



MUNICIPALITY OF SKAGWAY, ALASKA  
REGULAR ASSEMBLY MEETING

January 19, 2017  
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1. **Call To Order:**

Mayor Schaefer called the meeting to order at 7:00 p.m.

2. **Roll Call:**

**Present:** Mayor: Mark Schaefer **Assembly Members:** Jay Burnham, Steve Burnham Jr., Tim Cochran, Angela Grieser, Orion Hanson, Spencer Morgan

**Absent:** Angela Grieser (excused)

**Motion/Second: S. Burnham/Cochran**

To excuse Assemblywoman Grieser from the January 19, 2017, Assembly meeting.

**Motion passed by roll call vote, 5 yes, 0 no, 1 absent.**

3. **Approval of Minutes:**

Minutes for the January 5, 2017, regular Assembly meeting were approved by roll call vote, 5 yes, 0 no, 1 absent, with the following corrections: Assemblyman J. Burnham voted “no” on the check run; and “\$” signs are missing.

4. **Approval of Agenda:**

The agenda of the January 19, 2017, regular Assembly meeting was approved as presented by roll call vote, 5 yes, 0 no, 1 absent.

5. **Reports of Officials and Committees:**

A. **Mayor’s Report:**

Mayor Schaefer reported that he canceled his trip to the 2017 Mineral Roundup in Vancouver due to family needs; Assemblyman S. Burnham, Assemblyman J. Burnham, Port Commission Chair Tim Bourcy and Borough Lobbyist John Walsh will attend.

B1. **Finance Committee:**

**Motion/Second: S. Burnham/Cochran**

To pay the check run dated January 19, 2017, as follows:

- General checks 112880 through 112996 and EFT totaling \$989,587.03;
- Payroll checks 112876 through 112876 and Direct deposits DD17380 through DD17438 totaling \$115,030.17;
- Grand total of \$1,104,617.20.

Assemblyman Cochran noted that there is a check for Petro Marine Services, a company for which he is plant manager.

**Motion passed by roll call vote, 5 yes, 0 no, 1 absent.**

Assemblyman S. Burnham reported that the Finance Committee voted to recommend that the Municipality proceed with the ambulance purchase, and voted to recommend approval of the draft FY16 financial reports.

Assemblyman S. Burnham indicated the Finance Committee had good discussion about budget procedures; there is now a form for budget requests that will be used for all requests from the public and the Assembly to allow for accurate tracking. Assemblyman S. Burnham indicated that the deadline to request funds in the FY18 budget is February 15, 2017.

**B2. Public Safety Committee:**

Assemblyman J. Burnham indicated that the Public Safety Committee met to discuss code amendments that will be presented on the February 2, 2017, Assembly agenda.

**B3. Public Works Committee:**

Assemblyman Morgan reported that National Park Service (NPS) representative Anne Matsov attended the last Historic District Commission (HDC) meeting to discuss the Meyer building at 5<sup>th</sup> Avenue and State Street; two original colors on the building nearly match the color palette in municipal code but these colors will need to be added to the color palette.

Assemblyman Morgan indicated that NPS Liaison to HDC Karl Gurcke will be retiring and NPS hopes to transition NPS Historian Susannah Dowds into the liaison position.

Assemblyman Morgan reported that Ms. Matsov indicated to HDC that she has done research regarding the Municipality becoming a Certified Local Government, which would allow the Municipality to receive federal funding for historic preservation. Assemblyman Morgan indicated that this designation could provide for funding for the Conservation Committee; Assemblyman Morgan asked if the Assembly objected to further research on the designation.

Manager Hahn indicated that he had researched this designation a couple of years ago and the program requires the Municipality follow federal regulations for buildings; the Municipality should be wary of the fine print, and he is willing to discuss this with HDC. Assemblyman Morgan indicated that any grant funding received would have stipulations. Mayor Schaefer indicated there is nothing wrong with revisiting the designation, and indicated an item can be placed on an Assembly agenda when appropriate.

**B4. Civic Affairs Committee: None.**

**B5. Health, Education and Welfare Committee:**

Assemblyman Cochran indicated that School Superintendent Josh Coughran, Manager Hahn and he met to score the proposals received for the School Vocational Education Building engineering project, and the matter was deferred to this Assembly meeting.

Assemblyman Cochran reported that the Health, Education and Welfare (HEW) Committee met with members of the Clinic Board of Directors to discuss grant conditions related to governance with HRSA representatives. Assemblyman Cochran indicated that HRSA will get additional information to the Municipality within two to three weeks.

Assemblyman Cochran indicated that the Port Commission met to discuss a post-2023 request for proposals (RFP), environmental regulations for the waterfront, and arctic terns on the waterfront. Assemblyman Cochran reported that the Port Commission will continue to discuss the RFP and environmental regulations at future meetings.

**B6. Parks and Recreation Committee:**

Assemblyman Hanson reported that the Port Commission was approached by Elaine Furbish and Jami Belt regarding their recommendation for arctic terns on the waterfront; Assemblyman Hanson reported that he also spoke to Port Commission Chair Tim Bourcy about whether or not the Port Commission had any objection to a temporary sign for the arctic terns that was developed by the Parks and Recreation Committee. Assemblyman Hanson indicated that the Port Commission had no objection to the signage which was then sent to the attorney for review; the borough attorney had suggestions for slight changes to the language on the sign, but it is otherwise a “go” and will be in place in time for the upcoming season.

Assemblyman Hanson reported that the Planning and Zoning Commission (P&Z) approved a replat application from Bob and Monica Carlson; the replat was to divide one lot into three, and Alaska Power and Telephone (AP&T) verified that it could provide utilities to the lots. Assemblyman Hanson reported that P&Z had a productive discussion regarding potential municipal land sales, and Betsy Albecker attended the meeting to speak to the access easement through municipal lots to her property, USS 3308. Assemblyman Hanson indicated that Ms. Albecker has concerns regarding the sale of lots on an unmaintained road, and indicated that if the Municipality maintains the road she has no objection to allowing the public to use the road and relocating the gate to her property line. Assemblyman Hanson indicated that this discussion will continue at the next P&Z meeting.

Assemblyman Hanson indicated that P&Z also discussed the proposed Taiya Overlook Trail on ASLS 2007-6, Taiya Inlet Subdivision Block B, and discussed the possibility of moving the designated access to the ridge. Assemblyman Hanson indicated that there had been a lot of analysis and research done in the past about placement of the Taiya Overlook Trail, and he will contact R&M Engineering to discuss this. Manager Hahn indicated he also has information and calculations about the property and invited Assemblyman Hanson to come talk to him.

Assemblyman Hanson reported that the Nahku Bay Property Oversight Ad Hoc Committee is close to finalizing a draft for management of the Nahku Bay beach area. Assemblyman Hanson indicated that the committee will meet on January 25 to discuss the draft as well as potential signage for the beach, and will address the uplands area at a later date. Mayor Schaefer indicated that the committee is also looking into the Southeast Alaska Land (SEAL) Trust; Mayor Schaefer asked that an item regarding these efforts be added to the February 2 Assembly agenda.

Assemblyman Cochran added to his HEW report, indicating that the Assembly had previously tasked the Parks and Recreation Committee with addressing the arctic tern issue on the waterfront; the recommendation provided to the Port Commission did not originate with the Parks and Recreation Committee. Assemblyman Hanson noted that he spoke with Port Commission Chair Tim Bourcy about this prior to the Port Commission meeting.

**C. Manager's Report:**

Manager Hahn invited members of the Assembly to come in to the office any time to discuss any ideas they may want to develop. Manager Hahn noted that the borough attorney is currently working on the agreement for the CPV study by Mr. Van Altvorst.

**6. Communications to the Assembly:**

**A. Correspondence:**

No additional correspondence was received.

**B. Hear Citizens Present:**

School Superintendent Josh Coughran thanked the Municipality for the opportunity to be on the scoring committee for the School Vocational Education Building engineering project.

Lacey Chandonnet thanked the Assembly for consideration of the sale of municipal land. Ms. Chandonnet indicated that it is a challenge to distinguish between luxury projects and necessary projects, and asked the Assembly to consider this with upcoming projects. Ms. Chandonnet indicated that she feels the Recreation Center Expansion project and the Pool project are separate projects that have been merged into one; Ms. Chandonnet asked that if the matter goes to the voters that citizens be allowed to vote on these projects separately, as not all citizens want both projects. Ms. Chandonnet asked that if a sales tax increase is proposed that it is applied only to retail sales, as the taxes for rentals are already high and this additional cost will be passed on to the renter.

Jan Wrentmore urged the Assembly to add construction of a new ferry float to the capital improvements priority (CIP) list; the refurbishment project goes out to bid in March, and with the new Alaska Class Ferries coming online the ferry float should accommodate them. Ms. Wrentmore indicated that accommodating end berthing will be quicker and more efficient, especially considering the 12-hour rule for ferry crew. Ms. Wrentmore indicated that refurbishing the ferry float instead of replacing it is a waste of money; Ms. Wrentmore urged the Assembly to ask the Governor to conduct a cost assessment for a new float versus a refurbished float. Ms. Wrentmore indicated that the Municipality has a 5/12 ownership interest in the float and could contribute funding for the project.

Mayor Schaefer noted that he spoke with a representative from the Department of Transportation and Public Facilities (DOT&PF), and DOT&PF wants to keep the project moving forward. Mayor Schaefer indicated that efficient berthing is necessary and he will speak to the representative further. Mayor Schaefer indicated that there has been no response yet to the Municipality's letter to the Governor regarding the reconsideration of the scope of the project, but the Governor is aware of the situation. Assemblyman Cochran indicated that the lifespan of the float has been exceeded;

the federal government provided \$4.5 million for replacement of the float and he believes this funding has been redirected. Assemblyman Cochran noted that it is responsible to provide efficient loading and unloading, and it would behoove the Municipality to send a letter to this effect. Mayor Schaefer indicated that the DOT&PF representative said the float could be adapted at a later date; however this is not an efficient way to conduct the project. Assemblyman S. Burnham noted that the Municipality should consult with its lobbyist. Assemblyman Morgan indicated that the matter can be discussed further under item 7A.

Ms. Wrentmore indicated that the float could be built elsewhere and towed in to Skagway, which would be quicker and could assist in avoiding a long closure of the float due to the project. Ms. Wrentmore indicated she agrees with Ms. Chandonnet that any sales tax increase should not apply to rentals. Mayor Schaefer asked that an item regarding the ferry float be added to the February 2 Assembly agenda.

No additional comments were made.

7. **Ordinances, Resolutions & Proclamations:**

- A. **Public Hearing and Adoption of Resolution No. 17-01R; Setting the Priority List for Capital Improvement Projects**

**Motion/Second: Cochran/Morgan**

To adopt Resolution No. 17-01R.

Mayor Schaefer opened the hearing to the public.

Tyler Rose of White Pass and Yukon Route Railroad (WPYR) indicated he supports Ms. Wrentmore's comments regarding the ferry float.

No additional comments were made; Mayor Schaefer closed the hearing to the public.

Assemblyman S. Burnham indicated that the Finance Committee discussed the CIP priority list, and recommends several amendments.

**Motion/Second: S. Burnham/Cochran**

To amend Resolution No. 17-01R as follows:

1. State Street Utility Installation (\$1,800,000)
2. Seven Pastures Recreation Area Flood Dike (\$750,000)
3. Solid Waste, Recycling & Public Works Facility Utility Installation (\$1,000,000)
4. Senior Center / Housing (\$1,000,000)

**Motion to amend passed by roll call vote, 5 yes, 0 no, 1 absent.**

Assemblyman Cochran indicated that the State has already appropriated funding for the ferry float refurbishment project and questioned if the Municipality needs to request additional funding. Manager Hahn indicated that the priority of the project can be noted in the Legislative CAPSIS system when he submits the funding request, and supporting documents can be provided. Assemblyman Morgan indicated he is fine with adding the ferry float project to the CIP priority list, but he feels that the State Street utility installation is more important. Assemblyman Hanson indicated that listing the ferry float project as the number one priority will get the most attention from the Legislature. Assemblyman Cochran indicated that state funding is already appropriated for the ferry float project, and the Municipality does not need to ask for additional funding.

Assemblyman S. Burnham indicated that the State Street utility project was forced upon the Municipality; the old utility structures could be left in place, but they need to be upgraded and any repairs to the old structures would necessitate paying to recut the asphalt of State Street. Assemblyman S. Burnham indicated that he is hesitant to ask for ferry float project funding, and the project could be listed in the number two spot without a funding request listed. Assemblyman J. Burnham noted that it would be cheaper and less complicated to construct a new float and bring it into Skagway when complete.

**Motion/Second: Hanson/J. Burnham**

To amend the resolution to add “Ferry Floating Dock with Bow Loading Capacity” as number two on the capital projects list with no funding request.

The Assembly discussed whether or not to include a funding request with the ferry float project item. Assemblyman S. Burnham noted that because it is a state project the Municipality should not ask for funding for the project; however it can be included on the priority list to designate the project as important. The Assembly discussed the possible cost of a new float with end-berthing accommodations.

**Motion/Second: J. Burnham/Cochran**

To call for the question.

**Motion passed by roll call vote, 5 yes, 0 no, 1 absent.**

**Motion to amend passed by roll call vote, 5 yes, 0 no, 1 absent.**

**Main motion as amended passed by roll call vote, 5 yes, 0 no, 1 absent.**

- B. **Public Hearing and Adoption of Resolution No. 17-02R;** Requesting Commercial Passenger Vessel (CPV) Excise Tax Funding for Capital Improvement Projects

**Motion/Second: Cochran/Morgan**

To adopt Resolution No. 17-02R.

Mayor Schaefer opened the hearing to the public. No comments were made; Mayor Schaefer closed the hearing to the public.

Assemblyman Cochran noted that the Finance Committee made no recommendation for amendments to the resolution.

Assemblyman Hanson asked about the Water Well #4 project. Manager Hahn noted that the project is funded through a State of Alaska loan; CPV funding has been encumbered for repayment of the loan due to the impact of cruise visitors on the municipal water system. Assemblyman S. Burnham noted that if the Municipality receives \$3 million for the Public Safety Facility the funding will be used for either repayment of the bond or for completion of the building.

**Motion passed by roll call vote, 5 yes, 0 no, 1 absent.**

8. **Unfinished Business:**

A. **School Vocational Education Building Project Award**

Assemblyman Cochran reported that Architects Alaska received the highest score from the committee.

**Motion/Second: Cochran/Morgan**

To award the School Vocational Education Building project to Architects Alaska.

Assemblyman J. Burnham indicated he agrees with the scoring from the committee.

Assemblyman Hanson expressed concern that completing the engineering for a project demonstrates intent to construct the project. Assemblyman Cochran indicated that this engineering has been budgeted for years. Assemblyman Hanson asked how the Municipality will generate more revenue to cover the cost of all of its projects; the Municipality cannot keep planning projects with no plans in place for funding.

Assemblyman Cochran indicated that the argument for completion of this project is that the cost is low, and in the big picture Skagway students will become qualified in trades that allow them to work in Skagway, which stimulates the economy.

Assemblyman Hanson asked when the Municipality will start saying “no” to projects; this matter merits discussion because new revenue streams need to be identified first and the Municipality must be fiscally responsible.

Assemblyman J. Burnham indicated he agrees that the Municipality needs to be fiscally responsible, and if a project is desired the funding source needs to be identified as well. Assemblyman J. Burnham indicated that if citizens want a project, they will vote in favor of the funding.

Mayor Schaefer indicated that he would like to move forward with design and then the construction can be discussed at a later time; the engineering step is needed in order to know the cost of the project. Assemblyman Morgan agreed that discussion is needed after the cost estimate is received; however at this point the engineering is needed in order to know the cost, and the engineering funding has been budgeted.

Assemblyman S. Burnham noted that the project is not engineering, but an investigation of existing buildings that can be used for the vocational education building and a cost estimate; a shovel-ready project is needed in order to acquire outside funding. Assemblyman S. Burnham indicated that the project will benefit Skagway's economy; local industry jobs are needed and these can be taught at school. Assemblyman S. Burnham noted that the cost is \$60,000 for the scope of the project and \$140,000 is budgeted.

**Motion passed with Assemblyman Hanson dissenting, 4 yes, 1 no, 1 absent.**

9. **New Business:**

A. **Review and Approval of Draft FY16 Financial Reports**

Mayor Schaefer indicated that the Municipality received a good report, and Treasurer Rodig has once again done a great job. Assemblyman S. Burnham indicated that the Finance Committee reviewed the report and he agrees that the treasurer and Administration has done a good job. Assemblyman S. Burnham noted that the A133 report is integrated into the main financial report this year for efficiency; Assemblyman S. Burnham indicated that the Finance Committee recommends approval of the FY16 financial reports. Assemblyman Morgan noted the statement in the report about capital projects, and that the Assembly is doing a good job at identifying funding sources for capital projects.

**Motion/Second: Cochran/S. Burnham**

To approve the draft FY16 financial reports.

Assemblyman Cochran indicated that the Municipality is in good shape but agrees with Assemblyman Hanson that it needs to watch its revenue stream.

**Motion passed by roll call vote, 5 yes, 0 no, 1 absent.**

B. **Comments to Army Corps of Engineers re: PARN Permit Application**

Manager Hahn indicated that there are potential issues with the project due to its possible impact on the floodplain, and an analysis should be conducted to satisfy FEMA requirements. Mayor Schaefer indicated that the choke point of the river is farther downstream so the project may not affect the floodplain, but the Municipality can ask the Army Corps of Engineers (Corps) about this. Manager Hahn noted that there are municipal projects in the area including the mitigation of Lillegraven Creek; the increased velocity caused by the fill could impact a 100-year flood event. The Assembly discussed the location of the project and potential impacts it may have on the floodplain.



**Motion/Second: S. Burnham/Cochran**

To have Administration draft comments on the Army Corps of Engineers permit POA-1990-375-M1 and bring them back to the next Assembly meeting for Assembly review.

**Motion passed by roll call vote, 5 yes, 0 no, 1 absent.**

**C. Consideration of Olivia's Beverage Dispensary-Tourism Liquor License Renewal**

**Motion/Second: S. Burnham/J. Burnham**

To protest Olivia's beverage dispensary-tourism liquor license renewal.

**Motion failed by roll call vote, 0 yes, 5 no, 1 absent.**

**D. Fire Department Request to Proceed with Ambulance Purchase**

Assemblyman S. Burnham indicated that the Finance Committee voted to recommend proceeding with this purchase, with the inclusion of the cost different of \$2,663.

**Motion/Second: S. Burnham/Hanson**

To approve the purchase of the ambulance with the inclusion of \$2,663.

Assemblyman Hanson asked about the disposition of the old ambulance once it is replaced. Mayor Schaefer indicated that in the past the Municipality has donated obsolete equipment to communities in need. Assemblyman Hanson asked about the value of the old ambulance.

Fire Chief Jeremy Simmons indicated that there are issues with the ambulance, including significant transmission problems, which will require a rebuild that no one in Alaska can complete. Chief Simmons verified that in the past the Municipality has donated equipment to a community that then fixes it; however the last ambulance was disposed of through a municipal auction. Chief Simmons indicated that the ambulance has value but the cost to maintain it outweighs its value. Chief Simmons noted that the depreciated value is on file in the Administration Department for insurance purposes.

Assemblyman J. Burnham asked whether the ambulance could be used for a Fire Department substation in Dyea. Chief Simmons indicated that the ambulance is not worth the maintenance required and he is unsure when a substation project would be underway as the Municipality is not ready to move forward with that project. Assemblyman Hanson indicated that the sale of the ambulance could help offset costs.

**Motion passed by roll call vote, 5 yes, 0 no, 1 absent.**

10. **Executive Session:** None Scheduled.

11. **Mayor and Assembly Discussion Items:**

Assemblyman J. Burnham thanked the audience for attending, and noted that it is good to see new faces.

Assemblyman S. Burnham indicated he would like the Municipality to ask Borough Lobbyist John Walsh to investigate strategies related to the \$1.8 million in funding needed for the State Street utilities installation project; it is also important to strategize for a new ferry float.

Assemblyman S. Burnham indicated that a standard procedure is needed for scoring project proposals; other municipalities have procedures for the entire process and scorers sign paperwork saying they will adhere to the procedures. Assemblyman S. Burnham indicated that a set procedure protects the Municipality and provides for consistent rating standards; Assemblyman S. Burnham asked if there are models on which the Municipality could base its procedures.

The Assembly discussed having the manager inquire with DOT&PF about the ferry float, as well as impacts to port of entry infrastructure at the border due to the Capt. William Henry Moore Bridge replacement project occurring during the summer season. Mayor Schaefer indicated he will ask Mr. Walsh to be on the phone for the next Assembly meeting.

Assemblyman Cochran noted he will be out of town from January 31 until February 14 and will call in to the next Assembly meeting. Assemblyman Cochran indicated he will try to meet with Mr. Walsh while in Juneau.


Assemblyman Morgan asked about sales tax on rents, and indicated that when the sales tax holiday was applied to rents the Municipality lost a lot of revenue. Assemblyman Morgan questioned how much of the sales tax revenue is from residential versus commercial rents, and indicated that if the sales tax rate is raised the cost may be passed along to those who cannot afford it.

Assemblyman Hanson thanked the Assembly for the good discussion. Assemblyman Hanson indicated that the Municipality should reach out to its representatives to speed up the municipal entitlement process. Assemblyman Hanson indicated his goal is to have another land lottery this summer, and the Municipality should try to offer residents opportunities to purchase land. Assemblyman Hanson indicated that P&Z was excited to talk about potential land sales at its last meeting, and there is a lot of local knowledge on the Commission.

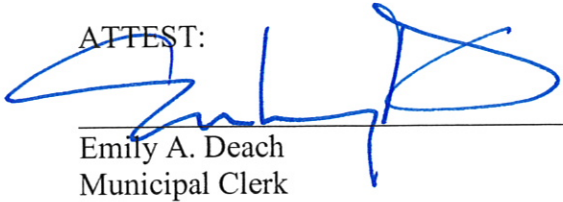
Assemblyman Cochran thanked Shaun McFarlane of Moffatt & Nichol for being on the telephone. Mr. McFarlane indicated that team member Lorraine Cordova is scheduled to conduct the open house on January 23, and Julie Dinneen will also be in attendance.

12. **Adjournment:**  
**Motion/Second: Cochran/Morgan**

To adjourn the meeting of January 19, 2017, at 9:10 p.m. **Motion passed by voice vote.**

  
Mark Schaefer, Mayor

ATTEST:

  
Emily A. Deach  
Municipal Clerk

(SEAL)

Approved: February 2, 2017

