote on motion: 7 yeas, 0 nays. Motion passes.

### **19. Ordinance 1105**

An ordinance of the City of Cordova, Alaska, authorizing the city administration to enter into a cooperation agreement with the Native Village of Eyak for payment in lieu of taxes on Lot 5, Block 5, Odiak Subdivision, so long as the property is used for low-income housing

**M/Bradford S/ Reggiani** to adopt an ordinance of the City of Cordova, Alaska, authorizing the city administration to enter into a cooperation agreement with the Native Village of Eyak for payment in lieu of taxes on Lot 5, Block 5, Odiak Subdivision, so long as the property is used for low-income housing

**Bradford** questioned what happens if the property is no longer used for low-income housing. **Bourgeois** responded that an annual form would be mailed in before the tax rolls are certified to say if property is still used as low-income.

Vote on motion: 7 yeas, 0 nays. Motion passes.

### **20. Ordinance 1106**

An ordinance of the City Council of the City of Cordova, Alaska, repealing Cordova Municipal Code Chapter 14.28 entitled "hospital" and adopting Title 15 entitled "city owned medical facilities" which incorporates the provisions of Chapter 14.28 but requires the City Council to sit as the Hospital Service Board and updates the obligations of the medical staff and hospital administrator to reflect the City's use of a hospital management company to administer City owned medical facilities

**M/Bradford S/ Kacsh** to adopt an ordinance of the City Council of the City of Cordova, Alaska, repealing Cordova Municipal Code Chapter 14.28 entitled "hospital" and adopting Title 15 entitled "city owned medical facilities" which incorporates the provisions of Chapter 14.28 but requires the City Council to sit as the Hospital Service Board and updates the obligations of the medical staff and hospital administrator to reflect the City's use of a hospital management company to administer City owned medical facilities

Vote on motion: 7 yeas, 0 nays. Motion passes.

### **21. Resolution 02-13-03**

A resolution of the City Council of the City of Cordova, Alaska, authorizing the appropriation from the General Fund in the amount of \$574,611.00 to the Cordova Community Medical Center (CCMC) to fund the costs of the electronic health records Centriq (EHR Centriq) hardware and software maintenance agreement with Healthland

**M/Kacsh S/ Bradford** to approve a resolution of the City Council of the City of Cordova, Alaska, authorizing the appropriation from the General Fund in the amount of \$574,611.00 to the Cordova



Community Medical Center (CCMC) to fund the costs of the electronic health records Centriq (EHR Centriq) hardware and software maintenance agreement with Healthland

**Reggiani** quipped about missing a meeting and council using the permanent fund. He wanted to know more about the 2.5% interest rate and what it was tied to as he felt we were paying ourselves back.

**Bradford** stated that the permanent fund was earning money so they did not want to lose earnings while loaning money. **Mayor Kallander** stated there was much discussion and debate on the separation between City and hospital. **Joyce** added that the hospital could have gone out and gotten a loan themselves at 6% interest but this was a method to save the hospital some charges. The 2.5% interest was a way to repay the permanent fund. **Kacsh** stated the interest was included in the Medicaid reimbursement schedule. **Beedle** agreed some of the interest is covered by Medicaid. **Mayor Kallander** state the payback schedule was so aggressive it amounted to very little interest.

**M/Reggiani S/Bradford** to amend resolution 02-13-03 striking the “at a rate of 2.5%” in the fourth paragraph and strike the “Be It Further Resolved” paragraph entirely.

**Reggiani** explained that because the payback schedule is so aggressive there is no need to charge interest and that this is more of a cash flow loan. His recommendation is to use the general fund itself rather than the reserve fund thus striking the last paragraph. **Mayor Kallander** noted that with 60 day notice from management of cash flow issues we can still go to the permanent fund as a bail out if we had to. **Joyce** is against the last paragraph deletion as the permanent fund cannot be used for operations. He felt taking from the general fund would cause a cash flow problem. **Kacsh** agreed and he was not comfortable using the general fund. **Allison** stated that in the interest of speed take it out of the general fund and leave the last paragraph since to states council “will consider” an ordinance so they wouldn’t necessarily have to do that. **Cheshier** thought the 2.5% should be stricken but questioned the liquidity of the permanent fund. **Reggiani** added that the general fund earned less interest due to short term investments so less lost interest to borrow from it. **Kacsh** asked **Moore** if the general fund could absorb the loan. **Moore** said general fund cash flow should not be a problem. **Stavig** interjected the hospital has grants and Medicaid coming in and their intent is to pay a significant portion next year. On the flip side, for the budget year 2014, there will be additional funds they will have to provide. The general reserve fund could sustain the loan right now but be cognizant of future items before council. **Mayor Kallander** stated that the majority of the money, \$480,000 is expected for the first year pay off and that the hospital could handle the \$90K service obligation in their budget. **Cheshier** thought we would be ahead by not disturbing our permanent fund and investments. **Reggiani** added that the bulk of the pay back is in the first year and the general fund will handle it. **Bradford** would like to be able to consider using permanent fund in the future if necessary. **Joyce** agreed and would like the last paragraph left in to resolve that issue if necessary. **Beedle** thought the hospital could get more Medicaid funds if an interest rate was included.

Vote on amendment: 0 yeas, 7 nays. Amendment failed.

**M/Reggiani S/Bradford** to amend resolution 02-13-03 on the fourth whereas to strike “at a rate of 2.5%” and at the last paragraph “Be It Further Resolved” strike “to be repaid at the interest rate of 2.5%”.

**Beedle** clarified that the loan would be coming out of the general fund unless there was a short fall later on. **Joyce** stated he would like to see the 2.5% left in the last paragraph so if funds were taken from the permanent fund Medicaid would reimburse a portion of that interest. **Bradford** thought the loan would be paid back for we realized anything from the 2.5%. **Beedle** stated if the loan came from the permanent fund we would lose earning on \$600,000 for a year.

Vote on amendment: 7 yeas, 0 nays. Amendment approved.

Vote on main motion as amended: 7 yeas, 0 nays. Motion approved.

## **22. Resolution 02-13-04**

A resolution of the City Council of the City of Cordova, Alaska, appropriating \$90,955.50 from the general fund to the Samson land swap project to fund project related construction costs.

**M/Kacsh S/Bradford** to approve a resolution of the City Council of the City of Cordova, Alaska, appropriating \$90,955.50 from the general fund to the Samson land swap project to fund project related construction costs.

**Reggiani** questions why the interest rate was left blank in the resolution. **Joyce** explained the cost is being paid back by the users of the boat lift and the additional money will be applied to the same loan. He does not know the original interest rate of that loan. **Mayor Kallander** said staff was looking in to what the interest rate was. **Bradford** asked if an interest rate was included would that be added to the rate the harbor is paying now and wondered how we would track it. **Kacsh** gave some history on the original boat haul out loan. **Cheshier** suggested language that would say at a rate equal to the boat haul out loan.

**M/Reggiani S/Bradford** to amend resolution 02-13-04 to strike the blank and the percentage and insert the language "at an interest rate equal to the interest rate of the original loan for the purchase of the harbor boat lift".

Vote on amendment: 7 yeas, 0 nays. Amendment approved.

Vote on main motion: 7 yeas, 0 nays. Motion approved.

#### **M. UNFINISHED BUSINESS - None**

#### **N. NEW & MISCELLANEOUS BUSINESS**

##### **23. Pending Agenda and Calendar**

Council decided to have a special meeting on Friday, February 8, 2013 at 12 pm to pass resolutions to submit the questions of the loans discussed earlier to voters. **Bourgeois** reminded council that there will be a Cordova Center work session on February 21 at 7 pm. **Keel** mentioned the school board meeting was changed to Monday, February 11<sup>th</sup>. A Council Public Hearing was also set for February 20<sup>th</sup> at 7:15 pm.

#### **O. AUDIENCE PARTICIPATION - None**

#### **P. COUNCIL COMMENTS**

##### **22. Council Comments**

**Beedle** said a citizen called about snow plowing on Lake Avenue and was wondering if we were short-handed. **Moe** stated crews were plowing.

**Cheshier** noticed snow in his neighborhood.

**Reggiani** had no comment.

**Bradford** commended **Laura Cloward** for her great job on the City website.

**Joyce** had no comment.

**Kacsh** had no comment.

**Allison** had no comment.

#### **Q. EXECUTIVE SESSION - None**

#### **R. ADJOURNMENT**

**M/Bradford S/Beedle** to adjourn the regular meeting at 9:22 pm

Vote on motion: 7 yeas, 0 nays. Motion passes.

Approved: February 20, 2013

Attest: \_\_\_\_\_

*Tina Hammer*  
Tina Hammer, Deputy Clerk

