Haines Borough
Borough Assembly Meeting #245
May 28, 2013
MINUTES

Approved

1. **CALL TO ORDER/PLEDGE TO THE FLAG:** Mayor **SCOTT** 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 Stephanie **SCOTT**, and Assembly Members Joanne **WATERMAN**, Debra **SCHNABEL**, Jerry **LAPP**, Dave **BERRY**, Norman **SMITH**, and Steve **VICK**.

Staff Present: Mark **EARNEST**/Borough Manager, Julie **COZZI**/Borough Clerk, Jila **STUART**/Finance Director, Simon **FORD**/Interim Police Chief, Carlos **JIMENEZ**/Director of Public Facilities, Tanya **CARLSON**/Tourism Director, RaeAnn **GALASSO**/Pool Manager, Patty **BROWN**/Library Director, Jerrie **CLARKE**/Museum Director, Kris **REEVES**/Museum Assistant, and Blythe **CARTER**/Museum Operation Coordinator.

Visitors Present: Karen **GARCIA**/CVN, Margaret **FRIEDENAUER**/KHNS, Michael **BYER**, Joan **SNYDER**, Greg and Ann Marie **PALMIERI**, Heather **LENDE**, Joanne **ROSS CUNNINGHAM**, Henriette **ARONSON**, Eric **HOLLE**, John S. **HAGEN**, Lorraine **DUDZIK**, Michael **MARKS**, Bill **KURZ**, Michael **PIPPIN**, Tom **ANDRIESON**, and others.

3. **APPROVAL OF AGENDA & CONSENT AGENDA**
The following Items were on the published consent agenda:

4 – Approve Assembly Meeting Minutes
8B – Museum Report
9A – Planning Commission Minutes
9B – Museum Board Minutes
9C – Tourism Board Minutes
11A1 – Adoption of Resolution 13-05-464
11A2 – Adoption of Resolution 13-05-465
11A3 – Adoption of Resolution 13-05-466
11B1 – Introduction of Ordinance 13-05-328
11B2 – Introduction of Ordinance 13-05-329
11B3 – Introduction of Ordinance 13-05-330
11B4 – Introduction of Ordinance 13-05-331
11C1 – Advisory Board Appointments

Motion: LAPP moved to "approve the agenda/consent agenda," and it was amended to remove 11A2 and 11B2 from the consent agenda and add 11C2-Shellfish Discussion to the agenda. The agenda, as amended, was approved unanimously.

* 4. **APPROVAL OF MINUTES** – May 14, 2013 Regular

5. **PUBLIC COMMENTS**
SNYDER read her written comments supporting the Sheldon Museum and asked for continued funding.

PIPPIN said he has a lot of concerns about having a contract assessor. It tends to mislead and take away accountability. This work should be done in-house. He provided written comments to the assembly.

HOLLE said adequate spot-checks are needed to manage Heliskiing.

ARONSON spoke in support of restoring funding to the FY14 budget for the Museum. She asked the assembly to figure out a more equitable way to allocate.

6. **MAYOR'S COMMENTS/REPORT**
The mayor distributed a written report, and she summarized the topics including Alaska Municipal League, Southeast Conference, Connelly Lake, Salvation Army and the recent trip to Skagway with AIDEA.

7. **PUBLIC HEARINGS**
A. **Ordinance 13-04-323** – Second Hearing
An Ordinance of the Haines Borough , providing for the addition or amendment of specific line items to the FY13 Budget.

Mayor **SCOTT** opened and closed the public hearing at 6:58pm; there were no public comments.

Motion: BERRY moved to "adopt Ordinance 13-04-323," and the motion was amended to, as follows:

To re-appropriate $55,000 of FY12 CIP appropriation for "Library heated Storage Area" and $22,050 for "Library Storage Cabinets." Funds would be used instead for design and for part of the construction for an addition to the Library.				
		Current FY13 Budget	*Proposed FY13 Budget*	*Fund Balance Increase / (Decrease)**
50-01-00-7392	*CIP – Library Heated Storage*	*$55,000*	*$0*	*$55,000*
50-01-00-7392	*CIP – Library Storage Cabinets*	*$22,050*	*$0*	*$22,050*
50-01-00-7392	*CIP – Design and partial Construction*	*$0*	*$77,050*	*($77,050)*
			Net Impact to CIP Fund balance	*$0*

To appropriate $10,000 of Title III Forest Receipts for design of a creek restoration project at South Creek in Excursion Inlet to reduce or mitigate the impact of development on adjacent federal lands.				
		Current FY13 Budget	Proposed FY13 Budget	Fund Balance Increase / (Decrease)*
21-01-00-7392	Project Expenditures (Creek Restoration)	$0	$10,000	($10,000)

To appropriate $70,423 of Townsite Service Area General Funds for additional FY13 police department payroll expense. The total includes $36,000 for consideration paid to the outgoing Chief and $22,086 in additional estimated wages due to overtime for the Acting Chief and other patrol officers from late March through the end of June.				
		Current FY13 Budget	Proposed FY13 Budget	Fund Balance Increase / (Decrease)*
02-02-00-6110	Salary & Wages	$299,564	$357,650	($58,086)
02-02-00-6115	Employee Burden	$99,536	$111,873	($12,337)
			Total increase to police payroll budget	($70,423)

The main motion, as amended, carried unanimously in a roll call vote.

During discussion, **LAPP** said the finance committee reviewed the additional amendments and recommends them. **WATERMAN** asked for an explanation of the library amendment. **BROWN** explained the idea is to have the two CIP appropriations combined and used to try to address the storage and technology issues at the library. **LAPP** said the library doesn't know if they will get the funds for the addition. It could be five years, and this money shouldn't be held onto for an indefinite period of time. The portion needed for design can be used for that and the part earmarked for construction could go into the pool until such time as funds are acquired for the addition. **VICK** agreed with **LAPP**. It's not good to be held for a long period of time. A 3-year timeframe for a project should generally be sufficient. **SCHNABEL** said the library has been transformed from a component unit to a department of the borough and this is simply allowing a department to continue to do its work. She's in support of it. **EARNEST** briefly explained the Excursion Inlet creek restoration project and the need for it. Title 3 funds are restricted and this project qualifies for it. This money would be used for the 35% preliminary design and permitting. There is a very limited time to do this, and the designers are ready to go.

B. **Ordinance 13-04-324** – Second Hearing
An Ordinance of the Haines Borough , Alaska, providing for the establishment and adoption of the budget of the Haines Borough for the Period July 1, 2013 through June 30, 2014 (Fiscal Year 2014).

Mayor **SCOTT** opened the public hearing at 7:11pm.

DUDZIK advocated for the cultural centers of Haines, including the Sheldon Museum, the Haines Borough Public Library, and the Chilkat Center. She thanked the borough for all it has done. She asked the assembly to consider the many volunteers who help these centers to be viable. The community needs these cultural centers year-round. A great civilization rests on two things: its sewage system and its culture.

REEVES asked the assembly to consider funding the museum either at current levels or more, if

possible. The museum encourages community pride and is a local educational institution. The town uses the museum in the winter, and it's very popular with visitors in the summer.

ROSS CUNNINGHAM advocated for full funding for the library. She highlighted the summer reading program. The place is packed with kids who are excited about reading.

CARTER said retaining museum staff is difficult with a reduced budget, and most employees are already part-time.

LENDE said Skagway looks so prosperous. They know their story and history so well. In large part, it is a part of their economic success. Our community is anchored by our facilities. She asked the assembly to please consider where our success comes from when making budget decisions and also how we can utilize our own deep and rich history.

CLARKE said she talks to people all the time about why they move to Haines or come to visit. It's because of what we have here. This museum is accredited, and that blows people away.

PIPPIN spoke in favor of keeping the pool open year-round.

Motion: VICK moved to "advance Ordinance 13-04-324 to a third public hearing on 6/11/13." and it was amended to:

1. Delete appropriation in the amount of $150,000 for "Dump Truck Replacement," as proposed by the manager in his 5/28/13 memo to the assembly;
2. Appropriate funding in the amount of $220,000 for "Loader Replacement," as proposed by the manager in his 5/28/13 memo to the assembly;
3. Appropriate funding in the amount $75,000 for two replacement "Police Vehicles," as proposed by the manager in his 5/28/13 memo to the assembly; and
4. Fully-fund the museum to the FY13 amount ($17,559K) and reduce the "community chest" in the assembly's budget by that amount.

The main motion, as amended, carried unanimously.

Additionally, the following directions to the manager were passed by a majority during the discussion although they did not actually amend the FY14 budget ordinance:

1. Direct the manager to submit to the assembly prior to or at the 6/11/13 meeting a revised FY14 manager's budget that reconciles the proposed FY14 property tax revenue to the adjusted assessment today, incorporates the proposed amendments that allow year-round operation of the swimming pool, incorporates the proposed costs of hiring a chief of police and the proposed costs of personnel in the interim, and reduces the combined expenses of Assessment/Land Management, Administration, Finance, and the Library by eight percent; and
2. Direct the manager to provide an evaluation of the effectiveness of the Executive Assistant to the Manager and Planning & Zoning Technician III positions;

During the ordinance discussion, **SCHNABEL** said she is concerned museum staff is appealing directly to the assembly. She suggested the museum board should address the issues that have been raised and come forward to work with the manager to see what can be done. She went on to say a lot has changed since the manager first presented the budget, and it would be good to have a revised and comprehensive document. **STUART** said the assessor is still dealing with appeals, so the property tax numbers are not ready. **VICK** asked if those numbers will be available before the budget needs to be adopted. **SCOTT** said no, but the revenues and expenditures can be adjusted afterwards. The one thing that can't be changed, however, is the mill rate, so it is critical to set it as closely as possible. Regarding the pool budget, **VICK** appreciates the efforts to come up with a plan to keep the pool open. He asked if anyone has found out what the savings would be if temperatures are reduced by one or two degrees. **EARNEST** there is an ongoing argument between user groups about optimal temperatures. **VICK** said if it is lower, it saves money. The fluctuation of temperature creates expense to satisfy different user groups. Maintaining a steady pool temperature is going to be a cost-effective solution. He has asked for information about this every year and doesn't understand why such a common sense solution is not considered. **EARNEST** said the amount of money is estimated at $10,000 per degree but staff is also looking at a combination of measures to reduce the cost of pool operation. **SCHNABEL** said she would like the manager to take a look at the Assessment, Finance, Administration, and Library budgets and try to reduce them overall by 8% or approximately $130,000. **VICK** asked where 8% came from. **SCHNABEL** said she went through the Fund 01 budget where revenues are insufficient to cover the expenses and identified things that she believed could be done differently. That came to about 8%. **EARNEST** said staff spent a considerable amount of effort to come up with a budget commensurate with the level of services being provided.

It's not a matter of "can" but it is important to consider impacts to services. He did not present a budget with fluff. It went through a lot of scrutiny with the department directors. **SCHNABEL** said the borough can't keep eating away at the fund balance pretending we can afford what we are doing. She's not asking to micromanage but asking the manager to try. If it can't be done, then okay. **LAPP** wondered why the school was not included in the list that needs to be cut by 8%. **SCHNABEL** said those four functions represent about 40% of the budget. She would also like to see the organizational chart be adopted as part of the budget. **WATERMAN** wants the borough to fully-fund its own departments before granting funds to community nonprofits. **VICK** said he understands the reasons but it doesn't seem equitable. **SMITH** said he cannot support this. **SCHNABEL** said the community chest doesn't have to all be spent. She would like to see the museum board come forward with some efficiencies. There are functions within the operation that could be pared. **WATERMAN** does not have any intention to micromanage. The borough has to work at becoming sustainable. She disagrees with the drastic cuts and wants a balanced and fair budget. The assembly should fund the borough departments before funding the nonprofits and work with the departments to pare down wherever practical. If there is money leftover, yes, she has no problem supporting nonprofits. She observed the museum is a component unit and a nonprofit but they do not approach the borough for funding like other nonprofits. A motion to fully-fund the museum to the FY13 amount and reduce the "community chest" in the assembly's budget by that amount passed 4-3 with **VICK**, **SCHNABEL**, and **SMITH** opposed and **SCOTT** breaking the tie in the affirmative. A motion to postpone until the assembly heard from the Museum Board of Trustees failed 3-4 with **BERRY**, **LAPP**, and **WATERMAN** opposed and the mayor breaking the tie in the negative. **SCHNABEL** noted the assembly has proposed the museum operate on less not close its doors. **SMITH** said the biggest cost in a department is staffing.

C. <u>Ordinance 13-05-325</u> – First Hearing

An Ordinance of the Haines Borough amending Haines Borough Code Chapter 2.40 and Section 2.50.040 to authorize the manager to appoint the police chief, to modify the duties of the police chief, and to make the hiring of police and correctional officers subject to state law.

Mayor **SCOTT** opened and closed the public hearing at 9:01pm; there were no public comments.

<u>Motion</u>: BERRY moved to "advance Ordinance 13-05-325 to a second public hearing on 6/11/13," and it carried 5-1 with **SMITH** opposed.

During the discussion, **SMITH** said this places too much power in the manager's lap. Most managers don't know anything about police departments. **LAPP** assured assembly confirmation is part of the process. **SCHNABEL** said the Public Safety Commission participates in the process to hire a chief. The Haines Borough has a manager form of government. **EARNEST** said he is not aware of any other Alaska community where the legislative body appoints the police chief. The current structure has the police chief under the direct supervision and evaluation of the manager. That would not change. Ultimately, any police chief could come to the assembly on appeal if the manager was out of line. This code change will solve some personnel procedural issues.

D. <u>Ordinance 13-05-326</u> – First Hearing

An Ordinance of the Haines Borough amending Borough Code Title 16, Section 16.16.010 establishing a deadline for returning harbor slip license agreements.

Mayor **SCOTT** opened and closed the public hearing at 9:14pm; there were no public comments.

<u>Motion</u>: LAPP moved to "advance Ordinance 13-04-326 to a second public hearing on 6/11/13," and it carried unanimously. There was no discussion.

8. <u>STAFF/FACILITY REPORTS</u>

A. Borough Manager – *5/28/13*

EARNEST summarized his written report.

SMITH asked the manager to provide an update on the Barnett water tank elevation problem. **EARNEST** said the engineer did pay for the error and the delay. The borough is paying for additional fill which would have been the case anyway if it had been correctly surveyed. **SMITH** asked if the pit toilets at Letnikof were permitted by ADEC. **EARNEST** will look into it. **VICK** reminded about the early retirement information the assembly is expecting by the next meeting.

1. Telephone Conversation with Brad Gilman, Federal Lobbyist

Mr. Gilman will actually be in Haines next week to meet with the assembly in person.

*** B. Sheldon Museum** – *Staff Report of April 2013*

9. COMMITTEE/COMMISSION/BOARD REPORTS & MINUTES

∗A. Planning Commission – *Minutes of 4/18/13*
∗B. Museum Board of Trustees – *Minutes of 4/17/13*
∗C. Tourism Advisory Board – *Minutes of 3/27/13*
D. Assembly Standing Committee Reports

SCHNABEL said the Commerce Committee met recently with a Southeast Alaska Conservation Council attorney who made a presentation on the Good Neighbors Program.

LAPP said the Finance Committee went over the CIP lists and recommends creating a policy to reallocate funds to other things for those items that are three years old. **EARNEST** added it could also mean a reappropriation that would reset the clock but there would have to be justification for the extension.

VICK said the Government Affairs & Services Committee met and discussed both the proposed election ordinance and trapping within the townsite. Ron Jackson informed the Parks and Recreation Committee is already working on the trapping issue. Additionally, State Parks said there is precedence for creating protected areas.

10. UNFINISHED BUSINESS

A. Sales Tax Exemption Request – Great Bear Foundation

Note: Great Bear Foundation, a 501(c)3 organization, applied for sales tax exemption status as allowed by HBC 3.80.050(13). On 4/23, the assembly postponed consideration of the approval motion to until this meeting to allow the borough's finance director additional time to research the question of a nonprofit having ancillary revenue-generating sales. Debate resumed on the following motion: "approve the request from Great Bear Foundation for sales tax exemption status, and authorize the borough clerk to issue an exemption certificate."

SCHNABEL does not know if the IRS would exempt the tour income from taxation. She does not support granting the exemption because it would give a commercial marketing advantage. **BERRY** said this was discussed earlier when considering the tour permit. That was his concern initially, but the applicant assured she would charge sales tax on tours. **EARNEST** explained this request is not for the tour portion of the organization. **WATERMAN** said this also means they would not have to pay sales tax when buying gasoline and food. She cannot support this request, because this gives them an advantage with their expenses. **VICK** agreed with the concern about a level-playing field. **LAPP** said he sees several on the list of currently-exempted organizations that may have a competitive edge over others. He wondered if the list should be revisited. **SCHNABEL** said the borough has long functioned as though anything a nonprofit does is eligible for tax exemption. **SCOTT** asked how the Sheldon Museum and Bald Eagle Foundation know to charge sales tax for their store items. **BERRY** said he talked with the Eagle Foundation, and they charge sales tax on everything just to be sure. **WATERMAN** clarified the competitive edge comes in tax-exempt organizations not having to pay sales tax on things they buy.

Motion: VICK moved to "postpone and ask the applicant to come back with a list of what they propose to use the sales tax exemption for, differentiating between their educational activities and their commercial tours," and the motion carried 5-1 with **SCHNABEL** opposed.

11. NEW BUSINESS

A. Resolutions

∗1. Resolution 13-05-464
A Resolution of the Haines Borough Assembly authorizing the Borough Manager to enter into a contract with Southeast Road Builders, Inc. to provide D-1, Sand, and Pit Run materials to the Borough for 2013-14.

The motion adopted by approval of the consent agenda: "adopt Resolution 13-05-464."

2. Resolution 13-05-465
A Resolution of the Haines Borough Assembly Supporting Naming the Haines Borough a Purple Heart Borough.

This item was removed from the consent agenda during approval of the agenda.

Motion: **LAPP** moved to "adopt Resolution 13-05-465," and it carried unanimously in a roll call vote.

The mayor said she wanted this removed from the consent agenda so she could take the opportunity to read it aloud, and she did so.

*** 3. Resolution 13-05-466**
A Resolution of the Haines Borough Assembly authorizing the Borough Manager to contract with Murray and Associates, P.C. in the amount of $27,269 for mechanical and electrical engineering for the Haines School fan replacement project.

The motion adopted by approval of the consent agenda: "adopt Resolution 13-05-466."

B. Ordinances for Introduction

***1. Ordinance 13-05-328**
An Ordinance of the Haines Borough amending Borough Code Title 18, Section 18.80.030 to only require conditional use approval for the construction of a building within 15 feet of an adjacent building if one or both of the buildings is for human occupancy.

The motion adopted by approval of the consent agenda: "introduce Ordinance 13-05-328 and set a first public hearing for 6/11/13."

2. Ordinance 13-05-329
An Ordinance of the Haines Borough amending Borough Code Title 18, Section 18.80.040 to allow adjacent on-street parking to count toward the parking requirement.

This item was removed from the consent agenda during approval of the agenda.

Motion: **WATERMAN** moved to "introduce Ordinance 13-05-329 and set a first public hearing for 6/11/13," and it carried 5-1 with **SCHNABEL** opposed.

WATERMAN explained on-street parking has to be approved by the planning commission, must be commercial property, and is not guaranteed. **SCOTT** said "short term" parking is not defined in code. **WATERMAN** explained in certain parking requirements, a person can have long-term parking for boats and trailers, but not in this situation. **SCOTT** said the parking requirements table does not mention "short term." This is not a temporary thing. It's meant to modify the parking table. It changes the rules for developers who are creating required parking spaces. It allows the planning commission to say they can count a certain number of on-street spaces toward their quota. **WATERMAN** suggested the planning commission chair attend a meeting and explain the concept.

***3. Ordinance 13-05-330**
An Ordinance of the Haines Borough amending Borough Code Title 18, Section 18.80.030 to only require conditional use approval for the construction of a building within 15 feet of an adjacent building if one or both of the buildings is for human occupancy.

The motion adopted by approval of the consent agenda: "introduce Ordinance 13-05-330 and set a first public hearing for 6/11/13."

***4. Ordinance 13-05-331**
An Ordinance of the Haines Borough amending Borough Code Title 18, Section 18.80.040 to allow adjacent on-street parking to count toward the parking requirement.

The motion adopted by approval of the consent agenda: "introduce Ordinance 13-05-331 and set a first public hearing for 6/11/13."

5. Ordinance 13-05-327
An Ordinance of the Haines Borough amending Borough Code Title 2, Sections 2.08.010, 2.68.140, 2.68.200, and 2.68.510 to allow for election of assembly and school board members through single lists of candidates.

Note: on 5/14/13, this ordinance was referred to the Government Affairs & Services Committee that met on 5/23. It was placed on this assembly meeting agenda at the mayor's request.

Motion: **WATERMAN** moved to "introduce Ordinance 13-05-327 and set a first public hearing for 6/11/13," and the motion carried 4-3 with **LAPP**, **BERRY**, and **VICK** opposed and the mayor breaking the tie in the affirmative.

SCHNABEL requested people in the audience be allowed to comment. **A.PALMIERI** said a few people have told her they would run for school board if they didn't have to run against a specific person. A roster of candidates would be better and might encourage more people to run. **KURZ** disagreed. There are people who run because they think they could do it better or they believe they can do it better than the person that's in there. **PIPPIN** would like to encourage accountability no matter how they do it. **BERRY** said this was a heated topic during the

consolidation meetings. The majority at that time voted to have the election method remain the same. People should run for specific seats. **SCHNABEL** said by having designated seats, candidates are never allowed to vote for and have as their representatives those two people who are running against each other even though they may both happen to be the two they prefer to elect. Competition in an open field allows voters to choose who they want. She absolutely supports all candidates vying for an office.

C. Other New Business

***1. Board & Committee Appointments**

The motion adopted by approval of the consent agenda: "confirm the mayor's appointment of John Hagen to the Museum Board of Trustees for a term ending 11/2015."

2. Shellfish Discussion

This item was added during approval of the agenda.

SMITH read aloud statistics regarding a sea otter problem in the lower Southeast panhandle that is impacting the Upper Lynn Canal. Crabbers come up here because of the sea otter problem where they are. The borough needs to stay on top of this issue. The Board of Fish only meets on shellfish every three years with the next time scheduled for 2015. By then, the local crab biomass could be decimated. **SCOTT** suggested sending a "letter of alarm" to ADF&G Commissioner Cora Campbell. **VICK** interjected that the increased fishermen and sea otters are symptoms. Ocean acidification is causing the crab larvae to die because they can't get their exoskeleton. There are fewer crabs. One solution is to get more kelp here. **SMITH** said there is an emergency closure clause the borough could petition for. **SCOTT** asked the manager if he can think of an effective way to work with the state agency. **EARNEST** agreed the two suggestions would be most effective: sending a letter to the commissioner and requesting an emergency closure. **SMITH** said subsistence takes priority.

Motion: WATERMAN moved to "ask the mayor to draft a letter to ADF&G Commissioner Cora Campbell regarding the shellfish crisis and include it in the 6/11 packet," and the motion carried unanimously.

12. CORRESPONDENCE/REQUESTS - None

13. SET MEETING DATES

A. Board of Equalization #3 – Tuesday, 6/18, 6pm
B. Public Safety Commission – Monday, 6/17, 5:30pm
C. Committee of the Whole – Monday, 6/3, 1:00pm – Meeting with Brad Gilman; Assembly Chambers

14. PUBLIC COMMENTS

KURZ thanked the mayor for attending the recent Haines Port Development Council meeting and said good things are happening.

PIPPIN said the government doesn't have the right to do whatever it wants, including the determination of assessment values.

15. ANNOUNCEMENTS/ASSEMBLY COMMENTS

BERRY said he will be out of town but teleconference in for 6/25 assembly meeting.

EARNEST said he will be out of the state during the last two weeks of June.

SCOTT said people have been talking to her about skateboarding concerns and, at a minimum, kids should be geared up with helmets. **LAPP** said most of them will get off the road when they see a vehicle coming. He would like to see the Public Safety Commission consider allowing 4-wheelers on the road. **WATERMAN** added that even the Port and Harbor Advisory Committee has talked about the topic of skateboarders. She would like to see across the board accountability and education for both skateboarders and bicyclists.

16. ADJOURNMENT – 10:32pm

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

ATTEST:

Julie Cozzi, MMC, Borough Clerk

HAINES BOROUGH INCORPORATED SEAL OCTOBER 17 2002 STATE OF ALASKA

Stephanie Scott, Mayor