



## COMMITTEE AS A WHOLE

August 2, 2018 at 7:00pm

In Council Chambers

### Agenda:

- I. **Call to Order**—7:00 pm
- II. **Roll Call**— A. Wilson, present, J. Murray-present, S. McConnell-present, E. Phillips-present, S. Savland-absent, G. Skaflestad-present. Administrator Gray- absent, Mayor Byers-present, and members of the community also present.
- III. **Agenda Revisions**—Moved by Skaflestad, Seconded by Phillips to move the recognition certificates to item A. Motion passed unanimously by a polled vote.
- IV. **Items of Business:**
  - a) **Employee Recognition Certificate Presentation- Discussion-** Mayor Byers explained that he had received a call from an elderly gentleman who had come to Hoonah a few weeks earlier and gotten injured. Three city workers, Elijah Sheakley, Ryan Neal and Nathan Carrick, came to his aide without hesitation. Jerry presented them each with a certificate.
    1. Public Comment—None
  - b) **Chip Seal** —Discussion: Jerry gave an update on the chip seal situation. Dennis and he had been watching what the state was doing and their cost of doing it. It will be cheaper than what they had anticipated. Councilmember Skaflestad asked if they were thinking about scheduling this for next spring. Mayor said yes, they are thinking about next spring because if they don't get on it, they will be out again like this last year. Councilmember Murray asked about the cost of it and if we are buying our own equipment or going with the state. Mayor Byers said they will have more information to give at the next CAAW meeting. Councilmember Phillips asked how often the state is available and if they take turns with different communities. The Mayor said you have to sign up a year ahead and get on their list. He explained that we tried to get on the list earlier this year and we were already too late. Councilmember Phillips asked if they had a ballpark price per mile. The Mayor said that no they didn't really have an updated price, but they would relay information as they get it.
    1. Public Comment—Eric Williams asked if they were referring to the water tower down to the cannery. Councilmember Skaflestad clarified he's talking about chip sealing the cannery road and other areas in town that are in need. Eric asked if there was still a current law suit. He thought that once the project was done then all the roads would be returned to their original state. He wondered if there was anything being done to recoup the cost. Councilmember Skaflestad explained that the road from the tunnel to the cannery is in need of another layer of asphalt. Eric wanted to know if it was the city property or HTC and Councilmember Skaflestad explained that it is city property. Councilmember Skaflestad also explained that road going up to the dump is in need of

help and explained the process for keeping it still maintained as best as possible. Councilmember Phillips explained that excise tax would be used to help pay for that. Joyce Skaflestad mentioned that the road paving to the cannery was originally done by a governor's grant for \$500,000 for maintenance of the harbor and it was diverted by Dennis Gray and used to pave the road to ISP. Eric asked if ISP will be helping to pave this road. Councilmember Skaflestad and Phillips reminded the members that we will be using excise tax to help pay for this. Kenny Karl spoke to clarify that the road is owned from the bluffs to the cannery by HTC and the city operates it with a blanket easement. Councilmember Murray clarified that the city is responsible for the road, and this is how we got in to this whole problem. Kenny Karl said that the easement spells out the conditions.

Councilmember Wilson said that this would be discussed at the next CAAW.

- c) **Tunnel Bluff Project Update -Discussion** Mayor discussed that Grant has been dumping rock back by the tunnel bluffs as per the engineers suggestion to stabilize the area. He explained that we are putting 15,000 yards of rock but are kind of at a standstill because of his accident with one of his trucks. We are waiting to get another 1,000 up there and we'll see how it's going. Councilmember Murray asked how many yards are up there now and the cost per yard. The Mayor replied that there about 1,200 yards up there now and the cost is about \$5 a yard. Councilmember Wilson asked if the next area to address would be 1C. The Mayor discussed that we are doing it in different phases because of the cost factor. Councilmember Murray asked if there had been any more talk about how they were going to get the rock up higher. The Mayor spoke with people in Seattle and they would possibly use a 150 foot conveyor, but if we use a conveyor then we will have to crush the rock. Councilmember Murray asked if the rock would have to be crushed to an 8 inch size which the Mayor confirmed was correct. The Mayor said that we would have the conveyor cost, as well as the crushing and moving costs to consider. – Kenny Karl said that if there is a bulk of rock supply that screening would be 1/5 the cost of crushing. If you screen out the size grade that you need you could get the exact grade of rock because we have a bunch to work with. Councilmember Murray asked Kenny if we grade it out to 8 inch, would there still be a lot of rock to use for other purposes. Kenny agreed there would be but that there is a real mixed bag of rocks with a high percentage of fine rock. Councilmember Murray asked that if we are looking for 15,000 yards we'd probably need to use 20,000 yards. Kenny explained what the engineers would be looking for in the rock and how they would need to get the equipment needed to make this happen. Councilmember Skaflestad shared that he still feels like a road could be put up there instead of needing a conveyor. Councilmember Phillips asked about echo blocks and whether they would be moving them across the whole front to shore it up. Councilmember Murray suggested that if they are going to be getting serious about this we need to be talking to the engineers again. Councilmember McConnell reminded council that the engineer that came and gave a presentation said that with all the rock we have, we should make a cone shaped wedge and work on phase 2. Councilmember Murray said that we have to pay for the excavator and who wants to pay for the liability if it comes down. Councilmember McConnell feels like we may be jumping the gun. Councilmember Phillips agreed and suggested that we get back with the engineers or we might be pulling it all back out again.

1. Public Comment—none

- d) **Ordinance 18-05-15 Regulation of Tidelands and chapter 16.20 Leasing of Tidelands — Discussion** Councilmember Phillips expressed his concern for the tidelands around ISP and feels like we need control these tidelands so that we have another level of control around the facility. We should make the tidelands around ISP not sellable so that the city has control. –Joyce Skaflestad was in agreement with Councilmember Phillips. She reminded us that in getting the money for the dock, the city retained the tidelands and ISP had the uplands and that’s the only reason they were able to put the dock where it is now. She wonders why we would want to sell the tidelands. She is also wondering if any of this has been run by the attorneys. Councilmember Skaflestad explained that he thought we were just cleaning things up with this ordinance, not looking to sell tidelands. Councilmember McConnell reminded everyone that some wording was changed and that we have changed the way payments were going to be decided. We have not changed it to make it sellable, we have just changed the way sales are conducted within the city. He asked Councilmember Phillips is he is wanting to take that paragraph out and not have tidelands sold at all. Councilmember Phillips said that the process makes the tidelands more protected. He also wants to make another motion stating that we will protect the tidelands around ISP. –Kenny Karl shared that the City of Hoonah has been leasing properties for a long time. He also shared what is done by ordinance and one of them is to sell property. But to dispose of land by sale and transfer it is required by ordinance. He said it looks like we need to do some housecleaning of our ordinances. –Kris Skaflestad asked about the language of the ordinance. Councilmember Murray expressed his ignorance and said that he thought you couldn’t sell this property. Councilmember Wilson said that since the Administrator made these changes to the ordinance, and he wasn’t there, maybe we should put this back at CAAW because if we are removing sections and we don’t have the Administrator available to ask questions then it should go back to committee. Councilmember Murray asked if there are still actually people that own tideland. Councilmember McConnell explained where a lot of tideland properties are and who the owners were. –Joyce Skaflestad clarified that there was a deadline for application for tidelands and it came and went. If you didn’t apply, then you lost out. Councilmember McConnell said that it isn’t called tidelands anymore, it’s patented land. There are not tidelands anymore except for the what the city owns. Councilmember Skaflestad said that if he remembers right, what requires a permit is 14 feet and below tide elevation. –Kenny Karl said that the city has a long history of disposing of tidelands because it’s not prohibited or frowned upon. Councilmember Skaflestad suggested that we pass this on to the Council Meeting as per the motion because our Administrator will be here and if we don’t like what we hear we can vote it down.

1. Public Comment -Kris S., Kenny S., and Joyce S. shared thoughts within the discussion.

Moved by Skaflestad, Seconded by McConnell to move Ordinance 18-05-15 to next week’s city council meeting for consideration as per the motion: Polled Vote: Motion carried

- e) **Ordinance 18-06-17 Open Burning**  
Discussion: Councilmember Phillips reminded the council that they were just trying to tighten up the ordinance for open burning . He feels that this is a little bit restrictive as is. Councilmember McConnell felt like the wording could be tightened up and doesn’t feel like campfires fall under this. Councilmember Skaflestad said that he feels like it falls in the category of the exemption of having a campfire or barbeque. Councilmember McConnell felt like the ordinance was for like the burning at the mill or burning stumps on your property. He also explained that he cleans ash 5 days a week off of his boat that blows in from the mill. A burn permit could be indicated that when the wind blows a

certain direction you can burn, but when it's blowing another direction you can't burn. He feels that somehow we need to be able to be able to regulate this so that we are not creating unnecessary labor for people that are trying to keep people safe.

Public Comment— Mike Mills Sr. asked what happens if someone is burning on a southeast wind and then the wind changes? Are we going to put a cage over the dump's burning? How are you going to stop that? Kenny K. shared that when a municipality does a service for the public, they are exempt from these requirements which kind of seems like a double standard. Eric Williams wanted to know what the intent of the ordinance is: for public or private residences? Councilmember Wilson explained that it is intended for both. Councilmember Skaflestad explained that this ordinance is simply for the protection of the general public. Councilmember Murray said that this ordinance sort of expanded because originally, we were addressing the problem of someone having a little firepit in the back yard, there was a bunch of smoke and someone called thinking it was a house fire. The police wanted people to call in any time they were going to start a fire outside, and we've sort of gotten away from that. There is nothing in the ordinance that says anything about starting a large pit fire, and when it draws the fire department it's a problem.

Moved by Skaflestad, Seconded by McConnell to move Ordinance 18-06-17 to next week's council meeting for consideration. Polled Vote: Motion Carries

f) **Ordinance 18-06-18 Adding Exemptions From the Sales Tax; Z) That portion of the selling price for passenger fees related to the Hoonah Cruise ship Dock Company** Discussion:

Councilmember Phillips said he feels that what we are really lacking in order to understand this ordinance is being able to read meaningful reports from the Hoonah Cruise Ship Dock Company. We don't know if the stream expense is fair or not. We need to know, how much are we talking about? It can't still be \$4.00. We need to keep this in CAAW. Councilmember Wilson asked if it is a recommendation of the committee to get more information from Administration, so we aren't just looking at ordinance wording. Councilmember Murray said that after the last June CAAW he talked to Russell Dick and he said he would be willing to sit down and have a meeting with the committee when wanted. Councilmember Phillips said that his understanding was that there would be a \$4 share of the passenger fee that would go into the Hoonah Cruise Ship Dock, and he always wondered what those expenses would be and would \$4 be enough. But, he was told that every 2 years that number will be revised to whatever is needed. He knows they spent 7 million dollars over and someone has to pay it. He thinks that it makes sense to exempt what goes to HCSD but right now we have no clue what that is. Councilmember McConnell shared the HCSD annual meeting report from September 2016 which has the forecast through 2025. They list their operating expenses, interest expense and depreciation all which net out negative going forward. Apparently \$4 is in the agreement. Councilmember Phillips said the \$4 needs to be revised because you can't keep running negative. He said his guess is it should be \$7 or \$8 per passenger taxable. He said there is a debt to be paid back and it should be coming out of the passenger fee. —Kenny Karl recommended to the chair that this topic be kept at the committee level until everyone knows what they are talking about. He suggested that the committee go out of their way to get every copy of reports from the HCSD. Every committee member should get the HCSD agreement. Kristie Styers shared that a question she has as well as the public, is how if we don't have an accurate amount of what they should be exempt, how do we charge them city sales tax for the remainder of the income that they are generating from that? Councilmember McConnell explained the formula for figuring this out. Kenny K. shared that there are some equations within the agreement that really should be up on a board so that people can see them. Councilmember Skaflestad said that this ordinance does nothing to solve this tax issue. It only sets the stage for what happens from here on out. Kristie S. said that this does need to be addressed

because if there is revenue being generated by this fee they are charging people to come here, then city sales tax should be paid from that. Councilmember Wilson said that there is a general misunderstanding in the public that we are exempting ISP from sales tax in general and that is not the case and they pay the excise tax. They are actually our largest tax contributor. We want the public to know that we are not trying to exempt ISP, we are trying to do what's best for the city because that is what we are tasked to do as a committee. Councilmember Murray explained how funds are taxed for the privately owned docks in Sitka and Juneau and we have two examples to look at. But this dock is only partially privately owned so there is a certain amount being put in for maintenance, but the rest is used for other purposes and that is what we are having questions about. Tyler H. shared a little about contribution and what HTC has brought. The 65 million dollar investment to date by HTC/ISP is a huge amount of money. If we go back and look at the history of sales tax and the passenger vessel tax that comes to the city, from 2008-2017 the city has received on average 1.429 million dollars per year from that. In 2015 the city received roughly \$1.1 million dollars. He explained that in 2019 another 37,000 guests will be coming to ISP. We will be getting another \$2.29 million dollars next year. This will double the amount of money the city receives in four years. Councilmember Murray asked Tyler that if they have an exemption is it fair to the rest of the businesses in town? Kristie explained that the public was getting fired up because they thought Tyler was saying, "Look at all the money we are bringing in, you should give us a tax break." Councilmember Wilson clarified that no one is getting a tax break. Councilmember McConnell stated that as the number of passengers goes up so does the number of tie-ups, maintenance, the number of security people hired etc... Do we want to implement \$100,000 to \$200,000 of sales tax on their passenger fees to collect in our coffers and leave them that much short of funds to operate or pay the debt. Or as Councilmember Wilson said, "They may say that we are 65% owners, you take care of the maintenance." Councilmember Wilson said that we should do what was suggested and get more information and numbers. Let's be more informed so that we are looking out for the best interest of our community. We need to be able to explain in black and white. Councilmember McConnell explained that there are huge corporations that invest significant amounts in communities and given huge exemptions for doing so. Corporations like Amazon, Boeing and others. This is not an unprecedented move. Councilmember Skaflestad said that it is tough for some community members because they come to him and say that it wasn't a year ago that you put a sin tax out there for alcohol and tobacco. It's a hard pill to swallow. He said that it seems that if it's such a minimal amount then why doesn't ISP just pay it? Councilmember Murray asked Tyler if we did pass this, he wouldn't want to put the burden on it until you could inform the cruise ship that instead of \$15, it would be \$15.60 per person. Tyler explained that the problem with this is that before the dock went in, they went to every cruise lines, sat down with them and guaranteed that they would not raise fees with them. So if the \$15 is taxed, it will come out of the bottom line because they will not go back and raise fees. Kristie S. suggested they ask other ports what they are charging. Why is \$15 the magic number? Why can't we raise this fee? It seems like a strange business move to make to say that we will never raise this fee. Councilmember Wilson reiterated again that it is important to gather more information before they move forward so that they can come back to the public with some helpful information. We have to be careful when we do comparisons with other communities because a lot of those companies lose out on a lot of tourism industries. We want to do what's right for our community. We are trying to come up with ways to have other funds go to our public education system and department of public safety. Kenny K. suggested that we start asking for the figures. For example, follow Tyler out the door and get those numbers from him. Councilmember Murray shared with Tyler that he felt like they were not being completely honest and might be lying about some things. He said that in the past 10 years there has been almost 0% inflation but it is starting to go up. If you take a look at 4% inflation rates. You say \$15 is fixed, it's going to be worth about \$5 so how are you guys going to do this? Because

your costs aren't going to go down, and the amount you are charging the passengers is going to be about useless. You are dead in the water. Tyler explained that when all this comes to light, they will have discussions with their partners. Councilmember Phillips spoke in defense of Tyler and said that they were trying to hold the price down so that the customers would come. Councilmember Skaflestad called for a point of order so that they could get back to the specifics.

Public Comment—Tyler Hickman, Kristie Styers, Kenny Karl, and Joyce Skaflestad shared comments within the above discussion. .

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Moved by McConnell, Seconded by Skaflestad to move to retain in Committee as a Whole until wording could be worked out, and find out exactly what portion of the tax fees we are exempting. Polled Vote: Motion carries

**g) Ordinance 18-08-19 Mailing and Due Date of Bills**

Discussion - none

Public Comment—none

Moved by McConnell, Seconded by Phillips to forward this to council for action. Polled Vote: Motion carries

**h) Executive Session to Discuss Director of Public Safety Groshong's Contract**

Discussion- Councilmember Skaflestad explained that it is the right of the person being discussed whether they want to waive the executive session and leave it open for the public. Chief Groshong chose to keep it to executive session.

Moved by McConnell and Seconded by Phillips to reenter CAAW from executive session. Moved by McConnell and Seconded by Skaflestad to move Chief Groshong's contract as amended to City Council to adopt. Polled Vote: Motion Carries

**i) Community/Council Comments —**

Councilmember McConnell asked if we were on schedule per our budget. Councilmember Murray wants to start budget meetings earlier in the year. Councilmember McConnell wanted clarification on the amount of money spent for fishing derby. He was wondering if it was the Forest Service in charge or the city? Councilmember Skaflestad said he would clarify this with Kris. Councilmember Phillips shared a table about sales tax that would decrease with season. Councilmember McConnell explained that by looking at this, he actually would be paying more sales tax under this plan. Right now, we don't need more money for the city. Councilmember Phillips said that it would be good for the residents of Hoonah. Councilmember Wilson called for a point of order because it is more of a budget topic.

Moved by Phillips, Seconded by Skaflestad to adjourn.

**V. Adjourn—9:06 pm.**