

- a.** Approval of Minutes from the Work Session with CLIA Alaska from November 19, 2024, Budget Meetings of November 25, 2024, and December 2, 2024, Regular Meeting of December 5, 2024, and Budget Meeting of December 9, 2024

Work Session of the Ketchikan City Council with Cruise Lines International Association (CLIA) Alaska was called to order by Mayor Sivertsen at 11:30 a.m., November 19, 2024, with the following members present: Dick Coose, Judy Zenge, Lalette Kistler, Jack Finnegan and Jai Mahtani. Riley Gass and Mark Flora were absent.

The Pledge of Allegiance was given by all persons at the Ted Ferry Civic Center.

Mayor Sivertsen stated the Native Lands Acknowledgement.

INTRODUCTIONS

Mayor Sivertsen welcomed everyone to the work session, and asked everyone to introduce themselves and what organization they are associated with:

<u>City of Ketchikan Attendees</u>	<u>CLIA Attendees</u>
Bob Sivertsen, City Mayor	Robert Morgenstern, Carnival Corporation
Judy Zenge, Councilmember	Renee Limoge Reeve, CLIA Alaska
Jack Finnegan, Councilmember	Kirby Day, Carnival Corporation (Virtual)
Dick Coose, Councilmember	Preston Carnahan, Royal Caribbean Group
Lalette Kistler, Councilmember	Lalanya Downs, CLIA Alaska (Virtual)
Jai Mahtani, Councilmember	
Delilah Walsh, City/General Manager	
Lacey Simpson, Assistant City/General Manager	
Craig Bisson, Acting Port Director	
Seth Brakke, Public Works Director	
Rick Hines, Fire Chief	
Laurie Booyse, City Tourism Manager	
Kim Stanker, City Clerk	

Mary Stephenson and Michelle O’Brien provided handouts for the attendees.

PERSONS TO BE HEARD

Mary Stephenson felt it was important to have some statistics for today’s discussion. She went over her handout, which included all the various Ports of Call and possible new Ports for Southeast Alaska from Juneau to Ketchikan, Ward Cove and Saxman. Her handout included projections of ships and passengers for 2025 and encouraged staff to prepare for the additional numbers.

WORK SESSION - TOPICS OF DISCUSSION

2024 Season Recap - Cruise Partners & City Staff

Renee Limoge Reeve, Robert Morgenstern and Preston Carnahan thanked everyone for the relationship we are building daily in Ketchikan, and they look forward to continuing this type of dialogue as it is important and beneficial for everyone.

Update on Topics from the March 27, 2024 Work Session

Acting Port Director Bisson informed that 1.1 million people visited Ketchikan in 2024 with very few accidents. He said the biggest issue was the congestion of vehicles on the Port, with Berth III being the worst. He said for 2025 the goal is to keep things moving better, so folks aren't using it as a parking lot. He showed photos of the scour that currently exists.

Update on topics from Previous Work Session

Acting Port Director Bisson said the ship thruster used at the Port was a hot topic at the March meeting held this year. He indicated a Bathymetric Survey was done to provide a baseline. He said he has spoken with the cruise lines, and they put out a PSA to their captains, and they are doing their best not to use full power to try and reduce the growth of scour.

Acting Port Director Bisson spoke to the Promenade Stabilization Project, noting they are currently in the process of collecting bids and expecting the project costs to be approximately \$315,000, explaining the process, and final completion on April 15, 2025. He included photos of the failing Ride Piles, stating most of them are located on Berth I. He said the good news is these are not structural, however, without the cathodic protection they will continue to deteriorate. He stated cathodic protection is the number one priority, and we are at a point where it has to happen. He said this will be a six to eight-year repair plan, and with today's dollar costing approximately \$38,000,000.

Manager Walsh stated with the study done by PND we know what the immediate needs are, and we will be plugging the Port rates into the Waterworth Model in order to see what those needs will look like. She said there is lots of work needed on the Port as there hasn't been any big planning since 2016.

Councilmember Mahtani asked if staff could reach out to the Borough for funding.

Manager Walsh said we could certainly ask before their next budget cycle.

Manager Walsh and Acting Port Director Bisson answered questions from the Council.

Public Works Director Brakke spoke to the Spruce Mill Promenade Extension Project, which is located near Berth I. He informed this April the State of Alaska issued a \$5,000,000 grant for this project with a local match of about \$2,500,000 utilizing CPV funds. He discussed the next steps for this project as well as projects the Department of Transportation has planned for the Tongass Highway. He answered questions from the Council.

Port Cost Allocation Study – City Manager & Tourism Manager

Manager Walsh provided an overview of the Port Cost Allocation Study compiled by the McKinley Group, which evaluated the financial impacts of cruise passengers on municipal services and infrastructure. She discussed the City's sales tax revenue and highlighted the need to plan for future Port capital infrastructure projects and the need to allocate wharfage fees of those impacted services. She informed staff is reviewing this study and is working on an analysis of what the needs and impacts are to each division. She stated this analysis will assist with our future agreement as to what is an allowable expense when utilizing wharfage fees. She answered questions from the Council.

**Update on the Status of the Memorandum of Agreement
between the City of Ketchikan and Cruise Line International
Association – City Manager & Tourism Manager**

Manager Walsh informed at the work session held in March the Council asked for a memorandum of agreement between the City of Ketchikan and CLIA agreeing on an appropriate use of wharfage funds. She communicated that wharfage fees are used to run the Port and are placed in a Port Fund. She stated that CLIA and the City are working on an agreement and there will be an executive session scheduled with the City Council to discuss the agreement and provide feedback and input. She stated this agreement will also clarify the use of fees beyond the Port; for example, for more public restrooms in the downtown area. The agreement outlines annual work sessions with the Council and CLIA; how the City sets our fees; and the terms of the agreement. She stated the agreement does not outline Port electrification, which is something that will need to be addressed in the future. She summarized the goals and expectations relative to Port electrification for the community and the cruise industry.

CLIA representatives said while the players at this table will change, this agreement will exist in perpetuity, so all involved have certainty on the process and framework moving forward.

THE VIDEO OF THIS MEETING CAN BE FOUND AT

<https://www.ketchikan.gov/current-agendas-and-minutes>

ATTENDEE COMMENTS

Attendees thanked everyone for their participation, suggestions and comments today.

ADJOURNMENT

As there was no further business the Council adjourned at 1:30 p.m.

Bob Sivertsen, Mayor

ATTEST:

Kim Stanker, City Clerk MMC

Special Ketchikan City Council meeting was called to order by Mayor Sivertsen at 6:30 p.m., November 25, 2024, with the following members present: Riley Gass, Dick Coose, Mark Flora (via Webex), Jack Finnegan, Judy Zenge, Jai Mahtani and Lalette Kistler.

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

Mayor Sivertsen stated the Recital of Native Lands Acknowledgement.

Staff present were Manager Walsh, Assistant Manager Simpson, Finance Director Johansen, Public Works Director Brakke, Assistant Public Works Director Robinson, Wastewater Supervisor Rogers, Streets Department Manager Nall, Garage & Warehouse Supervisor Galloway, City Clerk Stanker.

COMMUNICATIONS

Mayor Sivertsen informed there was General Government Budget Update No. 1 laid on the table regarding position vacancies for General Government and KPU.

PERSONS TO BE HEARD

Eric Muench voiced his concerns about the removal of the Martin Street Stairs. He said he lives at the top of the stairway and felt it was still sound and safe, and he walks it often. He said he sees folks using those stairs day and night and encouraged the City not to remove them.

NEW BUSINESS

Resolution No. 24-2945 – Adopting the Budget for the Year 2025, Appropriating from the General Government Funds for the Fiscal Year 2025

Moved by Finnegan, seconded by Mahtani the City Council approve Resolution No. 24-2945 adopting the budget for the year 2025, appropriating from the General Government Funds for the Fiscal Year 2025, and establishing an effective date.

General Government Budget Overview

Manager Walsh presented the Council with an overview of the general government budget based on Council policy and direction. She said any non-compliance with the budget policy for Council discussion will be highlighted. She stated Council set a 5% soft cap on all departments, limit full time employees (FTE) increase with zero increases preferred, and all fund balances be in compliance to meet our debt obligations as well as our own policy. She indicated the last item was to address critical capital infrastructure needs. She stated this budget does not do this completely as there is not enough money in the Public Works Sales Tax Fund. She said the department heads did a great job listing their critical needs, but without funds, staff had to focus on the highest need priorities.

Manager Walsh said our budget policy, and fund balance policy, state that we should maintain three to six months of reserves.

- General Fund
 - A minimum fund balance equal to three (3) months of operations, or 25% of budgeted expenditures in the Fund.
- Public Works Sales Tax Fund
 - A minimum fund balance equal to three (3) months of operations, or 25% of budgeted expenditures in the Fund, plus amounts consistent with the City's capital

improvement plan as applies to relevant infrastructure, equipment replacement and major maintenance.

- Solid Waste Fund
 - A minimum fund balance equal to three (3) months of operations, or 25% of budgeted expenditures in the Fund, plus amounts consistent with the City's capital improvement plan as applies to solid waste capital, closure, and post-closure requirements.
- Wastewater Fund
 - A minimum fund balance equal to six (6) months of operations, or 25% of budgeted expenditures in the Fund, plus amounts consistent with the City's capital improvement plan as applies to wastewater infrastructure replacement and major maintenance.
- Boar Harbor Fund
 - A minimum fund balance equal to six (6) months of operations, or 25% of budgeted expenditures in the Fund, plus amounts consistent with the City's capital improvement plan as applies to harbor-related infrastructure replacement and major maintenance.
- Port Fund
 - A minimum fund balance equal to five (5) months of operations, or 25% of budgeted expenditures in the Fund

She explained the following:

- Policy Section VI – Taxation:
 - No proposed increases to property tax rates are scheduled. The Borough is anticipating a 5% tax valuation increase.
 - No proposed increases to sales tax or marijuana sales tax.
 - Community Grant funds have been programmed to increase by 5%, pursuant to the Budget Policy.
- Policy Section VI – Special Revenue Fund Rates:
 - Wharfage and Port revenue rates are programmed at 1.12 million visitors for FY25, with wharfage rates programmed to increase by \$2 in FY25. CPV fund transfers to Fire & Police have remained the same but may change following an analysis of the cruise impact study. She said Port data is currently being loaded into the new rate engine.
 - Harbor rates are programmed at new rates for year 2 implementation by ordinance. She indicated there will be a debt service of \$103,000 for the cost of a maintenance building that was not part of the original rate study. She indicated the Harbor data is currently being loaded into the rate engineer
 - Solid Waste rates are programmed as flat for 2025, but as stated in December 2023, an increase will have to be considered for FY25 to meet deferred capital needs for any ADEC permitting directives. She reported there will be an adjustment pursuant to the ordinance if shipping rates are increased in March. She recommended a 6% rate increase each year for three years, and data is being loaded into the rate engine for future consideration.
 - Wastewater rates are programmed as flat for FY24, but as stated in December 2023, an increase will have to be considered for FY25 to meet deferred capital needs for any ADEC permitting directives. She said an increase of 5% will need to be considered for FY25 for each year for three years, and data has been loaded into the rate engine for future consideration.
- Policy Section V – Debt:

- Most annual debt service is projected to remain the same as in 2024, except for the additional debt service related to the inter-fund loan to the harbor Department from the Port in the amount of \$103,600 annually for a Maintenance Building.
- ADEC loan for Wastewater improvements in the amount of \$175,000.
- Water Street Rehab & Meters.
- Policy Section VII – Technology Investment & Public Art:
 - Technology investment (1.5% of Sept. sales tax) has been programmed into the IT CIP rather than a separate fund with \$389K needed to meet equipment upgrades needed for security.
 - Funds will not be transferred into the Public Art fund until projects over \$250K are awarded and completed.
 - A program policy has not yet been developed and we did not program spending for FY25.
- Policy Section VIII – 5% Grown Limitation – Inflation:
 - For budget preparation purposes, the default soft spending cap will be limited to no more than a 5% annual increase in each department, excluding personnel services and benefits.
 - Current rate of inflation is 2.4% with an additional 1.8% projected in FY25.
 - Wage & Benefit increases have been estimated but as the IBEW General Government, IAFF and PSEA collective bargaining agreements are all to be opened for FY25, there is no fixed estimate is available.
 - Overtime has increased \$187K due to the Council’s policy to pay overtime at a daily rather than weekly calculation.
 - Health Insurance costs are programmed to increase by 10%.
 - Workers' Compensation is increasing by 10%, there is expected an increase to the modifier in FY25. Interdepartmental charges are programmed to increase. Staff has shifted shared service allocations to the Port and correctly reflected the work of CS&M expenses from KPU to the General Government.
 - Insurance premiums are programmed to increase 5%.
- Policy Section IX – Staff Cost Increases:
 - Budget policy excludes personnel expenses from the 5% soft cap.
 - Assumed PERS employer contribution rate will remain flat at 22%.
 - Programmed anticipated step increases.
 - Programmed longevity pay.
- Policy Section XI – Staff Size:
 - Proposed increase of 4.35 FTEs
 - 0.25 FTE increase in the City Manager’s Office (not new, allocation from KPU).
 - 0.5 FTE for the Human Resources Department.
 - 1.0 FTE for the Finance Department
 - 0.5 FTE increase for the Fire Department.
 - 0.1 FTE increase for the Library Department.
 - 1.0 FTE for the Public Works Engineering Division.
 - 1.0 FTE for the Port Department – assistant coordinator.
- Policy Section XI – Capital Expenditures:
 - The Council directed staff to address critical infrastructure.
 - The Manager cut capital requests during the initial budget review to preserve the Public Works Sales Tax fund.
 - Rolling stock replacements appear in the CIP with their funding sources.
- Vacancies & Budget Savings:

- Based on today's open positions, we will have FY24 savings in salary expense avoidance.
- Anticipate continued rolling vacancies in FY25, under Budget Policy Section III.B, we still estimate 100% of anticipated labor costs.
- Though hard to fill, no positions were identified as unnecessary.

Manager Walsh provided the Council with the General Government Budget at a glance. She explained that the budget is a financial plan that outlines revenue and spending projections. She said the City's budget policy states that revenues will be conservatively estimated and will not assume growth rates in excess of inflation, and expenditures will be budgeted at least 100% of historical and/or anticipated costs. She said that historically, the City of Ketchikan expends 88 to 92% of the appropriated budget.

She detailed the following fund balance targets for the respective funds and stated the following fund balances are believed to be sufficient to avoid the necessity of internal or external borrowing, and in doing so, provide for sufficient cash balances for fund operations and allow for financial stability for the City. She provided the Council with a list of the various funds.

Manager Walsh informed the Council that a few departments have policy exception requests, which will be brought forward and explained when discussing that specific department's budget. She said that she has created a PowerPoint for each department review, showing that department's total budget, FTE changes, and/or CIP requests. If the department meets the Budget Policy per Council approval, and unless a Councilmember has any questions, then no action will be taken. If there are any exceptions these will be discussed.

Councilmember Coose questioned the allocation for Public Art.

In answer to Councilmember Coose, Manager Walsh indicated that was approved in the Budget Policy and you will have to request a future agenda item to discuss and make changes to the policy.

Councilmember Gass stated concerns about adding new 3.5 FTEs when the majority of our budget is personnel.

Councilmember Flora voiced his concerns about when Port Funds will be allocated to the General Fund.

In answer to Councilmember Flora, Manager Walsh stated this is a top priority and as soon as the budget process is over, we will bring this forward. She said staff is about two months behind due to the landslide and processing those documents.

Councilmember Mahtani questioned the Longevity Program.

In answer to Councilmember Mahtani, Manager Walsh stated if you want to make a policy change you will need to fill out an agenda item request for a policy change and remit that to the clerk.

Manager Walsh and Finance Director Johansen answered questions from the Council regarding the transmittal report.

Public Works – Engineering Division

Manager Walsh indicated the total budget increase of 17% for 2025, with an Operational increase of 0.04% which is under the 5% soft cap. She said this department has one FTE increase (Building Inspection Admin Assistant), currently funded by salary savings from open FTE, and a CIP increase of 345% for dangerous building abatement/foreclosed property remediation and the heating repairs to the Public Works building.

Councilmember Mahtani questioned the process regarding derelict buildings.

Manager Walsh said we have to go in and determine if there is a health and safety hazard, once we do that, we then go through the legal process of ordering them to remove or clean up.

Mayor Sivertsen stated when the buildings are removed and the lots cleaned up, we will have saleable lots.

Councilmember Gass expressed concerns regarding the full-time position increase.

In response to Councilmember Gass, Manager Walsh explained that an administrative assistant position is for the building inspection department. She said they used funds from the engineering tech position to meet the need in FY24.

Moved by Gass, seconded by Mahtani to amend the 2025 General Government Operating and Capital Budget to remove the vacant FTE Engineering Tech position.

Public Works Director Brakke said if we were to cut this position it would be one less position in Public Works to do engineering. He informed because of our Capital needs we have many projects that need to be completed, so we have to transfer more work to outside consultants. He clarified by removing this position we would be down to one engineer vacancy to fill.

Manager Walsh answered questions from the Council and recommended keeping the FTE as a half position so we can continue to keep it open for advertising, just in case we can fill it.

Finnegan asked for a general overview by using contracted services versus handling the work in-house.

In answer to Councilmember Finnegan, Public Works Director Brakke said if the position gets removed then we cannot advertise it. He indicated what we have seen in the past from consultants is around \$200 to \$250 per hour for an engineer plus we have to pay for administrative costs, and we can provide that more cost-effectively if they are on our staff.

A lengthy discussion ensued.

Finance Director Johansen, Manager Walsh and Public Works Director Brakke answered questions from the Council.

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

Moved by Kistler, seconded by Zenge to amend the 2025 General Government Operating and Capital Budget to direct staff to analyze General Government vacant positions, time of vacancy, and recommend funding for FY25 based on that criteria.

Motion to amend passed with Finnegan, Gass, Mahtani, Coose, Flora, Zenge, and Kistler voting yea.

Public Works – Cemetery Division

Manager Walsh informed the Council that the Cemetery budget includes an 9.2% increase to replace the benches & waste receptacles. She said the total budget increase is 139.6% due to a major capital expansion of \$1.2MM. She informed there are no FTEs or rate increases programmed for FY25, but rates are being reviewed.

Public Works Director Brakke answered questions from the Council regarding the cost of benches & waste receptacles.

Manager Walsh said for the next budget cycle staff will be looking at the Public Works Sales Tax Fund and ranking CIP projects one through thirty. She said any remaining funds from a project will go back into the fund for the next project.

No action was taken.

Public Works – Streets Division

Manager Walsh indicated the total budget decrease for 2025 was 47.4% which included a 67.4% decrease in capital expense. She stated in regard to operations there was a 14.5% increase due to overtime expenses, telecommunications expenses, and training and education. No FTE changes. She indicated all CIP requests and purchases are funded by the Public Works Sales Tax Fund and listed the following CIPs for 2025 as:

- Replace Osh Kosh Dump Truck.
- Transportation Infrastructure.
- Sayles/George St. Bridge Replacement. (Local match to ADOT project).
- 2nd Avenue Reconstruction – (100% reimbursable, but we have to spend it first).
- Ketchikan Lakes Road Reconstruction.

Public Works Director Brakke and Streets Supervisor Nall answered questions from the Council.

No action was taken.

Public Works – Garage Division

Manager Walsh informed the Garage Division's total budget decrease is 22.2%, and Operational decrease of 15.0% with no FTE changes or CIP requests for FY25.

Public Works Director Brakke, Finance Director Johansen and Garage & Warehouse Supervisor Galloway answered questions from the Council.

Manager Walsh said the Council will be presented with a Vehicle Acquisition and Replacement policy sometime in January within the Rate Setting Policy, to set aside funds for vehicle acquisition.

No action was taken.

Public Works – Building Maintenance

Manager Walsh said their budget had an increase of 3% and their Operational increased by 7.5% for a Telecommunications cost. She said there were no FTE changes and one CIP request for City Hall HVAC Replacement at the cost of \$200K.

Public Works Director Brakke and Manager Walsh answered questions from the Council.

Manager Walsh said they would like to start an electronic work order process within the next year to start tracking projects, and this will get us to shared services.

No action was taken.

Public Works – Solid Waste

Manager Walsh said their budget has a total budget increase of 10.4%, no FTE changes, and a CIP request increase of 35.5%. She informed there are no proposed rate increases though a 6% increase is recommended for 2025, but a 23% is needed. She said the CIP requests are funded through the Solid Waste Service Fund, and are as follows:

- Packer Truck Replacement
- Hook Truck Replacement pushed to FY26, but it is needed.
- Cover Generation
- Transfer State Floor Repair

Mayor Sivertsen said he would like to see a budget update that reflects the Salvage & Disposal of Impounded Property Account No. 620.02 with this expenditure from the Police Department rather than Solid Waste.

Public Works Director Brakke answered questions from the Council.

No action was taken.

Public Works – Wastewater

Manager Walsh said their budget has a total budget increase of 5.7% and an Operational increase of 14.4%. She indicated there were no FTE changes, with a CIP request increase of 5.7%. She indicated there are no proposed rate increases, but 5% is recommended and 18% is needed. She informed the fund balance is \$2.3MM and should be at \$2.7MM. She showed a slide comparing the operating revenue to operating costs and for 2025 the operating expenses will exceed revenues.

Finance Director Johansen answered questions from the Council.

Public Works Director Brakke indicated that the Wastewater Division has a tremendous amount of backlogged capital projects that need to be completed, and their plan is pretty aggressive.

Manager Walsh stated the biggest project is the Water Street Sewer replacement & rehabilitation project and they are trying to get this done ahead of the Department of Transportation projects. She indicated this project will require a loan.

Public Works Director Brakke answered questions from the Council regarding the Wastewater Division's CIPs and the increased overtime expenses.

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

Mayor Sivertsen questioned if there is an opportunity to combine the labs for water and wastewater.

In answer to Mayor Sivertsen, Public Works Director Brakke said they are finalizing a new job description that is a combined water and wastewater lab analyst. He said there is a lot of work to be done, but that is the direction we are heading.

Wastewater Supervisor Rogers said he was certified, and they are working on finding a lab analyst, but it will take time as it is a very specific person. He answered other questions from the Council regarding the different types of certificates. He described some of the new regulations from DEC that are coming down the road and felt they would be a challenge.

Mayor Sivertsen questioned if the Public Art expenditure could be removed.

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Manager Walsh stated that this expenditure can be removed from the capital budget, but a policy change will require a request for a future agenda item.

Mayor Sivertsen said he has been a little frustrated that we haven't completed the water meter install for commercial customers, but he would bring that up under the utilities.

Manager Walsh said she has asked the Water Division Manager to provide her with an implementation plan to finish that project by next year, and she indicated she would follow up with him.

No action was taken.

MAYOR AND COUNCIL COMMENTS – None

Moved by Kistler, seconded by Finnegan the City Council postponed consideration of the draft 2025 General Government Operating and Capital Budget until Monday, December 2, 2024.

Motion passed with Kistler, Zenge Mahtani, Flora, Gass, Finnegan and Coose voting yea.

ADJOURNMENT

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

Bob Sivertsen, Mayor

ATTEST:

Kim Stanker MMC
City Clerk

Special Ketchikan City Council meeting was called to order by Mayor Bob Sivertsen at 6:30 p.m., December 2, 2024, with the following members present: Riley Gass, Mark Flora (via Webex), Jack Finnegan, Judy Zenge, Jai Mahtani, Dick Coose and Lalette Kistler.

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

Mayor Sivertsen stated the Recital of Native Lands Acknowledgement.

Staff present were Manager Walsh (via Webex), Finance Director Johansen, Fire Chief Hines, Human Resource Manager Alderson, Information Technology Director Hecla, City Attorney Seaver, Financial Analyst Traudt, Deputy Clerk Lee and Clerk Stanker.

PUBLIC HEARING ON RESOLUTION 24-2947 – AMENDING THE 2024 GENERAL GOVERNMENT OPERATING AND CAPITAL ANNUAL BUDGET TO PROVIDE SUPPLEMENTAL APPROPRIATIONS FOR THE CITY MANAGER IN THE AMOUNT OF \$136,000; THE HARBOR DEPARTMENT IN THE AMOUNT OF \$155,288; MUSEUM DEPARTMENT IN THE AMOUNT OF \$8,758

Mayor Sivertsen called the public hearing on Resolution No. 24-2947 to order at 6:32 p.m. and requested public testimony.

As there was no more testimony, Mayor Sivertsen declared the public hearing closed at 6:32 p.m.

COMMUNICATIONS

General Government Operating and Capital Budget Update No. 2 and No. 3

General Government Operating and Capital Budget Update No. 2 – revised capital project for the Fire Department and General Government Operating and Capital Budget Update No. 3 – vacant position update.

PERSONS TO BE HEARD – None

NEW BUSINESS

Resolution No. 24-2947 – Amending the 2024 General Government Operating and Capital Annual Budget to Provide Supplemental Appropriations for the City Manager in the Amount of \$136,000; the Harbor Department in the Amount of \$155,288; the Museum Department in the Amount of \$8,758

Moved by Kistler, seconded by Finnegan the City Council approve Resolution No. 24-2947, amending the 2024 General Government Operating and Capital Budget to provide supplemental appropriations for the City Manager in the amount of \$136,000; the Harbor Department in the amount of \$155,288; the Museum Department in the amount of \$8,758; and establishing an effective date.

Manager Walsh explained this covers two grant agreements and the third item is to cover the dredging contract agreement. She answered questions from the Council.

Motion passed with Finnegan, Coose, Kistler, Zenge, Mahtani, Flora and Gass voting yea.

Award of Contract No. 24-38, Bar Harbor North Maintenance Dredging Project – Pool Engineering

Moved by Finnegan, seconded by Mahtani the City Council approve the award of Contract No. 24-38, Bar Harbor North Maintenance Dredging Project, to Pool Engineering in an amount not to exceed \$192,225; authorize a contingency in the amount of \$23,603 bringing the project total to \$215,288; approve funding in the amount of \$215,288 from the Harbors Department’s 2024 Bar Harbor North Maintenance Dredging Capital Account; and authorize the City Manager to execute the contract documents on behalf of the City Council.

Manager Walsh informed this contract will go to the lowest bidder. She stated this project was identified as a high priority for the Harbor Department and needs to happen before the start of the summer season.

Mayor Sivertsen questioned how often that harbor needs to be dredged and if it would be beneficial to remove some of the slips.

Manager Walsh explained the last dredging was in 2022 and it needs to occur every 2 to 3 years. She stated there is a demand for slips, but staff can look into this and make a recommendation.

Motion passed with Finnegan, Coose, Kistler, Zenge, Mahtani, Flora and Gass voting yea.

UNFINISHED BUSINESS

Resolution No. 24-2945 – Adopting the Budget for the Year 2025, Appropriating from the General Government Funds for the Fiscal Year 2025 – Deferred from November 25, 2024

Mayor and City Council

Manager Walsh indicated the total budget increase is 22.1%, with an operational decrease of 2.9%. She said there are no FTE changes or CIP requests.

Manager Walsh answered questions from the Council.

No action was taken.

City Attorney

Manager Walsh indicated that the total budget increase for the Law Department is 1.8% with an operational increase of 0.3%. She said there are no FTE changes or CIP requests.

City Attorney Seaver answered questions from the Council.

No action was taken.

City Clerk

Manager Walsh indicated that there is a total budget increase of 26.01% and an operational increase of 36.3% due to a one-time CIP request of \$72K for a new Chambers Video System. No FTE changes.

IT Director Hecla explained how the proposed system would operate and the benefits of utilizing the Microsoft suite purchased by the City versus the current system.

Clerk Stanker and IT Director Hecla answered questions from the Council regarding the CIP request.

Clerk Stanker answered questions regarding the request for the two Touchscreen ADA voting equipment.

Moved by Gass, seconded by Mahtani to amend the 2025 General Government Operating and Capital Budget to remove the CIP of \$72K for a Chambers Video System.

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

City Manager

Manager Walsh indicated the total budget increase of 23.9% with an operational increase of 4.0%. She reviewed the grant programs which included a Rural Housing Coordinator Grant and contract. She explained the .25 FTE is an allocation to cover .25% of Sales, Marketing and Customer Service Division Manager Kim Simpson's personnel cost to General Government because that is the amount of time Ms. Simpson spends doing General Government work. There are no CIP requests. She discussed the Grant Writer Program and usage from City departments.

Manager Walsh answered questions from the Council.

No action was taken.

Human Resources Division

Manager Walsh stated the total budget increase of 22.1% due to the .50 FTE request and 0% operational increase. She stated there were no CIP requests.

Human Resources Manager Alderson explained the need for the Human Resources Generalist position. He said currently the HR Department is reactive instead of proactive and having a Human Resources Generalist would allow them to address some of the concerns from the recent employee survey. He feels this position could be filled easily. He answered questions from the Council.

Moved by Gass, seconded by Mahtani to amend the 2025 General Government Operating and Capital Budget to remove the Human Resources Generalist position.

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

Finance

Manager Walsh indicated for the Fire Department there is a total budget increase of 10.8% with an operational decrease of 2.0%. She said there was one FTE request for a Compliance/Procurement Specialist, with a standard CIP request for ERP.

Finance Director Johansen explained the current process for the Finance Department to process purchase orders, including the current thresholds and time required. She detailed the expectations for the Compliance/Procurement Specialist and potential time and money savings. She stated that this position will be beneficial for both General Government and KPU. She answered questions from the Council.

Moved by Gass, seconded by Mahtani to amend the 2025 General Government Operating and Capital Budget to remove the Compliance/Procurement Specialist position.

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

Information Technology

Manager Walsh said the total budget increase is 8.8% with an operational increase of 22.7% due to Rents and Leases and Minor Capital Outlay. She said there are no FTE changes with a CIP decrease request of 30.2%.

IT Director Hecla and Manager Walsh answered questions from the Council.

No action was taken.

Fire Department

Manager Walsh indicated for the Fire Department there is a total budget decrease of 20.7% and an operational only decrease of 26.2%. She said there is a .5 FTE request, which reflects the full funding of the Fire Inspector position that Council previously approved, and a CIP decrease of 50.6%. She stated that the MIH program is working, we are seeing fewer calls for minor services, so we can focus on the actual emergency calls. She recapped their CIP requests as follows:

- Used Rescue Truck - \$503,000
- Fire Boat - \$858,500 (Grant Funded)
- E911 Upgrades - \$404,000
- Critical Care EMS Equipment - \$225,000
- Handheld Radios - \$99,000 (Grant Funded)

Fire Chief Hines and Manager Walsh answered questions from the Council.

No action was taken.

2025 General Government Operating & Capital Budget Update
No. 02: Revise Capital Projects for Fire Department

Moved by Finnegan, seconded by Zenge the City Council amend the 2025 General Government Operating and Capital Budget by increasing the Fire Department's Rescue Truck Capital Project \$200,000 and decreasing the Station 2 Design Capital Project by \$200,000.

Motion to amend passed with Gass, Coose, Zenge, Flora, Mahtani, Kistler and Finnegan voting yea.

Mayor Sivertsen said he compiled the totals for the 1% for the public art from the General Government budget and it totals around \$341K. He stated his concern is that we are taking our maintenance, vehicle purchases, transportation and infrastructure dollars and putting it towards public art. He feels at this time money for public art is want and we have so many needs in front of us.

Moved by Mahtani, seconded by Coose to amend the 2025 General Government Operating and Capital Budget to return the \$341,708 funds allocated to the Public Art fund back to their respective funding sources.

Motion to amend passed with Mahtani, Coose, Gass, Kistler, Finnegan, Zenge and Flora voting yea.

2025 General Government Operating & Capital Budget Update
No. 03: Vacant Position Update

Moved by Finnegan, seconded by Zenge the City Council amend the 2025 General Government Operating and Capital Budget for the Public Works-Engineering Division by decreasing its Operations Division 2025 Regular Salaries and Wages Account No. 500.01 in the amount of \$40,055, the Payroll Taxes Account No. 505.00 in the amount of \$3,064, the Pension Account No. 506.00 in the amount of \$7,611, the Health Insurance Account No. 507.00 in the amount of \$13,173, the Worker's Compensation Account No. 507.30 in the amount of \$108, the Other Benefits Account No. 508.00 in the amount of \$845, increase the Engineering & Architectural Services Account No. 640.02 in the amount of \$25,000 and adjust the Interdepartmental Charges accordingly.

Manager Walsh said this update reflects Council direction at the last budget meeting regarding funding the Engineer in Training position for part of the year. She informed the Human Resources Department is working on a report regarding how long positions have been vacant.

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

Public Health

Manager Walsh indicated the total budget increase was 2.5% with no FTEs.

No action was taken.

Moved by Finnegan, seconded by Mahtani the City Council postpone consideration of the draft 2025 General Government Operating and Capital Budget until Monday, December 9, 2024.

Motion passed with Finnegan, Coose, Kistler, Zenge, Mahtani, Flora and Gass voting yea

MAYOR AND COUNCIL COMMENTS

Councilmember Gass stated his concerns about adding employees as personnel is the most expensive part of the budget and compounds every year. He hopes we can exercise a little bit of caution with all of the departments because we need to think about the future. He said he would like to see a policy that for every position added one has to be reduced.

Councilmember Finnegan thanked the Fire Department and departments that assisted with the tree lighting event on Sunday. He said it was a great turnout, that folks showed up even in the rain.

Councilmember Kistler informed the Ketchikan Community Chorus concert will be held on Wednesday, December 4 at 7:00 p.m. and Saturday, December 7 at 3:00 p.m. at the Methodist Church and encouraged everyone to attend and listen to some fun music.

Councilmember Mahtani thanked the Fire Department, KPU, Kim Simpson and everyone who came out in the rain for the tree lighting event. It was a fabulous event and it's nice to have something like this in the community to make people happy. He said he is frustrated because we spent \$49,000 on a study from the McKinley Group and feels it was inaccurate information. He said the Manager's office and Finance Department are working on getting us accurate information so that we can sit down and negotiate one time with CLIA because we shouldn't have to go back to them every time. He continued this is critical and necessary information to help get our general budget whole.

Mayor Sivertsen thanked the Council for their patience with discussions tonight because even with the difference in opinions it's through discussions we can reach a consensus to move us forward. He understands being conservative, however, we do not have a growing population, we're not selling more products, and we have a lot of things coming at us with regulations in the next few years such as water, sewer and we always have the issue with aging infrastructure. Working through the budget is probably one of the more difficult things we do as a Council because we are working with other people's money, but we also have services we have to provide. He said he would like to discuss a change to the Charter that would remove the requirement for the City Manager to have to live within City limits, he would like it to be that the Manager would have to live on the road system in the community, so hopefully we can hire a Manager that lives here. He said there has been previous discussion regarding taxes and property taxes but in reality, that is set by the Council. He said another possible Charter change could be regarding spending limits, perhaps changing it from the Charter to the Ketchikan Municipal Code so the Council will have the option to adjust it according to the time and needs. He stated we could set the threshold on the amounts and still require a certain number of quotes and oversight. He said with the increase in costs the ability to do business efficiently those thresholds have to be raised to meet the needs of the departments. He said if there are any other Charter changes now would be the time to do it. He informed the Clerk's office has provided information regarding the cost of having a Special Election. He would like to have these Charter change discussions in January and February, start the process in March and have a Special Election in May or June.

ADJOURNMENT

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

Bob Sivertsen, Mayor

ATTEST:

Kim Stanker, City Clerk, MMC

"UNAPPROVED" December 5, 2024

Regular Ketchikan City Council meeting was called to order by Mayor Sivertsen at 7:00 p.m., December 5, 2024, with the following members present: Jai Mahtani, Judy Zenge, Jack Finnegan, Lalette Kistler, Dick Coose, Riley Gass and Mark Flora (via Webex).

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

Mayor Sivertsen stated the Native Lands Acknowledgement.

Staff present were Manager Walsh, Assistant Manager Simpson, Finance Director Johanson, City Attorney Seaver, Human Resources Manager Alderson, Assistant Public Works Director Robinson, Contracts and Grants Administrator Diaz, Acting Police Chief Mattson, Fire Chief Hines, Deputy Clerk Lee and City Clerk Stanker.

COMMUNICATIONS

Mayor Sivertsen said a couple of items were laid on the table, including a revised motion for the executive session regarding the City/General Manager Delilah Walsh Leadership Staffing and the Manager's report for December 5, 2024.

PERSONS TO BE HEARD – None

CONSENT AGENDA

Approval of Minutes – The Regular City Council Meeting of November 21, 2024

Moved by Kistler, seconded by Mahtani for the approval of minutes from the regular meeting of November 21, 2024.

Motion passed with Gass, Zenge, Flora, Mahtani, Kistler, Coose and Finnegan voting yea.

Amendment No. 1 to Contract No. 22-23, Public Defender Services – Leif A. Thompson

Moved by Kistler, seconded by Mahtani the City Council approve Amendment No. 1 to Contract No. 22-23, Public Defender Services between the City of Ketchikan and Leif A. Thompson in the amount of \$2,376 with a one-year extension, bringing the extended contract total to \$23,976 under the new contract term of January 1, 2025, through December 31, 2025; and direct the City Manager to execute the contract amendment on behalf of the City Council.

Motion passed with Gass, Zenge, Flora, Mahtani, Kistler, Coose and Finnegan voting yea.

UNFINISHED BUSINESS – None

NEW BUSINESS

2024 Energy Efficiency and Conservation Block Grant Program (EECBG) Memorandum of Agreement (MOA) Between the Ketchikan Gateway Borough and City of Ketchikan

Moved by Finnegan, seconded by Kistler the City Council approve the 2024 Energy Efficiency and Conservation Block Grant Program (EECBG) Memorandum of Agreement (MOA) Between the Ketchikan Gateway Borough and City of Ketchikan; and direct the City Manager to execute the agreement on behalf of the City Council.

"UNAPPROVED" December 5, 2024

Grants and Contract Administrator Diaz presented to the Council the Energy Efficiency and Conservation Block Grant and provided the following information:

- In March 2023 the City of Ketchikan received \$75,300 from the US Department of Energy (DOE) as part of the Infrastructure Investment and Jobs Act and will partner with Alaska Heat Smart.
- Purpose of the program is to assist eligible state, local and tribal governments in implementing strategies to reduce fossil fuel emissions, reduce total energy use, improve energy efficiency, and to build a clean and equitable energy economy. This is an incentive program for the homeowner by installing heat pumps.
- The City will pass through the bulk of funds to Alaska Heat Smart for them to find a train a local person to become a home assessor in the greater Ketchikan area. The remaining use of funds will go to support Justice40 Initiative.
- Detailed the benefits to the community of Ketchikan residents of this program.

Manager Walsh and Grants and Contractor Administrator Diaz answered questions from the Council.

Motion passed with Gass, Zenge, Flora, Mahtani, Kistler, Coose and Finnegan voting yea.

APPROVAL OF VOUCHERS – None

MANAGER'S REPORT

Manager's Report to Council

Manager Walsh provided, in addition to her Manager's report, an update from the recent landslide over on Hillside. She explained this landslide occurred on private property so the City is limited on what we can do to mitigate anymore slides. She said the tension crack that was observed along the slide is curving away from the road. She stated the EOC will be moved down to a Stage 3, which is a standby mode, to monitor the situation. She informed Public Works is looking at the trees along the area and we might have to hire a contractor to top those trees.

Councilmember Gass asked since the City and KPU have several bucket trucks if employees can do the work.

Manager Walsh said they may be able to do this work, but we need our safety officer to do an inspection first to ensure it is within our safety procedures.

- Recent promotions within various departments.
- Provided updates on:
 - Negotiations with IBEW General Government.
 - December Parking Mayor Sivertsen authorized waiver of parking limits and permit requirements downtown.
 - FEMA Updates – Continued to track all invoices and estimates for staff and FEMA assessment meeting.
 - Holiday Closings for 2024.
 - Hillside Landslide – Provide information on the landslide near Hillside Road and Tower Road in the City on December 1, 2024.
 - Status update on the Limited Alternative to Filtration (LAF) process.
 - SEAPA Board Meeting – She informed the SEAPA Board convened its regular meeting at SEAPA Headquarters on December 4, 2024. She provided the Council with Key actions and projects, including the Swan Lake FERC relicensing and Tyee Lake turbine enhancements.

"UNAPPROVED" December 5, 2024

- November Travel log.
- Provided an updated Council Items List.

Schedule of General Government and KPU Appropriated Reserves Through November 21, 2024

Manager Walsh provided for Council review a schedule of General Government and KPU Appropriated Reserves through November 21, 2024.

Public Works Director's Project Status Report – November 2024

Manager Walsh provided for Council review the November 2024 project status report from the Public Works Director.

Taxation of Annexed Shoreline Area

Manager Walsh provided the City Council with a report detailing the taxation of the annexed area of Shoreline Drive as well as the services delivered. The annexation of the Shoreline area into the City of Ketchikan did result in an increase in property taxes for residents of that area. She said the information included in the memorandum clarifies the allocation of these taxes and addresses common questions about the funding of city services versus utility services.

Holiday Parking and Scheduled Holiday Office Closures

Manager Walsh attached for City Council review the holiday parking and schedule of holiday office closures.

Alaska Airlines Letter of Support

Manager Walsh attached for City Council review in concert with Mayor Sivertsen and at the request of Alaska Airlines a letter of support for Alaska Airlines' essential air service to our community and Southeast Alaska with jet aircraft.

COUNCIL COMMITTEE REPORTS

Mayor Sivertsen informed there was a SEAPA meeting and there is no anticipation for a rate increase for this year.

CITY CLERK'S FILE

Clerk Stanker informed that applications are available on the City's website for City residents who would like to apply for appointment to the Planning Commission. She stated the Community Agency Grant applications are due on Monday, December 23, 2024, by 5:00 p.m. in the Clerk's office.

CITY ATTORNEY'S FILE

City Manager Walsh provided the Council with a copy of the report of significant activities from the City Attorney for the month of October 2024.

FUTURE AGENDA ITEMS – None

MAYOR AND COUNCIL COMMENTS

Councilmember Mahtani thanked Public Works, Fire Department, Police Department and KPU for their work on the recent landslide on Hillside Road, and for being sensitive to the property owner.

Councilmember Gass thinks the agreement on the Energy Efficiency Program is a good plan and hopes it is successful but stated his concerns that the shops in town doing the work are in excess of \$100 an hour, so hopefully this position can actually get people connected with these available grants. He hopes the community will be able to get a piece of the \$38M grants Southeast Conference is administrating regarding heat pumps.

Mayor Sivertsen said the way he understands this to work is that a general contractor can install them and run the tubing but it will have to be terminated by an electrician in the house to make sure it gets into the breaker panel correctly.

OTHER NEW BUSINESS – None

EXECUTIVE SESSIONS

Request for an Executive Session – Collective Bargaining Agreement Between the City of Ketchikan and the International Brotherhood of Electrical Workers – Local 1547

Moved by Finnegan, seconded by Mahtani the City Council declare that consistent with the Assistant City Manager’s recommendation, it is in the best interest of the City to discuss strategies relative to negotiation of a successor collective bargaining agreement between the City of Ketchikan and the International Brotherhood of Electrical Workers, Local 1547 to replace the existing contract expiring December 31, 2024, in executive session; in accordance with that finding, the City Council go into executive session in accordance with KMC 2.04.025(a)(1)(A) to discuss said negotiations and subjects the knowledge of which would have an adverse impact upon the finances of the City and upon the City’s ability to negotiate favorable labor agreements.

Councilmember Gass said he has been advised by the City Attorney that due to his employment, he should not participate in any I.B.E.W. collective bargaining negotiations, he recused himself from this executive session.

Motion passed with Zenge, Flora, Mahtani, Kistler, Coose and Finnegan voting yea; Gass abstain.

The Council convened into executive session at 7:41 p.m. and reconvened into regular session at 8:20 p.m.

Mayor Sivertsen said the Council has completed its executive session to discuss strategies relative to negotiation of a successor collective bargaining agreement between the City of Ketchikan and the International Brotherhood of Electrical Workers, Local 1547 to replace the existing contract expiring December 31, 2024, and direction was given to staff.

**Request for Executive Session – Discussion of Strategies
Relative to Negotiation of a Wharfage Fee Use Agreement
Between the City of Ketchikan and Cruise Lines International
Association of Alaska**

Moved by Kistler, seconded by Finnegan the City Council declare that consistent with the City Manager's recommendation, it is in the best interest of the City to discuss strategies relative to negotiation of a new wharfage fee use agreement between the City of Ketchikan and CLIA Alaska in executive session; in accordance with that recommendation, the City Council go into executive session in accordance with KMC 2.04.025(a)(1) to discuss said negotiations and subjects the knowledge of which would have an adverse impact upon the finances of the City and upon the City's ability to negotiate a favorable agreement.

Motion passed with Zenge, Flora, Mahtani, Kistler, Coose, Gass and Finnegan voting yea.

The Council convened into executive session at 8:24 p.m. and reconvened into regular session at 9:09 p.m.

Mayor Sivertsen said the Council has completed its executive session to discuss strategies relative to the negotiation of a new Wharfage fee use agreement between the City of Ketchikan and CLIA Alaska, and direction was given to staff.

The Council took a short break at 9:10 p.m. and reconvened at 9:16 p.m.

**Request for Executive Session – City/General Manager Delilah
Walsh Leadership Staffing**

Moved by Finnegan, seconded by Mahtani the City Council declare it is in the best interest of the City to meet with City/General Manager Walsh regarding employment matters in executive session in accordance with Ketchikan Municipal Code 2.04.025(a)(1) and (2), which may involve matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the City and discussion of subjects that ten to prejudice the reputation and character of any person provided the person may request a public discussion.

Motion passed with Zenge, Flora, Mahtani, Kistler, Coose, Gass and Finnegan voting yea.

The Council convened into executive session at 9:17 p.m. and reconvened into regular session at 9:43 p.m.

Mayor Sivertsen said the Council has completed its executive session to discuss employment matters and leadership staffing with the City/KPU General Manager, and direction was given to staff.

As there was no further business the Council adjourned at 9:44 p.m.

Bob Sivertsen, Mayor

ATTEST:

Kim Stanker, City Clerk, MMC

FYI

Press Release: Ketchikan Visitors Bureau 2025 Board of Directors

State Revolving Fund Project Priority List Updates

Press Release: Establish the Atmospheric River Forecasting Program Bill is Introduced by
Murkowski and Padilla

Ketchikan Visitors Bureau – Q3 Report

Special Ketchikan City Council meeting was called to order by Mayor Bob Sivertsen at 6:30 p.m., December 9, 2024, with the following members present: Riley Gass, Mark Flora (via Webex), Jack Finnegan, Judy Zenge, Jai Mahtani, Dick Coose and Lalette Kistler.

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

Mayor Sivertsen stated the Recital of Native Lands Acknowledgement.

Staff present were Manager Walsh, Assistant Manager Simpson, Finance Director Johansen, Deputy Police Chief Mattson, Library Director Tully, Library Operations Manager Rice, Civic Center Manager Nelson, Museum Director Forsko, Senior Curator of Programs Rickelmann, Senior Curator of Collections Chambers, Tourism Manager Booyse, Senior Systems Administrator Combrink and Deputy Clerk Lee.

COMMUNICATIONS

Mayor Sivertsen informed there were several budget updates provided: General Government Operating and Capital Budget Update No. 4: Ketchikan Visitors Bureau 2025 Funding Request – informational only; 2025 General Government Operating & Capital Budget Update No. 5: KPD Vacant Position Update; 2025 General Government Operating & Capital Budget Update No. 6: Remove Public Art Fund Transfer from All Capital Projects; 2025 General Government Operating & Capital Budget Update No. 7: Towing of Abandoned Vehicles from Solid Waste to KPD.

PERSONS TO BE HEARD

Chris Gibson, representing the Public Safety Employees Association (PSEA), expressed concern for the need for police officers and dispatchers. He provided some statistics regarding the vacancies in Ketchikan and other communities throughout Alaska. He said the Ketchikan Police Department has 7, soon to be 8, vacant positions due to retirements and officers leaving for better-paying jobs. He answered questions from the Council.

UNFINISHED BUSINESS

Resolution No. 24-2945 – Adopting the Budget for the Year 2025, Appropriating from the General Government Funds for the Fiscal Year 2025 – Postponed from December 2, 2024

Police Department

Manager Walsh informed the Police Department’s total budget decreased by 16.4% with only 4.4% operations increase, no FTE changes, and CIP request decrease of 84.5%. She explained the Police Department’s CIP requests are as follows, with funding coming from the Public Works Sales Tax Fund:

- Replace 3 vehicles - \$272,700
- Drone Program - \$30,000

Acting Police Chief Mattson detailed the optimal number of Police Officers needed to provide services to the community efficiently. He discussed the hiring process and the importance of hiring and maintaining well-trained officers to ensure effective community policing. He informed that Contracts and Grant Administrator Bob Diaz secured a better contract for the Police Department for police vehicles. He explained the drone they were looking to purchase and how it would work with the Trimble that the department already has.

Manager Walsh and Acting Police Chief Mattson answered questions from the Council.

No action was taken.

Library Department

Manager Walsh stated the Library's total budget increase is 6.8% with a budget policy increase of 8.9%, and they have requested a .1 FTE (.65 to .75) increase. No CIP requests.

Library Director Tully explained the majority of the increase in their budget is due to utilities and secure network upgrades. She described the Outreach Librarian position and the increase in the temporary wage. She informed that patrons of the library are about 50% City residents and 50% Borough residents. She answered questions from the Council.

Mayor Sivertsen stated his concerns regarding the Outreach Librarian position and felt that there are agencies in the community that could provide some of these services which may be beyond what our tax dollars should be used for. He indicated the library is growing and doesn't have the revenue source to support it, so we have to take funds from other departments.

Moved by Mahtani, seconded by Gass to amend the 2025 General Government Operating and Capital Budget to decrease Account No. 530.01 Library Books acquisition from \$40,500 to \$20,000.

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

Moved by Gass, seconded by Mahtani to amend the 2025 General Government Operating and Capital Budget to have the library staff review their budget to meet the 5% soft cap policy excluding employee wages and salary.

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

Museum Department

Manager Walsh indicated the Museum has a total budget decrease of 22.4% with an operations increase of 15.6%. She said the Museum Department meets the budget policy, CIP requests decreased by 56.4% and no FTE changes. Manager Walsh detailed the Museum Department's 2025 CIP requests and the relative funding source:

- HVAC Phase IV – \$372,028 (Community Facility Development Fund – CFDF)
- Totem Heritage Center Structure Repairs – \$372,028 (368,345 CFDF & \$3683 PW Sales Tax) (Deferred from FY24)
- Safety Improvements - \$50,000 (PW Sales Tax)
- Museum Building Updates – \$20,000 (CFDF)
- Annual Totem Pole Maintenance – \$63,631 (PW Sales Tax)
- Totem Heritage Center Campus – \$30,000 (PW Sales Tax)
- Main School Desk Sculpture – \$15,000 (2024 Art Funds)

Museum Director Forsko, Senior Curator of Programs Rickelmann, and Senior Curator of Collections Chambers explained the museum maintenance and updates, including totem pole care and the Main School Desk Sculpture project.

The Council discussed utilizing the current funds in the Public Arts Fund for the Main School Desk Sculpture project and asked staff to look into utilizing those funds instead of the Public Works Sales Tax.

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A lengthy discussion ensued regarding the decrease in commercial tours and the Council's request for Museum staff to reach out to cruise lines to try and reestablish some of those tours. Museum staff answered questions regarding their rate structure. Discussed possible use of CVP fund policy for the Museum.

Museum Director Forsko indicated the overwhelming number of cruise passengers is over 50%.

Finance Director Johansen stated we need to be careful we don't overspend the CVP fund. She said we need to come together to discuss percentages which could result in more appropriations for the Museum.

Finance Director Johansen answered questions from the Council.

No action was taken.

Civic Center

Manager Walsh said the Civic Center is funded by the Transient Sales Tax & Charges for Services. She said it has an operations increase of 7.2%, a total budget increase of 19.%, a budget policy decrease of 1.2%, no FTE requests, and a CIP increase of 45.2%. She highlighted the Civic Center's CIP request of:

- Kitchen Upgrades - \$428,240 (Transient Taxes)
 - Equipment at the end of its useful life
 - Upgrades in plumbing & electrical
 - Flooring replacement for safety

Manager Walsh explained in FY24 that the Civic Center has been working on a new branding, software, and website.

Civic Center Manager Nelson informed they have been working on a video to inform people of what the Civic Center offers because people do not realize that they offer convention services. She said the new rate policy has been well received and they have received some new business

The Council discussed the use of a civic center versus a convention center and directed staff to look into the differences. Manager Walsh and Civic Center Manager Nelson answered questions from the Council.

No action was taken.

Tourism Department

Manager Walsh said the Tourism Department is funded by the CPV Special Revenue Fund & Capital Project Funds. They have a total budget increase of 538.9%, an operations increase of 35.1%, no FTE changes, and a CIP increase of 1038%. She explained the large increases are due to shifting expenses to the Tourism Department so that they are properly allocated, such as contractual charges to the Ketchikan Visitors Bureau and the telecommunication charges for the 15 cameras on Creek Street, and the planned downtown restrooms. The CIPs for the Tourism Department are as follows:

- Spruce Mill – Thomas Basin Promenade - \$5,656,000 (CPV Funds) (Awarded \$5MM in STIP, '23 estimates)
- Salmon Walk Enhancements - \$10,768 (Major Capital Improvement Fund)
- Welcome Sign Arch Electrical Upgrade - \$60,500 (CPV Funds)
- Wayfinding Signage Enhancements - \$75,000 (CPV Funds)

- Downtown Visitor Amenities - \$98,500 (CPV Funds)

A lengthy discussion ensued regarding the request for the downtown container restrooms' price, amenities and location. Tourism Manager Booyse said a few locations are being proposed, including on the street near the Discovery Center, which would remove four parking spaces. The Council requested that the proposed sites be brought back for further consideration.

A lengthy discussion ensued regarding the Spruce Mill – Thomas Basin Promenade. Tourism Manager Booyse informed that Phase I, the engineering and design, of the promenade has already been completed. The Council requested the design of the project along with a presentation by PND, Engineers. Manager Walsh and Tourism Manager Booyse answered questions from the Council.

The Council directed staff to bring back information on what is included under line item 740.00 Downtown Visitor Amenities and to look into the possibility of seasonal Port workers doing the pressure washing instead of contracting it out.

No action was taken.

Risk Management

Manager Walsh specified that the total budget increase for Risk Management of 7.0% is due to the increase in liability insurance and wharfage & marine insurance. There are no FTE requests or CIP.

Mayor Sivertsen questioned if the staff had ever attended an insurance conference to see if there were any other options out there.

Manager Walsh said that there are safety trainings and policy changes we can implement, and noted because of our cybersecurity efforts, we got much better support. She stated that if organizations do have security in place then they won't get a policy.

Manager Walsh and Finance Director Johanson answered questions from the Council.

No action was taken.

Debt Service

Manager Walsh stated that there is no debt service increase, no FTE requests or CIPs and no future planned debt service at this time.

Finance Director Johansen stated our fund balance is \$7.6M and our debt service is \$2.5M annually for the Hospital Sales Tax Fund.

No action was taken.

Transfers and Advances

Manager Walsh indicated there has been an increase of 48.2% in transfers due to the following:

- Hospital Sales tax Fund to General Fund. Sufficient funds to meet projects that are budgeted for that we can achieve for FY25.
- Public Works Sales Tax Fund to General Fund.
- Transient Tax fund to General Fund (for Civic Center)
 - Increased for Civic Center CIP
- CPV Fund
 - Increased for Promenade Project

No action was taken.

2025 General Government Operating & Capital Budget Update
No. 05: KPD Vacant Position Update

Moved by Mahtani, seconded by Zenge the City Council amend the 2025 General Government Operating and Capital Budget for the Police Department by decreasing its Operations Division 2025 Regular Salaries and Wages Account No. 500.01 in the amount of \$196,950, the Payroll Taxes Account No. 505.00 in the amount of \$15,066, the Pension Account No. 506.00 in the amount of \$44,314, the Health Insurance Account No. 507.00 in the amount of \$40,752, the Worker’s Compensation Account No. 507.30 in the amount of \$6,086, and the Other Benefits Account No. 508.00 in the amount of \$4,156.

Motion passed with Coose, Kistler, Flora, Gass, Finnegan, Mahtani and Zenge voting yea.

2025 General Government Operating & Capital Budget Update
No. 06: Remove Public Art Fund Transfer from All Capital Projects

Moved by Mahtani, seconded by Zenge the City Council amend the 2025 General Government Operating and Capital Budget to remove Public Art funds from Capital Projects and adjust transfers in accordance with the Finance Director’s schedule.

Motion passed with Gass, Mahtani, Finnegan, Zenge, Flora, Kistler and Coose voting yea.

2025 General Government Operating & Capital Budget Update
No. 07: Towing of Abandoned Vehicles from Solid Waste to KPD

Moved by Finnegan, seconded by Mahtani the City Council amend the 2025 General Government Operating and Capital Budget to increase the Police Department’s Salvage and Towing of Impounded Property Account No. 620.01 in the amount of \$68,000; and reduce the Solid Waste – Disposal Division’s Towing of Impounded Property Account No. 620.02 in the amount of \$68,000.

Motion passed with Zenge, Mahtani, Kistler, Flora, Gass, Finnegan and Coose voting yea.

Moved by Finnegan, seconded by Kistler the City Council postpone consideration of the draft 2025 General Government Operating and Capital Budget until Wednesday, December 11, 2024.

Motion passed with Flora, Gass, Finnegan, Kistler, Zenge, Coose and Mahtani voting yea.

MAYOR AND COUNCIL COMMENTS

Councilmember Mahtani said as we go through this process ask everyone to look at the budget and tighten our belts, lets not just rubber stamp the budget, let's look closely for savings. He said there must be some constraints, some sacrifices and there should be some controls.

Mayor Sivertsen cited an article from the December 6, 2024, newspaper, “Wastewater Permits Require Better Bacteria Control.” He said this is regarding the potential at some point in the future, going from primary to secondary treatment, which will come as a capital cost. He informed no one is giving money for these projects, they are only giving out loans that we would have to pay back and incur more debt service. He said we are not sure what the requirements might be for us, it could be required clarifying ponds or be as simple as adding a chemical or taking a chemical out. This is a completed process in order for us to meet whatever standard they throw at us. He said they are starting with the smaller communities, but Anchorage doesn’t have to do this because that is where all the boats are, and they will be doing a billion-dollar project. He informed there are only a handful of communities across the United States that have an H1 waiver to discharge into

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saltwater, and we are one of them. He said this is coming more from the State level than the federal level. He indicated that we need to have a conversation with the right individuals to make sure we're not spending taxpayers' money because of a regulation without the science to back it up. He stated this raises the subject, that we only have 3,500 sewer customers that would be paying millions of dollars for a project, and he feels the only way to make that work equitably is to have water meters to ensure its not just on the shoulders of the residents but also on the commercial businesses as well.

ADJOURNMENT

As there was no further business, the Council adjourned at 9:33 p.m.

Bob Sivertsen, Mayor

ATTEST:

Taylor Lee, CMC
Deputy City Clerk