



MUNICIPALITY OF SKAGWAY, ALASKA
REGULAR ASSEMBLY MEETING

November 17, 2022
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1. Call to Order:

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

Mayor Cremata 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: Mayor: Andrew Cremata **Assembly Members:** Sam Bass, Jay Burnham, Orion Hanson, Reba Hylton, Deb Potter, Dan Henry

Absent:

3. Approval of Minutes:

A. October 20, 2022

Motion/Second: Hylton/Potter

To approve the October 20, 2022 Assembly minutes.

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

4. Approval of Agenda:

Motion/Second: Potter/Hylton

To remove item 7(D) Providing a Policy to Digitally Record Public Meetings from the agenda.

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

Motion/Second: Hanson/Hylton

To reverse items (C) and (D) under number 9. New Business.

Assemblymember Hanson indicated that switching the two items would make it chronological to the discussion.

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

Motion/Second: Hylton/Potter

To approve the agenda as amended.

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

5. Reports of Officials and Committees:

A. Mayor's Report:

B. Assembly Committee Reports:

A. Assemblymember Jay Burnham:

Motion/Second: Burnham/Potter

To approve the check run dated November 16, 2022, totaling: \$2,560,137.93.

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

Assemblymember Burnham indicated that at its November 16, 2022 meeting, Finance Committee did the following:

- Reviewed Ordinance 22-10 Increasing the Sales Tax to 7%; after discussion, Finance recommends reducing the increase to 6%.
 - Reviewed Resolution 22-38R Amending Port of Skagway Tariff No. 3.
 - Reviewed Resolution 22-40R to Change the Personnel Policy Pay Days Section to Semi-Monthly; after discussion, Finance recommends Assembly approval.
 - Reviewed Rockslide Monitoring Equipment and Software Purchase Quote; after discussion, Finance recommends Assembly approval.
 - Reviewed The Letter of Commitment re: DOT Energy Research and Planning Tech Portal Project; after discussion, Finance recommends Assembly support of the draft letter.
 - Discussed a short-term loan to resolve possible cash flow issues early next year; however, the need to do so is dependent on Assembly decisions at tonight's meeting.
- B. **Assemblymember Hanson** indicated that Public Works received correspondence from Dr. Coughran commending Tyson Ames for his diligent work with the school kitchen remodel.
- C. **Assemblymember Hylton** indicated that Civic Affairs met on Thursday November 10, 2022 with a robust agenda:
- They discussed naming the waterfront access road "Harbor Way" and will be sending that recommendation to the Visitor Advisory Board for their approval.
 - They discussed the draft resolution from the Spark Sharks to fund a bus electrification feasibility study with an increased fee to passengers. They have directed the Manager to meet with Greg Clem to discuss what amount that fee should be.
 - They directed the Manager to pursue an agreement to lease the You Say Tomato building for use as a senior gathering place.
 - There was not enough time to address Assemblymember Potter's Resolution 22-39R and that is why it was removed from the agenda this evening.

C. Reports from Boards, Commissions, and Solid Waste Advisory Committee

D. Manager's Report :

Manager Ryan indicated:

- There are memos included in the packet on most of the topics being discussed tonight.
- He has reached out to the owners of the You Say Tomato building and they are interested in pursuing a short-term lease of the building.

6. Communications to the Assembly:

A. Correspondence:

Correspondence was received from:

- C. Nelson re: Clinic/SEARHC Public Vote
 - Nelson included approximately 199 signatures of citizens who request the sale/lease of the Dahl Memorial Clinic go to a public vote.
- J. Ordonez re: Tiny House and Municipal Code
 - Ordonez indicates that he built a tiny house intended to be used as seasonal housing; however, due to the way code is written it cannot be permitted as a temporary RV/5th-wheel trailer, nor does it qualify as a permanent year-round home.
 - Code requires that Tiny Houses be placed on permanent foundations and must meet specific building codes for permanent year-round housing and, as built, his tiny house does not meet these standards because it was intended to use only in the summer months.
 - He would like to place the tiny house on a permanent foundation without having to remodel to bring it up to code standards, or to keep it on the trailer if the Municipality would consider permitting it as an RV/5th-Wheel for seasonal housing.
 - He invites the Assembly to tour the tiny house and then to contact him to discuss the path forward.
- S. Kishnani re: Increasing Sales Tax that Targets Tourists
 - Kishnani indicates that tourists come to Skagway to spend their money wisely.
 - People shop at Alaskan jewelry stores because of the value, and the stores operate at low margins. Skagway stores are at a disadvantage to rival ports, Juneau and Ketchikan, due to their sales tax cap.
 - Stores also have to compete with the cruise ships themselves, who advertise tax-free shopping.
 - He believes a sales tax increase will be difficult for Skagway jewelry stores.
- S. Bolton re: Ordinance to Increase Sales Tax to 7% for 2nd & 3rd Quarters
 - Bolton indicated that she has a question before voting on this matter: Are services still taxed at 3% during the 1st and 4th quarters even if a sales tax holiday is declared?

- Sales tax holidays do not reduce the tax paid for services such as her bookkeeping services, or for rental income.

B. Hear Citizens Present

Mavis Henricksen indicated that:

- Due to the change of ownership of the land, the Municipality may have a case to hold the United States government, the State of Alaska, and the White Pass & Yukon Route responsible to help in funding the rockslide mitigation project.
- Sales tax should not be raised any higher than the highest City in Southeast Alaska.

Jennifer Thuss indicated that:

- She would like the Municipality to reconsider publishing properly submitted citizen correspondence in the meeting packets.
- Her question is whether the information in the packet is intended only for the edification of the Assembly and the Mayor, or is it to disseminate information to the public to have a more informed citizenry.

Liz Lavoie indicated that:

- She would like to see correspondence included in the packet.
- It is concerning that the Assembly may be voting to move forward on the Alternative Mooring project:
 - There are no longer any commitments from the cruise lines, the cost continues to grow, and it puts the ability to dock any ships there in 2023 at risk.

Superintendent Josh Coughran, Skagway School District indicated that:

- The correspondence referenced earlier was a thank you and a commendation for Public Works Director, Tyson Ames, for the role he has played in the kitchen addition.
- He is available to answer any questions regarding the revenue request in the budget.

Tim Cochran indicated:

- His thanks to Assemblymember Potter for reaching out and walking the ore dock to see the possible impact of the emergency work order firsthand.
- He has been in discussions with the major shareholders and everyone is concerned that permits and materials can be attained, demo completed, and be ready for the first ship's arrival by April 18, 2023.
- The timber dock should be left intact for one year while work commences on the south end.
- Rockslide mitigation should be a priority.
- He believes increasing sales tax and the potential borrowing of 25% on next fiscal year is bad practice and that the Municipality should watch its spending.

7. Ordinances, Resolutions, & Proclamations:

A. Public Hearing Second Reading and Adoption of Ordinance 22-09: Providing for the Establishment and Adoption of the Budget for the Fiscal Year 2023

Main Motion/Second: Henry/Burnham to approve the second reading of Ordinance 22-09.

Public Hearing

The public hearing was closed with no comments.

Mayor Cremata requested that Superintendent Dr. Josh Coughran answer some questions regarding the 300% increase in supplemental income requested by the school.

Superintendent Coughran indicated this is a revenue request, as their budget for FY 2024 is not done until April and is not due to the state until June of 2023. Superintendent Coughran indicated that the school does have an operating budget reserve of \$1.1 million. In 2021, the true cost of the special revenue programs was about \$700,000 and the school board realized that the Municipality was likely in a tough financial situation with COVID and lack of cruise ships, so the Board decided to request approximately \$430,000 for the special revenue funding, providing the approximate remaining \$270,000 from the reserves. This year, the school board requested that he submit for the full amount of what these special programs cost. The school board is currently in the planning stages of what to do with the \$1.1 million surplus.

Mayor Cremata asked for clarification on why the technology budget is considered to be part of the special programs funding rather than the main school budget and why it has increased from approximately \$46,000 in 2019 to \$221,000 for this current request.

Superintendent Coughran indicated that the special program funding is to support the school's mission and overall objective. The increase includes an employment position of technology director, as well as a \$40,000 line item for new laptops to replace the high school laptops purchased in 2014. Superintendent Coughran indicated that the increased school budget is correlated with the increased student population. The school is growing, in part, because of these programs and what is offered to the kids.

Assemblymember Henry indicated that the school is the number one in the state, with a staff and school board that have done an exemplary job. Student population has gone up, as well as costs.

Assemblymember Burnham indicated that the budget process consists of the Manager creating a budget and presenting it to the Assembly. At that time, the ability to change that budget relies solely on the Assembly. He suggests going back to the original funding amount of roughly \$360,000 as presented by the manager.

Assemblymember Hylton indicated that she would be in support of going back to the original school funding amount.

Manager Ryan indicated that the school offered to provide approximately \$296,000 from their reserves to lessen the burden on the Municipality. Other adjustments made to the budget in order to

fulfill the school's request include dropping or adjusting certain capital projects, increasing the mill rate, and cuts to the clinic budget.

Primary Amendment/Second: Hylton/Burnham to change the contribution from \$360,000 to \$500,000 for the Special Revenue Fund Borough Appropriation.

Primary Amendment passed by roll call vote, 5 yes, 1 no, 0 absent, with Assemblymember Henry dissenting.

Primary Amendment/Second: Bass/Burnham to return the mill rate to the FY21 mill rate level.

Assemblymember Hanson indicated that there have been several capital projects completed in the recent past: public safety building, upgrades to the wastewater plant, the composter building, several public bathrooms built, and now the school kitchen remodel. A 1% increase for all of these projects is reasonable.

Primary Amendment passed by roll call vote, 5 yes, 1 no, 0 absent, with Assemblymember Hanson dissenting.

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

B. Introduction and First Reading of Ordinance No. 22-10: Increasing the Sales Tax Rate to 7% During the 2nd and 3rd Quarters, and Directing the Borough Clerk to Place a Proposition on a Special Election Ballot for Ratification

Main Motion/Second: Henry/Burnham to approve the first reading of Ordinance 22-10: Increasing the Sales Tax Rate to 7% During the 2nd and 3rd Quarters, and Directing the Borough Clerk to Place a Proposition on a Special Election Ballot for Ratification.

Primary Amendment/Second: Hylton/Hanson to reduce the 7% number to 6% as recommended by finance.

Assemblymember Henry indicated that 6.5% would be a more appropriate number.

Assemblymember Bass indicated that the Municipality should remain competitive with the other southeast port communities, so he will support the 6%.

Assemblymember Hylton indicated that the national average is 6.35%.

Primary Amendment passed by roll call vote, 5 yes, 1 no, 0 absent; with Assemblymember Henry dissenting.

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

C. Public Hearing and Adoption of Resolution No. 22-38R: Amending Port of Skagway Tariff No. 3.

Public Hearing

The public hearing was closed with no comments.

Motion/Second: Hylton/Potter to adopt Resolution No. 22-38R.

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

~~**D. Public Hearing and Adoption of Resolution No. 22-39R: Providing a Policy to Digitally Record Public Meetings.**~~

E. Public Hearing and Adoption of Resolution No. 22-40R to Change the Personnel Policy Pay Days Section to Semi-Monthly.

Motion/Second: Henry/Burnham to adopt Resolution No. 22-40R.

Public Hearing

The public hearing was closed with no comments.

Manager Ryan indicated that the intent is to stop employees having to estimate the hours they will work before the pay period ends.

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

8. Unfinished Business:

A. Approval of Rockslide Monitoring Equipment and Software Purchase Quote

Motion/Second: Potter/Burnham for the approval of rockslide monitoring equipment and software purchase in the amount of \$70,577.70.

The Assembly had a discussion with Rex Whistler, geological engineer for Shannon & Wilson, about the rockslide monitoring equipment.

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

9. New Business:

A. Rockslide Update

Rex Whistler, geological engineer for Shannon & Wilson, provided an update on the rockslide mitigation project for the Assembly.

- B. Consideration of Letter of Commitment re DOT Energy Research and Planning Tech Project

Motion/Second: Hanson/Bass to direct staff to draft and send the letter.

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

- D. Award of Ore Terminal 2023 Large Ship Mooring Project Contact

Motion/Second: Hanson/Henry to award the contract to Hamilton for the amount on the bid.

Assemblymember Bass indicated that the prudent action would be to focus on the rockslide mitigation rather than risk the ability to berth a ship at the ore dock altogether, in the case of a construction delay.

Assemblymember Potter indicated that the timeline for this project does not provide much room for error or delays.

Assemblymember Hanson indicated that the Hamilton Construction bid is \$4 million less than the engineer's estimate and that the Municipality should move forward with the bid process and award the contract.

Assemblymember Burnham indicated that the Manager and Port Director have both advised against moving forward with the Large Ship Mooring Project.

Mayor Cremata indicated that marine mammal permits would need to be obtained, and that the timing of the key part of this construction would be happening in March and April, a time when there are whales daily due to the hooligan run.

Motion failed by roll call vote, 3 yes, 4 no, 0 absent; with Assemblymembers Burnham, Potter, and Bass dissenting and Mayor Cremata breaking the tie by voting no.

- C. Consideration of Loan for Cash Flow

Assemblymember Hylton indicated that the interest rate was locked in at a reasonable rate, and that variables can come up at any time.

Manager Ryan indicated that the Municipality would be in a more comfortable financial position with this loan.

Motion/Second: Potter/Burnham to direct staff to apply for a \$4.3 million loan.

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

E. Consideration of Continuance of Website Covid Updates

Motion/Second: Burnham/Bass to remove the banner for the Covid updates on the Municipal website.

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

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

Assemblymember Henry indicated that:

- He would be vacationing during the month of December.

12. **Adjournment:**

With no more business on the agenda, Mayor Cremata adjourned the regular Assembly meeting of November 17, 2022 at 10:49 p.m.

Andrew Cremata, Mayor

ATTEST:

Steve Burnham Jr., Borough Clerk

(SEAL)