

**HAINES BOROUGH ASSEMBLY  
REGULAR MEETING MINUTES  
APRIL 1, 2003**

1. **CALL TO ORDER:** Mayor **CASE** called the meeting to order at 6:30 p.m. in the Assembly Chambers of the Municipal 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, Greg **GOODMAN**/Chief of Police and Robert **VENABLES**/Economic Development Director.

**Visitors Present:** Steve **WILLIAMS**/CVN, Doug **FINE**/KHNS, Don **TURNER**, Jr., Paul **NELSON**, Scott **CAREY**, John **FLORESKE**, Mike **ARMOUR**, Fred **GRAY**, Leonard **DUBBER**, Gary **KELLER**, Paul **NELSON** 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.

The Mayor made the following change to the Agenda:

Add: #11. Commerce Committee

**M/S LAPP/OLERUD** Motion to approve the amended agenda.

Motion carried unanimously.

- \* 5. **MINUTES OF PREVIOUS MEETINGS:** March 19, 2003
6. **AUDIENCE PARTICIPATION/APPEARANCE REQUESTS:** NONE
7. **MAYOR'S REPORT:** NONE

**8. PUBLIC HEARINGS:**

- A. ORDINANCE NO. 03-03-012  
(Third 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 Manager explained a memorandum in the packets from the Borough's attorneys which stated that as written, the City Code requires that an ordinance be adopted every year to retain or initiate differential tax zones. In other words, if not specifically retained by ordinance, the differential tax zones currently in effect are automatically dissolved and the property owners in the annexed areas are required to pay 100% of their property taxes instead of 80%.

The Mayor opened the public hearing at 6:44 p.m.

Don **TURNER** presented a petition from the property owners in the Lutak area along with a page from the original annexation petition referencing differential taxation. He stated that the City Council at the time made a promise to only tax at the 80% level and the Borough Assembly should not go back on that promise. He says only 7.5 acres of the area receive any services.

Gary **KELLER** said the only benefit he has seen since the annexation is a little snow plowing. He did not feel it was costing the Borough that much for services to the annexed areas.

Leonard **DUBBER** said his trailer park was partly in the 80% differential zone and partly in the 100% zone. He did not see any difference in services. He felt it should all be taxed equally.

Scott **CAREY** told the Assembly they were public servants and they should work for the public. He said consolidation wasn't supposed to raise taxes. He also stated that the people in Haines mistrust the state and local government - they should keep their word.

Paul **NELSON** asked the Manager to explain further about what this ordinance was supposed to accomplish. The Manager explained that if the Assembly did nothing, the differential tax zones go away according to the attorneys. If the ordinance was adopted as it stands, the differential tax zones go away. Mr. **NELSON** asked that the differential tax zones be retained.

**8. PUBLIC HEARINGS:** (cont.)

A. ORDINANCE NO. 03-03-012 (cont.)

Taxes in those areas have already increased and services have not. He stated that the Assembly should be sure they provide services if they are going to tax for them.

Hearing no further comment, the Mayor closed the hearing to the public.

M/S HARRELL/SCOTT Motion to bring the motion to adopt Ordinance No. 03-03-012 off the table from the 3/19 meeting.

Motion carried unanimously.

**SCHNABEL** felt the Assembly had the latitude to interpret the ordinance differently than the attorney. She wanted to show good faith with the annexation and the purposes for the annexation. She felt the differential tax zones were justified. She recommended a schedule of a gradual increase in the property taxes of 5% every year over four years to allow the property owners to plan for the tax increase. This would also allow the Borough an opportunity to schedule work in these areas to justify the increase.

The Mayor suggested defeating the ordinance, staying with the existing code this year and drafting new language next year. The Manager reminded him that if the current code language is retained, the differential tax zones are dissolved.

**SCHNABEL** suggested amending the ordinance, changing the word delete to retain, the result of which would retain the 80% tax differential.

M/S LENDE/LAPP Motion to amend Ordinance No. 03-03-012 by changing "delete" to "retain" and deleting all edits to existing code language.

Motion to amend carried unanimously.

The Manager gave a comparison scenario between himself - a property owner inside the old City Limits - with his neighbors and others who own property in the annexed areas. He explained that they all use the roads, benefit from the port facilities, have the use of planning and zoning for protection of their property values. They are all able to take advantage of the hazardous waste cleanup and community cleanup. They can all use the parks and the cemetery. Animal control is available to all at the same level.

**8. PUBLIC HEARINGS:** (cont.)

A. ORDINANCE NO. 03-03-012 (cont.)

They all have access to the administrative offices of the Borough, who pull all the services together and make sure they all work efficiently. When they call the police or ambulance, they get a response. They have the benefit of an excellent volunteer fire department and an excellent fire insurance rate because of that. His property taxes increased at the same time those of the annexed area did. They went up because of valuation increases. He explained that he doesn't see a substantial difference in the services he and his neighbors receive.

**LENDE** pointed out that the annexation petition states that the differential tax shall only be in place as long as the City was not able to provide full services. The Borough is able to provide the services. Some services are just not provided until they are needed.

The Manager pointed out that there is money in the new budget for improvements to some of the roads in the newly annexed areas that are sub-standard.

The Mayor pointed out that requiring all property owners in what was the City of Haines prior to consolidation to pay the same amount of tax is not the same as adding new taxes - it is achieving parity.

**HARRELL** stated that the differential tax was a "discount" from an already existing tax.

Motion to adopt failed with **LENDE, LAPP, OLERUD** and **HARRELL** opposed.

**9. REPORTS OF CITY OFFICERS/DEPARTMENT HEADS:**

A. Borough Manager

1) Lutak Dock Project

The contractors on the project are not changing their position on the cost over-runs. The Manager is trying to continue to negotiate rather than go to arbitration, which can be costly. Subject to Assembly approval the Manager may have to negotiate for an increase of \$20,000 - \$40,000 in order to get the project completed. At that, there may have to be changes to the remaining contract to stay within a realistic budget.

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

A. Borough Manager (cont.)

2) Boat Harbor Expansion Project

The Manager has asked the Economic Development Director to take an active role in this project. He is looking for funding sources. Senator **STEVENS** recently wrote a letter of support for the project.

3) Legislative Report

The Consolidation Transition money is still in the State budget. There is the possibility of legislation for land allocation to new boroughs. The new Haines Borough could benefit from this. Governor **MURKOWSKI** supports putting public land into private hands. Bill **THOMAS** continues to lobby in Juneau for these and other Borough interests.

4) FY 03/04 Budget

The Manager distributed FY 03/04 budget books to the Assembly. He explained that the format is very different than ever seen before, so comparisons with past years will be difficult. He stated that the Borough is in strong financial shape with significant reserve balances. Staff have been conservative in their spending. He explained some of the changes. During this year of transition, there will be minimal disruptions in staffing. There will be significant revenue declines, especially in Ports. He said he was looking forward to working with the Assembly on finalizing the budget.

\*B. Borough Clerk

- \*1) Application for Sales Tax Exemption Certificate  
AWARE, Inc.

C. Borough CFO - NONE

D. Economic Development

- 1) Fisheries  
2) Southeast Conference

Economic Development Director Robert **VENABLES** reported on his recent attendance at the Southeast Conference mid-session summit. Subjects discussed were solid waste and household hazardous waste collection among others.

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

- D. Economic Development (cont.)  
1) Fisheries

One of the subjects discussed by the Fisheries Committee at Southeast Conference was HB 90, which will give fish processors a 50% tax credit for equipment purchased for processing fish. This could benefit the local Haines processors. Representatives from the Haines fisheries group are meeting with the Governor.

- 2) Southeast Conference

**VENABLES** is working with members of DCED Commissioner **BLATCHFORD'S** staff on possible project funding for fisheries-impacted communities.

The Transportation Committee discussed ferry and road projects in Southeast. Included was the Borough Assembly's request for the addition to the Juneau Access EIS of a Haines-Skagway road link. The STIP was also discussed and S.E. Conference will work on seeing that projects remain in their place on the State's priority list, instead of getting "bumped down" year after year.

Other subjects discussed were the Southeast Alaska Trails system, the electrical intertie project and Gustavus' attempt to be incorporated as a second-class city.

- 3) Funding Summit

S.E. Conference and Tlingit Haida Tribes of Alaska are holding a "Funding Summit" for small communities. **VENABLES** will be able to meet face-to-face with funding agencies for the community's top priority project.

- 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: NONE**

**11. REPORTS OF STANDING COMMITTEES/COMMISSIONS:**

A. Commerce

The Commerce Committee met and discussed community development project priorities. The Economic Development Director suggested the Assembly make an ice machine in the new boat harbor its number one priority. It could be kept at Letnikof temporarily until the new harbor is built.

M/S OLERUD/LENDE Motion to make an ice machine the Borough's #1 Economic Development Priority.

Motion carried unanimously.

**12. REPORTS OF SPECIAL COMMITTEES: NONE**

**13. CONSIDERATION OF RESOLUTIONS, PETITIONS AND MEMORIALS:**

A. RESOLUTION NO. 03-04-019

A RESOLUTION OF THE BOROUGH ASSEMBLY OF THE HAINES BOROUGH, ALASKA, FOR THE SIGNING OF CHECKS FOR THE POLICE IMPREST BANK ACCOUNT.

M/S OLERUD/LENDE Motion to adopt Resolution 03-04-019.

Motion carried unanimously on a roll call vote.

**14. CONSIDERATION OF ORDINANCES PROPOSED FOR INTRODUCTION:  
NONE**

**15. CORRESPONDENCE: NONE**

**16. OLD BUSINESS:**

A. Borough Manager Hire - Executive Session

M/S OLERUD/SCOTT Motion to go into executive session to discuss the employment agreement for the new Borough Manager.

Motion carried unanimously.

MOVED INTO EXECUTIVE SESSION: 7:50 p.m.

RECONVENED FROM EXECUTIVE SESSION: 8:55 p.m.

**17. NEW BUSINESS:**

- A. CCWSS - The Manager stated that he is preparing a response to the CCWSS' statements by April 14<sup>th</sup>. He will represent the Borough's interests to the best of his ability. He would like to work with CCWSS to come up with a creative remedy to their financial problems.
- B. ATTORNEYS - **SCHNABEL** asked how the Borough came to decide on Simpson, Tillinghast, et.al. as its attorneys. The Manager will check on how this came about.

**18. SET COMMITTEE MEETING DATES:**

**19. ASSEMBLY MEMBER COMMENTS:**

- A. Assembly Member **SCOTT** pointed out that Dale **MULFORD** is applying for a 25-foot right-of-way for his trail up the mountain. She wondered why it was changed from eight feet. It was explained that the 25-foot R.O.W. was likely to accommodate an eight-foot trail and shoulders, plus an area for clearing to take place.
- B. Assembly Member **SCHNABEL** asked how long Vince **HANSEN** intended to work. **HANSEN** said until the end of April.
- C. Assembly Member **LENDE** stated that there would be a group coming to the Assembly about a skateboard park. He hoped the Assembly could help them.
- D. Mayor **CASE** stated that he does not yet have a schedule for his wife's radiation treatments. He will have to be gone for awhile and will keep the Assembly informed as soon as he knows their schedule.

**20. ADJOURNMENT**

M/S OLERUD/LENDE Motion to adjourn.

Motion carried unanimously

The meeting was adjourned at 9:15 p.m.

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Mike Case, Borough Mayor

ATTEST:

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Susan V. Johnston, CMC, Borough Clerk

S E A L: