

Haines Borough
Borough Assembly Meeting #166
November 10, 2009
MINUTES

Approved

1. **CALL TO ORDER/PLEDGE TO THE FLAG**: Mayor **HILL** 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 Janice **HILL**, Deputy Mayor Jerry **LAPP**, and Assembly Members Joanne **WATERMAN**, Gary **LIDHOLM**, Norman **SMITH**, Scott **ROSSMAN** and Steve **VICK**.

Staff Present: Bob **WARD**/Interim Borough Manager, Julie **COZZI**/Borough Clerk, Gary **LOWE**/Chief of Police, Debra **SCHNABEL**/Project Clerk, Jerrie **CLARKE**/Museum Director.

Visitors Present: Matt **HAWTHORNE**/CVN, Roger **MAYNARD**, Jim **STUDLEY**, Jack **WENNER**, Don **TURNER III**, Greg **STUCKEY**, and others.

3. **APPROVAL OF AGENDA & CONSENT AGENDA**

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

* 4. **APPROVAL OF MINUTES** – 10/27 Regular, 10/27 CANVASS, and 11/3 Special

5. **PUBLIC COMMENTS**

SCHNABEL spoke regarding the 11C6 New Business agenda item - CIA Cooperative Agreement. She owns a trailer park in Haines and has thought of her as a low-income housing development. This year, there have been so many requests for mobile homes for people to live in that she invested in three. She asked the assembly that, when they consider the CIA request regarding property tax exemption for their planned low-income housing, whatever criteria are established should be moved across the community. If the assembly is going to consider that low-income housing not be taxed, it should be afforded to others outside of the CIA HUD development.

6. **MAYOR'S COMMENTS**

Mayor **HILL** reported on her recent trip to Washington D.C. where she attended the presentation of the Haines Highway designation as a national scenic byway. She showed the plaque that was presented and said it will be on display at the Visitor Center. The newly-renovated small boat harbor will be dedicated on Saturday, 11/14. She encouraged attendance. Additionally, she will be attending the Alaska Municipal League Conference next week in Anchorage along with new assembly members Gary Lidholm and Joanne Waterman. She looks forward to introducing them.

7. **PUBLIC HEARINGS**

A. **Ordinance 09-10-218** – Second Hearing

An ordinance of the Haines Borough, providing for the addition or amendment of specific line items to the FY10 budget.

Mayor **HILL** opened and closed the public hearing at 6:39pm; there were no comments.

Motion by **LAPP**: Adopt Ordinance 09-10-218. It was seconded by **VICK**. The motion carried unanimously.

B. **ORDINANCE 09-11-219** – First Hearing

An Ordinance of the Haines Borough Assembly authorizing the Chief Fiscal Officer to accept a loan from the Alaska Drinking Water Fund.

Mayor **HILL** opened and closed the public hearing at 6:41pm; there were no comments.

Motion by **WATERMAN**: Advance Ordinance 09-10-219 to a second public hearing on December 8, 2009. It was seconded by **LAPP**. The motion carried unanimously.

It was noted that if the assembly decides later in the agenda to schedule a second meeting in November, the public hearing will occur on that date rather than December 8th.

8. STAFF REPORTS

A. Borough Manager

WARD summarized his written report including the following topics:

- ✓ Kathleen Drive Extension
- ✓ CIA/Tank Farm Legislation
- ✓ Delta Western Lease
- ✓ Goat Lake Hydro Lease
- ✓ Primary School Demolition
- ✓ Portage Cove Harbor Dedication
- ✓ Boat Harbor Expansion Master Plan
- ✓ ESC Coordinator Contract Extension

ROSSMAN suggested that the Commerce Committee should meet about the Delta Western Lease. **WARD** said that it will come to the Committee after the attorney has completed review and the draft lease is prepared.

- * 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 and Labor Relations
- 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
- * M. Energy & Sustainability Commission
- * N. Service Area Boards

10. **OLD BUSINESS** - None

11. **NEW BUSINESS**

A. Resolutions

1. Resolution 09-11-177

A resolution of the Haines Borough Assembly supporting the full funding and construction of the first "Alaska Class" Ferry and encouraging the Alaska Marine Highway System to home port the new Alaska Class Ferry in Haines.

Motion by **VICK**: Adopt Resolution 09-11-177. It was seconded by **WATERMAN**.

SMITH suggested that an additional *whereas* be included concerning the important connection between the Haines Highway and the Alaska Marine Highway since they are both national scenic byways. Everyone agreed. Staff will draft the text.

Motion by **WATERMAN**: Postpone the resolution to the next assembly meeting. It was seconded by **LAPP**. The motion carried unanimously.

- B. Ordinances for Introduction - None
- C. Other New Business

1. Advisory Board Appointments

HILL recommended the following board/commission/committee appointments:

Planning Commission

Lee Heinmiller - reappointment - term expires 11/12
Robert Venables - reappointment - term expires 11/12
Roger Maynard - new appointment - term expires 11/10
Pete Lapham - new appointment - term expires 11/11

Tourism Advisory Board

John Hunt - reappointment - term expires 11/12
Jeff Butcher - reappointment - term expires 11/12

Chilkat Center Advisory Board

Annette Smith - reappointment - term expires 11/12

Museum Board of Trustees

John Svenson - reappointment - term expires 11/12
Dave Pahl - new appointment - term expires 11/12

Boat Harbor Advisory Committee

Mike Mackowiak - reappointment - term expires 11/12
Jim Studley - reappointment - term expires 11/12

Library Board of Trustees

Hilary McNamara - reappointment - term expires 11/12

Fire Service Area #3

Dennis Miles - reappointment - term expires 11/12

Fire Service Area #1

Alan Heinrich - reappointment - term expires 11/12

Historic Dalton Trail RMSA

John Hunt - new appointment - term expires 11/12

Energy & Sustainability Commission

Brad Ryan - new appointment

Motion by **LAPP**: Confirm the mayor's recommended appointments. It was seconded by **VICK**. The motion carried unanimously.

WARD brought up the need for an assembly appointment to the School Oversight & Planning Committee that needs to meet to move some final things forward. **SCHNABEL** said only 2 or 3 meetings will likely be needed. **ROSSMAN** volunteered to serve along with **LAPP** who is already on the committee. The mayor made the appointment.

The mayor asked the assembly to look over the committee and board liaison assignments and let her know of their interests. She plans to make the appointments at the next assembly meeting.

2. Assessor/Lands Manager Hire

Motion by **WATERMAN**: Authorize the manager to hire Gabe Spencer to be the Assessor/Lands Manager for a beginning salary not to exceed \$70,000. It was seconded by **LAPP**.

WARD said Spencer rose to the top for a number of reasons. The #1 reason is his dedication to transparency, public process, and communication. He comes from a county where the assessor is an elected position. He is the youngest elected official in the state of Washington and brings enthusiasm. He was also instrumental in the development of their GIS system. His experience with that is very desirable. He has had some initial discussions with Spencer regarding his monetary needs, and is not certain the \$70K gets us there. The other candidates were Dan Turner and Randy Hughes. The primary difference between them is that Hughes wants \$76K to come. Neither of them has the experience with GIS. Fourth finalist, Robert Myers, has experience nearly exclusive to the private sector side. He works for Lowe's and goes out to protest assessments. He also has little experience with GIS and very little experience with lands management. **SMITH** said many positions in the borough are underpaid, and this is obviously one of them. He

wondered when the raises will stop. He would like to see a contract with this person---possibly 3 years---that includes termination and severance clauses. He wondered if the finance committee should address the issue of raises, in general. **WATERMAN** asked if there is any avenue for helping with relocation expenses. **WARD** said some can be covered. **LIDHOLM** asked Spencer's present salary. **WARD** said about \$63K. **ROSSMAN** agreed with **SMITH** about the higher salaries but has come to the conclusion that, as with borough manager, to get qualified people to stay, the borough is going to have to pay. An assessor is needed. He noted that the motion says up to \$70K, and he is prepared to take **WARD's** recommendation. **LAPP** asked if it is possible to have a two-year contract. **HILL** said it can be a part of negotiations to commit to two years. **SMITH** said he would like to see a three-year contract. **WARD** said he has no guarantee that Spencer will come for \$70K. **WATERMAN** observed that this is a key position. This is how we make money, and she supports the efforts to get someone qualified. **LIDHOLM** said he is familiar with the county Spencer works in---it is contentious, so he must be doing something right if he's been there since 2006.

The motion carried unanimously in a roll call vote.

3. Klukwan Dock – Discussion Item

ROSSMAN suggested that a new restroom facility would not have to be built if this was purchased. **VICK** suggested potential uses but said there are a lot of questions to be answered. One concern is security for the PC Dock. He likes the idea if the borough can get funding to purchase it. **ROSSMAN** asked where this idea came from. **HILL** said Representative Thomas recently brought it up saying that he might be able to help get funding for it. She wondered if the assembly is interested in investigating the possibility. **WATERMAN** said it is a double-edged sword. She can see lots of potential but, with all that's going on it feels like "hemorrhaging" money. She wondered where it would fall in the priority list. It would be important to get an assessment of the land and building and to find out what kind of shape the infrastructure is in. **SMITH** asked when the real estate listing contract expires. **STUDLEY** responded about one year. **SMITH** asked how firm the price is. **STUDLEY** said he is contracted with Klukwan, Inc. and has been instructed to work with Rep. Thomas. **VICK** suggested that this might be some type of committee-assignment for initial review. **WATERMAN** remembered that there was a fairly extensive survey done there when AK-DOT was looking into relocating the ferry terminal. The state should have that information. **HILL** said this will go to a committee.

4. Comprehensive Plan Revision RFP

Motion by **ROSSMAN**: Refer the Comprehensive Plan Revision RFP to the Planning Commission for revising. It was seconded by **WATERMAN**.

WARD said he recommends this go back to the planning commission because the scope of the project is unclear. The RFP generated many questions, and the \$10K budget does not seem to be enough. **ROSSMAN** wanted to know why this is being done now. **TURNER** explained that it is mandatory to redo the comprehensive plan. **VICK** wanted to make sure that the downtown planning be a part of the comprehensive plan. **WATERMAN** asked **TURNER** where the planning commission is at in the revision. **TURNER** said they are just starting. The first step was just to get the basic information updated. **ROSSMAN** said to redo the Comprehensive Plan could take a year. **TURNER** said he anticipates through the winter, because there are many sections to go through one by one. **ROSSMAN** asked what the next step is. **WARD** said it could be done that way but he doesn't personally see a comprehensive plan being updated and redone without bringing a consultant onboard to do it. It would be important to have their assistance. As an aside, he said that the downtown planning consultant, Paul Voelkers, was under an erroneous impression that he wasn't supposed to talk to the PC. All of this needs to go back to the planning commission so they can consider the direction to take on everything. **COZZI** explained some history for the benefit of the discussion. A new comprehensive plan was a requirement of the consolidation process and the state gave the borough an early 2004 deadline. The process took long enough that the planning commission had to submit an unsatisfactory comprehensive plan to the assembly for adoption. The assembly agreed that it was not a

good final product and reluctantly adopted it to meet the deadline with a caveat that the planning commission was to come back within two years with a revised Plan. For various reasons, that has not yet happened. She offered that both bodies now must decide what type of comprehensive plan would be satisfactory. **VICK** would like an outline from the planning commission and recommendations on the timeline and scope of the update. He wants a comprehensive plan that does not have shortcomings. **WARD** clarified that this is not a punitive thing to send this to the planning commission. The assembly needs the planning commission's help to get out of this "hole." **TURNER** believes that the planning commission plans to go chapter by chapter to revise the Comprehensive Plan. **WATERMAN** agreed that the scope, outline, and timeline will be good to get from the PC, and she looks forward to seeing it. **WARD** said the planning commission needs to weigh in on this and decide the scope of what needs to be accomplished and some idea of a price tag. The borough doesn't have a firm enough handle on what needs to be done through the winter. The current \$10K budget is probably not enough. All agreed.

The motion carried unanimously.

5. Manager Hire – Discussion Item

ROSSMAN suggested phone interviews with the top 4 candidates: Mark Earnest, Scott Hahn, Stephen Geisbrecht, and Ed Pefferman. **VICK** agreed. **WATERMAN** said she is happy with interviewing the top four by phone and added that it's a good pool to draw from. **HILL** said phone interviews will be scheduled.

6. CIA Cooperative Agreement

Motion by **ROSSMAN**: Authorize the manager to enter into discussions with CIA for a possible cooperative agreement exempting CIA from property taxes on their low-income rental or lease-purchase homeownership projects. It was seconded by **VICK**.

STUCKEY explained that HUD requires the CIA to request property tax exemption for the planned low-income four-plex in the Chillkoot Estates Subdivision. The federal government has provided an opportunity to cut through the tax gray area that exists between the tribal and local governments by requiring a cooperative agreement. The borough also has the option of requesting payment in lieu of taxes, although CIA is hoping it won't.

WATERMAN clarified that CIA does not currently pay property taxes on the property. Only if the property goes into private ownership does it become taxable. **VICK** wondered what the borough's criterion would be for deciding what low-income housing qualifies for property tax exemption. **STUCKEY** offered that the main difference is profitability. CIA is non-profit by virtue of being a tribal government. Alternatively, Dusty Trails is a low-income housing complex that is not tax exempt because it is a for-profit corporation.

WARD noted that the senior housing is tax exempt because it is non-profit. **VICK** said he would like more information from the borough attorney. **STUCKEY** explained that the plan is to build 21 houses to be sold off. At that point, they will be taxable. The four-plex will be owned by the tribe and rented out so it would remain nontaxable. **WATERMAN** observed that all of this stems from where the money is coming from. It is a requirement of the funding source---HUD. **STUCKEY** said CIA's proposed cooperative agreement says that the borough would not ask for payment in lieu of taxes. The borough would still be providing the services without payment in taxes. **HILL** reminded that the motion on the floor is for the manager to discuss this with CIA. **STUCKEY** responded to **SCHNABEL**'s public comment, and noted she is a for-profit business. CIA does not pay taxes on anything right now. **SCHNABEL** commended **STUCKEY** for his transparency. She said the bigger picture is the local low-income housing situation in the future. Over time, she wonders what the impact will be of a low-income housing unit to the entire community---how will it displace and impact the private low-income housing landlord and long-term taxation affects on the borough? This is the way the borough makes money. **SMITH** said when Dusty Trails was completed; it flooded the market for low-income housing and hurt the private landlords. **ROSSMAN** asked what happens if the assembly said the borough wants payment in lieu of taxes. **STUCKEY** said negotiations would ensue, and if unsuccessful, CIA would go back to HUD and say it tried. He explained that over the next seven years, as the 21 planned houses sell, the borough will gain property tax. Right now,

the borough gets no tax from the land. **VICK** suggested possibly a pilot payment in lieu of taxes as a part of the discussions. **STUCKEY** said CIA's present intent is to sell the property with the home. The tribal council may choose to do a lease instead in which case there would only be taxes on the building.

The motion carried 4-2 with **SMITH** and **LIDHOLM** opposed.

7. Crystal Cathedral Water-Sewer Acquisition

Motion by **VICK**: Authorize the manager to proceed with the acquisition of the Crystal Cathedral Water and Sewer System with the understanding that expenditure of funds will be involved. It was seconded by **ROSSMAN**.

WARD listed the due-diligence tasks that need to be done in order to complete the purchase within 90 days of Floreske's notice that he declined the right of first refusal. The cost to purchase it will be \$370K plus the expense of all of the tasks. Carson-Dorn did an engineering report in 2003, so it can be dusted off and updated so some savings can be realized there. If the borough finds out that the property is not worth \$370K or the books aren't in order, etc., it could stop the proceedings in its tracks. He is meeting with owner Vicky Cox tomorrow. When he gets more of an idea of the cost for the tasks, he will report it to the assembly. **ROSSMAN** wondered if prior to the next assembly meeting, the Finance Committee could meet and CFO Jila Stuart could suggest some funding options. No decisions were made concerning a meeting.

The motion carried unanimously in a roll call vote.

12. CORRESPONDENCE - None

13. SET MEETING DATES

The assembly will have a second November meeting at 6:30pm on Monday, November 23.

Prospective Borough Manager phone interviews will take place sometime during the week of November 16-20, and they will be evening interviews. Since this is during the AML Conference (**HILL, WATERMAN, and LIDHOLM** attending), it was agreed that the remaining four assembly members along with **WARD** will conduct the phone interviews. **WARD** said he will contact the four finalists right away concerning their availability and settle on the dates. References will be checked concurrently. He encouraged the assembly can conduct their own investigations, if so desired if they know people in the particular communities.

14. PUBLIC COMMENTS

SCHNABEL said when former manager Bolen's contract was not renewed, as a radio producer, she invited Lenise Henderson to the program to talk about how to prevent "disastrous" situations like that. One of the things people can do before hiring is to ask what it is the assembly is looking for. She believes, for example, that strong planning skills would be important. She encouraged the assembly during the interview process to think about what the borough manager is going to be asked to do in the next 3 to 5 years so they are not set up for failure.

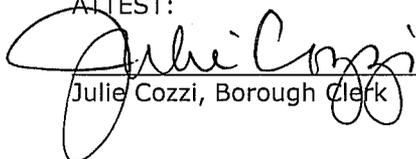
STUDLEY thanked **WARD** for coming back to serve as interim manager. He also expressed concern that during the conversation about low-income housing, it seemed to him that the assembly was most concerned about the money they could get out of the "poorest of the poor."

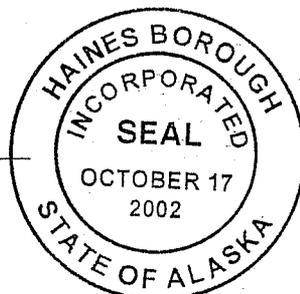
15. ANNOUNCEMENTS/ASSEMBLY COMMENTS - None

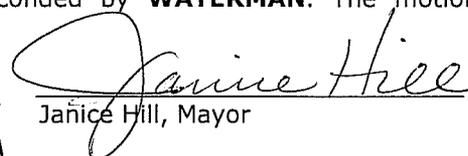
16. ADJOURNMENT - 9:26 p.m.

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

ATTEST:


Julie Cozzi, Borough Clerk




Janice Hill, Mayor