


Haines Borough
Borough Assembly Meeting #138
August 12, 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 Assembly Chambers and led the pledge to the flag.
2. ROLL CALL **Present:** Mayor Fred **SHIELDS** and Assembly Members Doug **OLERUD**, Norm **SMITH**, Pete **LAPHAM**, Deborah **VOGT**, and Steve **VICK**. **Absent:** Jerry **LAPP** (excused)

Motion by **LAPHAM**: Excuse **LAPP** from this meeting. It was seconded by **SMITH**. The motion carried unanimously.

Staff Present: Bob **WARD**/Interim Manager, Julie **COZZI**/Borough Clerk, and Jila **STUART**/Chief Fiscal Officer.

Visitors Present: Diana **BORO/KHNS**, Jessica **EDWARDS**/CVN, Ed **NELSON**, Doris **PECK**, Stan and Jackie **MAZEIKAS**, Fred **GRAY**, Sarah **VIRG-IN**, Shori **LONG**, Sarah **LONG**, Dayton **LONG**, Mike **CASE**, Tom and Mary Anne **O'BRYANT**, Dan and Janet **HARRINGTON**, Stephanie **SCOTT**, Gregg **JOHNSON**, Rob **GOLDBERG**, Jane **WEAGANT**, Don **TURNER** Jr., Donnie **TURNER**, Roger **SCHNABEL**, Lee **HEINMILLER**, Greg **STUCKEY**, Karen **HESS**, and others.

3. APPROVAL OF AGENDA & CONSENT AGENDA

Remove New Business Item 11C5 - Temsco (**SHIELDS**)

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

- *4. APPROVAL OF MINUTES - 7/22 Regular

5. PUBLIC COMMENTS

GOLDBERG read a lengthy statement regarding the fuel sales tax exemption initiative. He understands the sponsors' frustration but believes this effort is misguided and even amounts to extortion. He noted that the borough is also dealing with higher fuel costs and, at the same time, trying to continue providing services that the people clearly want. He stated that "we all are *the Borough*. If you have kids in school, or think that educating our kids is important to the future of our society, then you are the Borough. If you drive on the roads and like to have snow removal in the winter, you are the Borough. If you use the library, museum, or harbor you are the Borough. If you think that having police, fire and ambulance service is important, you are the Borough. If you live in town, every time you take a shower or flush your toilet you are using a service that the Borough is providing for you. All of these services cost money." He expressed concern that passage

of this ballot measure would cost the Borough about \$500,000, about one twelfth of the budget, and wondered where cuts would be made. He noted that the legislature is going to give all residents extra money this year to offset the higher fuel costs. He publicly requested that the sponsors remove the initiative from the ballot.

CASE said he recently discovered that the borough attorney also represents Skagway. It doesn't make good sense to him for the same attorney to represent these two neighboring communities, especially concerning the sales tax issue. He suggested that the assembly should start looking for a different attorney. **SHIELDS** agreed that if there is conflict with Skagway it would be inappropriate for Bob Blasco to represent the borough. He assured that there are other attorneys that could be contracted with for special situations.

6. MAYOR'S COMMENTS/REPORT

SHIELDS reported that he recently visited Excursion Inlet along with the borough attorney, borough assessor, and Assembly Member **VOGT**. This trip helped them better understand some of the survey issues.

Several people representing the Rasmuson Foundation and the Denali Commission recently visited Haines. Several projects and facilities have benefited from the generosity of these organizations including the boat harbor project, ANB Hall, Library, School, and the Community Foundation. The mayor and the manager attended a reception at the Haines Borough Library followed by a trip to Skagway to the groundbreaking ceremony for their new health clinic. While in Skagway, the manager and he met with the Skagway mayor and manager regarding sales tax issues. They also met with Temsco representatives.

7. PUBLIC HEARINGS

A. Board of Equalization

Mt. Riley Electrification LID

Two written appeals were received by the deadline: Roger and Nancy Schnabel, and Doris Peck. The mayor convened the Board of Equalization at 6:47pm.

The Clerk administered the oath to the assembly members, and they were seated as members of the Board of Equalization.

SHIELDS said **WARD** believes he may be able to make it more equitable by dealing directly with **SCHNABEL** after the BOE. Any adjustment to his amount could be added to the borough's portion. **OLERUD** supported the idea of adjusting this so that it is more in line with what **SCHNABEL** would have paid on his

own. **VOGT** said the assembly addressed this and decided to use a front footage assessment method, although she agreed that it seems inequitable. **WARD** said it's unusual in an LID process to have the support of all property owners but one, so there is no point in scrapping the process. The BOE can reserve the right to negotiate with **SCHNABEL** after the fact. **SCHNABEL** said he feels uncomfortable because it appears that he would be singled out for special accommodation. He believes there is an obvious inequity, and it's important for the BOE to make sure it is fair for all.

Motion by **SMITH**: Work with **SCHNABEL** to equitably adjust his assessment. It was seconded by **OLERUD**.

VOGT asked **SCHNABEL** what method he believes would be fair. **SCHNABEL** said he doesn't feel comfortable speaking for the other property owners. **OLERUD** said if **SCHNABEL** has an AP&T quote, his assessment should be adjusted to that amount. **SHIELDS** said, of the methods considered by the assembly, one plan was per lot, one was distance from the beginning, and one was frontage length. **VICK** said if the assembly changes the method for **SCHNABEL**, it should change for all. **TURNER** said **SCHNABEL** has a large parcel of property directly behind the 3 acres of frontage land that could benefit from power in the future. The AP&T quote that **SCHNABEL** got was to bring power only to the edge of his property but not along the full frontage.

The motion failed 3-2 with **VICK** and **VOGT**.

VICK reiterated that any solution must be equitable to everyone involved in the LID. To adjust **SCHNABEL's** outside of the formula and leave the others the same is not fair. **SMITH** disagreed and said the borough is the biggest entity in the LID and should be the one carrying the largest weight.

Motion by **SMITH**: Adjust **SCHNABEL's** assessment to the amount quoted by AP&T with the borough picking up the difference. It was seconded by **VICK**.

OLERUD said the frontage assessment method was equitable for everyone but **SCHNABEL**, and he supports the motion. **VOGT** agreed but said this situation was already examined when the assembly considered the LID ordinance. **STUART** read HBC 3.90.090 regarding the latitude available to the LID board of equalization.

The motion failed 3-2 with **VICK** and **VOGT**.

PECK withdrew her letter of appeal.

Motion by **OLERUD**: Continue the Board of Equalization to August 26, 2008. It was seconded by **VICK**. The motion carried unanimously.

The mayor adjourned the Board of Equalization at 7:22pm and reconvened the regular assembly session.

8. STAFF REPORTS

A. Borough Manager

In addition to the information in his written report, **WARD** said the furnace chimney at the Human Resources Building was damaged by snow during the previous winter. The preschool program will be back in there September 2nd, so the situation needs to be corrected right away. Quotes are being solicited. As reported by the mayor, he met with Temsco and other Skagway officials. The beginning of the meeting was highly charged, but some progress was made by meeting's end. Temsco will be preparing a proposal. In light of the fact that both the borough and Temsco seem willing to take the issue to court, **WARD** asked the assembly to consider a special meeting in executive session to discuss Temsco's proposal. He hopes this issue will be resolved before his departure on August 31st.

- ★ 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
 - a. Action Request - Purchase Fair Drive ROW from CIA

WARD believes the assembly is not ready to address this issue. The borough has been trying to ascertain through a graphic survey what the encroachment entails. The CIA does not believe that is necessary and has offered an easement price to resolve the situation. Purchasing the easement is an option, but the encroachment is not so significant that it precludes other options including even moving the road. He believes a graphic representation of the encroachment is important--even critical, and he recommended that it be a prerequisite. "When you look at the road, it looks like the road grew.

It's a matter of ungrrowing the road to get it off the CIA property." **LAPHAM** believes the road should be moved. **VOGT** asked if the borough knows enough without a survey to move the road. **WARD** believes so. **VICK** wondered if there is a significant cost difference between moving the road and purchasing the easement. **WARD** said the public works superintendent is in favor of moving the road. He will work with him to estimate the cost and will bring it to the assembly. The assembly agreed.

- * 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

Regarding the crosswalk issue along Haines Highway, **LAPHAM** suggested that flashing lights at the school crosswalk might be a solution to slow down traffic. **SMITH** suggested extending the school zone all the way to the Public Safety Building, and **SHIELDS** agreed. **VICK** noted that a lot of tourists cross the highway in the summer. **SHIELDS** said the manager is working on this issue and will bring more information to the next assembly meeting. **WARD** said he will bring the State on board with this and will also talk to them about extending the 25 mph zone on Main Street all the way to the Y.

VICK said the Police Chief had some great responses to the Public Safety Commission's annual report. He suggested that the assembly should officially task them with a Neighborhood Watch project.

Motion by **VICK**: Task the Public Safety Commission with researching and developing a Neighborhood Watch Program for Haines and present ideas to the assembly. It was seconded by **SMITH** for the sake of discussion.

OLERUD said Haines has a pretty effective "neighborhood watch" program already. **VICK** agreed with that, but added that he wanted the Public Safety Commission to have a constructive project to spend their time on.

The motion failed 3-2 with **OLERUD** and **LAPHAM** opposed.

- *L. Waterfront Improvement Committee

10. OLD BUSINESS

- A. Rezoning Ordinance 08-06-185

GOLDBERG said the planning commission thought this rezoning request was a good idea and unanimously approved it. The Chilkoot Indian Association does not want their residential area to abut an industrial area. He expressed hope that one of the assembly members would make a motion to reconsider the failed rezoning ordinance.

Motion by **SMITH**: Reconsider the motion to adopt Ordinance 08-06-185. It was seconded by **VICK**. The motion failed 3-2 with **OLERUD** and **LAPHAM** opposed.

HEINMILLER said it is apparent that the assembly does not understand the rezoning process and referenced HBC 18.70.060. If the assembly decides there is not enough zoning of a particular type, they can direct the planning commission to identify additional zoning in the general use zone. There is a demand for residential property in the community. The assembly should have made a suggestion rather than just vote it down. The planning commission believes the assembly is wasting its time. **GOLDBERG** agreed. **STUCKEY** said the planning commission was concerned about a *runaround subdivision*, and that is what will happen without the approval of this rezoning ordinance. **HEINMILLER** noted that residential homes cannot be built in light industrial zones. **LAPHAM** said he did not understand that fact before.

Motion to rescind by **VOGT**: Rescind the motion to reconsider. It was seconded by **SMITH**. The motion carried 4-1 with **OLERUD** opposed.

Motion to reconsider by **SMITH**: Reconsider the motion to adopt Ordinance 08-06-185. It was seconded by **VOGT**. The motion carried 4-1 with **OLERUD** opposed.

The motion to adopt Ordinance 08-06-185 carried 4-1 in a roll call vote with **OLERUD** opposed.

B. Tourism Advisory Board Request - Pavilion Property Purchase

SHIELDS spoke in support of purchasing the Lemcke property. **HESS** said for many years she has asked for restrooms at the dock as a great way to say "welcome to Haines." Grant funds for that project have been sitting for 3 years. **GOLDBERG** said "if you have a chance to buy Boardwalk, especially with someone else's money, do it." **JOHNSON**, representing the Tourism Advisory Board, said there is a possibility of losing the grant money unless the project is started this year. The board believes it would be advantageous to situate restrooms on the Lemcke property where utility connections already exist. They also suggest construction of a covered area on the dock side in addition to the restroom pavilion.

HARRINGTON suggested purchasing the adjoining Rettinger property instead.

Motion by **VOGT**: Ask the manager to negotiate a purchase of the Lemcke property. It was seconded by **SMITH** for the sake of discussion.

VOGT said perhaps there could also be some shop space that would bring in some rent revenue. There is cruise ship money that has to be spent on tourist-related subjects, and she believes this would be a good use of the funds. **WARD** agreed that there is probably value in the borough owning the property but locating restrooms on it is probably not the best use. "The street will become part of the staging area and you can kiss traffic movement goodbye." **SMITH** said if this parcel gets purchased for a quarter of a million, his taxes will go up. He believes the bathrooms belong on the dock. **VICK** agreed that restrooms are needed but shared the manager's concern about locating them across the street.

The motion failed 1-4 in a roll call vote with **OLERUD**, **VICK**, **LAPHAM**, and **SMITH** opposed.

HESS and **JOHNSON** both said the main goal is to have restrooms somewhere in the vicinity of the cruise ship dock.

11. NEW BUSINESS

A. Resolutions

1. Resolution 08-08-130

A resolution of the Haines Borough Assembly confirming the Mt. Riley Road Electrification Local Improvement District assessment roll.

Consideration of this resolution was delayed to the next meeting because the BOE was continued to August 26.

2. Resolution 08-08-131

A resolution of the Haines Borough Assembly establishing investment objectives for the Haines Permanent Fund, and adopting investment asset allocation goals and performance benchmarks.

Motion by **VOGT**: Adopt Resolution 08-08-131 with the following changes recommended by the Committee-of-the-Whole (changes are bolded & underlined):

WHEREAS, using these assumptions, the asset allocation adopted herein is expected to produce, over time, a median expected investment return of **2.53 percent** after inflation; and

WHEREAS, it is important to provide for measuring the investment manager(s) performance against appropriate benchmarks,

NOW, THEREFORE, BE IT RESOLVED by the Haines Borough Assembly that, the Assembly adopts the following assumptions, asset allocation and benchmarks for the Fund which will remain effective until modified by subsequent resolution:

Assumptions

Median Expected total Fund return:	<u>5.53%</u>
Standard Deviation of Returns:	<u>7.45%</u>
Inflation Assumption:	<u>3.00%</u>

Asset Allocation

	<u>Target</u>	<u>Operating Range</u>
Domestic Fixed Income	80%	75-85
Benchmark - Lehman Intermediate Gov/Credit Index		
Domestic Equities (Broad Market)	15%	
Benchmark - Standard & Poor's 500 Index		
International Equities (Developed Mkts)	5%	
Benchmark - Morgan Stanley Capital International ("MSCI") EAFE Index		
Total Equities	20%	15-25

The motion was seconded by **LAPHAM**. It carried unanimously in a roll call vote.

B. Ordinances for Introduction

1. Ordinance 08-08-186

An ordinance of the Haines Borough Assembly amending Title 8 to add a new chapter 8.18 titled: Secondhand Smoke Pollution Control.

Motion by **OLERUD**: Introduce Ordinance 08-08-186 and set a first public hearing for August 26, 2008. It was seconded by **SMITH**.

VOGT said she supports the concept but some of the text should be adjusted. She'll work with the clerk to prepare an amended ordinance for the next meeting.

The motion carried unanimously.

2. Ordinance 08-08-187

An ordinance of the Haines Borough Assembly providing for the addition or amendment of specific line items to the FY09 budget.

Motion by **SMITH**: Introduce Ordinance 08-08-187 and set a first public hearing for August 26, 2008. It was seconded by **LAPHAM**. The motion carried unanimously.

C. Other New Business

1. Energy & Sustainability Coordinator - Award Contract

Motion by **VICK**: Contract for one year with Stephanie Scott dba Outlier Productions to perform the duties of Energy & Sustainability Coordinator. It was seconded by **VOGT**.

Motion to Amend by **OLERUD**: Contract for one month at a time with an assembly review in 3 months. It was seconded by **LAPHAM**.

OLERUD said he wants more close oversight. **VICK** noted that the resolution requires a monthly report with a 6-month review. **VOGT** said the provisions in the resolution are adequate for the assembly to keep a close eye on this.

The amendment motion failed 3-2 with **VICK** and **VOGT** opposed.

Motion to Amend by **VOGT**: Request the manager develop a contract for award to Stephanie Scott. The amendment motion carried unanimously.

The main motion carried 4-1 in a roll call vote with **OLERUD** opposed.

2. School Project Change Orders #8 and #9

Motion by **VOGT**: Approve school project Change Orders 8 and 9. It was seconded by **VICK**. The motion carried unanimously in a roll call vote.

3. Fuel Tax Relief

OLERUD doesn't believe the assembly should address this issue in light of the legislature's recent action to provide relief funds to the citizens. **SMITH** noted that this amounts to about 3 million dollars in relief that will be given to residents of the borough. Regarding the finance committee's proposal to provide some relief, **VICK** asked how the \$90,000 in lost sales tax revenue would be absorbed. **WARD** said it would come proportionally out of the various funds and affect services. **VOGT** thanked **GOLDBERG** for his comments about the issue and agreed with him. **SMITH** said the petition sponsors were quoted on the radio as saying that the finance committee's recommendation isn't good enough to cause them to drop their ballot initiative effort. The borough cannot absorb a deficit going into the fall in spite of the sponsors believing that the borough is "rolling in dough." He believes the majority of taxpayers have requested the current level of services.

4. Delta Western Uplands Lease

WARD said this issue came up in connection with the harbor fuel dock lease. Delta Western would like to tie the fuel

dock lease in with the uplands lease that expires in early 2010. They are in the process of decommissioning their tank facility across from the post office and have suggested the assembly consider an exchange of the Lutak property for that property. **WARD** added that the notion of a land swap is an intriguing one and would get the borough out of the fuel business and provide additional boardwalk property in the vicinity of the cruise ship dock. **SMITH** said he likes the idea.

Motion by **SMITH**: Ask the manager to pursue the uplands lease property trade with the Haines Highway property. It was seconded by **LAPHAM**. It carried unanimously.

5. Temsco (removed during approval of the agenda)

6. Borough Manager Hire

Motion by **LAPHAM**: Offer the borough manager position to Tom Bolen. It was seconded by **SMITH**.

Motion to amend by **VOGT**: Negotiate an employment contract with Thomas Bolen for the borough manager position. It was seconded by **OLERUD**. The amendment motion carried unanimously.

VICK said it occurs to him that the assembly may be doing the community a disservice by not interviewing some of the other applicants who he believes are just as qualified as Bolen. He will not vote for this, not because he is opposed to Bolen, but because he believes that interviews should have taken place.

The main motion carried 4-1 in a roll call vote with **VICK** opposed.

12. SET COMMITTEE MEETING DATES

On 8/19/08 at 6:30pm, the assembly will have a Special Meeting conducted in Executive Session to discuss Temsco negotiations.

13. PUBLIC COMMENTS

GOLDBERG thanked **WARD** for filling in as Interim Borough Manager.

MAYNARD made some comments concerning the Energy & Sustainability Commission and Coordinator. He suggested that the commission should be tasked with finding new energy sources in addition to conservation efforts. The coordinator should be directed to look into hydro electric power as a means to offset the high energy rates. **SHIELDS** wholeheartedly agreed with the prospect of a hydro power facility supplying the community with cheaper electricity and added that Haines could be a model community. **STUCKEY** said the tribe is very interested in creating new hydro electric sources. He noted that AP&T is

currently under no obligation to purchase from other sources. **GOLDBERG** said if the state required net-metering, AP&T would have to purchase the power.

SCOTT thanked the assembly for awarding the energy coordinator contract to her. She guaranteed that the borough will get more than it pays for.

WEAGANT thanked the assembly for its willingness to introduce the secondhand smoke ordinance.

14. ANNOUNCEMENTS/ASSEMBLY COMMENTS

SMITH said he is encouraged by the Governor's press release regarding the ferry system and the increase in ridership.

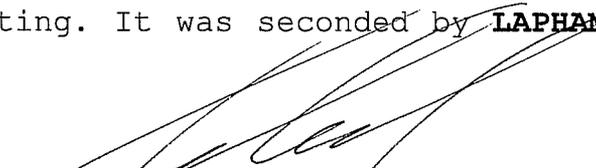
VOGT thanked the assembly for adopting the Permanent Fund investment strategies and acknowledged the staff's assistance.

15. ADJOURNMENT - 9:20pm

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

ATTEST:


Julie Cozzi, Borough Clerk


Fred Shields, Mayor



