

  
**Haines Borough**  
**Borough Assembly Meeting #129**  
**March 11, 2008**  
**MINUTES**

**Approved**

1. **CALL TO ORDER/PLEDGE TO THE FLAG** Mayor **SHIELDS** called the meeting to order at 6:30 p.m. in the Haines Borough Public Library Community Room and led the pledge to the flag.

**ASSEMBLY ROLL CALL** Present: Mayor Fred **SHIELDS** and Assembly Members Jerry **LAPP**, Doug **OLERUD**, Pete **LAPHAM**, Deborah **VOGT**, Steve **VICK**, and Norm **SMITH**.

**Borough Staff Present:** Robert **VENABLES**/Borough Manager, Julie **COZZI**/Borough Clerk, Dan **COLEMAN**/Library Director, Stephanie **SCOTT**/ ETF Staff Support, and Debra **SCHNABEL**/Project Clerk.

**SCHOOL BOARD ROLL CALL** Present: Chairman Carol **KELLY** and members Mike **CASE**, Judy **EREKSON**, Brian **CLAY**, Daymond **HOFFMAN**, Sarah **SWINTON**, and Gary **STIGEN**, and JJ **LENDE**/student member.

**School District Staff Present:** Michael **BYERS**/School Superintendent, Ashley **SAGE**/Administrative Assistant, Ray **CHAPIN**/Assistant Principal and Activities Director, and Ann Marie **FOSSMAN**.

**Visitors Present:** Jessica **EDWARDS**/CVN, Heather **LENDE**, Brian **LEMCKE**, Mike **DENKER**, Madeleine **SHIELDS**, Melissa **ARONSON**, Donnie **TURNER**, Leonard **DUBBER**, Judy **EWALD**, Dan **GONCE**, Greg **STUCKEY**, Kathy and Stan **JONES**, and others.

3. **JOINT MEETING WITH THE HAINES BOROUGH SCHOOL BOARD**
  - A. **FY09 Budget**

Mayor **SHIELDS** gave an opening statement concerning the importance of school district funding. He announced that the federal secure schools funding (nearly \$500,000) may not be coming to the borough this year, so the budget may be tighter. There are efforts underway in Congress to restore the funding later.

**KELLY** asked if the entire shortfall will be taken from the school budget. **SHIELDS** said that one-half may be, and he reminded the school board that the school district will be benefiting more from state funding this year. **KELLY** asked about revenue sharing. **SHIELDS** said there is a legislative bill that provides for revenue sharing to continue every year for at least 3 years. **VENABLES** said that it should equate to about \$380,000 per year for Haines. He also noted that Representative Thomas is working to restore Haines to the same amount as the previous revenue sharing formula. "We were inadvertently penalized when the two governments

consolidated." **SHIELDS** added that the State encourages consolidation so the Haines Borough shouldn't be penalized for doing it. He commented that the State is clearly benefiting from the current oil prices of over \$100 per barrel. He said another looming problem for Alaska communities continues to be the PERS/TRS issue; it is \$5 billion and growing.

**B. Six-Year CIP and Capital Improvement Needs**

**BYERS** noted several needs including...

**Utilidor:** It is an underground utility corridor (tunnel) that contains wiring and plumbing, and the lighting is no longer working. The plumbing is corroded and the wiring is as old as the building. It collects water and the sump pumps that used to be automatic ceased to work last summer. The utilidor filled up with water and created humidity and steam causing the gym floor to buckle. The cost estimate is \$150K or more.

**Septic system and playground equipment at Mosquito Lake School:** Both are as old as the school building. The septic system has been backing up. The playground equipment is coming apart.

**Post-school construction adjustments and repairs:** He has been maintaining a list of things that are needed or would be nice for the students, including an outdoor basketball court.

**SHIELDS** said he has been eager to have the high school gymnasium acoustics fixed, and the borough is working on it. He added that acoustic material in the new cafeteria would also be good. **BYERS** said that those two items are on his list as well.

**SCHNABEL** explained the written school project financial report before the assembly and school board members. She said the report includes a list of capital improvement items that were subtracted from the school construction project and will only be completed if additional funds are made available. She announced that Dawson Construction has informed the borough that there are residual funds amounting to at least \$500,000 but less than a million dollars. Some of the items to be funded with the residual funds include the utilidor work and the high school gym upgrade. **SHIELDS** said the traditional construction method is design-bid-build, but the borough used the GC-CM method and has done very well with it. He thanked **LEMCKE** for his excellent project management work. **VENABLES** noted that the Juneau school project is over budget and late. He spoke

with Pete Dawson who gave good marks for everyone on the Haines school project team, especially the local workers. Dawson said that the owner management has been "simply exceptional." **SHIELDS** asked **LEMCKE** to come forward and presented him with a key to the Haines Borough. He received a standing ovation. **LEMCKE** stated emphatically that it was truly a team effort.

**STIGEN** asked about the swimming pool sliding door on the report. **SCHNABEL** explained that the pool door became an issue when the retaining wall was built, so it's a part of the school project for that reason. **STIGEN** asked how the Dawson add-in decisions were made. **LEMCKE** explained that during the many Oversight & Planning Committee meetings various items were discussed and prioritized. Also, the utilidor situation came to light at the same time the borough got the good news about residual Dawson funds. **SCHNABEL** commented that the decisions are fluid since the borough doesn't yet know the final amount that Dawson will return. The items on the report are simply recommended by borough management, **LEMCKE**, and **BYER**, and the amounts are the best estimates available before going through the formal process with Dawson. **VENABLES** said that Representative Thomas incorporated pool repairs into the school monies proposed in the State's FY09 budget.

**KELLY** announced that the school grand opening is scheduled for Saturday, August 23<sup>rd</sup>.

#### **C. Secure Schools and Other Legislative Issues**

This topic was covered during Agenda Item A.

#### **D. Other Matters of Mutual Concern**

##### **1. Wood Heat Feasibility**

**SHIELDS** said the preliminary numbers show that it would benefit the borough to heat with wood. It would take an estimated 500-700 cords of wood a year to heat the schools and other public buildings. The current thought is that perhaps a couple of auxiliary boilers could be installed in the school. There was no objection, so the allocated money will continue to be spent on this. **KELLY** said she is skeptical and wants to see more study. **SHIELDS** said the next step is engineering, and it will have more study. **KELLY** said that the possibility of power cost equalization for schools is being discussed in Juneau. **BYERS** said legislative researchers have recently contacted him for energy consumption information, so something is definitely going on.

#### **E. Adjournment of Joint Meeting - 7:20pm**

**4. APPROVAL OF ASSEMBLY AGENDA & CONSENT AGENDA**

The following changes to the Consent agenda were requested:

- Add Item 10B: Assembly Medical Insurance.
- Add Item 11D: Planning Commission Appointment Reconsideration.

**Motion** by **LAPP**: Approve the Agenda/Consent Agenda as amended. It was seconded by **OLERUD**. The motion carried unanimously.

**\*4. APPROVAL OF MINUTES - 2/26/08 Regular**

**5. PUBLIC COMMENTS**

**SCOTT** spoke concerning the Energy Task Force report. She said all of the findings in the report have been carefully researched. (She read from a prepared written statement that is a part of the meeting packet record.)

**FOSSMAN** spoke on behalf of the boy's basketball team who has made it to the state championship level in Anchorage. **SHIELDS** said that the borough will contribute \$1,000 to help the team travel there.

**CHAPIN** thanked the community and the assembly for the continued support of the school activities.

**DUBBER** said he was a member of the Energy Task Force and was not in favor of a lot of the superfluous items that made their way into the report. He does believe that energy will not drop below the triple digits and diversifying the borough's energy sources is important. He believes this task force was allowed to cover too much, and it didn't focus enough on the task at hand.

**6. MAYOR'S COMMENTS/REPORT**

**SHIELDS** noted that he made his comments earlier in the meeting.

**7. PUBLIC HEARINGS**

**A. Ordinance 08-01-175 - fourth hearing**

**An ordinance of the Haines Borough scheduling a land sale of borough-owned real property, identifying property to be sold, and establishing the method of sale.**

The mayor opened the public hearing at 7:38pm.

**DUBBER** said if there is a buyer willing to take the former primary school building and fix it up, it should be sold. If the borough has a definite use for it, that's one thing, but just to hold on to it to keep it out of private hands makes no sense to him. The old A&P building collapse is a clear example of what can happen to unused and unheated buildings.

Hearing no further comments, the mayor closed the public hearing at 7:39pm.

**Motion** by **LAPHAM**: Adopt Ordinance 08-01-175. It was seconded by **LAPP**.

**Motion** by **VOGT**: Amend the ordinance to remove the primary school parcels. It was seconded by **VICK**.

**VICK** said he would like the primary schools to be included in discussions about what to do with the elementary school building. **LAPP** said the general public felt that it was okay to buy the Schafer property because the other property would be put up for sale. He does not see any harm in putting it out to bid. He agreed with **DUBBER** that it should not be held onto until it falls down. **LAPHAM** said we have a nice new school, and one reason is because the old buildings were determined to be irreparable. **VOGT** said she cannot see any harm in first developing a plan. **SMITH** said he originally thought it should be sold, but after mulling it over is not sure it should be. The planning commission recommended that it not be sold and that should be given credence. It needs to be looked at in a big picture. He believes it would be a short-term gain for the borough to sell the property. In the future, an expansion of the school campus may be needed. **VICK** said Haines is the fastest growing community in Southeast Alaska, and that makes it important to plan for growth. **SMITH** said if the borough is going to sell something, it should be the Human Resource Building, and the Chilkat Center should be improved. The Main Street property values are not going to go down. **OLERUD** said he has no intention of bidding on the property.

The amendment motion carried 4-3 with **LAPP**, **LAPHAM**, **OLERUD** opposed and the mayor breaking the tie.

The main motion, as amended, carried unanimously.

**VENABLES** said he will proceed to demolish the Primary School Building unless directed otherwise by the Assembly. **VOGT** said she would like an assessment of the borough functions and looking at where they should be. **SHIELDS** said it should not go into limbo and a plan should be forthcoming soon. If no plan is forthcoming, the primary school property should be sold. **VOGT** said a plan like that will not happen without staff help. There needs to be manpower and/or an RFP. She suggested that the manager investigate how to develop a master plan for the downtown corridor. Right now, the Comprehensive Plan is under review, and there is no downtown chapter. **OLERUD** said he believes it is insane to put borough offices or schools on Main Street. Using prime real estate for government offices or schools or parks is ridiculous. There is other development that could take place there that would generate a lot more revenue for the borough in sales

tax. **SMITH** said it is not his intention to retain the property for school use. He doesn't want the buildings; they should be demolished. **OLERUD** said there are people interested in buying the property with the building. All the borough is doing is taking money from the state or its own pockets to demolish the building. That money could be use to fix up the Chilkat Center and then the primary school property could be put on the tax rolls. **VICK** said he is interested in looking into the idea of consolidating government functions into a single space.

**B. Ordinance 08-02-176 - second hearing**

**An ordinance of the Haines Borough amending Title 7 to clarify that when a service area has an insufficient or inactive board the borough assembly will function in that capacity. Additionally, this ordinance clarifies the service area board appointment process.**

The mayor opened and closed the public hearing at 8:00pm; there were no public comments.

**Motion by LAPP:** Adopt Ordinance 08-02-176. It was seconded by **VOGT**. The motion carried unanimously.

**C. Ordinance 08-02-177 - first hearing**

**An ordinance of the Haines Borough amending Title 18 to remove the outdated requirement for final subdivision plats to contain a septic system statement.**

The mayor opened and closed the public hearing at 8:01pm; there were no public comments.

**Motion by VICK:** Advance Ordinance 08-02-177 to a second public hearing during the next assembly meeting. It was seconded by **VOGT**. The motion carried unanimously.

**D. Ordinance 08-02-178 - first hearing**

**An ordinance of the Haines Borough amending the official zoning map to change two parcels of property to a multiple residential zone.**

The mayor opened and closed the public hearing at 8:02pm; there were no public comments.

**Motion by LAPHAM:** Advance Ordinance 08-02-178 to a second public hearing during the next assembly meeting. It was seconded by **LAPP**.

**OLERUD** expressed concern that this would take up to 40 acres out of the commercial and light industrial areas. He will be voting against this unless there will be some alternate area that will become commercial or light industrial. **SMITH** is concerned with the lack of information concerning the number of units that will be hooked up to the borough's sewer system and the size of lots and the type of housing. **VOGT**

said the planning commission's consensus was that there would still be enough remaining commercial/light industrial zoning. **LAPHAM** asked if it would be necessary to rezone both parcels. **VENABLES** said the original application asked for the entire area to be rezoned. Staff worked with them to scale it down to maintain some commercial/light industrial area for future growth. **OLERUD** said after houses are built, there will likely be complaints about the gravel pit and the sawmill. He does not believe it is in the best interest of the borough to do this.

The motion carried 4-2 with **OLERUD** and **LAPP** opposed.

The mayor asked the manager to provide more information about the proposed subdivision before the public hearing.

## **8. STAFF REPORTS**

### **A. Borough Manager**

The manager summarized his written report that included the following topics:

- **FY09 Budget Process**
- **Road Paving Projects**
- **Legislative Update**

**VOGT** asked if the entire PND road paving report could be sent to the planning commission, and **VENABLES** agreed. **OLERUD** wants the bids to go out as soon as possible so that the work gets done before the fall. **VENABLES** said that each road paving estimate includes sidewalks, so if those are not done, the price will go down.

- \* **B. Borough Clerk**
- \* **C. Chief Fiscal Officer**
- \* **D. Chief of Police**
- \* **E. Museum**
- \* **F. Library**
- \* **G. Chilkat Center**

## **9. COMMITTEE/COMMISSION/BOARD REPORTS**

- A. Commerce Committee**
- B. Finance & Budget**
- C. Personnel**
- D. Government Affairs & Services**
- \* **E. Planning Commission**
- \* **F. School Board**
- \* **G. Chilkat Center Advisory Board**
- \* **H. Parks & Recreation Advisory Board**
- \* **I. Tourism Advisory Board**
- \* **J. Boat Harbor Advisory Committee**
- \* **K. Public Safety Commission**
- \* **L. Waterfront Improvement Committee**

## **10. OLD BUSINESS**

### **A. Permanent Fund Investments**

**VOGT** said she is frustrated with the slow progress and believes the permanent fund investment strategy needs to change ASAP. **VENABLES** said he called Smith Barney as instructed, and they have up to 70% equities in some of their portfolios. **VOGT** said the permanent fund needs attention more quickly than the schedule that has been set out by staff. **SMITH** asked what the hold up is. **OLERUD** said he is not in as much a hurry as **SMITH** and **VOGT** are. He disagrees that the borough should invest more in equities just because they earn more. "We have had a little over 25 years of very good performance in the stock market. If we want to be good stewards of the public's money, we should not be investing in the stock market as much." **VICK** reminded the assembly of the importance, per Bob Storer, of the borough having an asset allocation with benchmarks, and picking a strategy and staying with it. **SHIELDS** said he was considering an ordinance to put a lot of the permanent fund into gold and silver. He noted that Fannie Mae and Freddie Mac are GSEs and, therefore, have backing while there is no backing for equities. **VOGT** believes that staff should provide the assembly with a draft investment policy and shouldn't take two months to do it. **SHIELDS** asked **VOGT** what she sees as the urgency. **VOGT** said she doesn't like the borough's very lopsided investments. **VENABLES** said that staff is in the throes of putting together the FY09 budget. **VOGT** said the assembly already updated the code and staff needs to implement the laws. **VENABLES** said that he will do the best he can to accelerate it and get something for the assembly's consideration. **LAPP** agreed that the budget needs to take priority. He asked that the manager get them the most recent Alaska Capital Management report.

### **B. Assembly Medical Insurance**

**SHIELDS** explained the issue is finding out after the fact that the insurance for the assembly is mandatory. **SMITH** said the outward appearance to the public is not good. When the insurance was voted on, there were no details provided. He expressed great dismay and resentment and said he shouldn't be required to accept medical insurance; he doesn't want to participate. The assembly should have the option to be insured. **VOGT** agreed with much of what **SMITH** said. The ordinance adopted said an assembly member "may" be a part of the insurance. The borough has been given confusing information. It is ludicrous that the borough should pay \$10,000 a year for something she doesn't need and doesn't want. **LAPHAM** said he voted for it

because he understands that people need it even though he doesn't need it or want it himself. He doesn't know how to get out of it. **OLERUD** said the insurance paperwork received by the borough did not reflect what the union representative told the borough. The manager and the mayor will have a conversation with the union and convey the assembly's opinion. **SMITH** reiterated that he is not going to stand for being forced to take the insurance.

## **11. NEW BUSINESS**

### **A. Resolutions - None**

### **B. Ordinances for Introduction**

#### **1. Ordinance 08-03-179**

**An ordinance of the Haines Borough placing on the October 7, 2008 Election ballot the question of exemption from the Alaska Public Official Financial Disclosure Law (AS 39.50).**

**Motion** by **LAPHAM**: Introduce Ordinance 08-03-179 and set a first public hearing for the next assembly meeting. It was seconded by **LAPP**.

**VOGT** said the public deserves to know where officials get their money and who they have financial ties with. She is not going to oppose the ordinance but would like the assembly to consider perhaps a mini disclosure at the borough level.

The motion carried unanimously.

#### **2. Ordinance 08-03-180**

**An ordinance of the Haines Borough amending Title 12 Chapter 12.08 and Title 18 Section 18.100.075 to establish road standards.**

**Motion** by **LAPP**: Introduce Ordinance 08-03-180 and set a first public hearing for the next assembly meeting. It was seconded by **LAPHAM**.

**LAPHAM** pointed out a few issues he is concerned about in the recommendations. He agreed to get together with the manager to discuss them and prepare potential amendments to bring to the next meeting. The mayor encouraged others to bring their issues and questions to the manager.

The motion carried unanimously.

### **C. Other New Business**

#### **1. Energy Task Force Report**

**DENKER** explain that it has been a year of work for the Energy Task Force (ETF). They studied the issue and found that credible sources suggest that the borough should have something in the mix. The market is

adjusting to new realities and there is a lot of conflicting information. He gave an overview of the written report. **DENKER** also presented a \$513 donation to the borough by Kroschel Films to use as seed money for starting an alternative energy fund as recommended by the ETF.

**VOGT** expressed appreciation to **DENKER** for all of his work. She encouraged the borough to apply for grant money to study available alternative energy options. **SMITH** provided the assembly members with copies of an article on converting tides into electricity titled "Turning Water into Watts." He believes this could solve the borough's energy problems and even provide extra power to sell. **VICK** commended the ETF on a good report and a lot of work. **DENKER** said it will be a "wobble forward" because there are no clear solutions, and it will be a transitional process. **OLERUD** recognized the work the ETF did, but he expressed disappointment with the report and the recommendations. He saw a report full of warnings, doom and gloom and a recommendation for more government. He said he has received comments from citizens that are very disappointed in the tone of the report and the recommendation to add more government. **DENKER** said he has also had people come up to him to say the same thing. The ETF believes that the current entities have too much already on their plates, so a separate commission would be appropriate. A centralized group could be tasked to go out into the community and to disseminate information. They could give out information, as well. He said he stands by the ETF's recommendations.

#### **D. Planning Commission Appointment Reconsideration**

**Motion** by **VICK**: Reconsider the February 26, 2008 motion to confirm Greg Brask's appointment to the Planning Commission. It was seconded by **VOGT**.

The motion to reconsider carried unanimously and put the original confirmation motion on the table.

**Motion** by **LAPP**: Table the appointment confirmation of Greg Brask (*essentially killing that motion*), and advertise the Planning Commission vacancy for a minimum of two weeks. It was seconded by **VICK**. The motion carried unanimously.

#### **12. SET COMMITTEE MEETING DATES**

The Waterfront Improvement Committee and the Tourism Advisory Board will meet jointly on Friday, March 14<sup>th</sup> at 2:00pm in the assembly chambers.

The March 25<sup>th</sup> assembly meeting is cancelled. The manager, mayor, and **SMITH** will be attending the Southeast Conference Mid-Session Summit in Juneau.

**LAPHAM** said he will be absent during the April 8<sup>th</sup> meeting and asked to be excused.

**13. PUBLIC COMMENTS**

S. **JONES** complained about the harassment he believes he is receiving from the Haines Animal Rescue Kennel.

**DUBBER** said the Denali Commission is supporting a turbine in the Yukon. **SHIELDS** said the borough will be turning up efforts to get grant funding for alternative energy. **DENKER** thanked **DUBBER** for attending the Alaska Wood Energy Conference in Fairbanks in the fall of 2007.

**14. ANNOUNCEMENTS/ASSEMBLY COMMENTS**

**SMITH** encouraged people to not be afraid to report if they see someone cutting trees down around a watershed or dumping garbage.

**OLERUD** was in Juneau for the Region 5 Tournament and said all of the Haines students did an amazing job. The team, the cheerleaders, and the dance squad were great. The students, parents, and teachers represented the community very well. He announced that the basketball team is raising funds to travel to the state tournament.

**VICK** invited the assembly to an April 19<sup>th</sup> community swim meet called the "Cannonball". He said there will be different teams, and he is hoping the assembly will form one. The purpose of the swim is for fun and fundraising.

**15. ADJOURNMENT - 9:38pm**

**Motion** by **OLERUD**: Adjourn the meeting. It was seconded by **LAPP**. The motion carried unanimously.

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Fred Shields, Mayor

ATTEST:

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Julie Cozzi, Borough Clerk