



# Petersburg Borough

12 South Nordic Drive  
Petersburg AK, 99833

## Meeting Minutes Borough Assembly

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Monday, June 2, 2014

12:00 PM

Assembly Chambers

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### 1. Call To Order/Roll Call

The meeting was called to order by Mayor Jensen at Noon.

**Present:** 7 - Mayor Mark Jensen, Assembly Member John Havrilek, Assembly Member Cindi Lagoudakis, Assembly Member Nancy Strand, Assembly Member Kurt Wohlhueter, Assembly Member Bob Lynn and Assembly Member Jeigh Stanton Gregor

### 2. Voluntary Pledge

The Pledge was recited.

### 3. Approval of Minutes

#### A. Minutes of the May 19, 2014 Regular Meeting

**Attachments:** [May 19 Meeting Minutes.pdf](#)

The minutes were unanimously approved as submitted.

### 4. Amendment and Approval of Meeting Agenda

The agenda was amended to add Assembly Discussion Items 16 C - Borough Liability in Banana Point Area; and 16 D - Logging Tax Within Borough. The agenda, as amended, was unanimously approved.

### 5. Public Hearings and Bid Awards

#### A. Public Hearing on Ordinance # 2014-11: An Ordinance Placing the Question of Exemption from AS 39.50, Public Official Financial Disclosure Law, on the October 7, 2014 Municipal Election Ballot

No public comments were received.

### 6. Visitors' Views Related to Agenda

*Liz Woodyard, CEO of Petersburg Medical Center and representing same, spoke in support of a local tobacco tax of \$1.00 per pack with the proceeds dedicated to hospital building maintenance.*

*John Murgas, owner of Island Ventures, LLC and representing himself, spoke in support of Steve Berry's Scow Bay Turnaround property lease application stating it*

would not conflict with his lease, and would be in harmony with his business.

John Hoag, a local resident representing himself, voiced his concerns that the FY15 budget does not have a plan for the jail and the sinking police department building. He feels it would be catastrophic if Petersburg were to lose the jail contract, which would force the Borough to transport inmates to another facility and incur the travel and labor costs. Mr. Hoag doesn't anticipate the legislature will fund the renovation of the Municipal Building next year in its capital budget and would like to see an incremental approach to funding the rehabilitation of the police facility in the budget. Mr. Hoag also had concerns with the current sales tax ordinance with respect to tax on services. The ordinance states that any work done in whole or in-part within the Petersburg Borough boundaries should be taxed, instead of taxing only the work that was done within the borough boundaries. State statute allows tax only on work done within a city or borough's district. He requested the Assembly look into this issue. Mr. Hoag suggested the use of revenue bonds as a means to finance the jail rehabilitation. He also suggested eliminating the senior citizen sales tax exemption and using the proceeds for public safety.

Sue Flint, representing the Sales Tax Committee and herself, stated after speaking with the local grocery stores she withdraws her proposal to keep the senior tax exemption on WIC approved groceries only. It would be a nightmare for the stores to set up WIC approved groceries as separate non tax items for senior citizens only in their computers/cash registers. She suggests instead applying the senior tax exemption to all groceries. Ms. Flint also encouraged the Assembly to do something with the tobacco excise tax and to approve that an RFP be issued for Petersburg's comprehensive plan.

Tim Koeneman, representing himself, asked the Assembly to take a look at the aging community. The Medical Center did not receive any project funding in the State's budget for FY15. Over the last few years the Medical Center has put over \$2 million into the building, with no financial assistance from the borough. He asked the Assembly to take a look at the budget and see what discretionary funds might be available so the Medical Center can begin to plan a long term care facility that is up to regulations and will provide for the community. The last cost estimate for the long term care renovation came in at 1.4 million.

## 7. Visitors' Views Unrelated to Agenda

- A. Polly Lee, supported by approximately 45 other residents, has presented a signed petition asking the Assembly to re-adopt City Ordinance #827 and continue to provide for a Historic Preservation Commission

**Attachments:** [Signed Petition.pdf](#)  
[Ord. 827 as codified.pdf](#)

Polly Lee, representing a group of local residents, presented a petition to readopt City of Petersburg ordinance #827 for a historic preservation commission. The petition contains 50 signatories, and Ms. Lee stated the group talked with more people; there seems to be no resistance to reforming the commission. The original ordinance was adopted on October 4, 1999, and the original commission met only twice. She shared there is local recognition that we need the ordinance re-instated, and our local historian is in support of the petition.

- B. George Rice has asked to make a presentation on logging

*George Rice, representing himself, had planned to show his pictures of natural land slides in our area, but was unable due to the of the lack of available video equipment in the Assembly Chambers. Mr. Rice had earlier delivered a letter from Papac Alaska Logging, Inc. to Manager Giesbrecht that Mayor Jensen will read later in this meeting under Item 15, Communications. Mr. Rice requested to be allowed to give his photo presentation at the next Assembly meeting.*

*Becky Knight, representing herself, stated she is troubled that Borough officials met with University of Alaska and Division of Forestry representatives and voiced support for two Mitkof Island timber sales, without public participation or consideration of the impacts on the borough. The U of A and Division of Forestry took that support as approval to hold the timber sales and there was no public input sought. On the subject of forest habitat, Ms. Knight spoke to the regrowth of logged areas in Southeast Alaska growing back so well that they become impenetrable to everything including wildlife and stated that second growth does not reach old growth conditions for several centuries; habitat loss is occurring daily and the board of game has noticed a decline in deer population. Mayor Jensen replied that he and Manager Giesbrecht did meet with two people from the University of Alaska who told them of their planned projects around the state to help keep small logging businesses going. Mayor Jensen did not state that he approved of the timber sales specifically, but he did say he supports logging, clarifying that he was speaking only for himself, not for the Assembly. In addition, Manager Giesbrecht provided the information of the meeting with the U of A representatives in his report at the next Assembly meeting, along with the representative's contact information for public comments and questions.*

*David Beebe, representing the City of Kupreanof, inquired about an email he had sent to Mayor Jensen asking for answers to five questions. He stated that support or non-support of logging does not address wildlife and public safety and that Petersburg doesn't have the local ordinances to address the public safety aspect of logging and other development activity. He feels the State does not allow proper public process input, and that all Alaskan's are to have the same use of resources. (More commentary is available on the recording of the meeting)*

*Chris Fry, a local small mill owner representing himself, spoke to the need of resources to sustain his business. He stated that the US Forest Service is holding micro timber sales with somewhere between 30-90% retention, to support small mills which employ a fair amount of local residents. He asks that the Assembly keep this in mind when making decisions whether or not to support the sales.*

## **8. Board, Commission and Committee Reports**

*No reports.*

## **9. Consent Agenda**

*No items.*

## **10. Report of Other Officers**

*No reports.*

## **11. Mayor's Report**

*Mayor Jensen reported that a Thomas Bay Power Commission special meeting has*

*been called for at 1:00 p.m. in Wrangell, on June 5th. Mayor Jensen, Electric Superintendent Joe Nelson, and Petersburg's TBPC Commissioners John Jensen and Robert Larson will attend the meeting. Also, Mayor Jensen clarified that John Jensen was appointed to TBPC in December of 2013. Mayor Jensen will be gone commercial fishing until September.*

## 12. Manager's Report

*Manager Giesbrecht reviewed his written report. The report is attached and made part of these official minutes.*

### A. 06-02-2014 Report

**Attachments:**     [Manager report 06022014](#)

*The meeting recessed at 1:07 p.m. and reconvened at 1:15 p.m. with all members in attendance.*

## 13. Unfinished Business

Ordinances for Third and Final Reading

### A. Ordinance #2014-08: An Ordinance Providing for Chapter 4.60 of the Municipal Code (Parks and Recreation User Fees) and Updating Current Language to Reflect Borough Incorporation.

**Attachments:**     [Ord. #2014-08.pdf](#)

**The ordinance was unanimously approved by Roll Call Vote in its third and final reading.**

### B. Ordinance #2014-09: An Ordinance Providing for Chapter 13.12 (Camping/Recreation Areas) of the Municipal Code and Updating Current Language to Reflect Borough Incorporation

**Attachments:**     [Ord. #2014-09.pdf](#)

**By unanimous Roll Call Vote, the ordinance was approved in its third and final reading.**

### C. Ordinance #2014-10: An Ordinance Adopting the Budget and Setting the Millage Rates for the Fiscal Year July 1, 2014 through June 30, 2015, as amended on May 5

**Attachments:**     [Ord. 2014-10.pdf](#)

**The ordinance was approved by a 6-1 Roll Call Vote, Assembly Member Havrilek opposed.**

Ordinances for Second Reading

- D. Ordinance #2014-11: An Ordinance Placing the Question of Exemption from Alaska Public Officials Financial Disclosure Law on the October 7, 2014 Municipal Election Ballot

**Attachments:** [Ord. #2014-11, Ballot Question to Exempt Petersburg from POFD Law.pdf](#)  
[Info on AS 39.50.pdf](#)

The ordinance was unanimously approved in its second reading.

- E. Authorization to Issue a Request for Proposals to Aid the Community in Developing a Borough Comprehensive Plan

At the May 19 meeting, Mayor Jensen requested this item be revisited by the Assembly.

**Attachments:** [RFP for Comprehensive Plan Update.pdf](#)

*Motion was made and seconded to authorize the RFP. Discussion took place regarding the content, purpose, and consultant criteria for the Borough's Comprehensive Plan. The motion was amended to put emphasis on facilitation of the Comprehensive Plan process and for the consultant to provide a summary document based on information gathered from both the Borough and the public.*

The amendment of the motion was unanimously approved. The main motion to authorize the RFP passed with a 6-1 Roll Call Vote, Assembly Member Havrilek opposed.

## 14. New Business

- A. A Resolution of Intent to Lease 3,000 s.f. of Land at the Scowbay Turnaround Property; Placing Terms and Conditions on the Lease for the Land, and Exempting the Lease from Public Auction

**Attachments:** [Res. #2014-07.pdf](#)  
[Map and Berry Lease Ap.pdf](#)  
[recommendations.pdf](#)

The resolution was unanimously approved by Roll Call vote.

## 15. Communications

*Mayor Jensen read two communication items: A letter with 5 questions posed by Dave Beebe/City of Kupreanof in regard to timber sales on Mitkof island; and a letter from Papac Logging dated May 27, 2014.*

## 16. Assembly Discussion Items

- A. Recognitions

*No recognitions.*

**B. Assembly Discussion on Potential Sales Tax Code Amendments**

At the May 19 Assembly Meeting, recommendations from the Sales Tax Ordinance Review Committee and others, were presented. If the Assembly wishes to place any sales tax proposal(s) on this October's Municipal Ballot, firm decisions need to be made in the very near future on what to bring forward to the voters. Any ballot proposal that requires an ordinance be referred to the voters should be introduced in its first reading preferable by July 7.

**Sales Tax Recommendations/Suggestions:**

- A). Require residency within the borough to be proven by PFD filings;
- B). Increase the sales tax cap from \$1,200 to \$1,500 or \$1,700 dollars;
- C). Reduce the senior citizen sales tax exemption to apply only to WIC approved groceries and heating fuel;
- D). Eliminate the senior sales tax exemption in its entirety by establishing a "sunset" date
- E). Consider implementing an excise tax on tobacco sales;

**Attachments:**     [Current Sales Tax Code.pdf](#)

*Sales Tax Recommendation A: Motion was made and seconded to require residency within the borough be proven by PFD filings, including retroactively.*

*Sales Tax Recommendation B: Motion was made and seconded to increase the sales tax cap to \$2,000.*

*Sales Tax Recommendation C: Motion was made and seconded to reduce the senior citizen sales tax exemption to apply only to heating fuel and groceries.*

*Sales Tax Recommendation D: Motion was made and seconded to eliminate the senior sales tax exemption in its entirety by establishing a "sunset" date.*

*Sales Tax Recommendation E: Motion was made and seconded to consider implementing an excise tax on tobacco sales.*

**The motion to require residency be proven by all PFD filings passed unanimously by Roll Call vote.**

**The motion to increase the sales tax cap to \$2,000 passed unanimously by Roll Call Vote.**

**By Roll Call Vote, the motion to reduce the senior citizen sales tax exemption to apply only to heating fuel and groceries passed unanimously.**

**The motion to eliminate the senior sales tax exemption in its entirety by establishing a "sunset" date passed by a 5-2 Roll Call vote, Assembly Members Lynn and Lagoudakis opposed.**

The motion to consider implementing an excise tax on tobacco sales passed unanimously by Roll Call vote.

C. Borough Liability in Banana Point Area

*Discussion ensued regarding whether the Borough has any liability in the logging activity at Banana Point. Manager Giesbrecht outlined his reasons for believing the Borough does not have liability in the logging activity but stated the Borough would need an attorney opinion to know for sure.*

D. Logging Tax within Borough Boundaries

*Discussion took place regarding the federal Secure Rural Schools funding which was developed to allocate a share of national forest income to eligible municipalities that have been impacted by the severe decline in timber receipts from national forest lands; and, sales tax on logging not being viable from a taxing perspective. An excise or completion tax might be a possibility, but would need to be researched by an attorney in regards to Federal and State laws.*

**17. Adjourn**

*The meeting was adjourned at 2:24 p.m.*