



MUNICIPALITY OF SKAGWAY, ALASKA
REGULAR ASSEMBLY MEETING

April 21, 2022
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1. **Call to Order:**

Vice-Mayor Hanson called the meeting to order at 7:00 p.m.

Vice-Mayor Hanson formally acknowledged that the Assembly is gathered on the traditional land of the Tlingit people.

The pledge of allegiance was recited.

2. **Roll Call:**

Present: Vice-Mayor: Orion Hanson **Assembly Members:** Sam Bass, Jay Burnham, Reba Hylton, Deb Potter, Dustin Stone

Absent: Mayor: Andrew Cremata

The main motion passed by roll call vote, 6 yes, 0 no, 0 absent.

4. **Approval of Agenda:**

Main Motion/Second: Bass/Stone

To approve the April 7, 2022 Regular Assembly meeting agenda with the addition of item 9G, Citizens Present with Robin Brena.

The main motion passed as amended by roll call vote, 6 yes, 0 no, 0 absent.

3. **Approval of Minutes:**

A. April 7, 2022

Main Motion/Second: Stone/Burnham

To approve the April 7, 2022 Regular Meeting minutes.

The main motion passed by roll call vote, 6 yes, 0 no, 0 absent.

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

A. **Mayor's Report:**

Vice-Mayor Hanson indicated that there is a mayor's report included in the meeting packet and added that:

- The community is exceptionally busy preparing for a robust visitation season.

B. **Assembly Committee Reports:**

1. **Assemblymember Jay Burnham:**

Motion/Second: Burnham/Bass

To approve the check runoff dated April 20, 2022 totaling: \$575,865.87.

Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

Assemblymember Burnham indicated that the Finance Committee met on Wednesday, April 20, 2022.

The Finance committee recommends:

- Approval of Resolution No. 22-09R regarding the FY23 Community Assistance Program.
- Awarding the Municipal Facilities bid for janitorial services.
- Acceptance of the grant funding for COVID Healthy and Equitable Communities.
- Approving the change order for the State Street Utility Project regarding imported fill.
- Approval of the proposal for groundwater investigation on lots 11 and 12.
- Approval of the Skagway Harbor Master Office Proposal.

The Finance committee reviewed a draft ordinance amending Purchases and Sales and a resolution regarding setting spending limits.

2. **Assemblymember Reba Hylton** indicated that the Health, Education and Welfare (HEW) committee met on Wednesday, April 13, 2022.

The HEW committee recommends:

- Adoption of Ordinance No. 22-03, authorizing the sale of the E.A. Jenny Rasmuson Community Health Center.

The HEW committee discussed two childcare resolutions: one regarding continued financial support of licensed daycare facilities; and one providing a start-up grant to facilitate an additional childcare facility in Skagway.

3. **Vice-Mayor Orion Hanson** indicated that the Public Works committee met on Monday, April 11, 2022.

The Public Works committee reviewed:

- 35% design plans for a Solid Waste Transfer Station and requested alternate sites be investigated within the 15-acre site.
- A draft ordinance regulating discharge of fats and oils into the Municipal sanitation system. This ordinance will be further developed.
- An RFP for the rockslide assessment.

The Public Works committee discussed capital projects with focus on a strategy for installing water and sewer across the bridge.

4. **Assemblymember Bass** indicated that the Public Safety committee met on Tuesday, April 12, 2022.

The Public Safety committee:

- Discussed fire response options in Dyea.
- Discussed traffic patterns on Spring Street and Broadway Street.
- Recommended an updated fine schedule.
- Recommended a grade increase for the lead dispatcher position.
- Discussed the impact of shotgun use on the Dyea Flats.

The Public Safety committee did not feel that the use of shotguns on the Dyea flats was appropriate and will review a code amendment restricting that use at a May committee meeting.

C. Reports from Boards, Commissions, and Solid Waste Advisory Committee: None.

D. Manager's Report :

Manager Ryan indicated that his report was in the packet and added:

- The old clinic site is not contaminated to the extent that requires an active cleanup. If the site is selected for a project, a mitigation plan will be necessary.
- Ports and Harbors recommended modifications to the draft RFPs, and the changes have been incorporated. Staff intends to advertise the RFPs beginning in May.
- The Yukon Government provided the Municipality with a proposal by Ausenco, which details a concept design for a "T" dock that could be utilized for containerized bulk ore handling, or a mobile ore loader. Manager Ryan indicated that he received an email from the Yukon Government offering to finance 30% conceptual and permitting for the "T" dock, which would be added into the MOS contract with KPFF.
- Congratulations to Emily Rauscher for completing a seven-week course at the Illinois Fire Service Institute.

6. Communications to the Assembly:

Vice-Mayor Hanson indicated that all of the correspondence is available in the packet, at the back of the room or online by scanning the QR code on the agenda.

A. Correspondence:

Correspondence was received from:

- Mavis Henrickson regarding the Port and Borough Manager (received April 7, 2022)
- Matt Lindsey, Petro49 CEO, regarding Draft Fuel Lease RFP (dated April 19, 2022)
- Kaitlyn Jared, SDC Executive Director, regarding Skagway Spring Training (received April 21, 2022)
- John Hischer, School Board President, regarding School Funding (received April 21, 2022)

B. Hear Citizens Present:

Dave Hunz indicated:

- That he would like know if a lease of real property for the ore terminal is going to be put out in a way that it could be bid on by local residents.
- The negotiation in regard to Ordinance 22-03 should be by committee and not solely the Borough Manager.

- The land where the clinic was constructed was donated as a gift to the Municipality by the National Bank of Alaska—Elmer Rasmuson. The various organizations that donated towards the building is not mentioned in the document.
- That there is a cost related to the deletion of clinic positions that voters should know before they are asked to make a decision.

jeremy simmons indicated:

- It is appropriate to put out at referendum regarding a sale such the one indicated in Ordinance 22-03.
- The language of any such ballot proposition needs to be strictly objective. The last paragraph under explanation of ballot proposition, is a statement of opinion that is leading. The people must be able to decide for themselves.

Jeremy Jansen indicated:

- Concern regarding the RFP process surrounding the waterfront lease areas.
 - The RFP process targets companies that maintain year-round employment, rather than encourages companies to employ local people year-round.
 - The process has forced him to question what is going to happen to the company he works for, in addition to his job.
 - The companies affected by the RFPs have operated and invested in Skagway for decades. That the Assembly is not offering their investments and operations to the next highest bidder.
 - That residents may leave when it becomes even more difficult to afford fuel and food after awarding the highest bidder.
 - That the process should unite the community and the already existing business relationships.

Tim Bourcy indicated:

- That regarding the first reading of Ordinance 22-03, the sale of the E.A. & Jenny Rasmuson Community Health Center, there is history the Assembly should be aware of.
 - Bourcy was Mayor when the private non-profit operated the clinic went bankrupt.
 - Bourcy was tasked with notifying the clinic employees that the Municipality was taking over the clinic, which was probably the hardest thing he did as a public official.
 - That the Municipality reached out to SEARHC at that time, requesting assistance, but were turned down as the SEARHC priority at the time was native health care.
 - That the fish wall at the clinic symbolizes all the individuals who donated to build the clinic facility; it is a community facility.

Tim Cochran indicated that:

- There is a letter in the packet from Matt Lindsey, the CEO of Petro Marine. Matt Lindsey will be travelling to Skagway for the May 5th Assembly meeting.
- Petro Marine would like more discussion before the fuel RFP is issued.
- A lot of work went into the clinic to acquire it. Cochran indicated that he does not agree with selling it.

- Hoping that SEARHC will expand services is not a guarantee. People will likely end up leaving town to attain services.

Melinda Munsen indicated that:

- She supports the passage of Ordinance 22-02.
- She would like to be able use her property as she would like to use it.
- She has an accessory building and would like to install walls inside, however is currently prohibited by code.

7. Ordinances, Resolutions, & Proclamations:

- A.** Introduction and First Reading of Ordinance No. 22-01 Amending SMC Section 19.06 Use Districts, Zoning Map, and Zoning Classifications to Increase Maximum Lot Coverage Requirements

Motion/Second: Stone/Potter To send Ordinance 22-01 Amending SMC Section 19.06 Use Districts, Zoning Map, and Zoning Classifications to Increase Maximum Lot Coverage Requirements, to Civic Affairs.

Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

- B.** Introduction and First Reading of Ordinance No. 22-02 Amending SMC Section 19.06 Use Districts, Zoning Map, and Zoning Classifications to Remove the Maximum Square Footage Requirement for Accessory Housing

Motion/Second: Stone/Bass For introduction and first reading of Ordinance 22-02 Amending SMC Section 19.06 Use Districts, Zoning Map, and Zoning Classifications to Remove the Maximum Square Footage Requirement for Accessory Housing.

Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

- C.** Introduction and First Reading of Ordinance No. 22-03 Authorizing the Sale of the E.A. Jenny Rasmuson Community Health Center

Main Motion/Second: Stone/Bass For introduction and first reading of Ordinance 22-03 Authorizing the Sale of the E.A. Jenny Rasmuson Community Health Center.

Secondary Motion/Second: Bass/Stone To amend Ordinance 22-03 by removing the fifth paragraph of the "Ballot Proposition."

The following is the fifth paragraph of the "Ballot Proposition":

The financial burden to provide health care with a standalone municipal medical clinic may exceed \$1 million dollars in tax payer subsidies in 2023, and the projection is for the amount of tax payer subsidies to increase. A regional

organization such as SEARHC has access to greater funding and can provide the same services without the need for tax payer subsidies from Skagway citizens.

Secondary Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

Main Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

- D. Public Hearing and Adoption of Resolution No. 22-08R Amending Resolution No. 21-17R to Authorize the Manager to Enter into Port Agreements with Passenger Cruise Ship Companies

Motion/Second: Potter/Stone For Public Hearing and Adoption of Resolution No. 22-08R Amending Resolution No. 21-17R to Authorize the Manager to Enter into Port Agreements with Passenger Cruise Ship Companies.

Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

- E. Public Hearing and Adoption of Resolution No. 22-09R: Approving Certain Unincorporated Communities and Their Respective Native Village Council and/or Incorporated Nonprofit Entity for Participation in the FY23 Community Assistance Program

Motion/Second: Burnham/Bass For Public Hearing and Adoption of Resolution No. 22-09R: Approving Certain Unincorporated Communities and Their Respective Native Village Council and/or Incorporated Nonprofit Entity for Participation in the FY23 Community Assistance Program.

Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

- F. Public Hearing and Adoption of Resolution No. 22-10R Amending Resolution No. 21-29R, Updating the Plan to Temporarily Provide Annual Permits Allowing for the Habitation of Recreational Vehicles

Main Motion/Second: Potter/Burnham For Public Hearing and Adoption of Resolution No. 22-10R Amending Resolution No. 21-29R, Updating the Plan to Temporarily Provide Annual Permits Allowing for the Habitation of Recreational Vehicles.

1st Secondary Motion/Second: Bass/Burnham To amend Resolution 22-10R, to incorporate the attorney's language.

1st Secondary Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

2nd Secondary Motion/Second: Bass/Potter To amend Resolution 22-10R to strike the words "north of 15th Avenue" from line number "3."

2nd Secondary Motion passed by roll call vote, 4 yes, 2 no, 0 absent; with Assemblymember Hanson and Assemblymember Burnham dissenting.

3rd Secondary Motion/Second: Hanson/Potter To amend Resolution 22-10R to strike, from line number “3,” the words “or two RV permits on vacant 5,000 square-foot lots.”

3rd Secondary Motion failed by roll call vote, 1 yes, 5 no, 0 absent; with Assemblymember Hanson assenting.

Main Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

8. Unfinished Business:

9. New Business:

A. Award of Contract for Municipal Facilities Janitorial Services

Motion/Second: Burnham/Hanson To award the contract for Municipal Facilities Janitorial Services to Clean Freak Custodial for \$4,400 per month.

Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

Vice-Mayor Hanson indicated his thanks to Red Henrickson for her many years of service cleaning the Municipal facilities.

B. Approval of Clinic Grant Agreement for COVID Healthy and Equitable Communities

Motion/Second: Potter/Burnham To accept the Clinic grant for COVID Healthy and Equitable Communities in the amount of \$51,282.05.

Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

C. Approval of Change Order for State Street Project Import Fill

Motion/Second: Potter/Bass To approve the change order for the State Street Utility project imported fill in the amount of \$179,856.

Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

D. Approval of Groundwater Investigation Lots 11 & 12 – T&M Budget Proposal

Motion/Second: Potter/Burnham To approve the proposal from Cox Environmental for groundwater monitoring on lots 11 and 12 in the amount of \$26,349.

Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

E. Approval of Skagway Household Waste 2022 Planning, Mobilization and Event Proposal

Motion/Second: Potter/Stone To approve the proposal from Cox Environmental for Household Hazardous Waste Planning, Mobilization & Event.

Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

- F. Approval of Skagway Harbor Master Office and Public Restroom and Shower Building Proposal

Motion/Second: Bass/Potter To accept the proposal for conceptual design service for the Skagway Harbor Master Office and Public Restroom and Shower Building in the amount of \$36,475.

Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

- G. Citizens Present with Robin Brena.

Robin Brena indicated:

- What a pleasure it was to come home and visit with Skagway residents.
- His law firm has been working with the Municipality to determine the best path forward for the port.
- They have been listening to everyone's comments and have met with Petro Marine's legal counsel in Anchorage, which was a professional and positive meeting.
- Creating the framework for how to proceed is really important because the Municipality has not been in the port development business for 55 years.
- The RFP process will allow for market exposure and has been amended to incorporate community feedback. The process will help ensure that the Borough is fulfilling its fiduciary obligations regarding public lands in an attempt to maximize community benefit.
- The waterfront subleases expire before the master lease. The improvements left by the sublessees become property of PARN, the master lessee. The master lease expires after the subleases, and when that occurs the improvements left by the master lessee become improvements owned by the Municipality of Skagway.
- The current subleases are not with the Municipality, but with PARN, the master lessee; therefore, any future municipal lease with current sublessees will be new municipal leases, not extensions of existing subleases.

Dave Hunz inquired:

- Is the RFP process going to apply to all the waterfront leases that are in existence today? Is this process of taking the assets and putting them up for RFP going to continue in the future?

Brena, response:

- Following the RFP process is a policy decision, and is currently the process in place.
- A goal is to optimize the benefit to the community.

Dave Hunz inquired:

- If I lease a piece of property for 35 years, near the end of my lease, knowing that the Municipality is going to take my improvements, I may not invest in the upkeep and run the property into the ground.

Brena, response:

- 35 years is the maximum lease possible under the municipal ordinances. Whether or not to award 35 years takes into consideration the kind of capital investment that is associated with it. Where “35 years” comes from in the leasing industry is that most capital assets are amortized, depreciated, and financed over a 30-year period. It gives a person an opportunity to completely recover that initial capital investment over 30 years, with an additional five-year gap. There are also going to be provisions in the lease that require you to maintain the property to certain standards.

Orion Hanson indicated:

- That there is a section of code that allows for a negotiation of a new lease with an existing lease holder beyond 35 years.

Brena, response:

- A lessee with a direct lease with the Borough could do that with consideration to the value of the offer. Currently the sublessees of the PARN Waterfront Lease do not have a direct lease with the Borough and therefore cannot extend or renegotiate their leases.

Paul Taylor inquired:

- Will the marine structures in the ore terminal basin—the Broadway Dock, the dolphins to the south of the Ore Dock, the Ore Dock platform—be subject to an RFP?

Brena, response:

- The docks are subject to the terms of the master ground lease, and PARN has rights of removal in certain situations. Assuming that those are not exercised, then those improvements would become the Borough’s. Currently, there is no plan to issue an RFP for the docks—it is the uplands that the RFPs are directed toward.

Paul Taylor inquired:

- Why would you choose to put RFPs for some improvements and not others?

Brena, response:

- The Borough has decided to allow the master lease to expire and to manage its own waterfront—with that comes economic opportunity. I believe the Borough should consider putting the docks out for RFP. There is a huge difference in revenue for the Borough to do it that way versus the way it has been with the current master lease.

Tim Cochran indicated:

- It has been confusing as to when the RFPs will be released.
- The process is moving too fast.
- There are many complexities involved with operating a fuel facility.

- Petro Marine would like to do another 35 years of operations with the assurance that it will fund the improvements and amortize them over years to come.

Brena, response:

- The successful bidder will engage in negotiations, and if they want a 35-year lease it will require capital.

Jeremy Jansen inquired:

- Is the RFP process a legally required process?

Brena, response:

- The disposition of land can occur through negotiation or RFP. The Municipality should know what the market is suggesting before deciding what it wants to do.

Jeremy Jansen inquired:

- If the Assembly chose to, they could negotiate a lease instead of the RFP process?

Brena, response:

- Yes, however the Borough is not fulfilling its fiduciary responsibility by negotiating with a single proprietor without first investigating what the market has to offer.

Melinda Munsen inquired:

- If Petro Marine is not successful with the RFP process or decides to leave Skagway, will there be a gap in fuel service?

Brena, response:

- It would make no economic sense that Petro Marine would not be interested in continuing.

7. Executive Session:

- A. Pursuant to AS 44.62.310(c)(1), Matters, the Immediate Knowledge of Which Would Clearly Have an Adverse Effect Upon the Finances of the Public Entity: Discussion with the Borough Attorney Regarding Port Development Strategy, Leasing, and Berthing

Motion/Second: Potter/Stone Pursuant to AS 44.62.310(c)(1), to convene in executive session to discuss Matters, the Immediate Knowledge of Which Would Clearly Have an Adverse Effect Upon the Finances of the Public Entity: Discussion with the Borough Attorney Regarding Port Development Strategy, Leasing, and Berthing.

Vice-Mayor Hanson indicated that he would like to admit Port Director Jennings, Manager Ryan, Deputy Manager Deach, and Borough Clerk Burnham into Executive Session, and asked for "No Objection."

The Assembly had no objection.

Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

Executive Session: 9:35 p.m. – 10:56 p.m.

Motion/Second: Potter/Stone To adjourn executive session and reconvene the Assembly meeting.

Motion passed by voice vote with all members of the Assembly in favor.

6. Mayor and Assembly Discussion Items:

Assemblymember Bass indicated his congratulations to Fire Chief Emily Rauscher on her completion of fire academy.

Assemblymember Hylton inquired about the \$2,000 allocated toward bear-proof cans. Manager Ryan indicated that around 30 had been ordered as a trial, to test them out, but he will confirm this.

Assemblymember Potter indicated that:

- April is Sexual Assault Awareness Month.
 - Alaska does not have a good track record and has the highest rate of sexual assault in the entire country.
 - She is working with John Hischer and Chief Reddick to bring an advocacy trainer to town—the date is shaping up to be May 2 from 8:00 a.m. until 3:00 p.m.

Vice-Mayor Hanson indicated that:

- The Assembly is trying to fair with the RFP process. These are hard choices that have not needed to be made for 54 years.
- Ports and Harbors recommended that community prosperity be 15% of the scoring total, which is about a bigger picture.
- He will be out of town attending SeaTrade for the rest of the month.

Motion/Second: Bass/Stone To appoint Jay Burnham as Acting Mayor while both Mayor Cremata and Vice-Mayor Hanson are out of town.

Motion passed by roll call vote, 6 yes, 0 no, 0 absent.

Vice-Mayor Hanson congratulated Fire Chief Emily Rauscher on her recent graduation from the Illinois Fire Institute.

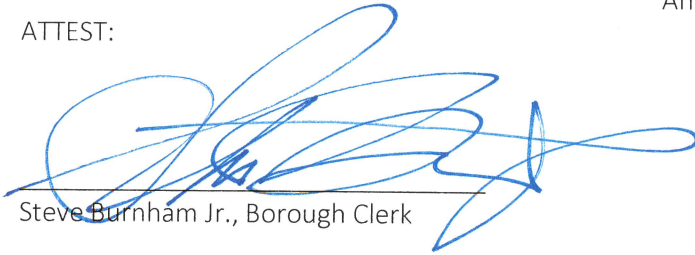
12. Adjournment:

With no more business on the agenda, Vice-Mayor Hanson adjourned the regular Assembly meeting of April 21, 2022 at 11:06 p.m.



Andrew Cremata, Mayor

ATTEST:



Steve Burnham Jr., Borough Clerk

(SEAL)

Approved: May 5, 2022

