

**Haines Borough
Borough Assembly Special Meeting
November 29, 2011**

MINUTES

Approved

THIS SPECIAL MEETING WAS HELD SOLELY FOR CONSIDERING THE ITEMS LISTED ON THE PUBLISHED AGENDA. NO ADDITIONAL ISSUES WERE CONSIDERED AT THIS MEETING.

1. CALL TO ORDER/PLEDGE TO THE FLAG

Mayor **SCOTT** called the meeting to order at 6:00pm in the Assembly Chambers and led the pledge to the flag.

2. ROLL CALL

Present: Mayor Stephanie **SCOTT** and Assembly Members, Debra **SCHNABEL**, Steve **VICK**, Jerry **LAPP**, Joanne **WATERMAN**, Norm **SMITH** and Daymond **HOFFMAN**.

Staff Present: Mark **EARNEST**/Borough Manager, Julie **COZZI**/Borough Clerk, and Patricia **PETERS**/Pool Manager.

Visitors Present: Tom **MORPHET**, John **SCHNABEL**, Lucy **HARRELL**, Nancy **BERLAND**, Heidi **ROBICHAUD**, Kathleen **MENKE**, Darsie **CULBECK**, Rob **GOLDBERG**, Bill **KURZ**, George **FIGDOR**, Richard **BUCK**, Marilyn **WILSON**, Judy **JACOBSON**, Brad **RYAN**, Tim **SHIELDS**, Danny **GONCE/AP&T**, Robert **GRIMM/AP&T**, Leonard **DUBBER**, Ray **STASKA**, Scott **CAREY**, Norman **HUGHES**, Paul **NELSON**, Thom **ELY**, Jack **WENNER**, Gershon **COHEN**, Jamie **KING**, Burl **SHELDON**, Patty **CAMPBELL**, Larry **BENDA**, Roger **MAYNARD**, Joe **POOR**, Brenda **JONES**, Deborah **VOGT**, Pam **RANGLES**, Heather **LENDE**, Tom **MCGUIRE**, Darsie **CULBECK**, Henry **WONG**, Dick and Julie **FOLTA**, Elizabeth **LYONS**, Sean **GAFFNEY**, and others.

3. APPROVAL OF SPECIAL MEETING AGENDA

Motion: **VICK** moved to "approve the special meeting agenda," and it was seconded. The motion was amended to add an item 5D – Assembly Comments. The motion carried unanimously.

Motion: **VICK** moved to "excuse Assembly Member Lapp from this meeting," and it was seconded. The motion carried 4-1 with **SCHNABEL** opposed. Assembly member **LAPP** arrived shortly thereafter.

4. PUBLIC COMMENTS

Mayor **SCOTT** read a statement regarding time limits for public comments. The assembly time to deliberate needs to be protected.

GRIMM explained AP&T's application that was submitted to FERC.

GOLDBERG, speaking as an individual, said he encourages the assembly to recommend this FERC permit because it is for fact-finding. The community shouldn't be afraid of the truth. He directed additional comments to **GRIMM** saying this project is seen as a threat by many people to food and livelihood. It comes down to trust. AP&T is asking the community to trust that they can go in and not harm the salmon.

J.SCHNABEL asked the assembly to support the FERC application. Professional advice is needed so an informed decision can be made.

T.SHIELDS has conducted a lot of field research. Speaking from a personal stand point, he thanked AP&T for their willingness to meet with Takshanuk Watershed Council. The Chilkoot Valley is vital.

HARRELL said Haines Assisted Living urged the assembly to develop as much information as possible for how we can increase our available power. The more knowledge the better. There are conservation issues with using diesel power and reliability issues with aging submarine cable. She applauded the assembly's efforts to address this before it becomes a crisis.

BENDA wants to keep the Chilkoot Valley as is. Hydro should be located elsewhere.

WENNER spoke in support of Connelly Lake. No one is speaking against the salmon. It doesn't have to be power versus salmon, and facts are needed. The salmon are extremely important but that's why the knowledge of professional people is needed to help us find ways to protect the salmon.

MENKE spoke for the group *We the People* and distributed a proposed resolution. The Chilkoot watershed is a fundamental component of the local quality of life. The access road to the project would cut through a critical habitat area.

RANGLES spoke for the Alaska Chilkoot Bear Foundation. She emphasized that they support the development of hydro power. The issue is location, and they don't want it to happen in the Connelly Lake input area. It's a sensitive area for salmon spawning and rearing.

HUGHES said he's a commercial fisherman, so his checking account is based on fish. The Chilkoot fish most years are a very small percentage of his harvest. State Fish and Game tells him where and when he can fish. When there are weak red salmon returns, it effects what happens. There are over 60 permit holders that reside in Haines. He doesn't want to risk a fish habitat and his livelihood. There could be other places for hydropower sites.

BERLAND spoke as an individual. She would like the assembly to look at it as risks versus benefits for Haines. There are problems that could occur if this project goes forward. It would make up a 0-5% diesel gap. That's small compared to the risks. AP&T acknowledges that the project will be expensive to build. The feasibility studies will likely prove the project will be unfeasible.

RYAN spoke on behalf of Takshanuk Watershed Council. They are not a political organization and are not going to weigh in that way. What they do is provide data. They are currently preparing a history of the watershed.

WONG said the Connelly Lake project is needed. There are always risks. Haines needs reliable and affordable power.

ROBICHAUD applauded the assembly's efforts to reduce reliance on fossil fuels. AP&T's Black Bear project on Prince of Wales Island has a long history of violations. There are trust issues. How can AP&T possibly show before development that there won't be problems? Energy and conservation need to be the focus.

WILSON represented ANS Camp 5 and read the resolution they adopted in 2009 opposing the Connelly Lake project. They would support an alternative hydro project.

CAREY spoke for Lynn Canal Conservation. They have been active since 1971 and have been following the Connelly Lake project since the mid 1990s. It is a fisheries issue. It's not prudent to trade one important need for another, e.g. power over food source. The Gillnetter's Association opposes the project. There is significant opposition. It would be far more productive to encourage AP&T to explore other resources. The Borough is encouraged to explore energy partnerships. He asked the assembly to please tell the FERC that the borough does not want this.

MAYNARD said there is no proof that changes at Connelly Lake would harm the salmon run. A year ago the AK Alliance for Commerce conducted a petition, and he read that petition aloud. He handed the clerk a copy of the petition containing 199 signatures.

SHELDON likes AP&T and they are a fine company. He eats a lot of fish and he dearly loves the area. He believes this is fundamentally the government transferring a public matter to a private company. There's no reason that power should become the priority. He loves hydro power and encouraged AP&T to develop other projects and he would be here speaking on their behalf. He cannot support this location.

KURZ comes from a family of power producers. He disagrees that the project would harm the area and have an affect on the fish and eagles. There are ways we can work with the environment. If a small mill came to town, AP&T could not presently supply the necessary power. Haines is stagnating economically and literally at the end of an extension cord. He fully supports going ahead with Connelly while at the same time being careful with the environment.

MCGUIRE is concerned about the scale of this proposed project. He is a fan of small hydro projects. He believes the Connelly Lake project is unfeasible. This valuable area should not be put at risk.

POOR said what most impedes industry coming to the area is the cost of power. During the winter months, there isn't any extra power in addition to total dependence on the underwater cable. AP&T is concerned about the cable. What happens if we lose it, and it's not a matter of if but when. He distributed a Juneau business impact survey report to the assembly members.

DUBBER fished for salmon for 30 years and still thinks of himself as a commercial fisherman. He would not support this if he thought it would affect any fishery. He sees no problem that AP&T wouldn't actually help. For example, it would help make a more consistent water flow down the Chilkoot. He cannot see any harm this project will do to the fish.

ELY asked the assembly not to support this FERC application. It isn't about Haines energy sustainability but about AP&T's profits.

VOGT said the assembly needs to find out what will happen to the power costs if this project goes forward. We are blessed with having water up high in Haines that doesn't affect salmon.

NELSON spoke in favor of the FERC application.

COHEN cautioned the assembly that studies can characterize risks and supporting this preliminary application will make it all the harder in the future to turn away from it. He believes the risks are ours as a community and the benefits are all theirs.

EGOLF spoke against the project. \$3-5 million tourism dollars could be impacted, as well. He doesn't understand how the assembly could support a project of this magnitude.

FOLTA said the assembly passed a resolution resolving to protect the watershed. A bond should be required as a part of the project to protect the environment.

PETERS explained the pool Christmas passes and the benefits. It makes money for the pool and the borough.

5. BUSINESS

A. Advisory Board Appointments

Motion: **LAPP** moved to "confirm the mayor's appointments of Sara Poisson, Heather Lende, James Alborough, and Joann Ross-Cunningham to the Library Board of Trustees, Robert Mounkes and Tom Ganner to the Letnikof Estates RMSA Board, Mary Ann Rasmusson to the Riverview Drive RMSA Board, Leonard Banaszak to the Historic Dalton Trail RMSA Board, Nick Degtoff to the Four Winds RMSA Board, Sage Thomas to the Fire Service Area #3 Board and John Myers to the Fire Service Area #1 Board for three-year terms ending 11/30/2014," and it was seconded. The motion carried unanimously.

B. Swimming Pool Fee Schedule – Christmas Rates

Motion: **WATERMAN** moved to "approve the special Christmas pool pass prices for the quarterly, 10-punch, and 20-punch until 12/31/2011, and authorize a donation of 10 pool pass gift certificates to the Salvation Army for the "Giving Tree"," and it was seconded. The motion carried unanimously.

Motion: **VICK** moved to "recess for 5 minutes," and it was seconded. The motion carried unanimously.

C. FERC – Connelly Lake Hydro – Borough Comment Development

Motion: **SCHNABEL** moved to "affirm the Haines Borough Resolution 09-01-149 dated January 27, 2009 and to request the Federal Energy Regulatory Commission by e-comment process to expand and/or add specific research and study issues to the Goat Lake Hydro, Inc. Preliminary Permit Application Exhibit B to further advance our understanding of the proposal, its impacts and alternatives," and it was seconded. The motion carried unanimously.

Primary Amendment #1: **WATERMAN** moved to "add dam break studies and their affect on the valley with the dam at its maximum size, consideration of the road being closed to large motorized vehicles, and consideration of requiring a bond on the project," and it was seconded.

Motion to Recess: **SCHNABEL** moved to "recess for 25 minutes in order to meet as a Committee of the Whole and reconvene in special session following that," and it was seconded. The motion carried unanimously.

[Note: The assembly conducted an informal work session during the 25 minute recess. Following the recess, the assembly resumed the regular assembly meeting.]

Secondary Amendment #1: **SCHNABEL** moved to "remove the text *consideration of the road being closed to large motorized vehicles,*" and it was seconded. The motion carried unanimously.

Secondary Amendment #2: **SCHNABEL** moved to "insert the text *alternative road routes that would have less negative impact on the fishery habitat,*" and it was seconded. The motion carried unanimously.

Secondary Amendment #3: **VICK** moved to "insert the text *an assessment of the effects the project would have on the pre-project baseline water quality,*" and it was seconded. The motion carried unanimously.

Secondary Amendment #4: **SCHNABEL** moved to "insert the text *a study of the effects of sale of electricity to various levels of cruise ships and options for partnering with the state and/or the municipality,*" and it was seconded. The motion carried unanimously.

Secondary Amendment #5: **SMITH** moved to "insert *potential mining companies after cruise ships* and before *options for partnering*," and it was seconded. The motion failed 1-5 with **LAPP, VICK, WATERMAN, HOFFMAN, LAPP,** and **SCHNABEL** opposed.

Secondary Amendment #6: **VICK** moved to "insert the text *and the effects of the export of electricity outside the Upper Lynn Canal* before *options for partnering*," and it was seconded. The motion carried unanimously.

Primary Amendment Motion #1, as amended, carried unanimously.

Primary Amendment #2: **HOFFMAN** moved to "remove the text *affirm the Haines Borough Resolution 09-01-149 dated January 27, 2009*," and it was seconded. The motion failed 2-4 with **LAPP, WATERMAN, VICK,** and **SCHNABEL** opposed.

Primary Amendment #3: **WATERMAN** moved to "remove the text *consideration of requiring a bond on the project* and replace it with *the study of acquiring insurance for economic losses due to a disaster related to the project*," and it was seconded. The motion carried unanimously.

The main motion, as amended, carried 4-2 with **SMITH** and **HOFFMAN** opposed. The text of the final amended and adopted motion is:

"Affirm the Haines Borough Resolution 09-01-149 dated January 27, 2009 and to request the Federal Energy Regulatory Commission by e-comment process to expand and/or add the following specific research and study issues to the Goat Lake Hydro, Inc. Preliminary Permit Application Exhibit B to further advance our understanding of the proposal, its impacts and alternatives:

- dam break studies and their affect on the valley with the dam at its maximum size,
- alternative road routes that would have less negative impact on the fishery habitat,
- an assessment of the effects the project would have on the pre-project baseline water quality,
- a study of the effects of sale of electricity to various levels of cruise ships and the effects of the export of electricity outside the Upper Lynn Canal and options for partnering with the state and/or the municipality, and
- the study of acquiring insurance for economic losses due to a disaster related to the project."

Motion: **WATERMAN** moved to "investigate the options of partnering with AP&T to receive funding on hydro-electric projects with the goal of having the lowest customer rates possible," and it was seconded. The motion carried unanimously, and the mayor assigned it to the Commerce Committee.

D. ASSEMBLY COMMENTS

HOFFMAN doesn't believe this conversation has been the best one. He is not opposed to hydro power but he believes there are better alternatives.

SMITH agreed. Additionally, he announced he will be absent for the next two meetings.

VICK said he has concerns and agrees with **GOLDBERG** that the project may prove to be unfeasible.

LAPP said he has toured the Goat Lake Hydro project. It enhanced the fisheries over there. If the project is done right, it doesn't harm. The access is the biggest concern. Goat Lake is blocked off so public cannot access it. It could be worked out at Connelly Lake.

WATERMAN said she's putting a lot of stock in AP&T, especially Danny Gonc. He's a member of this community. He goes subsistence fishing and uses that valley. She's putting her trust in him that he will watch guard this for the community. He's her "brother" in this.

6. ADJOURNMENT – 9:33 pm

Motion: **LAPP** moved to "adjourn the meeting," and the motion carried unanimously.

ATTEST:

Stephanie Scott, Mayor

Julie Cozzi, MMC, Borough Clerk