

Regular Ketchikan City Council meeting was called to order by Mayor Sivertsen at 7:00 p.m., March 18, 2021, with the following members present via WebEx live video teleconference: Janalee Gage, Mark Flora, David Kiffer, Abby Bradberry, Judy Zenge, Riley Gass and Samuel Bergeron.

The Pledge of Allegiance was given by all persons via WebEx live video teleconference.

Mayor Sivertsen stated the Recital of Native Lands Acknowledgement.

Staff present via WebEx live video teleconference were Manager Amylon, Finance Director Johansen, City Attorney Seaver, Acting Port & Harbors Director Hilson, Electric Division Manager Donato, Electric Division System Engineering Manager Bynum, Principal Project Engineer Holstrom, Assistant Water Division Manager Brakke, Telecommunications Division Manager Cushing, Sales, Marketing and Customer Service Division Manager Simpson, Deputy Clerk Lee and City Clerk Stanker.

### **COMMUNICATIONS**

Communications included a correspondence from Department of Transportation Commissioner John MacKinnon updating the Council on the delays of Tongass Highway paving project and upgrades for 2021.

### **PERSONS TO BE HEARD**

Chris Parks felt the port and harbors director position should be split into two positions and the port director should report directly to the Council. He said the Port is the main economic driver for the City of Ketchikan and it will take five to six years before we see a full recovery. He stated there is no rush to hire a port director since there will be no cruise ships this season.

Mr. Parks answered questions from the Council.

Eric Lunde, representing from the Port & Harbors Advisory Board, said he was here tonight to answer any questions the Council might have regarding their correspondence relative to the port director position.

### **CONSENT AGENDA**

Mayor Sivertsen suggested moving Contract No. 21-03 regarding the cyber security risks to KPU's water system and financial infrastructure by Jacobs Engineering Group, Inc. to the Consent Agenda. Councilmember Gass objected, noting he would like to discuss separately. Item was left under New Business for formal action.

### **Approval of Minutes – Regular City Council Meeting of March 4, 2021**

Moved by Flora, seconded by Gage the City Council approve the minutes from the regular City Council meeting of March 4, 2021.

Motion passed with Gass, Bergeron, Flora, Bradberry, Zenge, Gage and Kiffer voting yea.

**Exempting the Procurement of Annual Dispatch Center Hardware/Software Maintenance Services from Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – ProComm Alaska LLC**

Moved by Flora, seconded by Gage pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, the City Council exempt the procurement of annual dispatch center hardware/software maintenance services from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorize the procurement of such annual dispatch center hardware/software maintenance services from ProComm Alaska LLC at a cost of \$82,000; approve funding from the E911 Central Communications Division's 2021 Software and Equipment Maintenance Services Account No. 635.04; and direct the City Manager to execute the contract documents on behalf of the City Council.

Motion passed with Gass, Bergeron, Flora, Bradberry, Zenge, Gage and Kiffer voting yea.

**Designating April 17 Through April 24, 2021 as Spring Clean-Up Week**

Moved by Flora, seconded by Gage the City Council designate April 17 through April 24, 2021 as Ketchikan Spring Clean-Up Week.

Motion passed with Gass, Bergeron, Flora, Bradberry, Zenge, Gage and Kiffer voting yea.

**Liquor License Renewal Application – Elks Lodge #1429**

Moved by Flora, seconded by Gage the City Council approve the liquor license renewal application for Club: License No. 3554 – Elks Lodge #1429, 1830 Tongass Ave., Ketchikan, AK 99901.

Motion passed with Gass, Bergeron, Flora, Bradberry, Zenge, Gage and Kiffer voting yea.

**Exempting the Procurement of Annual Fiber Optic Network Access Software & Hardware Maintenance and Technical Support Services for the Telecommunications Division from the Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – Adtran, Inc.**

Moved by Flora, seconded by Gage the City Council pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, the City Council exempt the procurement of fiber optic network access annual software & hardware maintenance and technical support services for the Telecommunications Division from the competitive bidding/written quotation requirements of the Ketchikan Municipal Code; authorize the General Manager to enter into an agreement for such maintenance and technical support services with Adtran, Inc. in an amount not to exceed \$15,192; and approve funding from the Telecommunications Division's 2021 Software & Equipment Maintenance Services Account No. 635.04.

Motion passed with Gass, Bergeron, Flora, Bradberry, Zenge, Gage and Kiffer voting yea.

## **Filing of Comments – Federal Energy Regulatory Commission (FERC) Notice of Inquiry (NOI), Docket No. RM21-9-000 – Requiring New Financial Assurance Measures for Hydroelectric Projects**

Moved by Flora, seconded by Gage the City Council authorize staff to file comments with the Federal Energy Regulatory Commission in response to the agency's Notice of Inquiry, Docket No. RM21-9-000, in substantially the same form as detailed in the General Manager's report dated March 10, 2021.

Councilmember Bergeron understands that FERC wants to implement more requirements and questioned what the danger is in that actually happening.

In answer to Councilmember Bergeron, Manager Amylon indicated FERC is responding to an incident that happened with a facility that did not adequately maintain their project, and they had a serious issue. He felt the comments staff drafted reflect that. He said each project should be evaluated separately, not as a one size fits all. He informed the solution they are taking is an across the board blanket approach that will increase cost for everybody.

Motion passed with Gass, Bergeron, Flora, Bradberry, Zenge, Gage and Kiffer voting yea.

## **UNFINISHED BUSINESS** - None

## **NEW BUSINESS**

### **PeaceHealth Ketchikan Medical Center Quarterly Presentation to the City Council**

PeaceHealth Ketchikan Medical Center Chief Administrative Officer Dori Stevens and Division Chief Dr. Peter Rice updated the Council on the following:

- Caregiver Engagement Survey by community area showed the Ketchikan Medical Center at 4.23 compared to the national average of 4.1 out of five.
- Elaborated on the Caregiver Engagement Survey and highlighted some areas of possible improvement.
- Discussed the Patient Satisfaction Survey and Patient Experience Survey and discussed areas of high satisfaction and areas that need improvement.
- Explained PeaceHealth's role in distributing vaccines to caregivers and contractors and to the community.
- Researching the Center for Disease Control (CDC) requirements for conditional sailing and working with cruise agencies to develop draft agreements.
  - Establishing predictive modeling for capacity.
- Discussing the unknown variables such as; vaccination rates, capacity of care on board and changes in CDC requirements. Highlighted physician engagement in the community.

Ms. Stevens and Dr. Rice answered questions from the Council.

## **General Government and KPU Operating and Capital Budget Mitigation Plans for Substantially Reduced or No Cruise Season Conditions in 2021**

Moved by Flora, seconded by Zenge the City Council authorize the City Manager/General Manager to proceed with the General Government and KPU Operating and Capital Budget mitigation plans for substantially reduced or no cruise season conditions in 2021 as detailed in staff's report dated March 10, 2021 and/or as modified by the City Council.

Manager Amylon felt everyone knows what the score is in terms of the 2021 cruise season. He indicated he had forwarded to the Council a memo from Bermello Ajamil and Partners, Inc. (B&A) today that they are now predicting it will be April 2022 before we see foreign flag vessels return to Alaska. He informed staff has put together a mitigation plan for both General Government and Ketchikan Public Utilities.

- General Government:
  - The most impacted funds would be:
    - The General Fund.
    - Hospital Sales Tax Fund.
    - Public Works Sales Tax Fund.
    - Commercial Passenger Vessel (CPV) Fund.
    - Port Enterprise Fund.

Manager Amylon informed those funds would be impacted by \$8.91 million in lost revenues. He said this information was put in a table to summarize the projected losses to show a comparison between what would be revised projected reserves and what would be the recommended year-end reserves for each of the funds according to the fund balance policy that the Council adopted a number of years ago. He indicated in each case the reserves will fall far short of what would be the recommended level. He said clearly the most impacted fund is the Port Enterprise Fund due to lost revenues from the passenger wharfage and dockage fees. He said once they defined what the problem was, staff started to bring together what we thought would be possible ways to address the shortfalls. He said staff identified a number of things that could come into play such as:

- The American Rescue Plan Act of 2021 which President Biden signed into law:
  - From that Ketchikan would receive approximately \$1.7 million in direct relief under that plan. He said guidance is still being drafted. He indicated the amount could be more or less, and come in multiple years. He said it was his recommendation to direct these funds to the General Fund in order to mitigate the loss of sales tax and other revenues.
- Labor Mitigation Measures:
  - The ten vacant positions that were identified during budget deliberations to remain vacant for the balance of 2021. He said we are short one position in the Fire Department that staff identified as a retirement that will not happen, and in order to maintain the budget levels established during budget deliberation in December, he is asking the Council for authorization to layoff one firefighter/EMT on or about April 16, 2021 to keep to that threshold.
  - Suspend parking enforcement, due to the lack of cruise ships. He said if that is something the Council wishes to consider, it is staff's recommendation that the parking enforcement specialist be laid off on or about April 16, 2021.

- Defer Capital Spending:
  - Staff looked at various projects that were programmed for 2021, and identified those projects that could be deferred. He indicated this creates a significant amount of savings.

Mr. Amylon went on to say staff has programmed approximately \$865,000 worth of projects and recommended that all of those be placed on hold, noting those funds be set aside for transfer over to the Port Enterprise Fund along with some other CPV reserves for a total of \$3.1 million dollars. He said this will be necessary in order to keep the Port Enterprise Fund solvent through the end of 2021. He indicated the finance director and himself are recommending those funds be transferred in the form of a loan. He said they didn't feel it would be appropriate for that money to be lost in order to bail out the Port Enterprise Fund. He said normally those funds are used for either waterside or upland projects in the immediate downtown area, and that money should be placed on a repayment schedule in order to address those future needs. He said if you take everything together and apply as outlined in the report, staff is able to get the General Fund to a comfortable level moving into 2022 with sufficient reserves. He informed the Port Enterprise Fund is not ideal, but it will be carrying about \$2 million dollar surplus, if the City is successful in appropriating the \$1.1 million COVID response grant that the legislature gave the City early last year. He indicated many municipalities within the State are having trouble with that grant and are petitioning the legislature as we are for re-appropriation. He said if that does happen staff is recommending those funds be applied to port debts service or the Berth IV lease payments. He said the Hospital Sales Tax Fund and the Public Works Sales Tax Fund don't change much in terms of the mitigation measures staff proposed, noting staff is in discussions with PeaceHealth about sharing the expense to replace the bad hospital roof, and they have indicated they are open to that concept. He indicated if the Council adopts the measures that were outlined, we will be fine in those funds.

Mr. Amylon said the KPU Enterprise Fund is not as straight forward as the General Government Funds. He said they tried to put together information based on what has been incurred since the pandemic began in regards to accounts in arrears or delinquent that will not be recouped. He said we are roughly in a position where this fund will need \$810,000 in mitigation measures. He indicated this was put together primarily by keeping a couple positions vacant, and deferring capital projects. He said by doing this staff was able to make up the loss and actually have reserves in the KPU Enterprise Fund.

Mr. Amylon summarized both sides of the government will have hiring freezes, which includes the ten positions identified during budget deliberations and freezing the finance department's Controller position for the time being and a few positions on the KPU side. He said as identified in his manager reports the payroll coordinator is retiring in the fall and we lost an Information Technology employee last week. He felt in those two cases we have to recruit for replacements. He indicated the bottom line is the finance director and himself believe these are reasonable responses under the circumstance, and we are looking for Council concurrence or modification if Council feels there are adjustments that need to be made. He said the finance director and himself will try and answer any questions the Council may have.

Councilmember Flora questioned if the Council accepts staff's plan as presented, what would be the timeline to revisit the results to modify as needed before the end of the year.

In answer to Councilmember Flora, Manager Amylon felt this plan will have to be evaluated and fine-tuned on a monthly basis depending on circumstances. He pointed out we know we have the resources and the CPV funds to keep the Port Fund solvent. He said he agreed with one thing that Mr. Parks stated was this will be a multiyear recovery, and we want to move slowly. He informed as positions become vacant we will need to look at them on a case by case basis, and we will do the same on the KPU side. He indicated we have the luxury of time and have been recruiting for a number of these positions for many months without any luck, noting we may see additional savings

there that haven't been identified. He said he would speak with the finance director to see if there is a way to provide the Council with a monthly savings or impact report on the mitigation plan to try and identify whether we are achieving the desired levels.

Councilmember Flora said he would like to see this report as an agenda item rather than a managers report in case the Council wants to weigh in, offer suggestions or take action.

Councilmember Gass questioned if we proceed with this mitigation plan are those two positions to be cut are people who are actively working, and will they lose their job. He felt it would be prudent as the Council to take a 1/3 cut for a year, which would set a precedence and shows leadership.

In answer to Councilmember Gass, Manager Amylon said that was correct.

Councilmember Zenge questioned if we reduce the hours for our non-essential services, such as the library, the Ted Ferry Civic Center and the museum and keep essential services would we be able to keep the fireman/EMT position. She felt it didn't make sense to cut a fireman/EMT position with domestic violence on the rise.

Mayor Sivertsen said during budget, he thought the fire chief had said he could eliminate two positions, and still manage shifts.

Manager Amylon said in both the Police and Fire Departments staffing was predicated on a reduction of positions. He said in answer to Councilmember Zenge we can program reduction in hours for non-represented employees, but if we are only talking one position he would recommend keeping the position and let staff find the money another way.

Mayor Sivertsen questioned where we are at with parking enforcement.

Manager Amylon said we not enforcing parking downtown because City Hall is not open to the public which allows them to come in and buy parking permits and file parking appeals. He said City Hall would probably open up shortly under the present conditions as set by the Emergency Operations Center (EOC). He indicated from past comments the Council didn't want to add to peoples worries with parking enforcement, and gave direction to staff to suspend parking enforcement.

Councilmember Bradberry questioned if besides parking did the parking enforcement specialist check the stop signs, yellow marks, no parking and loading zones throughout the community. She also asked if the City would consider selling City owned properties.

In answer to Councilmember Bradberry, Manager Amylon indicated that parking enforcement is primarily done in the downtown area and the parking lots on the west end. He said they do not enforce parking in the residential neighborhoods because they don't have the staff.

Manager Amylon stated in regards to selling City property there had been previous discussion with the Council before on this subject, and the Ketchikan Municipal Code requires us to obtain an appraisal for each property the City wants to sell, which would be time consuming and is not at the top of their list, but it is something staff can look at. He didn't feel this would raise enough in terms of revenue mitigation versus the other things in the mitigation plan on the table tonight. He said he can bring this conversation back to Acting Port & Harbors Director Hilson and City Attorney Seaver for their input.

Councilmember Bradberry said yes it is a lot of work for the smaller properties, but have we ever considered selling the Ted Ferry Civic Center, noting she knows people who would be interested in it, as it costs the City \$750,000 to operate it annually. She wondered if we could look at the larger properties that would continue to operate without the City's ownership to try and save on the labor side, and to continue our essential services throughout the pandemic.

In answer to Councilmember Bradberry, Manager Amylon said that would be a policy issue the Council would have to discuss and give direction on. He said many years ago he was tasked to try to privatize both the Ted Ferry Civic Center and the Gateway Center for Human Services. He informed we did privatize Gateway, but had no takers on the Civic Center. He felt this would have to be researched before you can make that determination. He said there may be some type of restriction or covenant due to the federal funding that was involved at the time the building was constructed. He indicated if that is the direction the Council, staff could move forward.

Councilmember Bradberry said in terms of the Port Enterprise Fund does that include no reduction or negotiations with Survey Point Holding on reducing our monthly payment with no cruise.

In answer to Councilmember Bradberry, Manager Amylon said no reduction in the Berth IV lease were included in that projection.

Councilmember Flora questioned how close the parking enforcement specialist position and the cost of operations were supported by revenue received. He said if we know how close that position is to revenue neutral, and the Council agreed collectively to take a reduction in salary to preserve the position, he said this was a conversation he was willing to have. He questioned if the projected layoff position on the Fire Department side was currently active.

In answer to Councilmember Flora, Manager Amylon said he didn't know if the revenues collected by parking enforcement specialist covered the employees expenses, but he could get those numbers. He stated the Fire Department position is currently occupied, and he could not respond if that person was currently active because of personnel matters that are pending.

Councilmember Gage said she brought this up last year, and has no problem with reducing Council salary as Councilmember Gass commented on, however with all of us combined the savings is only \$79,000. She felt if we are going down this road and we want to talk about taking one for team our management positions should also, and suggested a 20% temporary salary reduction. She indicated if we continue to layoff our work force we will only have management, and felt this should be revisited.

Councilmember Gass said he had three points, one in reference to comments made by Councilmember Zenge. He said he has heard this a lot from various organizations who have reduced their work hours in similar situations. He said he agreed with Councilmember Gage that the City seems to be a little top heavy, and felt it would be worth looking at. He questioned why City Hall is still closed to the public, since three quarters of our seniors are vaccinated and vaccinating is open to everyone. He felt that our community is in a safer situation, and City Hall should be open.

In answer to Councilmember Gass, Manager Amylon stated the decision to close City Hall was made in conjunction with direction from the EOC. He indicated he would discuss this with the EOC Incident Commander to see what his present direction is, and would bring it back to the Council.

Councilmember Flora said he agreed with comments made by Councilmember Zenge in regards to a reduced work week. He felt this could possibly be our next step, and is one of the reasons he asked for monthly mitigation updates from staff.

Councilmember Gage agreed and felt it is something we should look into. She stated the State implemented closure of their offices to close at noon on Fridays, and it is working for them.

Mayor Sivertsen informed we have contracts in place for 40-hour work weeks that we would have to reopen and negotiate. He said with the reduction in hours we need to make sure we can still get the work done to provide the services the City offers. He indicated as we all heard we are scrambling through a lot of stuff, and a lot of departments are short staffed already. He said it puts a lot of strain on everyone else to try and make up the difference.

Manager Amylon clarified you are talking about a variety of measures as he understands it to avoid the layoff of two people, one of which may be a non-issue if the revenue projections outweighs the expenditures or if Council wants to continue parking enforcement for the rest of the year. He said if you want to continue parking enforcement for the rest of the year then the layoff isn't an issue, and then we are down to one position within the Fire Department. He said from his perspective the measures that everyone is talking about represent a more significant problem. He pointed out if you are accepting the figures as presented, as sufficient to mitigate the revenue losses from the cruise ships season then you are only talking about the elimination of one position. He indicated he would rather go back through the General Government budgets and come up with savings somewhere else to save that one position, but if the Council wants to go down that road than staff can do it.

Mayor Sivertsen said as he recalls the parking enforcement position doesn't pay for itself from the revenue collected. He felt these are mitigations we talked about at budget time and he didn't see any reason not to continue with them.

Councilmember Zenge said she didn't see why the reluctance to approach the employees at the Civic Center, Library and Museum to ask them if they would be interested in working a reduced work week. She said she knows of other organizations that this has worked for them, opposed to laying off people. She felt there are folks who may be interested in a four day work week. She said they have done it at the State level and it didn't end up affecting them as much as they thought it would.

Manager Amylon said he would be glad to have those conversations with the non-represented employees.

Councilmember Gass said with an unforeseeable future we should be looking at the least painful areas to make significant cuts. He didn't see anything negative by putting this option out there to see who is interested. He said he would support this measure.

Councilmember Bradberry questioned if this plan has taken into account our reserves for the 2022 season.

In answer to Councilmember Bradberry, Manager Amylon said they have not predicated anything or made any assumptions for 2022. He stated this analysis was to get us through 2021 and establish reserves in the various funds where Council can have a reasonable discussion in the 2022 budget deliberations for General Government and KPU. He said in regards to the unions we are more than able to bring up shorter work weeks as part of the negotiations. He said both contracts for I.B.E.W. have expired. He informed Council has approved an extension contract with the firefighters that would have to be reopened. He would suggest an executive session before going into the negotiations. He said he has one meeting scheduled for KPU I.B.E.W., and have not scheduled anything with General Government I.B.E.W. He said if the Council wants staff to look into reduction of hours either voluntary or mandatory it will have to be done in the contracts too. He said from past experience he would conclude that the unions will not let an individual employee do something different from the others in the bargaining unit, but we can have those discussions as well.

Motion passed with Bergeron, Gass, Kiffer, Gage, Zenge, Bradberry and Flora voting yea.



**Continued Review and Discussion of City Council Direction for  
the Position of Port & Harbors Director – Councilmember  
Zenge**

Councilmember Zenge said we just passed a motion not to fill the port director position for 2021 but wanted to discuss and come to a conclusion on whether or not this position should answer to the Council or to the manager's office. She stated during the Request for Proposal (RFP) process all she heard was we shouldn't pass the RFP because the manager and port & harbors director have done such a good job managing our Port, why would we want to turn it over to someone else to run it. She said Acting Port & Harbors Director Hilson and the Port & Harbors Advisory Board team are suggesting that we do not have that position reporting directly to the Council. She stated her concern is by the year 2022 we will probably have a 90% new council and it is not fair to ask someone who is just coming on board to accept that huge of a responsibility and have to answer to seven masters. She said she does not support this, and as a Council we set the policy and we need to do our job.

Mayor Sivertsen asked Eric Lunde with the Port & Harbors Advisory Board to give the Council an update on the memo they provided.

Eric Lunde explained one of the issues discussed was before hiring a port and harbors director the Council needed to make some decisions on what they want the Port to look like. He said there has been a lot of talk about taking the Port in a different direction but there hasn't been any specific direction given. He continued another item they discussed was the possibility of splitting the position into a port director and a harbors director and the Port & Harbors Advisory Board is unanimously against splitting that position. He said there is an efficiency gained from the sharing of staff and infrastructure. He explained it is hard to take any kind of revenue out of the Port Enterprise Fund and use it for things outside of that fund. He informed there are efficiencies and benefits gained that keeps the City from having to raise harbor rates to the community or using tax money to subsidize the harbors by keeping these positions combined. He explained there was also concerns about sharing staff and they would have to report to two bosses. He stated the concern of having the port director reporting directly to the Council would politicize that position because the Port is the biggest infrastructure and economic driver for the community. He said some people see the Port as pro-economic development and a job creator for the town, while other people want to ease congestion and reduce traffic downtown and that will swing back-and-forth depending on who is on the Council. He continued the consistency of managing the Port is important especially with potential big projects.

Councilmember Gage thanked Mr. Lunde and the Port & Harbors Advisory Board for their memo. She said this is what is happening to the Alaska Marine Highway System, when you have different administrations running an infrastructure. She stated it is important we do not turn the Port into a political football. She informed we do have a time, since we are not going to have a cruise ship season to sit down and put together what we want to see from the port. She said she remembers during the RFP process hearing how well the Port was run. She continued she never had any issues with how we ran the Port, she had issues with how the City could use the funds. She said she will not vote to make this a Council run Port.

Councilmember Bergeron said the Port and the Telephone Division operate in a very competitive market, and because we are a municipal entity we do all of our business publically and in a competitive environment that puts us at a disadvantage. He said we need to set ourselves up so we are more competitive. He stated he would like to see how we can structure ourselves with our ordinances to be more nimble. He explained the system that is currently setup has a lot of checks and balances, but it is very cumbersome. He felt having a port and harbors director that reports

directly to the Council is not a good idea for many reasons. He said that no one on the Council has the skills to run a multimillion-dollar structure on a global scale and he thinks the position would become politicized and subject to influence. He stated we need to look at this problem holistically, not just for the Port but for other departments as well so we can become more competitive and more responsive. He said at one point there was discussion regarding a port authority and we need all of our options presented to us to make an informed decision.

Councilmember Gass said he appreciates Mr. Lunde and the Port and Harbors Advisory Board for the memo they provided. He stated we have always been a fishing community and he does not want to get into a position where we are picking the tourism industry over the fishing industry by charging up the harbor rates. He informed he does not want to increase harbor rates and his opinion has evolved and he now agrees with their statement. He questioned if the Council is going to keep the port and harbors director position as is or alter it so they focus solely on the Port.

Mayor Sivertsen stated the position we currently have has been working, and we have done a good job responding to the needs of the Port. He felt we have a seasonal cruise industry and yearlong harbor and both have been managed very well under one director. He said there has been conversations about having a marketing specialist, but the first thing we need to do is operate our Port in a safe, efficient manner that meets the needs of the cruise industry, community and the US Coast Guard. He informed we have a great harbormaster right now that is working in conjunction with the port director. He stated the harbors comes from a completely different revenue source, and we are able to utilize equipment and personnel within these two departments. He said we need to maintain the port and harbors operations as it is today because we do not want a port director trying to be a marketing specialist at the same time. He continued when it is feasible we need to get a port and harbors director hired and on board because we need to try to rebuild our reserves and get caught up on the maintenance. He informed we will not be changing direction on how we operate the Port, and we need to get it back to where we are operating with 1.9 million passengers. He said later they will discuss their meeting with Cruise Lines International Association Alaska (CLIAA), which went very well. He felt we do not run the Port poorly, and as a testament to that when he spoke with some of the cruise industry they stated Ketchikan is one of the nicer ports they want to visit.

Councilmember Zenge questioned when we do start looking for a port director, what is our timeframe and the associated cost.

In response to Councilmember Zenge, Manager Amylon said Councilmember Flora had suggested monthly updates on how the mitigate plan is coming along and this is the first update. He stated that himself along with Mayor Sivertsen, Vice-Mayor Kiffer, staff and outside counsel Bob Blasco along with Skagway Mayor Cremata and Manager Ryan listening in met with representatives of the cruise industry last Friday. He informed participating from industry were CLIAA, Royal Caribbean, Carnival and their subsidiary companies as well as Disney. He said the meeting started with introductions from Charlie Ball with Holland America, in which he stated more than once that how the City collects passenger fees is immaterial to them. He felt CLIAA is more interested in what needs to be accomplished at the Port in the short and long term. CLIAA has specifically asked the City to identify improvements and costs, and indicated they wouldn't necessarily object to further adjustments to the passenger wharfage fee to accomplish those agreed upon improvements. He said the other takeaway Mr. Ball stressed is that they would like to deal with the City moving forward on a one-to-one basis and not use a go-between as it has been in the past. He informed industry that Council needs to have a discussion on how it wants to move forward with the Port after abandoning the RFP process. He explained Ketchikan now has six berths, two out at Ward Cove that can accommodate two post-panamax class vessels and four downtown that

can accommodate panamax class vessels with one berth capable of being upgraded to post-panamax capacity with about a \$5 million investment. He stressed that we need to hear from the cruise industry what improvements they felt are needed at the Port. He indicated that there is about \$15 million of cathodic protection and various upland improvements that need to be accomplished if downtown Ketchikan is going to remain a viable and attractive port of call. During the meeting, Mayor Sivertsen indicated that there might be a need for property acquisition to facilitate such as the transport of passengers from Ward Cove to downtown. He informed Mr. Ball indicated that he thought the City's position is just what the industry wanted to hear, and asked the City to put together information for potential improvements/projects for CLIAA to distribute to the respective cruise lines to begin the process of regularly scheduled discussions to come to a consensus to determine a path forward.

Manager Amylon went on to say that he would bring this to the Council before responding to CLIAA. He stated the Council needs to now start thinking about moving forward and hiring a port and harbors director because this is a conversation that will take 6-12 months if we are serious about coming to a consensus and starting a plan forward to do the things that need to be done for waterside and upland improvements. He explained at some point we can bring back the ordinance regarding the passenger wharfage fee because CLIAA did not have a major objection to it. He finalized it was a really positive and constructive meeting.

Mayor Sivertsen felt the tone at this meeting was very good. He stated both CLIAA and the City recognized that we both have a lot more things in common such as a positive cruise industry that reflects well on the community and the industry, noting we want to work in partnership with each other.

Councilmember Kiffer echoed comments made by Mayor Sivertsen and Manager Amylon that it was a good, constructive meeting. He stated Mr. Ball said several times that the idea now is to look forward to work on things we can agree on versus dwelling on things in the past that we did not agree on.

Mayor Sivertsen stated he agrees with Manager Amylon that even though we have a hiring freeze, we need to get a port and harbors director hired and get our public works director back to where he belongs. He asked Manager Amylon to review the port and harbors director position and give a timeframe on when they want to start doing interviews.

Manager Amylon said the job description is current. He stated the Port has never been shortchanged and the majority of the port directors' time is spent on the Port. He said the reason Norwegian Cruise Lines decided to go to Ward Cove was not a reflection on what the City did or did not do, it was due to Norwegian's internal policies on wanting to control their own berths. He explained Norwegian bought their property in Juneau, which is no different than what they did here. He informed it will probably take three to six months to get someone on board if it is Council's position to maintain the job position as it has been traditionally structured.

Mayor Sivertsen asked for a show of hands to leave the job description for the port and harbors director position as it is currently structured and have the City Manager move forward with posting and recruiting for that position and at least four hands were shown.

Councilmember Bradberry questioned if we are going to maintain the current job description for the port and harbors director position how are we going to be more competitive with how we are operating the Port in terms of Ward Cove. She asked if we already have a list of projects to provide to CLIAA or do we need to discuss a new list.

Mayor Sivertsen said we do have a list compiled of deferred maintenance, improvements to Berth III in order to accommodate larger ships, along with improvements for Berth I, II and IV. He explained we will have to look at how we market, but there may be an advantage to contract that work versus hiring someone since we do have people in town that already do that work. He said we need to get a port & harbors director hired first because that person will need to be part of the process to make it move forward.

Councilmember Zenge asked if there was any discussion on having regularly scheduled meetings moving forward between the industry and the Manager, staff, Mayor and Vice-Mayor. She congratulated staff and said this sounds like the best meeting we have had thus far with the cruise industry and appreciates the work everyone put into this.

Mayor Sivertsen stated that everyone agreed to continue having meetings moving forward. He explained that Mr. Ball said he would be personally involved in the beginning but at some point, other people will take over managing it in regards to their organization. He stated Mr. Tibbles was in on the meeting as well. He said both sides had outside counsel, but they were never called upon nor did they interject.

Councilmember Kiffer said that Mr. Ball expressed interest in meeting with the Council at some point in the near future in a public meeting.

Councilmember Gass said he was very skeptical dating back to the RFP about having communication like this between the City and the industry, and is thankful for the work both sides put into this meeting.

**Ongoing Review and Discussion of Cruise Related Issues – Councilmember Bergeron**

Mayor Sivertsen indicated this has been discussed prior with the presentation by the Manager Anylon. There were no other comments.

**Ongoing Review and Discussion of State of Alaska COVID-19 Health Mandates – Councilmember Bergeron**

Mayor Sivertsen stated EOC Incident Commander Hoage was out of town. He said they had a successful event at the Ted Ferry Civic Center for vaccinations, and more have been scheduled along with public outreach. He indicated they are working with the State of Alaska in regards to how things will change with increased vaccinations, and what that will look like relative to risk levels. He felt we are moving forward to a healthier community.

Councilmember Bradberry gave a kudos to the Ketchikan Public Health Center. She indicated she worked the event, and it was amazing in regards to the level of planning they went to. She stated it was an extremely successful event.

**Contract No. 21-03 – Evaluation of Cyber Security Risks to KPU's Water System and Financial Infrastructure, Jacobs Engineering Group, Inc.**

Moved by Zenge, seconded by Kiffer City Council approve Contract No. 21-03, Evaluation of Cyber Security Risks to KPU's Water System and Financial Infrastructure, between the City and the Jacobs Engineering Group, Inc. at a cost not to exceed \$40,000; authorize funding from the Water Division's 2021 Federal Act – Risk and Resilience Assessment Capital Account; and direct the General Manager to execute the contract documents on behalf of the City Council.

Councilmember Zenge said it was her understanding that this is part of a federal requirement.

Manager Amylon indicated it was and staff had brought forward an agreement a few meetings back with Jacobs Engineering Group for \$150,000 to do the complete vulnerability assessment that is mandated by the Federal Government. He said in response to what Canada did in terms of closing their borders to cruise ships we withdrew the item to re-evaluate the agreement. He informed there was a self-assessment tool the water division manager and assistant manager are going to use to do some of the work, but the one component that they are not qualified to do the cyber security risk part. He informed this component keeps facilities from being hacked globally.

Councilmember Gass said his question was the same as Councilmember Zenge. He said it caught his eye given we may lay people off and still spend \$40K. He asked for clarification as to whether this is mandatory.

Manager Amylon confirmed it is mandatory by the Federal Government.

Councilmember Bradberry asked after they do this evaluation, will it be kept confidential.

Assistant Water Manager Brakke indicated this evaluation will remain confidential. He said we have to submit that it has been completed, but we don't actually turn the report in for security reasons.

Motion passed with Gass, Gage, Kiffer, Bergeron, Flora, Bradberry and Zenge voting yea.

## **VOUCHERS**

Moved by Bradberry, seconded by Flora for the approval of vouchers to Parnassus books in the amount of \$93.85 and Millard & Associates Architects, LLC in the amount of \$880.00.

Motion passed with Gass, Gage, Zenge, Bradberry and Flora voting yea; Bergeron and Kiffer abstain.

## **CITY MANAGER'S REPORT**

Manager Amylon said in response to a question made by Councilmember Bradberry earlier, yes we are working on compiling the information for CLIAA. He said we are literally talking about hundreds of pages of documents, and we will try and put together a PowerPoint presentation that will summarize everything in terms of the issues and give detailed information that can be directed to their respective experts in the lines. He informed we are responding on that, and will bring it back to Council for approval before we send it out.

### **Schedule of General Government and KPU Appropriated Reserves Through the City Council Meeting of March 4, 2021**

In his report, Manager Amylon attached for Council review a schedule of the current balance of Appropriated Reserves of the various funds of General Government and KPU through the City Council meeting of March 4, 2021.

### **Resignation of Sr. System Administrator**

Manager Amylon provided for Council review a memorandum from Information Technology Director Thomas that Senior System Administrator Erick Rangel has submitted his resignation effective the close of business March 10, 2021. He said due to previous staffing reductions and the current workload of the department he has authorized Mr. Thomas to proceed with the formal recruitment to fill that vacant position.

**Notification of Retirement – Payroll Coordinator**

Manager Amylon attached for Council review a memorandum from Finance Director Johansen that Payroll Coordinator Terry Sivertsen has submitted her notice of retirement effective the close of business September 30, 2021. He stated she has been an amazing employee and will be missed when she retires. He indicated the position of Payroll Coordinator carries significant responsibilities that can often be stressful. He thanked Ms. Sivertsen for her dedicated years of services, and wished her and her family the best in their future endeavors. He said due to the responsibilities of the position and the need to cross train a replacement, he has authorized the finance director to proceed with a formal recruitment to fill the position in advance of Ms. Sivertsen's departure.

**February 27, and March 6 2021 Photo Album Production Report – Ford F550 Super Duty 4x4 Mini Pumper and Associated Equipment**

Manager Amylon provided for Council review the February 27 and March 6, 2021 Photo Album Production Report for the Ford F550 super Duty 4x4 mini pumper and associated equipment.

**K.P.U. MANAGER'S REPORT**

**Project Status Reports of the KPU Division Managers – February 2021**

Manager Amylon attached for Council review the project status reports of the KPU Division Managers for February 2021

**Reports of January 31 and February 24, 2021 Power Outage**

Manager Amylon included for Council review a memoranda from Electric System Engineering Manager Bynum regarding the power outages of January 31 and February 24, 2021.

**CITY CLERK'S FILE** – None

**CITY ATTORNEY'S FILE** – None

**FUTURE AGENDA ITEMS**

Councilmember Gass said it sounded like Manager Amylon is on board to move forward with the idea of polling non-represented employees in regards to a shortened work week.

Manager Amylon confirmed he would poll the non-represented employees, and schedule an executive sessions relative to the represented employees.

**MAYOR AND COUNCIL COMMENTS**

Councilmember Kiffer thanked City and KPU staff for how quickly they responded to the weather situation this last weekend. He stated the last time Ketchikan experienced that much snow everything was shut down for three or four days and this time they kept the roads open, the power on and they all worked really hard to help us recover from that. He encouraged everyone to get vaccinated.

Councilmember Gass said he was glad to hear about the meeting between the City, CLIAA and the cruise industry and he is looking forward to us moving forward together in a positive direction. He said he would like to see City Hall and the community opening back up.

Councilmember Flora said he prefers comments made by Councilmember Zenge be muted.

Councilmember Bradberry said that all departments within the City and KPU are doing a fantastic job keeping the community moving no matter what the roadblock is. She thanked everyone for their efforts and hard work.

Councilmember Gage echoed thanks for all of the City's and KPU's hard work and for keeping the roads clean. She said there is a big ship coming in a few days to take the two Alaska Marine Highway ferries away, and it is supposed to be a big show. She informed she had her first vaccine dose and it was very easy to do. She stated in April the Art's Council will have pieces from the Wearable Art's Show in the windows of local downtown shops on display.

Councilmember Zenge thanked the crew for having the streets all clear. She said in spite of all of the hard decisions we, as a Council have to make, this has been a really good meeting. She stated she could not see from the glare on her screen but when Councilmember Flora raised his head she could see.

**OTHER NEW BUSINESS** – None

## **EXECUTIVE SESSIONS**

### **Request for Executive Session – Alaska Department of Environmental Conservation Notice of Requirement to Install Filtration Due to Failure to Meet Filtration Avoidance Criteria and the Status of KPU's Request for a Limited Alternative to Filtration (LAF)**

Moved by Bradberry, seconded by Kiffer the City Council declare that consistent with the General Manager's memorandum dated March 10, 2020, that it is in the best interest of the City Council to discuss the Alaska Department of Environmental Conservation's proposed Compliance Order by Consent and give direction in handling that matter in executive session in accordance with Ketchikan Municipal Code 2.04.025(a)(1) and (3) which includes the need to discuss subjects the knowledge of which would clearly have an adverse effect upon the finances of the City and to receive legal advice within the Attorney-Client privilege.

Councilmember Gass felt this is the people's business and would be best done in regular session.

Councilmember Zenge asked what makes this confidential. She said she remembers the heat the Council took by the public for holding executive sessions regarding water filtration.

Manager Amylon informed that Alaska Department of Environmental Conservation (ADEC) when we failed to meet the coliform counts in the raw water and water shed indicated we have either 18 months to build a filtration plant or enter into a Compliance Order by Consent. He stated over the last year we have been in discussions with both ADEC and the Environmental Protection Agency (EPA), and we will have to enter into a compliance order by consent which will mandate certain things depending on the terms we negotiate. He informed if the terms are not acceptable then we will have to start talking about litigation and legal strategies relative to our position and how it will prevail. He said otherwise we can take \$70 million worth of bonds to the voters and ask them to approve that, and additionally incur \$2 to \$3 million in operational cost annually for that plant.

# **"UNAPPROVED"**

March 18, 2021

Motion passed with Flora, Bergeron, Kiffer, Gage, Zenge and Bradberry voting yea; Gass voting nay.

The Council took a short break at 9:25 p.m. and reconvened at 9:29 p.m.

The Council recessed in to executive session at 9:30 p.m. and reconvened at 9:37 p.m.

Mayor Sivertsen said the Council has completed its executive session to discuss the Alaska Department of Environmental Conservation's proposed Compliance Order by Consent and no action was taken.

## **ADJOURNMENT**

As there was no further business, the Council adjourned at 9:40 p.m.

---

Robert Sivertsen, Mayor

ATTEST:

---

Kim Stanker, MMC  
City Clerk

## **FYI ITEMS INCLUDED**

Love In Action Activity and Financial Report for the Month of March 2021  
Lake Levels and System Generation Report for the Month of February 2021  
Water Utilization Study Report – February 2021