

**HAINES BOROUGH ASSEMBLY
REGULAR MEETING MINUTES
MARCH 5, 2003**

1. **CALL TO ORDER:** Mayor **CASE** called the meeting to order at 6:30 p.m. in the new Library building.
2. **PLEDGE TO FLAG:** Led by the Mayor.
3. **ROLL CALL: Present:** Mayor Mike **CASE**; Assembly Members Jerry **LAPP**, Chip **LENDE**, Douglas **OLERUD**, Lucy **HARRELL**, Debra **SCHNABEL** and Stephanie **SCOTT**.

Staff Present: Vince **HANSEN**/Borough Manager, Susan **JOHNSTON**/Borough Clerk, and Robert **VENABLES**/Economic Development Director.

Visitors Present: Steve **WILLIAMS**/CVN, Doug **FINE**/KHNS, Patricia **BLANK**, Pam **RANGLES**, Kim **LARSON**, Don **TURNER**, Jr., Herb **VAN CLEVE**, Woody **WILSON**, Paul **NELSON**, Lee **CLAYTON**, Bill **FLETCHER**, Dorothy **McCONNELL**, Scott **CAREY**, John **FLORESKE**, Lyle **HUFF**, Jim **SHOOK**, Julie **SHOOK**, Marilyn **JOSEPHSON**, Patricia **PETERS** and others.

4. **APPROVAL OF AGENDA/CONSENT AGENDA:** All items listed with an asterisk (*) are considered to be routine by the Borough Assembly and will be enacted by the motion to approve the agenda. There will be no separate discussion of these items unless an Assembly Member or citizen so requests, in which event the Assembly, by a majority vote, may remove the item from the Consent Agenda and consider it in its normal agenda sequence.

M/S OLERUD/SCOTT Motion to approve the agenda.

Motion carried unanimously.

- * 5. **MINUTES OF PREVIOUS MEETINGS:** February 19, 2003

6. **AUDIENCE PARTICIPATION/APPEARANCE REQUESTS:**

A. Woody **WILSON**

Mr. **WILSON**, school superintendent, presented the Assembly with a proposed funding request for the school district. He explained the submittal and that it requests \$30,546 less that FY 03. The Assembly asked questions about specific items on the submittal. Mr. **WILSON** explained that many of the school buildings are in a poor state of repair due to their age.

6. AUDIENCE PARTICIPATION/APPEARANCE REQUESTS: (cont.)

A. Woody **WILSON** (cont.)

He suggested the Borough look into 60/40 grants available for new school buildings. He invited the Assembly to the school on March 6th for a tour of the school buildings.

B. Lee **CLAYTON**

Mr. **CLAYTON** reported that he had been to meetings at Elmendorf Air Force Base with military and tribal leaders at which he discussed the Haines Boat Harbor Expansion Project as well as the transfer of ownership of the tank farm to private hands. He also traveled to Washington D.C. to attend the National Conference of American Indians and visited with the Alaskan Congressional Delegation. He again discussed the Boat Harbor Project there. Congressman **YOUNG** agreed to sponsor language to transfer the petroleum dock and part of the cleaned-up area at the tank farm to the Chilkoot Indian Association. Mr. **CLAYTON** said he was looking toward developing a Haines transshipment facility on the property. He asked the Borough Assembly to reaffirm a letter written last year in support of the Chilkoot Indian Association obtaining the dock and adjacent property. He met with Lisa **MURKOWSKI** who voiced concern about the Haines community and its economic problems.

C. Bill **FLETCHER**

Mr. **FLETCHER** spoke in favor of the Assembly's support of the repeal of the 4% tour tax, a ballot measure to come before the voters later in March. A Resolution supporting the passage of the repeal of the tax was to be considered later in the meeting.

D. Fred **GRAY**

Mr. **GRAY** stated that the community needs a large ice machine if the fishing fleet was going to be able to stay in the area. Haines Packing has a 5-ton ice machine and he felt someone from the Borough should be looking into obtaining or leasing it. He felt a 10-ton machine was needed.

E. Scott **CAREY**

Mr. **CAREY** stated he did not feel it was appropriate for the Assembly to endorse the ballot question one way or the other.

6. AUDIENCE PARTICIPATION/APPEARANCE REQUESTS: (cont.)

E. Scott **CAREY** (cont.)

He said it was the Assembly's job to encourage fiscal responsibility and let the voters decide whether the tour tax is good or not.

F. Jim **SHOOK**

Mr. **SHOOK** spoke in support of the repeal of the tour tax. He felt it was vital to the success of tourism in Haines. If the tour tax is repealed it will send a message to the tour ship industry that the residents do want them to stop in Haines. Businesses continue to fail and soon the town won't be able to support anything.

G. Patricia **PETERS**

Ms. **PETERS** said that the most important message to get out is that people should get out and vote on this question.

7. MAYOR'S REPORT:

A. Borough Logo

Since there was no response to the request for suggestions for a new logo for the consolidated Borough, the Mayor stated that the Borough will retain the old City logo until there is some desire to change it voiced by the people of Haines.

B. Rules of Procedure

The Mayor stated that there were rules of procedure at public meetings that were going to be enforced in the future. Audience Participation is not to be used to start debate on an issue. It should be informative and each person will be given a limited time to speak. Any written material must be given to the Clerk at the least, and preferably to the entire Assembly and Mayor.

Legitimate issues can be raised, but the public should be prepared to accept that any action could be delayed to the next meeting in order to avoid hasty or uninformed decisions.

8. PUBLIC HEARINGS:

- A. ORDINANCE NO. 03-03-010
(Second Public Hearing)

AN ORDINANCE OF THE HAINES BOROUGH TO APPROPRIATE FUNDS FOR THE TLINGIT PARK RE-CREATION PROJECT TO BE FUNDED BY A LWCF REIMBURSEMENT GRANT.

The Mayor opened the hearing to the public at 7:04 p.m. Hearing no comment, the Mayor closed the public hearing.

HARRELL explained that most of the work that has been taking place on the site of the new playground has been done by volunteers. The Borough's Public Works crew has done some clearing and burning of slash and will be doing some drainage work as part of the Borough's in-kind donation to the project. The trees were cut in trade for the taking the trees and the stumps were pulled by Don **TURNER** as a donation to the project.

SCHNABEL voiced a concern about future traffic patterns that may develop in the area of the park. She suggested the Assembly consider developing the extension of First Avenue at some future time for access and safety.

M/S **SCHNABEL/LENDE** Motion to adopt Ordinance 03-03-010.

Motion carried unanimously on a roll call vote.

The Manager publicly signed the grant agreement with the LWCF as required by the grant conditions.

- B. ORDINANCE NO. 03-03-011
(Second Public Hearing)

AN ORDINANCE OF THE HAINES BOROUGH TO APPROPRIATE \$20,000 FOR THE OPERATION OF THE S.E. ALASKA STATE FAIR.

The Mayor opened the hearing to the public.

Herb **VANCLEVE** explained the economic impact the Fair has on the community every year. He stated that the fair is clearly the single most significant event in Haines. He quoted statistics that showed that taxes collected on purchases made in Haines during the Fair came to more than the funding being requested. In the 33 years of the Fair being in Haines, this is only the second time it has ever asked for help.

8. PUBLIC HEARINGS: (cont.)

B. ORDINANCE NO. 03-03-011 (cont.)

He stated that the funding he is asking for will give him the time he needs to come up with a better solution for making the Fair successful financially in the long-term. Patricia **PETERS** read a prepared statement lauding the Fair for its contributions to the community by encouraging volunteerism and giving young people jobs. She also read a prepared statement from Harriet **JURGELEIT**, who was the Fair Manager for many years. Ms. **JURGELEIT** cautioned that the Fair could be taken away by another Southeast Alaskan community, which would be a major blow to Haines.

Paul **NELSON** stated that the Fair is also approaching other entities for funding support, not just the Borough. Dorothy **McCONNELL** stated that the Fair brings many people to Haines every summer and fills the hotels, motels and bed and breakfast's. She volunteers at the Fair every year and many of her friends come to Haines for the celebration. She urged the Assembly to support the funding request.

Hearing no further comment, the Mayor closed the public hearing at 7:27 p.m.

M/S **LENDE/LAPP** Motion to adopt Ordinance 03-03-011.

Assembly Member **LENDE** said he supported the donation, but in order to be responsible to the taxpayers, he requested that the Fair provide the Borough with their balance sheet and income statements over the next three years.

Motion carried unanimously on a roll call vote.

C. ORDINANCE NO. 03-03-009
(First Public Hearing)

AN ORDINANCE OF THE HAINES BOROUGH TO APPROPRIATE FUNDS
FOR THE OPERATION OF THE CHILKAT CENTER.

The Mayor opened the public hearing at 7:28 p.m. Hearing no comment, he closed the hearing.

M/S **LENDE/HARRELL** Motion to set Ordinance 03-03-009 for
second public hearing March 19th.

Motion carried unanimously.

8. PUBLIC HEARINGS: (cont.)

D. ORDINANCE NO. 03-03-012
(First Public Hearing)

AN ORDINANCE OF THE HAINES BOROUGH TO AMEND CITY CODE CHAPTER 3.28, PROPERTY TAX, BY DELETING THE EXISTING DIFFERENTIAL TAX ZONES.

The Mayor opened the public hearing at 7:33 p.m.

Dorothy **McCONNELL** spoke representing the residents of the Tanani Bay Subdivision. They did not feel they should pay the same property taxes as the rest of the Townsite Service Area because they don't receive the same services. She said there is no municipal water and sewer, poor snow removal and no road maintenance. There are no street lights and they seldom see police patrols in their area. They did not feel they were increasing any costs for the Borough by being there.

Don **TURNER**, Jr. spoke against removing the differential tax zone. He did not feel that the Borough provided any services of significance to the greater area that will be taxed.

Paul **NELSON** said the City printed an ad when they were promoting consolidation that said they would not increase taxes.

Fred **GRAY** said that the City Council did not even want to maintain the roads in the newly-annexed areas. The residents had to fight for snow plowing and minimal road maintenance. He felt proper road maintenance is a public safety issue.

A gentleman from the Small Tract Road area complained about infrequent police patrols, cars speeding and dogs running wild. He did not feel he was getting all the services being provided in the downtown area and did not feel he should be fully taxed.

Patricia **PETERS** stated that there are many times people in the downtown area cannot get a police officer either.

Hearing no further comment, the Mayor closed the hearing to the public at 7:44 p.m.

M/S **HARRELL/LENDE** Motion to set Ordinance 03-03-012 for second public hearing March 19th.

8. PUBLIC HEARINGS: (cont.)

Assembly Member **SCOTT** reported that the Government Affairs Committee met to discuss this Ordinance. She asked if the reasons for originally granting the 20% reduction in property taxes in the annexed areas had changed sufficiently to justify this tax increase, and if so, how.

The Manager explained that staff and the Planning Commission spent many months re-zoning the annexed areas, holding numerous public hearings. There has been a great deal of permitting activity in the area since annexation. There have been animal complaints, cleaning up of polluted streams and corrective measures taken when failed septic systems were identified. These were all direct costs to the City and continue to be direct costs to the Borough. The water and sewer service area had to be expanded, which took many hours of staff work over several months. Services have definitely increased. His question was, "what services are they not getting?" Road maintenance was provided automatically if the roads were in a prior road maintenance service area. Neighborhoods not in maintenance service areas were informed what to do to bring their roads up to a condition that could be maintained by the City. The services are available.

HARRELL pointed out that it is a common misconception that water and sewer services are somehow provided by tax dollars. They are not. This is an enterprise fund and services are paid for solely by users. The Boat Harbor is also an enterprise fund which is paid for by users. She felt that all these years of a 20% tax reduction amounts to a "gravity train" for the people in the annexed areas.

LAPP asked how much in mils the increase would be. The Manager said it would be about 1.17 mils or about \$36,000.

OLERUD stated that he lives downtown and has many of the same complaints as the people in the annexed areas. He did not feel it had anything to do with location.

Motion carried with **SCOTT** opposed.

9. REPORTS OF CITY OFFICERS/DEPARTMENT HEADS:

- A. Borough Manager
 - 1) Lutak Dock Project

The Manager reported that the negotiations on the cost overrun continue. The Borough has made a new offer based on the expert's evaluation of the claim.

9. REPORTS OF CITY OFFICERS/DEPARTMENT HEADS: (cont.)

A. Borough Manager (cont.)

2) Boat Harbor Expansion Project

The process of obtaining approval for the project and its funding continue.

3) Legislative Report

The Governor will be presenting his budget as this meeting is being held. There will be a report at the next meeting about whether or not the Borough's funding requests remain in the budget.

4) **TOWNSEND** Abatement Update

The **TOWNSEND** trailer was sold and has been cleaned up to a livable condition according to the Planning and Zoning technician. This issue should be resolved with no further action needed.

5) **HAGEN** Abatement Update

There has been no obvious attempt by the owner to abate the **HAGEN** nuisance. The Borough is proceeding with the collection process to recover costs associated with the cleanup that was done by the Public Works Department. This building still poses an attractive nuisance and danger to the public. The Manager will be sure of the Borough's position and proceed with the next step, which is demolition of the building. The Assembly had no objection to this plan.

6) CCWSS Utility/Pending RCA Action

The Regulatory Commission of Alaska held a hearing to obtain input on a proposed rate increase by Crystal Cathedrals Water and Sewer Systems. This is Phase I of two Phases requested by CCWSS. CCWSS is requesting to be allowed to raise rates, increase the minimum bulk water purchase required to be purchased by the Borough from CCWSS, the expansion of CCWSS's service area into the Borough's service area and/or requiring the merger of the two systems. Further processes and hearings will be held.

The Borough is currently doing a utility extension study which could figure into this issue.

9. REPORTS OF CITY OFFICERS/DEPARTMENT HEADS: (cont.)

B. Borough Clerk

- *1) ABC Board Liquor License Renewals
 - *a. Weeping Trout Sports Resort
Restaurant/Eating Place Public Convenience
- 2) Request for Approval of Purchases Over \$5,000

The Clerk explained that now that the Borough has received the grant for the Tlingit Park ReCreation Project, things must move rather quickly to be prepared for the building of the playground structure in May. Several of the items to be purchased right away will cost more than \$5,000 and some will be sole-source items. The Clerk requested that the Assembly give the Manager authorization to approve all purchases for this project, including those over \$5,000 and sole-source purchases, which would normally come to the Assembly. As these expenses will be paid for by the grant, there will be no affect on the Borough's budget.

M/S LENDE/LAPP Motion to authorize the Manager to approve all purchases over \$1,000 for the Tlingit Park ReCreation Project, including those over \$5,000 and sole-source.

Motion carried unanimously on a roll call vote.

- C. Borough CFO - NONE
- D. Economic Development - NONE
- E. Police Chief - NONE
- F. Library - NONE
- G. Museum - NONE
- H. Public Works - NONE
- I. Water/Sewer - NONE
- J. Fire/EMS - NONE
- K. Harbors - NONE

10. BIDS/PROPOSALS RECEIVED:

A. Fuel Supplies

Delta Western has given the Borough a quote for fuel supplies which is two cents above last year's quote. The Clerk recommended award of the contract for fuel supplies for the Borough to Delta Western, as they are the sole supplier of fuel in Haines.

10. BIDS/PROPOSALS RECEIVED: (cont.)

A. Fuel Supplies (cont.)

M / S LLENDE/HARRELL Motion to accept the Clerk's recommendation to award the contract for fuel supplies to Delta Western.

Motion carried unanimously on a roll call vote.

11. REPORTS OF STANDING COMMITTEES/COMMISSIONS:

A. Committee Of the Whole 2/22
Manager Interviews/Questions

Telephone interviews were held and three candidates were invited for an in-person interview on March 7th. There will be a "Meet and Greet" starting at 5:00 p.m., with interviews to start at 6:00 p.m. If the weather is bad and planes don't fly, the "Meet and Greet" will be at 1:00 p.m. on the 8th with interviews to begin at 2:00 p.m.

B. Government Affairs 2/26 Covered earlier in meeting.

12. REPORTS OF SPECIAL COMMITTEES: NONE

13. CONSIDERATION OF RESOLUTIONS, PETITIONS AND MEMORIALS:

A. RESOLUTION NO. 03-03-016

A RESOLUTION OF THE BOROUGH ASSEMBLY OF THE HAINES BOROUGH, ALASKA, SUPPORTING THE EFFORTS OF THE VISITOR PROMOTION COMMITTEE AND CITIZEN'S REFERENDUM TO REPEAL THE 4% TOUR TAX IN THE SPECIAL ELECTION OF MARCH 25, 2003.

M/S OLERUD/LENDE Motion to adopt Resolution 03-03-016.

SCOTT read a prepared statement in which she stated that the tour tax is not the problem -- the way the tour ships sell tours on board results in the tour operators having to pay the tax themselves. She stated that the tour tax should be retained and spent for more marketing to make Haines the destination that cruise passengers prefer.

HARRELL questioned the appropriateness of the Assembly taking a position on this issue. Even if repealed, she expected the question would be re-initiated by petition after the two-year limitation. She stated that she needed assurances that there will be money to replace the lost tax revenues or some commitment from the cruise ships.

13. CONSIDERATION OF RESOLUTIONS, PETITIONS AND MEMORIALS:

A. RESOLUTION NO. 03-03-016 (cont.)

LENDE stated that the only thing the people have to ask themselves is "were we better off in 1999 or now?" There is no question. Haines is having a hard time and is in a depression. He felt this all stems from the tour tax. The cruise ship industry has said they feel they are not welcome in Haines.

The repeal of the tour tax will send them a message that they are. Haines needs a day ship five days a week. They won't come here as long as the tour tax is in place. Haines' marginal economy makes it necessary to partner with the cruise ship companies. Without the tour tax there is at least a chance to bring the ships back. Haines no longer has timber, there is very little mining, independent travelers are down. There are no other options at this time. He urged the Assembly to adopt this Resolution and show its opinion that the tour tax is detrimental.

SCHNABEL supported the adoption of this Resolution in order to try to consolidate the drive toward planning for the Borough. She wants very much to proceed with strategic planning and the tour operators are important to this plan. She stated that she does have a vested interest in this matter as she owns a tour-related business. The Mayor stated that he did not feel her interest was significant.

The Mayor stated that he favored the repeal of the tour tax. He feels the cruise industry made an example out of Haines by pulling their ships from Haines, so perhaps they will also reward the Borough for repealing it by sending more ships to Haines.

Motion carried on a roll call vote, **HARRELL** and **SCOTT** opposed.

14. CONSIDERATION OF ORDINANCES PROPOSED FOR INTRODUCTION:

NONE

15. CORRESPONDENCE: NONE

16. OLD BUSINESS:

A. Karen **BERTROCH**

The Clerk researched the question of court costs for the Assembly. These are actual costs of advertising and legal costs for filing the foreclosure list and proceeding with the foreclosure on the property.

16. OLD BUSINESS: (cont.)

A. Karen **BERTROCH** (cont.)

M/S **SCHNABEL/HARRELL** Motion to forgive court costs of \$978.79 and penalties of \$392.99 as requested by Karen **BERTROCH**.

SCOTT was concerned about setting a precedent by doing this. The court costs are actual costs incurred by the Borough and she did not feel they should be forgiven.

OLERUD said he had no problem with forgiving the penalties, but was opposed to forgiving the court costs. It does set a bad precedent.

HARRELL stated that this was an egregious example of abuse and bad faith by a buyer that caused an incredible devaluation of a property. Ms. **BERTROCH** is not trying to duck the taxes, she is just asking for a little help. **HARRELL** felt that the Borough had, in the past, forgiven more for less reason.

OLERUD said that he did not want the Borough to be seen as an avenue for people to take a risk with self-financing. They entered into an agreement and it is not the Borough's place to bail them out. The Borough should be paid for costs incurred.

Motion failed with **LENDE, LAPP, OLERUD** and **SCOTT** opposed.

M/S **OLERUD/SCOTT** Motion to forgive penalties in the amount of \$392.99 as requested by Karen **BERTROCH**.

Motion carried on a roll call vote with **LENDE** opposed.

17. NEW BUSINESS:

18. SET COMMITTEE MEETING DATES:

A. Commerce Committee - March 13th 6:30 To discuss ice machine options.

19. ASSEMBLY MEMBER COMMENTS:

A. Assembly Member **SCHNABEL** asked how the Borough could address the need for an ice machine. **LAPP** stated he thought that one of the issues was also that there wasn't enough storage for the ice. It was suggested that the cost of maintenance on an ice machine be carefully studied. **LENDE** suggested leasing an ice machine on a barge placed at the Port Chilkoot Dock. There was one there several years ago.

19. ASSEMBLY MEMBER COMMENTS: (cont.)

A. SCHNABEL (cont.)

The Commerce Committee will discuss the matter with staff support by Robert **VENABLES**.

Robert **VENABLES** reported that Wards Cove thinks the Excursion Inlet property may be in production, including the ice machine.

There are two other ice machines available and the Borough has applied for a grant from the S.E. Sustainable Salmon Fund. He felt the Borough should have enough ice for the fishing fleet.

B. SCHNABEL asked if the Assembly was going to re-affirm the letter the former Manager wrote about supporting the Chilkoot Indian Association (C.I.A.) in obtaining the tank farm dock and property as Lee **CLAYTON asked. **LENDE** said that the City allowed this letter of support to stand as it was told it stood no chance of getting the land over the C.I.A.**

If the Borough has any chance of getting the land, or part of it, they should look into it and decide whether or not it wants to try for it. The Borough and C.I.A. could work together. The Manager will look into the possibilities.

20. ADJOURNMENT

M/S OLERUD/LENDE Motion to adjourn.

Motion carried unanimously

The meeting was adjourned at 8:50 p.m.

ATTEST:

Mike Case, Borough Mayor

Susan V. Johnston, CMC, Borough Clerk

S E A L: