

Special Ketchikan City Council meeting was called to order by Mayor Kiffer at 6:00 p.m., November 30, 2022 with the following members present: Riley Gass, Janalee Gage, Mark Flora, Jai Mahtani, Abby Bradberry (joined via WebEx at 6:20 p.m.), Lalette Kistler and Jack Finnegan.

The Pledge of Allegiance was given by all persons in the Council Chambers.

Mayor Kiffer stated the Recital of Native Lands Acknowledgement.

Staff present were Manager Walsh, Assistant Manager Simpson, Finance Director Johansen, City Attorney Seaver, Police Chief Walls, Public Works Director Hilson, Port & Harbors Director Verfaillie, Deputy Clerk Lee and City Clerk Stanker.

COMMUNICATIONS

Mayor Kiffer informed Budget Update No. 5 was laid on the table regarding the use of US Marshall property seizure funds. Mayor Kiffer apologized for any comments made regarding the Cemetery that may have been taken as disrespectful, as it was not the intention of the Council.

PERSONS TO BE HEARD - None

UNFINISHED BUSINESS

Resolution No. 22-2867 – Adopting the Budget for the Year 2023, Appropriating from the General Government Funds for the Fiscal Year 2023 – Deferred From November 28, 2022

Tourism and Economic Development – Ketchikan Visitors Bureau (KVB)

Patti Mackey, President and CEO of the KVB, summarized their proposal for 2023. She stated they are requesting \$350K from the City this year to help fund marketing visitor's services and promotional efforts on behalf of the community. She said over the past few years their funding has been decreased. She indicated the building they lease is now ten years old and is in need of some building upgrades.

Councilmember Mahtani said for transparency he is a voting member of the KVB.

Mayor Kiffer ruled due to a conflict of interest, Councilmember Mahtani would abstain from discussion or vote regarding the KVB's funding application request.

Councilmember Gass moved to appeal the ruling of the Chair against Councilmember Mahtani.

As there was no second the Chair ruled there was no motion to be considered.

Ms. Mackey answered questions from the Council.

Councilmember Gage asked what the current transient tax percentage is, and when it was last raised.

In answer to comments made by Councilmember Gage, Manager Walsh stated the transient tax is currently at 7%, and has not been raised for some time.

Ms. Mackey explained how many other visitor bureaus in the United States are funded. She informed the transient tax was increased to 7% when the Civic Center opened as a means of generating additional revenue to market the facility.

Councilmember Gage asked if staff knew what the transient tax is in other communities.

In answer to Councilmember Gage, Assistant Manager Simpson said staff will have to research that information.

Moved by Flora, seconded by Finnegan to amend the 2023 General Government Operating and Capital Budget by funding the Ketchikan Visitor's Bureau in the amount of \$269,062.

Manager Walsh answered questions from the Council.

Motion to amend passed with Flora, Finnegan, Gage, and Bradberry voting yea; Gass and Kistler voting nay; Mahtani abstained.

Moved by Gass, seconded by Kistler to amend 2023 General Government Operating and Capital Budget by funding the Ketchikan Visitor's Bureau in the amount of \$300,000.

Motion to amend failed with Gass and Kistler voting yea; Flora, Finnegan, Gage, and Bradberry voting nay; Mahtani abstained.

Councilmember Flora asked if as part of future applications from the KVB, for them to include their current member list.

Manager Walsh stated the KVB uses the same application as the other non-profits, and it really doesn't fit for them, and this is something staff will pursue to change for the future.

Tourism and Economic Development

Mayor Kiffer ruled Councilmember Mahtani could participate in this portion of Tourism and Economic Development.

Assistant Manager Simpson stated the overall budget for Tourism and Economic Development has decreased by 33% from the 2022 adopted budget. She informed this budget has a placeholder for a tourism manager position as discussed by the Council, and the implementation of the Ambassador Program. She said the capital improvement budget has been kept very light for 2023 primarily because of staffing constraints on the public works side.

Moved by Kistler, seconded by Gass to amend the 2023 General Government Operating and Capital Budget to remove the expenditure in the amount of \$165,210 for the Tourism & Economic Development Tourism Manager position.

A lengthy discussion ensued.

Manager Walsh answered questions from the Council.

Motion to amend failed with Gass and Kistler voting yea; Bradberry, Mahtani, Flora, Finnegan and Gage voting nay.

Moved by Flora, seconded by Mahtani to amend the 2023 General Government Operating and Capital Budget to decrease the Tourism & Economic Development Ambassador Program Personnel Temporary Wage Account No. 502.01 by \$40,000, and to increase the Tourism & Economic Development Ambassador Program Overtime Wage Account No. 501.01 by \$40,000.

Police Chief Walls and City Attorney Seaver answered questions from the Council.

Motion to amend passed with Gass, Gage, Mahtani, Flora, Kistler, Finnegan and Bradberry voting yea.

Moved by Mahtani, seconded Flora to amend the 2023 General Government Operating and Capital Budget to decrease the Tourism & Economic Development Downtown Visitor Amenities Account No. 740.00 from \$100,000 to \$50,000.

Manager Walsh answered questions from the Council.

It was the consensus of the Council to rescind the motion on the floor.

The Council took a short break at 7:45 p.m., and reconvened at 7:55 p.m.

Public Works - Streets

Public Works Director Hilson gave a brief overview of the Streets Department, indicating the cost of supplies and shipping has increased. He said the majority of its budget are CIP's, which are heavily funded by grants. He answered questions from the Council.

Manager Walsh answered questions regarding the purchase of a new Vector vehicle.

Moved by Mahtani, seconded by Gass to amend the 2023 General Government Operating and Capital Budget to not fill the two vacant positions, and decrease Bridge Repairs Capital Project Account No. 730.00 by \$100,000.

Moved by Mahtani with the consensus of the Council amended the motion on the floor by keeping the two vacant positions and decreasing the Bridge Repairs Capital Project Account No. 730.00 by \$130,000 from \$300,000 to \$170,000.

Main motion as amended passed with Gass, Gage, Mahtani, Flora, Kistler, Finnegan and Bradberry voting yea.

Mayor Kiffer ruled the amendment passed as the main motion.

Public Works - Garage

Public Works Director Hilson gave a brief overview of the Garage Department, indicating their biggest challenge is the cost of parts. He said because of COVID their training has been delayed, but there are two training opportunities they would like to take advantage of, but require an additional \$2,500 in the Training & Education Account. He indicated on the CIP side, he would like to push out the Oil Water Separator Capital Project in the amount of \$90,000 until 2025, and move the Dayton Mill Capital Project in the amount of \$15,000 scheduled from 2025 to 2023.

Public Works Director Hilson answered questions from the Council.

Moved by Kistler, seconded by Mahtani to amend the 2023 General Government Operating and Capital Budget to defer the Oil Water Separator Capital Project in the amount of \$90,000 to 2025, move the Dayton Mill Capital Project in the amount of \$15,000 from 2025 to 2023 and increase Training & Education Account No. 600.03 by \$2,500 from \$10,500 to \$13,000.

Motion to amend passed with Gass, Gage, Mahtani, Flora, Kistler, Finnegan and Bradberry voting yea.

Public Works – Bldg. Maintenance

Public Works Director Hilson gave a brief overview of the Public Works Building Maintenance Department, and he answered questions from the Council.

Public Works Director Hilson answered questions from the Council regarding the City Hall Air Purifier Capital Project.

Assistant Manager Simpson answered questions from the Council regarding the City Hall Back Door Security Improvements Capital Project.

Moved by Gass, seconded by Mahtani to amend the 2023 General Government Operating and Capital Budget to eliminate the City Hall Air Purifier Capital Project – Account No. 725.00 Machinery & Equipment in the amount of \$20,000.

Motion to amend failed with Gass, Mahtani and Bradberry voting yea; Flora, Finnegan, Gage and Kistler voting nay.

No action was taken.

Public Works – Solid Waste

Public Works Director Hilson gave a brief overview of the Solid Waste Division, indicating this department does not rely on the General Fund or the Public Works Sales Tax Fund as it is funded by its own Solid Waste Services Fund. He answered questions from the Council.

No action was taken.

Councilmember Bradberry left the meeting at 9:00 p.m.

Public Works Wastewater

Public Works Director Hilson stated a couple of challenges facing Wastewater is licensure for level two certificates in terms of operations, and a future challenge regarding new discharge limits for disinfection for different types of bacteria, which will require the City to build infrastructure. He gave a brief overview of this department's operations and costs. He went through the priorities of the Capital Improvement Projects. He answered questions from the Council.

Manager Walsh informed Wastewater is the only fund that complies with the City's fund balance policy. She explained we look healthy now, but we don't have a secondary wastewater treatment in place, which is a huge long-term capital investment in the tens of millions of dollars.

Assistant Manager Simpson also stated we are more than likely looking to install disinfection, which is again a costly project. She indicated there is no funding mechanism and that will impact rates fairly soon.

Public Works Director Hilson answered questions from the Council. No action was taken.

MAYOR AND COUNCIL COMMENTS

Councilmember Gass stated as the Council moves forward, and while looking at more grants and CPV funds, we owe it to future generations of the community to have balanced budgets.

Councilmember Finnegan commended Public Works Director Hilson for being with us during the last couple of meetings with his knowledge of budgets and operations on numerous departments within public works, and for making our job easier by identifying projects that we can pull back on.

Councilmember Mahtani thanked the staff for bringing us to this point, and Mr. Hilson for his work and suggestions on what projects can be deferred or cut. He said he would like to apologize for his part during the discussion regarding the cemetery.

Councilmember Kistler thanked Mr. Hilson for being amenable.

Councilmember Flora thanked everyone.

Moved by Flora, seconded by Finnegan to defer consideration of the draft 2023 General Government Operating and Capital Budget until Monday, December 12, 2022.

Motion passed with Kistler, Flora, Finnegan, Gass, Mahtani and Gage voting yea; Bradberry absent.

ADJOURNMENT

As there was no further business, the Council adjourned at 9:35 p.m.

Dave Kiffer, Mayor

ATTEST:

Kim Stanker, MMC
City Clerk

Special Ketchikan City Council meeting was called to order by Mayor Kiffer at 6:10 p.m., December 12, 2022 with the following members present: Riley Gass, Janalee Gage, Mark Flora, Jai Mahtani, Abby Bradberry, Lalette Kistler and Jack Finnegan.

The Pledge of Allegiance was given by all persons in the Council Chambers.

Mayor Kiffer stated the Recital of Native Lands Acknowledgement.

Staff present were Manager Walsh, Assistant Manager Simpson, Finance Director Johansen, Port & Harbors Director Verfaillie, Telecommunication Divisions Manager Lindgren, Sales, Marketing and Customer Service Manager Simpson, Acting Electric Division Manager Bynum, Deputy Clerk Lee and City Clerk Stanker.

COMMUNICATIONS

Mayor Kiffer informed there were several budget updates laid on the table, including; 2023 General Government Operating and Capital Update No. 6 in regards to Peterson Street Sewer Main Rebuild Project; 2023 KPU Operating and Capital Budget Update No. 1 regarding a decrease in the 2023 CIP for the Telecommunications Division; and KPU Operating and Capital Budget Update No. 2 regarding Peterson Street Water Main Rebuild Project.

PERSONS TO BE HEARD - None

UNFINISHED BUSINESS

Resolution No. 22-2867 – Adopting the Budget for the Year 2023, Appropriating from the General Government Funds for the Fiscal Year 2023 – Deferred From November 30, 2022

Moved by Mahtani, seconded by Finnegan the City Council amend the 2023 General Government Operating and Capital Budget by increasing the Wastewater Division's Capital Improvement Program to add the Peterson Street Sewer Main Rebuild Project and increasing the infrastructure Account No. 730.00 for \$235,000.

Manager Walsh gave a brief overview of General Government Budget Update No.6 regarding the Peterson Street Sewer Main Rebuild.

Motion to amend passed with Bradberry, Flora, Gass, Finnegan, Kistler, Mahtani and Gage voting yea.

Harbors

Port & Harbors Director Verfaillie gave an overview of the operating and capital budget. He indicated this budget includes a 5.6% increase, and is fairly status quo, with two exceptions. He said they are asking an additional \$2,795.00 in their Training & Education Account 600.03 due to the fact that Ketchikan is hosting this year's Alaska Association of Harbormasters and Administrators conference in September, with a similar shared expense on the Port side. He said the other increase is under computers, printers and copiers based on the standard replacement schedule by the Information and Technology Department. He indicated in regards to the Capital Improvement Projects, the Cathodic Protection could be deferred for another year, along with the Bar Harbor South Ramp 2 Trestle Repair Phase 2.

Moved by Mahtani, seconded by Flora the City Council amend the 2023 General Government Operating and Capital Budget to reduce the Piling Replacement project by \$32,000 from \$62,000 to \$30,000, defer the Cathodic Protection in the amount of \$25,000 to 2024 and defer the Bar Harbor South Ramp 2 Trestle Repair Phase 2 in the amount of \$60,000 to 2024.

Councilmember Gass asked for the division of the question between the three items in the motion on the floor. No objections were heard.

Port & Harbors Director Verfaillie answered questions from the Council regarding the Piling Replacement Project.

Assistant Manager Simpson stated the City typically takes advantage of Harbor grants that are available through the State. She informed most of those grants are matching grant programs. She cautioned the Council against getting rid of the CIP's entirely, not knowing what the matching grant component might be. She said the projects in this budget are about maintenance and deferred maintenance, and most grants don't address ongoing maintenance and repair. She said the grants are about expansion and new infrastructure.

Motion to amend passed to reduce the Piling Replacement Capital Project by \$32,000 from \$62,000 to \$30,000 with Flora, Finnegan, Mahtani and Kistler voting yea; Gass, Gage and Bradberry voting nay.

Port & Harbors Director Verfaillie answered questions from the Council regarding the Cathodic Protection project.

Motion to amend failed to defer the Cathodic Protection Capital Project in the amount of \$25,000 to 2024 with Finnegan and Mahtani voting yea; Flora, Gass, Gage, Bradberry and Kistler voting nay.

Port & Harbors Director Verfaillie answered questions from the Council regarding the Bar Harbor South Ramp 2 Trestle Repair Phase 2 in the amount of \$60,000 to 2024.

Motion to amend passed to defer the Bar Harbor South Ramp 2 Trestle Repair Phase 2 Capital Project in the amount of \$60,000 to 2024 with Finnegan, Gass, Mahtani, Gage, Bradberry, Kistler and Flora voting yea.

Port

Port & Harbors Director Verfaillie gave a brief overview of the Port Department, noting this budget has a 4.3% increase compared to what was approved in 2022. He said the 2022 budget was inadequate for the Port. He described the two changes and answered questions from the Council.

Port & Harbors Director Verfaillie and Finance Director Johansen answered questions from the Council.

Moved by Kistler, seconded by Bradberry the City Council amend the 2023 General Government Operating and Capital Budget to defer the Berth III Tender Barge Upgrade to 2024.

Motion to amend passed with Gass, Mahtani, Gage, Bradberry, Kistler, Flora and Finnegan voting yea.

Moved by Gass, seconded by Mahtani the City Council amend the 2023 General Government Operating and Capital Budget to reduce the Yokohoma Slide Attachment Modification Capital Project by \$25,000, from \$50,000 to \$25,000.

Port & Harbors Director Verfaillie said we are just as well served by replacing the hardware at six locations that traditionally hang up or have a problem. He said the work will be done in-house.

Motion to amend passed with Kistler, Flora, Gass, Mahtani and Gage voting yea; Finnegan and Bradberry voting nay.

Moved by Gass, seconded by Bradberry the City Council amend the 2023 General Government Operating and Capital Budget to remove Account No. 620.01 Salvage & Disposal of Impounded Property in the amount of \$2,500.

Motion to amend passed with Mahtani, Gage, Bradberry, Kistler, Flora, Finnegan and Gass voting yea.

Councilmember Bradberry questioned what the temporary wages were in 2019 in comparison to 2022. She said she did not agree to the higher wage for Port Security.

Port & Harbors Director Verfaillie stated several reasons why they are keeping the wages the same as the 2022 season, and try to rehire the folks we trained last year. He said training per employee can cost up to \$600.

Manager Walsh answered questions regarding the \$75,000 for Outside Counsel.

Councilmember Bradberry questioned if staff has looked at contracting out the Port Security Services. She asked for a cost comparison. She indicated there is a local company that hires local folks, and would like to see information for the 2024 season.

Assistant Manager Simpson said they have not, but could look into that for in the future.

Risk Management

Manager Walsh and Finance Director Johansen gave a brief overview of the City's Risk Management Department and answered questions from the Council.

Manager Walsh stated we are in need of a full insurance review on claims management. She said this is something that can be done in-house and is on her list. She said currently we don't have City-wide programs, but we have programs that meet our regulatory and safety needs within each of the departments.

Councilmember Mahtani asked if staff could look into rates that are being charged.

No action was taken.

Debt Service

Finance Director Johansen gave a brief summary of debt service. She indicated most of our debt is through our bond bank. She said they have locked into a rate with Bank of America, and noted rates are increasing.

No action was taken.

Transfers & Advances

Finance Director Johansen gave a brief overview of the City's Transfers & Advances, and answered questions from the Council.

No action was taken.

Finance Director Johansen stated a fund balance report will be forthcoming with changes the Council has made to date.

The Council took a short break at 7:50 p.m., and reconvened at 7:55 p.m.

NEW BUSINESS

Resolution No. 22-2868 – Adopting the Budget for the Year 2023, Appropriating from the Ketchikan Public Utilities Enterprise Fund for the Fiscal Year 2023

Moved by Flora, seconded by Mahtani the City Council approve Resolution No. 22-2868 adopting the budget for the year 2023, appropriating from the Ketchikan Public Utilities Enterprise fund for the fiscal Year 2023, and establishing an effective date.

Moved by Kistler, seconded by Flora the City Council amend the 2023 Ketchikan Public Utilities Operating and Capital Budget increasing the 2022 estimate for Infrastructure Account No. 730.00 \$233,511 and decreasing the Telecommunication Division's 2023 Capital Improvement Program CIP #19 Network Security Capital Project Infrastructure Account No. 730.00 \$200,000, from \$300,000 to \$100,000.

Motion to amend passed with Gass, Mahtani, Gage, Flora, Finnegan, Bradberry and Kistler voting yea.

Moved by Finnegan, seconded by Kistler the City Council amend the 2023 Ketchikan Public Utilities Operating and Capital Budget by increasing the Water Division's Capital Improvement Program to add the Peterson Street Sewer Main Rebuild Project and increase the Infrastructure Account No. 730.00 \$362,000.

Motion to amend passed with Bradberry, Kistler, Gage, Mahtani, Gass, Finnegan and Flora voting yea.

Transmittal Letter

General Manager Walsh informed the KPU Budget being presented tonight is based on need, not want. She said these are items that need to be taken care of, and maintenance that has been deferred for too long. She indicated we are not recovering through our rates, and there needs to be a full rate review study to make sure they are lining up with the needs. She said KPU is an enterprise fund and should be self-supporting. She answered questions from the Council and stated we need to have a rate policy in place first for 2023, followed by the rate study in 2024.

Budget Summaries

Assistant General Manager Simpson informed the KPU Budget has a lot of the same concerns and battles as the General Government Budget. She said the approved collective bargaining agreement is definitely influencing wages over the next year for represented and non-represented employees. She said there are three new positions programmed and a robust capital improvement plan. She indicated there is a 4% rate increase for water to account for the additional debt service with the completion of the Schoenbar Raw Water Main Project, and a 1.5% electric rate increase responding to the rate increase by SEAPA and its wholesale power rate increase. She said this budget is proposing a \$3.2 million drawdown from reserves. She said the utilities need to have rate adjustments so they can stand on their own. She said we comply with the KPU fund balance policy and our bond covenant, just not the debt service.

General Manager Walsh answered questions from the Council.

Acting Electric Division Manager Bynum answered questions from the Council.

No action was taken.

Revenue

Finance Director Johansen referenced page C-4 in the KPU budget which allows you to see the cost and revenues from all utilities.

No action was taken.

KPU Administration - General Manager

General Manager Walsh stated the proposed budget for KPU Administration roughly mirrors the changes that are proposed for the City Manager's budget. She summarized changes for the 2023 budget.

General Manager Walsh answered questions from the Council regarding travel.

No Action was taken.

Sales, Marketing & Customer Service

Sales, Marketing and Customer Service Division Manager Simpson gave a brief overview of their 2023 budget and capital project. She said she has requested an additional ITV Technician in her budget this year. She said like every other department they struggle to find help. She went over her increases in the Travel & Training Account. She pointed out that they have decreased their bank and merchant charges by \$20,000. She informed that things have changed on their website and the Technical Services Account 635.12 could be reduced by \$15,000 to \$39,260. She indicated a remodel was planned, but that has changed and Account 790.15 could be reduced by \$8,500 to \$1,500. She went over the condition of their current vehicles as they are all in bad shape and unsafe to drive, noting they will get rid of two if this vehicle acquisition is approved.

Moved by Gass, seconded by Bradberry the City Council amend the 2023 Ketchikan Public Utilities Operating and Capital Budget to eliminate the 2023 vehicle acquisition from Account No. 720.00 Vehicles and Moving Equipment in the amount of \$67,000.

A lengthy discussion ensued.

Acting Electric Division Manager Bynum stated the electric division does all the maintenance for all the KPU-owned vehicles, and his department becomes responsible for it and outsources that within the community. He said he had only one mechanic at this time.

Moved by Bradberry, seconded by Kistler to defer the motion until the Budget Meeting of Wednesday, December 14, 2022.

(Clerk's note: Council directed staff to look into other City or KPU surplus vehicles that may be coming up, and other possible options that may be available.)

Motion Passed to defer with Flora, Finnegan, Gass, Mahtani, Gage, Bradberry and Kistler voting yea.

Moved by Bradberry, seconded by Kistler the City Council amend the 2023 Ketchikan Public Utilities Operating and Capital Budget to reduce Technical Services Account No. 635.12 by \$15,000 from \$54,260 to \$39,260.

Motion to amend passed with Gass, Mahtani, Gage, Bradberry, Kistler, Flora and Finnegan voting yea.

Moved by Bradberry, seconded by Flora the City Council amend the 2023 Ketchikan Public Utilities Operating and Capital Budget to reduce Account No. 790.15 Furniture and Fixtures by \$8,500 from \$10,000 to \$1,500.

Motion to amend passed with Flora, Finnegan, Gass, Mahtani, Gage, Bradberry and Kistler voting yea.

Councilmember Mahtani questioned if the General Government has looked into the reduction of their bank charges.

Finance Director Johansen said it will take time to implement because it would include the utilities, harbors and other services that can be affected like the landfill. She said this system may not work for every department.

Manager Walsh stated this is something we are looking into for 2023.

Sales, Marketing and Customer Service Division Manager Simpson answered questions regarding Managed Wi-Fi, Management and Consulting Services and Travel & Training Accounts.

Electric

Acting Electric Division Manager Bynum gave an overview of the Electric Divisions' proposed budget for 2023. He stated some of the goals for the electric division is focusing on their personnel, as they are the most important asset we have, how we do business and effective training and succession planning within the utility. He indicated the utility is currently operating at 77% of its authorized full-time employees (FTE), which is pretty thin.

Acting Electric Division Manager Bynum answered questions from the Council.

General Manager Walsh answered questions regarding rate increases, and reiterated a rate policy and study needs to be done.

No action was taken.

Councilmember Mahtani asked if the Acting Election Division Manager could return on December 14, 2022, to go through the Electric Division's Capital Improvement Projects.

MAYOR AND COUNCIL COMMENTS

Councilmember Bradberry said she is glad to be back in person. She informed she received some information regarding travel and training and has requested more for the Council to review. She stated her concerns regarding the budget, having access to information and ensuring transparency to the public. She hopes the Council will focus on establishing policies in the New Year to ensure checks and balances are put in place. She feels using placeholders when the City is in a deficit is confusing. She reminded everyone to be mindful when others are speaking and not to interrupt.

Councilmember Gage informed she sent information to the Manager's Office regarding a database that can be implemented by municipalities to monitor, and track, short-term rentals. It would also help put in safety mechanisms for the Fire Department to address their concerns regarding fire inspections.

Councilmember Gass thanked staff for all of their work. He stated this budget is an eye-opener on the reality of where the City is at financially. We have a lot of work ahead of us on how do we keep things affordable and have a long-term plan that keeps our equipment up to date. He said he is looking forward to the rate studies to come up with a plan moving forward. He asked the Council to keep in mind that once we increase wages or rates they never go back. He said regarding KPUs request for a new vehicle, he is not trying to be a grouch or imply that the employees should not have a good vehicle, however, KPU is looking at a deficit and he is trying to find places to save money.

Councilmember Finnegan said he is excited about the rate study and policy setting that will be forthcoming, as it is much needed and will have a huge impact on the future of the utilities in this town.

Councilmember Mahtani thanked staff for the information. He echoed concerns made by Councilmember Bradberry regarding travel and training throughout the departments, and recommended streamlining the process for all of the departments, to ensure it is being tracked and that travel is being equally spread-out in each department. He stated his concerns again relative to the City and KPU's bank charges. He questioned some of the capital projects and reminded everyone on the Council of their fiduciary duty. He feels the rate study should be done sooner rather than later and be transparent on rates for the public.

Councilmember Kistler commented on KPU's 2022 accomplishments and the many great things they did. She stated she paid \$2,000 over the list price for a used vehicle this summer, because that is just what vehicles are going for right now.

Mayor Kiffer said back in the 90s he was a member of the Friends of the Library, and they had to transport books from the library to the mall using an old KPU van and the breaks went out on it while driving down a hill. He stated as we talk about vehicles, we err on the side of "let's keep them another year", but we should keep in mind the employees who have to drive them around.

Moved by Bradberry, seconded by Flora to defer consideration of the draft 2023 General Government Operating and Capital Budget and Ketchikan Public Utilities Operating and Capital Budget until Wednesday, December 14, 2022.

Motion passed with Gass, Gage, Mahtani, Flora, Kistler, Finnegan and Bradberry voting yea.

ADJOURNMENT

As there was no further business, the Council adjourned at 9:35 p.m.

Dave Kiffer, Mayor

ATTEST:

Kim Stanker, MMC
City Clerk

Special Ketchikan City Council meeting was called to order by Mayor Kiffer at 6:00 p.m., December 14, 2022 with the following members present: Riley Gass, Mark Flora, Jai Mahtani, Abby Bradberry, Lalette Kistler and Jack Finnegan. Janalee Gage was absent.

The Pledge of Allegiance was given by all persons in the Council Chambers.

Mayor Kiffer stated the Recital of Native Lands Acknowledgement.

Staff present were Manager Walsh, Assistant Manager Simpson, Finance Director Johansen, Acting Electric Division Manager Bynum, Sales, Marketing and Customer Service Manager Simpson, Telecommunication Divisions Manager Lindgren, Water Division Manager Kleinegger, Assistant Water Division Manager Brakke, Deputy Clerk Lee and City Clerk Stanker.

COMMUNICATIONS

Mayor Kiffer informed there were several budget updates including: General Government Budget Update No. 7: Summary of Possible Unexpended Funds; General Government Budget Update No. 8: Increase Estimated Funds Available as of January 1, 2023 for Revised 2022 Revenue Estimates; General Government Budget Update No. 9: Appropriated Reserves by Fund Summary Revision No.1; General Government Budget Update No. 10: Travel Audit; KPU Budget Update No. 4: Available Surplus Vehicles; and KPU Budget Update No. 5: 5-Year History of Utility Rates and Taxes for General Government and Ketchikan Public Utilities.

PERSONS TO BE HEARD - None

UNFINISHED BUSINESS

Resolution No. 22-2867 – Adopting the Budget for the Year 2023, Appropriating from the General Government Funds for the Fiscal Year 2023 – Deferred From December 12, 2022

Moved by Flora, seconded by Finnegan the City Council amend the 2023 General Government Budget by increasing the estimated funds available as of January 1, 2023 for the General Fund in the amount of \$898,732, Hospital Sales Tax Fund in the amount of \$599,155 and the Public Works Sales Tax Fund in the amount of \$898,732.

Manager Walsh explained the City received the September and October tax revenues, which came in higher than was anticipated, therefore those funds will be placed back into reserves, and Council needs to recognize those higher fund balances. She stated they will not be expending these funds.

Finance Director Johansen answered questions from the Council.

Motion passed with Mahtani, Bradberry, Finnegan, Kistler, Flora and Gass voting yea; Gage absent.

Resolution No. 22-2868 – Adopting the Budget for the Year 2023, Appropriating from the Ketchikan Public Utilities Enterprise Fund for the Fiscal Year 2023 – Deferred From December 12, 2022

Sales, Marketing & Customer Service

The motion on the floor deferred from the special meeting of December 12, 2022 was:

Moved by Gass, seconded by Bradberry to amend the 2023 Ketchikan Public Utilities Operating and Capital Budget by eliminating from the Sales, Marketing and Customer Service budget the new vehicle acquisition from Account No. 720.00 – Vehicles and Moving Equipment in the amount of \$67,000.

General Manager Walsh went through the surplus list she provided under KPU Budget Update No. 4, and answered questions from the Council.

Sales, Marketing and Customer Service Manager Simpson presented the Council with a breakdown of a different vehicle with an associated cost of \$59,668.

Moved by Flora, seconded by Kistler to amend the amendment by adding the acquisition of a 2023 Ford F-150 4x4 standard pickup in an amount of \$59,668 plus a 10% contingency for a total of \$65,635.00 from Account No. 720.00 – Vehicles and Moving Equipment.

Motion to amend the amendment passed with Mahtani, Finnegan, Kistler, and Flora voting yea; Gass and Bradberry voting nay; Gage absent.

Moved by Bradberry, seconded by Gass to amend the amendment by eliminating the acquisition of a 2023 Ford F-150 4x4 pickup in an amount of \$59,668 plus a 10% contingency from Account No. 720.00 – Vehicles and Moving Equipment.

Motion to amend the amendment failed with Gass and Bradberry voting yea; Finnegan, Mahtani, Kistler, and Flora voting nay; Gage absent.

Mayor Kiffer ruled the passage of the amendment would serve as the passage for the main motion as amended. No objections were heard.

Electric

Acting Electric Division Manager Bynum gave a review of the Electric Division's Capital Improvement Projects (CIP) for the proposed 2023 budget.

Acting Electric Division Manager Bynum answered questions from the Council.

Telecommunications

Telecommunication Divisions Manager Lindgren gave an overview of the Telecommunications Division's proposed operating budget for 2023, along with their capital improvement projects. He detailed their request to add two full-time employees to their data center operations.

Telecommunications Division Manager Lindgren answered questions from the Council.

No action was taken.

The Council took a short break at 7:32 p.m., and reconvened at 7:40 p.m.

Water

Water Division Manager Kleinegger gave an overview of the Water Division's proposed budget for 2023, and explained the Water Department's capital improvement projects. He described the request for funding to continue seeking a Limited Alternative to Filtration from the Environmental Protection Agency, to avoid having to build a water filtration plant.

Water Division Manager Kleinegger and General Manager Walsh explained that at some point the City will likely have to build a water filtration plant, though they are unsure when that will occur.

Water Division Manager Kleinegger answered questions from the Council.

No action was taken.

Councilmember Bradberry stated her concerns regarding travel and training and asked for a more robust policy from the Manager's Office regarding travel for City and KPU employees.

Moved by Bradberry, seconded by Mahtani to amend the 2023 General Government and Ketchikan Public Utilities Operating and Capital Budgets so all travel and training requests have to come through the City Council for approval until a formal policy has been established.

In response, Manager Walsh informed that she has on her list for FY 2023 projects to work on a more robust travel and training policy, and can move that farther up the list if the Council would prefer.

Manager Walsh and Assistant Manager Simpson answered questions from the Council.

Motion to amend failed with Mahtani, Bradberry and Gass voting yea; Finnegan, Kiffer, Flora and Kistler voting nay; Gage absent.

Mayor Kiffer requested the travel and training policy be placed near the top of the list.

Councilmember Gass said the current budget is unsustainable and asked for an update from the Manager's Office on how they intend to proceed in the upcoming year regarding rates without drastically cutting services.

Manager Walsh explained she would like to implement the following in the next year and beyond:

- Start budget process in the summer with Council establishing guidelines and direction.
- Vehicle and Capital Improvement acquisitions.
- Debt cycling and debt management, to include 30 and 40-year plans.
- Rate policy study and implementation.
- Establishing a performance based budget versus using a historic line item budget.

Moved by Mahtani, seconded by Gass to amend the placeholders in the 2023 General Government Operating and Capital Budget by \$600K, from \$742K to \$142K.

Councilmember Gass agreed with Councilmember Mahtani that the placeholders in the budget are confusing and asked staff to weigh in on the use of placeholder monies.

Manager Walsh explained that the City has experienced these expenses at some time over history, for example such as a regulatory compliance issue or to replace a piece of equipment. She recommended as an accountant to include it, otherwise you are falsely telling the public that we have this extra \$600K in reserves, which is not true, because the City will need that money at some point. She stated from an accountant fiscal perspective, it is not responsible accounting. She explained it would be a huge undertaking for staff to go back and trim these small amounts out of the budget, and lastly we still have not paid certain contractual services for 2022 yet.

Manager Walsh, Assistant Manager Simpson and Finance Director Johansen answered questions from the Council.

Motion to amend failed with Mahtani voting yea; Finnegan, Gass, Bradberry, Flora and Kistler voting nay; Gage absent.

Moved by Gass, seconded by Bradberry to amend the 2023 General Government Operating and Capital Budget and reduce the Library Department's budget by \$78,000.

Councilmember Gass explained the reason he suggested \$78,000 is because that is the estimate for the library to hire a library assistant, and his motion to freeze that position failed, and this will give staff the flexibility to determine where to cut.

Motion to amend failed with Bradberry, Mahtani and Gass voting yea; Finnegan, Kistler, Flora and Kiffer voting nay; Gage absent.

Moved by Gass, seconded by Bradberry to amend the 2023 General Government Operating and Capital Budget and reduce the Fire Department's Budget by \$76,649.

Councilmember Gass stated this is the same amount as the budgeted position that was unfrozen, and again staff will determine the best place to make cuts.

Motion to amend failed with Bradberry, Mahtani and Gass voting yea; Finnegan, Kistler, Flora and Kiffer voting nay; Gage absent.

Moved by Gass, seconded Bradberry to amend the 2023 General Government Operating and Capital Budget and reduce the Police Department's budget by \$320,000.

Councilmember Gass explained this is the same rationale, this is the same amount as the exit gate replacement and ventilation garage improvements.

Manager Walsh informed the exit gate was damaged and is no longer operable.

Councilmember Gass said he was unaware of the gate no longer working and asked to amend his motion to reduce the Police Department's budget by \$100,000. No objections were heard.

Motion to amend passed with Bradberry, Gass, Mahtani and Kiffer voting yea; Kistler, Flora and Finnegan voting nay; Gage absent.

Moved by Gass, seconded by Bradberry to amend the 2023 General Government Operating and Capital Budget and reduce the Mayor and Council budget by \$91,000.

Councilmember Gass explained that this decrease will keep the Community Agency Grant at the same amount that was allotted last year.

Motion to amend failed with Mahtani and Gass voting yea; Finnegan, Kistler, Flora and Bradberry voting nay; Gage absent.

MAYOR AND COUNCIL COMMENTS

Councilmember Mahtani thanked staff and fellow Councilmembers for making it through this budget. He said while he is not happy with the final budget, we at least agreed on some things and thanked everyone for their work.

Councilmember Kistler said this was a heart wrenching process and is glad it is over, and thanked everyone for their hard work.

Councilmember Gass thanked staff for their work and for answering all of the Councils questions. He said at the end of the day he respects everyone's agreements or disagreements on the budget, though he is disappointed with the final outcome and worried about future budgets. He stated he is looking forward to the summer meetings to discuss the budgets moving forward.

Councilmember Finnegan said this has been an arduous process, but feels this budget is pretty sensible given the conditions we are up against. He is grateful to staff for the incredible, hard work they have done, and grateful to all of the Councilmembers for asking the difficult questions. He acknowledged the extraordinary dedication of the department heads, who presented their budgets and uniformly championed their staff. He stated it is so encouraging to see such a great sense of comradery, professionalism and dedication from the City employees.

Councilmember Bradberry thanked everyone, she said we have spent a lot of time going back and forth the past three weeks and appreciates all of the time and effort put into this. She said she is excited to hear more in the future about the new policies management is working on and hopes the Council will really tune into these policies. She echoed sentiments made by Councilmember Flora to start this process earlier and get ahead of the game.

Councilmember Flora said he appreciates all of the work department heads, staff and Council did to get us to this point.

Moved by Bradberry, seconded by Mahtani to defer consideration of the draft 2023 General Government Operating and Capital Budget and Ketchikan Public Utilities Operating and Capital Budget until Thursday, December 15, 2022.

Motion passed with Mahtani, Bradberry, Finnegan, Kistler, Flora and Gass voting yea; Gage absent.

ADJOURNMENT

As there was no further business, the Council adjourned at 8:59 p.m.

Dave Kiffer, Mayor

ATTEST:

Kim Stanker, MMC
City Clerk

Regular City Council meeting was called to order by Mayor Kiffer at 7:00 p.m., December 15, 2022, with the following members present: Riley Gass, Janalee Gage (via WebEx), Jai Mahtani, Abby Bradberry, Jack Finnegan, Mark Flora and Lalette Kistler.

The Pledge of Allegiance was given by all persons in Council Chambers.

Mayor Kiffer stated the Recital of Native Lands Acknowledgement.

Staff present were City Manager Walsh, Assistant Manager Simpson, Finance Director Johansen, City Attorney Seaver, Police Chief Walls, Fire Chief Hines, Acting Electric Division Manager Bynum, IT Director Hecla, Port & Harbors Director Verfaillie, Civic Center Manager Nelson, Library Director Tully, Museum Director Maxwell, Safety Coordinator Alderson, Assistant Public Works Director Jurczak, Controller Hart, Water Division Manager Kleinegger, Telecommunications Division Manager Lindgren, Deputy Clerk Lee and City Clerk Stanker.

PUBLIC HEARING

PUBLIC HEARING ON RESOLUTION NO. 22-2867 – ADOPTING THE BUDGET FOR THE YEAR 2023, APPROPRIATING FROM THE GENERAL GOVERNMENT FUNDS FOR THE FISCAL YEAR 2023

Mayor Kiffer called the public hearing on Resolution No. 22-2867 to order at 7:01 p.m. and requested public testimony.

As there was no testimony, Mayor Kiffer declared the public hearing closed at 7:01 p.m.

PUBLIC HEARING ON RESOLUTION NO. 22-2868 – ADOPTING THE BUDGET FOR THE YEAR 2023 APPROPRIATING FROM THE KETCHIKAN PUBLIC UTILITIES ENTERPRISE FUND FOR THE FISCAL YEAR 2023

Mayor Kiffer called the public hearing on Ordinance No. 22-2868 to order at 7:02 p.m. and requested public testimony.

As there was no testimony, Mayor Kiffer declared the public hearing closed at 7:02 p.m.

COMMUNICATIONS

Mayor Kiffer indicated there were several items laid on the table, including; A report from Councilmember Bradberry regarding the AML Conference in Anchorage, a committee report from SEAPA's December 2022 meeting and a report from the Juneau Economic Development Council; Additional information requested regarding Consent Agenda items 5f, 5i and New Business item 7a; 2023 General Government Operating and Capital Budget Update No. 11 approving carryovers of 2022 funding for operations, grants & capital projects; 2023 General Government Operating and Capital Budget Update No. 12 revising Resolution No. 22-2867; 2023 General Government Operating and Capital Budget Update No. 13 regarding the reduction of \$100,000 from the Police Department Budget; 2023 Ketchikan Public Utilities Operating and Capital Budget Update No. 3 a carryover of 2022 funding for Capital Projects; 2023 Ketchikan Public Utilities Operating and Capital Budget Update No. 6 Update No.1 regarding available Appropriated Reserves; 2023 Ketchikan Public Utilities Operating and Capital Budget Update No 7 with revisions to Resolution No 22-2868.

PERSONS TO BE HEARD

Eva Lindgren via WebEx, said she is adding her accolades to the resolution honoring Patty Keeley for her 40 years of service with the City of Ketchikan. She commented on Patty's dedication and hard work and thanked her for her years of service.

Stephen Reeve and Terry Wanzer with Historic Ketchikan passed out to the Council the newest publication of Our Town, which they produce every two years. They thanked the Council for their continued support.

MJ Cadel spoke to the recent seasonal sales tax change, and her concerns for bookkeepers and businesses having to issue and collect sales tax.

Manager Walsh informed that staff is currently working on guidance regarding business seasonal sales tax.

Robert Venables, Executive Director for Southeast Conference, said their annual conference this year in Ketchikan was beyond successful, and thanked the City for their strong support. He thanked the staff at Ted Ferry Civic Center for their hard work.

Finance Director Michelle Johansen thanked Patty Keeley for her 40 years of service. She said Patty is a great person to work with as a co-worker and as an employee. She has a great attitude, is always helpful and has been a great support over the years.

CONSENT AGENDA

Mayor Kiffer suggested moving all new business items to the Consent Agenda, including; A resolution honoring Patty Keeley for her 40 years of services to the City; Declaring as Surplus Fifty-Nine Forfeited Firearms and Authorizing their Exchange for Departmental Safety Equipment- Coastal Commercial Services; Budget Transfer – Harbor Rate Study; Support of Port of Skagway's Grant Sub Application and no objections were heard.

Councilmember Bradberry asked if the item under the consent agenda regarding the Various General Government Departmental Budget Transfers could be considered separately. No objections were heard.

Resolution No. 22-2872 – Honoring Patty Keeley for 40 Years of Service

Moved by Flora, seconded by Finnegan the City Council approve Resolution No. 22-2872 recognizing Patty Keeley for 40 years of service to the City of Ketchikan.

Mayor Kiffer read aloud a resolution and presented it to Patty Keeley for her 40 years of service to the City of Ketchikan.

Ms. Keeley thanked the Council for the resolution. She said she has worked with a lot of great people over the years, has learned a lot and the City is a great place to work.

Motion passed with Bradberry, Flora, Mahtani, Kistler, Finnegan, Gass and Gage voting yea.

Approval of Minutes – Special City Council Meetings of November 21 and November 28, 2022 and Regular Meeting of December 1, 2022

Moved by Flora, seconded by Finnegan for approval of minutes from the Special City Council meetings of November 21 and 28, 2022 and from the Regular Meeting of December 1, 2022.

Motion passed with Gass, Bradberry, Mahtani, Finnegan, Gage, Flora and Kistler voting yea.

Exempting the Procurement of the Annual Billing Software Maintenance and Support for the Telecommunications Division from the Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – CommSoft

Moved by Flora, seconded by Finnegan pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, the City Council exempt the procurement of the annual billing software maintenance and support for the Telecommunications Division from the competitive bidding and written quotation requirements of the Ketchikan Municipal Code; authorize the General Manager to enter into an agreement for the annual billing software maintenance and support with CommSoft in an amount not to exceed \$114,092.31; and approve funding from the Telecommunications Division's 2023 Software Maintenance Services Account No. 635.04.

Motion passed with Gass, Bradberry, Mahtani, Finnegan, Gage, Flora and Kistler voting yea.

Exempting the Procurement of GCI Video Transport Services from Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – GCI

Moved by Flora, seconded by Finnegan pursuant to section 3.12.050(a)(6) of the Ketchikan Municipal Code, the City Council exempt the procurement of video transport services from GCI in the amount of \$35,040 from competitive bid; and approve funding from the 2023 KPU Telecommunications Annual Budget for Rents and Leases - Infrastructure Account No. 645.04.

Motion passed with Gass, Bradberry, Mahtani, Finnegan, Gage, Flora and Kistler voting yea.

Exempting the Procurement of Programming Content from Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code - National Cable Television Cooperative and Vubiquity, Inc.

Moved by Flora, seconded by Finnegan pursuant to section 3.12.050(a)(2) of the Ketchikan Municipal Code, the City Council exempt the procurement of KPU TV IPTV programming content from competitive bidding requirements of the Ketchikan Municipal Code; authorize the General Manager to approve purchases in the amount of \$1,200,000 to National Cable Television Cooperative (NCTC) in the amount of \$55,000 to Vubiquity, Inc.; and approve funding from the 2023 KPU Telecommunications Annual Budget for Licenses and Fees – Broadcast Content Fees Account No. 630.04.

Motion passed with Gass, Bradberry, Mahtani, Finnegan, Gage, Flora and Kistler voting yea.

Exempting the Procurement of Additional Programming Content from Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code - National Cable Television Cooperative

Moved by Flora, seconded by Finnegan pursuant to section 3.12.050(a)(2), and 3.12.030 of the Ketchikan Municipal Code, the City Council exempt the procurement of the additional KPU TV IPTV programming content from competitive bidding requirements of the Ketchikan Municipal Code; authorize the General Manager to approve purchases in the additional amount of \$90,000 to National Cable Television Cooperative (NCTC); and approve funding from the 2022 KPU Telecommunications Annual Budget for Licenses and Fees - Broadcast Content Fees Account No.630.04.

Motion passed with Gass, Bradberry, Mahtani, Finnegan, Gage, Flora and Kistler voting yea.

Exempting the Procurement of a Ford F-150 Pickup Truck for the Electric Division from the Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – Bickford Motors, Inc.

Moved by Flora, seconded by Finnegan pursuant to subparagraph 10 of Section 3.12.050(a) of the Ketchikan Municipal Code, the City Council exempt the procurement of a Ford F-150 pickup truck from the competitive bidding and written quotation requirements of the Ketchikan Municipal Code; authorize the General Manager to enter into an agreement for the purchase of the vehicle in an amount not to exceed \$47,944; establish a purchase contingency in the amount of \$2,500; authorize \$2,500 in shipping costs, bringing the project total to \$52,944; and approve funding in the amount of \$52,944 from the Electric Division’s 2022 Vehicles & Moving Equipment Capital Account.

Motion passed with Bradberry, Flora, Mahtani, Kistler, Finnegan, Gass and Gage voting yea.

Ordinance No. 22-1957 – Amending Subsection (C) of the Ketchikan Municipal Code Section 3.04.070 Entitled “Duty to Keep Books – Investigation” – First Reading

Copies of Ordinance No. 22-1957 were available for those present.

Moved by Flora, seconded by Finnegan the City Council approve Ordinance No. 22-1957 in first reading, amending subsection (C) of the Ketchikan Municipal Code section 3.04.070 entitled “Duty to keep books – Investigation”; and establishing an effective date.

Motion passed with Bradberry, Flora, Mahtani, Kistler, Finnegan, Gass and Gage voting yea.

Exempting the Procurement of a Ford F-450 Flatbed Truck for the Electric Division from the Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code – Kendall Ford of Anchorage

Moved by Flora, seconded by Finnegan pursuant to subparagraph 10 of Section 3.12.050(a) of the Ketchikan Municipal Code, the City Council exempt the procurement of a Ford F-450 flatbed truck from the competitive bidding and written quotation requirements of the Ketchikan Municipal Code; authorize the General Manager to enter into an agreement for the purchase of the vehicle in an amount not to exceed \$82,052.19; establish a purchase contingency in the amount of \$5,000; authorize \$5,000 in shipping costs; bringing the project total to \$92,052.19, and approve funding in the amount of \$92,052.19 from the Electric Division's 2022 Vehicles & Moving Equipment Capital Improvement Program Account.

Motion passed with Bradberry, Flora, Mahtani, Kistler, Finnegan, Gass and Gage voting yea.

Various KPU Departmental Budget Transfers

Moved by Flora, seconded by Finnegan the City Council authorize the City Manager to transfer \$1,161,060 from various accounts to various accounts as outlined in the Financial Analyst's report dated December 6, 2022.

Motion passed with Bradberry, Flora, Mahtani, Kistler, Finnegan, Gass and Gage voting yea.

Exempting the Procurement of Police Station Door Access System from the Competitive Bidding/Written Quotation Requirements of the Ketchikan Municipal Code and Authorizing Various Budget Transfers – Advanced Communications

Moved by Flora, seconded by Finnegan pursuant to subparagraph 6 of Section 3.12.050(a) of the Ketchikan Municipal Code, the City Council exempt the procurement of a replacement door access system for the Police Station from Advanced Communications in an amount not to exceed \$23,000 inclusive of a \$1,538 contingency; authorize a budget transfer in the amount of \$23,000 from the Police Department's 2022 Temporary Wages Account No. 502.01 to the E911 Central Communications Division's Machinery and Equipment Account No. 790.25; and approve funding from the Police Department's E911 Central Communications Division's Machinery and Equipment Account in the amount of \$23,000.

Motion passed with Bradberry, Flora, Mahtani, Kistler, Finnegan, Gass and Gage voting yea.

Declaring as Surplus Fifty-Nine Forfeited Firearms and Authorizing Their Exchange for Departmental Safety Equipment – Coastal Commercial Services

Moved by Flora, seconded by Finnegan pursuant to Section 3.12.070(b) of the Ketchikan Municipal Code, the City Council declare as surplus fifty-nine forfeited firearms and authorize their exchange for departmental safety equipment from Coastal Commercial Services

Motion passed with Bradberry, Flora, Mahtani, Kistler, Finnegan, Gass and Gage voting yea.

Budget Transfer – Harbor Rate Study

Moved by Flora, seconded by Finnegan the City Council authorize a budget transfer in the amount of \$15,864 with a 10% contingency of \$1,546.40, totaling \$17,450.40 from the Harbors' Operating Budget Account Utilities: Electric, Water, Sewer & Garbage No. 650.02 to Account Contractual Services – Technical Services 635.12.

Motion passed with Bradberry, Flora, Mahtani, Kistler, Finnegan, Gass and Gage voting yea.

Consider Support of Port of Skagway's Grant Sub Application

Moved by Flora, seconded by Finnegan the City Council direct staff to issue a letter of support on behalf of the Ketchikan City Council to FEMA's Hazard Mitigation Assistance Division Selection Committee for the Municipality of Skagway's sub-application.

Motion passed with Bradberry, Flora, Mahtani, Kistler, Finnegan, Gass and Gage voting yea.

Various General Government Departmental Budget Transfers

Moved by Flora, seconded by Finnegan the City Council authorize the City Manager to transfer \$639,880 from various accounts to various accounts as outlined in the Financial Analyst's report dated December 5, 2022.

Moved by Bradberry, seconded by Gass to split the question and vote separately on the Port, Operations budget transfer.

Councilmember Bradberry explained she was opposed to raising the rate for Port Security personnel when it was originally brought forward from staff, and is still not for it.

Mayor Kiffer called for the vote for the original motion to exclude the Port, Operations budget transfer.

Motion passed on Various General Government budget transfers with Bradberry, Flora, Mahtani, Kistler, Finnegan, Gass and Gage voting yea.

Councilmember Finnegan asked for more information regarding the Port, Operations budget transfer.

Manager Walsh explained that these are the cleanup year-end budget transfers to shore up the extra money necessary in order to pay the higher wage for the Port Security Guards. We have already paid them, this is just part of our housekeeping items.

Finance Director Johansen answered questions from the Council.

Mayor Kiffer called for the vote for the Port, Operations budget transfer.

Motion passed on the Port, Operations Transfer with Flora, Mahtani, Kistler, Finnegan, Gass and Gage voting yea; Bradberry voting nay.

UNFINISHED BUSINESS

**Resolution No. 22-2867 – Adopting the Budget for the Year 2023,
Appropriating from the General Government Funds for the
Fiscal Year 2023 – Deferred from December 14, 2022**

General Government Budget Update No.11: Carry Over of 2022

Moved by Kistler, seconded by Flora the City Council amend the 2023 General Government Operating and Capital Budget by approving the carry-over from 2022 to 2023 for the Public Works Streets, Building Maintenance and Wastewater Department unfinished capital projects as outlined in the memorandum and accompanying schedules.

Motion passed with Bradberry, Flora, Mahtani, Kistler, Finnegan, Gass and Gage voting yea.

**General Government Budget Update No. 13: Police Department
Budget Reduction in the Amount of \$100,000**

Moved by Gass, seconded by Mahtani the City Council amend the 2023 General Government Operating and Capital Budget for the Police Department by decreasing its Operations Division's 2023 Personnel Service and Benefits Accounts by \$55,000 and decreasing other Contractual Services Account by \$45,000 for the purpose of reducing the Police Department 2023 Operations Division Budget.

Councilmember Gass said probably not many people are following the budget sessions too closely, all they will hear is that the Council only cut the Police Department's budget, and a lot of assumptions can be made. He stated that he is in favor of making certain reductions in growth in almost every department. He felt it is important for the City to work towards its reserve policy. He said that he personally, along with the Council, does not have anything against the Police Department and feels they are doing a phenomenal job.

A lengthy discussion ensued.

Motion to amend failed with Gass and Mahtani voting yea; Flora, Bradberry, Finnegan, Kistler and Gage voting nay.

Moved to amend by Bradberry, seconded by Mahtani to amend the 2023 General Government Operating and Capital Budget by reducing every department's budget by 2.5%.

A lengthy discussion ensued.

Finance Director Johansen explained that the annual budget takes months for staff to put together, and asking every department to go back through and cut their budgets by 2.5% will take a lot of work. She stated while she understands that Council would like to cut the budget, direction like this should be given ahead of time so that staff can prepare accordingly.

Manager Walsh explained that a 2.5% cut across the board will most likely necessitate a decrease in services and operations. She stated there is also another collective bargaining agreement coming up with the Police and Fire Departments, and IBEW in the summer, which will also increase wages, therefore it will be almost impossible to cut from personnel. She informed with the recent additional sales tax revenues and staff's conservative approach to revenues for this year, she feels comfortable with the difference in the reserve fund balance requirements, and hopefully, by next year we will have a good, sound policy and a better understanding of Council's direction for the budget.

"UNAPPROVED" December 15, 2022

Motion to amend failed with Bradberry, Gass and Mahtani voting yea; Gage, Kistler, Flora and Finnegan voting nay.

Moved by Bradberry, seconded Mahtani to reconsider action to amend the 2023 General Government Operating and Capital Budget for the Police Department by decreasing its Operations Division's 2023 Personnel Service and Benefits Accounts by \$55,000 and decreasing other Contractual Services Account by \$45,000 for the purpose of reducing the Police Department 2023 Operations Division Budget.

Motion to reconsider the amendment passed with Finnegan, Gass, Mahtani, Bradberry and Kistler voting yea; Flora and Gage voting nay.

The motion before the Council was:

Moved by Gass, seconded by Mahtani the City Council amend the 2023 General Government Operating and Capital Budget for the Police Department by decreasing its Operations Division's 2023 Personnel Service and Benefits Accounts by \$55,000 and decreasing other Contractual Services Account by \$45,000 for the purpose of reducing the Police Department 2023 Operations Division Budget.

Motion to amend passed with Finnegan, Gass, Mahtani, Bradberry and Kistler voting yea; Flora and Gage voting nay.

Moved by Kiffer, seconded Gage to reconsider action taken at the December 14, 2022 budget meeting to amend the 2023 General Government Operating and Capital Budget Police Department's budget by reducing it by \$100,000.

Motion to reconsider the amendment passed with Flora, Finnegan, Gage, Bradberry and Kistler voting yea; Gass and Mahtani voting nay.

The motion before the Council was:

Moved by Gass, seconded by Bradberry to amend the 2023 General Government Operating and Capital Budget Police Department's budget by reducing it by \$100,000.

Motion to amend failed with Gass, Mahtani and Bradberry voting yea; and Flora, Finnegan, Gage and Kistler voting nay.

Main motion on Resolution No. 22-2867, as amended, passed with Flora, Finnegan, Gass, Mahtani, Gage and Kistler voting yea; Bradberry voting nay.

Resolution No. 22-2868 – Adopting the Budget for the Year 2023, Appropriating from the Ketchikan Public Utilities Enterprise Fund for the Fiscal Year 2023 – Deferred from December 14, 2022

KPU Budget Update No. 3: Carry Over of 2022 Funding for Capital Projects

Moved by Flora, seconded by Finnegan the City Council amend the 2023 Ketchikan Public Utilities Operating and Capital Budget by approving the carryover of \$25,000 for the Electric Division's Bailey Exhaust Stack Re-coating Capital Project; \$10,000 for the Water Division's Valve Boxes – Repair of Surrounding Pavement Capital Project; and the Telecommunications Division's Normal Growth and Repair–Fiber Cable and Multi-Dwelling Unit Capital Projects in the amounts of \$50,000 and \$20,000 respectively, as outlined in the attached schedule.

Motion to amend passed with Kistler, Mahtani, Flora, Bradberry, Gage, Gass and Finnegan voting yea.

Councilmember Bradberry stated everything she said about the reduction for the General Government budget should also be done to the KPU budget, but she is not going to make the motion.

Mayor Kiffer stated moving forward we will schedule a summer work session to give staff very specific guidelines for both the General Government and KPU budgets and the expectations of the Council.

Main motion on Resolution No. 22-2868, as amended, passed with Flora, Finnegan, Gass, Mahtani, Gage and Kistler voting yea; Bradberry voting nay.

NEW BUSINESS

These items were moved to the Consent Agenda.

APPROVAL OF VOUCHERS

Mayor Kiffer passed the gavel to Vice-Mayor Flora due to a conflict of interest.

Moved by Bradberry, seconded by Mahtani the City Council move for the approval of vouchers to Parnassus Books in the amount of \$132.83.

Motion passed with Finnegan, Gass, Mahtani, Gage, Bradberry, Kistler and Flora voting yea.

Vice-Mayor Flora passed the gavel back to Mayor Kiffer.

MANAGER'S REPORT

Schedule of General Government and KPU Appropriated Reserves Through the City Council Meeting of December 1, 2022

Manager Walsh 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 December 1, 2022.

Water Division Manager's Report, November 2022

Manager Walsh attached for Council review the project status report from the KPU Water Division, and the Water Utilization Study Reports for the month of November 2022.

Electric Division Manager's Report – November 2022

Manager Walsh provided for Council review a project status report from the KPU Electric Division for the month of November 2022.

Telecommunication Division Manager's Report – November 2022

Manager Walsh included for Council review the project status report from the KPU Telecommunication Division for the month of November 2022.

Sales, Marketing & Customer Service Division Report – November 2022

Manager Walsh provided for Council review the project status report of the KPU Sales, Marketing & Customer Service Division for the month of November 2022.

Telecommunication Information Memorandum – Broadcast Surcharge Fee Increase

Manager Walsh attached for Council review the broadcast surcharge fee increase information memorandum from the KPU Telecommunication Division.

City Manager's Report – November 2022

Manager Walsh highlighted some of her recent activities from her manager's report and explained her future goals and objectives. She said she met with staff to discuss traffic planning for this summer, and CLIA has offered to all Southeast communities that they are willing to work with us on traffic planning/people moving. She said she will be scheduling public input meetings to hear from those in the community who are involved with transportation, because we need to be prepared and ready. She thanked the Council, staff members and members of the community for their input as everyone has been a tremendous contributor, and she can tell the people of Ketchikan love Ketchikan.

CITY CLERK'S FILE

City Clerk Stanker updated the Council on the Clerk Department's recent attendance at the Alaska Association of Municipal Clerk's Conference in Anchorage.

CITY ATTORNEY'S FILE - None

FUTURE AGENDA ITEMS

Councilmember Bradberry said she would like to have our rules of procedure updated to include Council Committee Reports, and have Councilmembers submit reports from committee meetings they have attended. She felt this would be a good way to connect.

"UNAPPROVED" December 15, 2022

Councilmember Bradberry asked to add a standing item on the manager's report that shares with the Council what travel and training staff has completed, especially for those going through academies, obtained certifications, or other training courses that were completed.

Councilmember Bradberry said she would like to look into creating a Human Resource (HR) policy that ensures appropriate turnaround time between the final approval from the division manager selection and HR approval.

Councilmember Bradberry said she would like to look into and create a policy that mandates the Library be open no less than 54 hours per week, unless approved by Council.

MAYOR AND COUNCIL COMMENTS

Councilmember Gage said she has been getting calls from concerned citizens regarding a few street closures the State of Alaska Department of Transportation (DOT) will be having coming up, and the loss of parking in those areas.

Manager Walsh said there are issues in the Water Street area. She said there are some structural engineering issues and DOT will be removing only two parking spaces on Water Street so that they can work on a bridge improvement.

Assistant Manager Simpson said it is where Hopkins Alley dumps out on Bauer Way and will eliminate around two parking spaces. She said Water Street will not be shut down. Bauer Way will be assessable to pedestrian traffic only.

Councilmember Kistler wished everyone a Merry Christmas and a Happy New Year. She also thanked Patty Keeley for her years of service to the City.

Councilmember Mahtani thanked staff and department heads for all the work that was done on the budget. He said he is looking forward to having the summer budget workshops and the opportunity to give direction based on what the citizens and Council would like to see. He reported the Tourism Strategic Committee will have a workshop on January 12, 2023, and will provide more details after the meeting. He wished everyone a Merry Christmas and a Happy New Year.

Councilmember Finnegan said going through this budget cycle has been enormously instructive and is grateful to be at the table for these discussions. He stated while we don't always agree, he maintains the understanding that we are all looking out for the community's best interests, even if we have different ideas on how best to serve those interests. He thanked staff and councilmembers for their hard work, their hard questions and for getting through.

Councilmember Gass wished everyone a merry Christmas. He reiterated his earlier comments that he has no personal animosity against anyone or any department, certainly not the police department as they have done a wonderful job. He said we are all in agreement that we will have some workshops this summer and make sure we get our message across on how we want to manage the budget. He informed he will be in Anchorage for the next few months for work training and will be participating via WebEx.

Councilmember Bradberry extended a thank you to the staff and stated when she asks her questions she is not trying to target anyone or any department. She said we have had some conversations in executive sessions and it is always good to bring that conversation out in front of the public. She wished everyone a happy holiday.

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Councilmember Flora thanked everyone in the room for their hard work and hopes everyone gets some time off and enjoys the holidays. He informed he will be out of town next week to meet his new grandson.

Mayor Kiffer wished everyone a merry Christmas, happy holidays and a happy New Year. He informed it is supposed to get really cold over the next couple of days and reminded everyone to get heat tape now to make sure their pipes stay working.

OTHER NEW BUSINESS – None

EXECUTIVE SESSION – None

ADJOURNMENT

As there was no further business, the Council adjourned at 9:10 p.m.

Dave Kiffer, Mayor

ATTEST:

Kim Stanker, MMC
City Clerk

FYI ITEMS INCLUDED

Ketchikan Wellness Coalition - Wellness Newsletter – December 2022
Love In Action Newsletter – December 2022
Ketchikan Visitors Bureau Quarterly Activities Report