

**MINUTES
NOME CITY COUNCIL
REGULAR MEETING
November 24, 2014**

The regular meeting of the Nome City Council was called to order at 7:08 PM by Mayor Michels in Council Chambers of City Hall, located at 102 Division Street.

ROLL CALL

Members Present: Stan Andersen; Jerald Brown; Louie Green; Randy Pomeranz; Tom Sparks

Members Absent: Matt Culley (excused)

Also Present: Denise Michels, Mayor; John Handeland, Utility Manager; Joy Baker, Port Projects Director (telephonically); John Papasodora, Police Chief; Jim West, Jr., Fire Chief; Josie Bahnke, City Manager; Tom Moran, City Clerk

In the audience: Matt Smith, KNOM; Sandra Medearis, *Arctic News*; Senator Donnie Olson; Representative Neal Foster; Betsy Brennan; Charlie Lean; Jennifer Reader; Brandy Arrington; Paula Coffman; Chuck Wheeler; Pat Johanson; Ken Hughes; Barb Nickels; Paul Kosto; Dave Barron; Melanie Bahnke; Ken Hughes; Nick Ivanoff; Rolland Trowbridge; Paul LaBolle; Jeff Darling; Peggy Darling; Matt Johnson; Mike McNally; K. Reddaway; Janice Doherty; Doug Doherty; Tim Motis; Sarah Hofstetter; Lynette Schmidt; Kirsten Bey; Jim Hansen; Brian Stockman; Peter Hansen; Mark Johnson; Stan Hooley; Harvey Fiskeaux; Jay Craft; Carleen Hobbs; Nathaniel Hobbs; Danielle Slingsby; Victor Olsen; Julia Farris; Cecil Connor

APPROVAL OF AGENDA

Mayor Michels asked if there were any changes to the agenda.

A motion was made by C. Andersen and seconded by C. Brown to approve the agenda as presented.

Mayor Michels, noting the large crowd, explained that due to the Open Meetings Act, no public hearing could be held on ordinances at first reading.

- Councilman Andersen said that anyone was welcome to address any concern during the citizen comment period.
- Councilman Pomeranz expressed his desire to table the ordinances at first reading.
- Councilman Brown disagreed.
- Councilman Sparks noted that there had been significant public outcry over the proposed tax exemption repeals.
- Councilman Andersen said that the ordinances should be killed at second reading, not at first reading.

- Councilman Pomeranz said that he'd like to hear the public's concerns and then schedule a work session before second reading.

At the roll call:

Aye: Brown; Green; Pomeranz; Sparks; Andersen

Nay:

Abstain:

The motion **CARRIED**.

APPROVAL OF MINUTES

- A. October 29, 2014 NCC Special Meeting minutes were presented for approval.

A motion was made by C. Pomeranz and seconded by C. Brown to approve the minutes.

At the roll call:

Aye: Green; Pomeranz; Andersen; Brown

Nay:

Abstain: Sparks

The motion **CARRIED**.

COMMUNICATIONS

- A. Complaint of November 7, 2014 from Emory Wheeler to ABC Board re: Alleged Violation of Open Meetings Act.
- B. Letter of November 10, 2014 from ADOT&PF to Mayor Michels re: Snake River Bridge Project.
- Mayor Michels assured everyone that it had been provided to the ad hoc transportation committee.
- C. Complaint of November 11, 2014 from Katherine Scott to City of Nome re: Garbage Accumulation at 100 East Kings Place.
- Councilman Andersen asked that the situation be addressed.
 - Manager Bahnke said that the complaint should have been an internal document until it was investigated.

CITIZENS' COMMENTS

- 1) Ken Hughes said that he was opposed to all three taxation ordinances. He urged the Council to vote against them and then cut the budget.
- 2) Danielle Slingsby spoke on behalf of the Nome Community Center. She urged the Council to maintain tax exemptions for nonprofit entities, saying that any cut would come directly from services provided to the public. She also urged the Council to revisit the idea of an increased tax on alcohol and tobacco, despite the fact that it had failed at the October election.

- 3) Barb Nickels spoke on behalf of the 78 business members of the Nome Chamber of Commerce. She said that taxing inventories held for resale would make it almost impossible for a number of businesses to keep items on their shelves. She pointed out that prior Councils had supported the exemption, so she asked that the current Council support its predecessors. Ms. Nickels said that businesses had already placed their winter orders, so they couldn't be adjusted to account for a new inventory tax.
 - Councilman Andersen asked that the Chamber of Commerce review the city's budget and make suggestions on appropriate cuts.
- 4) Melanie Bahnke spoke as the President of Kawerak. She said that removing exemptions was an issue of fairness and could open Pandora's Box. She said that Kawerak had assumed a number of programs on behalf of the federal government, so she wondered if the removal of tax exemptions would be tantamount to the taxation of the federal government, which was illegal. She said that Kawerak itself had endeavored to make prudent budget cuts, so the city should too.
- 5) Stan Hooley spoke on behalf of the Iditarod Trail Committee. He said that he was in town to accomplish three things: 1) to begin advanced planning for the 2015 race; 2) to discuss an improved visitor experience with the Chamber of Commerce; and 3) to thank the Council and the community for their support.
 - Mayor Michels said that the GPS tracking feature on the website was an excellent addition to the race.
 - Councilman Andersen thanked him for coming in person.
 - Mr. Hooley said that he was advocating for a full board meeting in Nome.
- 6) Brian Stockman said that repealing tax exemptions would be unconscionable decision of the Council.
- 7) Cecil Connor spoke on behalf of Nome Gold Alaska Corporation. He said that the FAA had approved the company's blasting plan, so work would begin the following day. He said that he was available to answer any questions that the public might have.
 - Mayor Michels asked if he was working with local people.
 - Mr. Connor said that he had contacted the Nome Volunteer Fire Department.
 - Mayor Michels asked that he contact Mimi Farley, Emergency Services Administrator.

PLANNING AND ZONING

- A) October 14, 2014 Planning Commission Regular Meeting Minutes.
 - Councilman Sparks asked if the Planning Commission had offered a recommendation on the filling of its vacant seat.
 - Mayor Michels pointed out that there was only one applicant.

UNFINISHED BUSINESS

- A) O-14-10-01 An Ordinance Authorizing the Sale of Surplus Real Property Owned by the City of Nome, **Second Reading/Public Hearing/Final Passage.**

A motion was made by C. Sparks and seconded by C. Andersen to approve O-14-10-01.

For the purpose of holding a public hearing, the Council recessed at 7:41 PM.

Jeff Darling said that the city should slow down its revenue machine and look to cut spending.

The Council reconvened at 7:42 PM.

Discussion:

A motion was made by C. Andersen and seconded by C. Sparks to amend the ordinance by removing Block 32, Lot 3.

At the roll call on the amendment:

Ayes: Pomeranz; Sparks; Andersen; Brown; Green

Nays:

Abstain:

The motion to amend **CARRIED**.

Returning to discussion on the main motion:

At the roll call:

Ayes: Green; Pomeranz; Sparks; Andersen; Brown

Nays:

Abstain:

The main motion **CARRIED**.

NEW BUSINESS

- A. O-14-11-01 An Ordinance Amending Chapter 17.10 of the Nome Code of Ordinances to Repeal Sales Tax Exemptions for Sales to Non-Profit Entities, **First Reading**.

A motion was made by C. Andersen, but died for lack of a second.

- B. O-14-11-02 An Ordinance Amending Chapter 17.20 of the Nome Code of Ordinances to Repeal Property Tax Exemptions for Aircraft, **First Reading**.

A motion was made by C. Andersen and seconded by C. Brown to advance O-14-11-02.

At the roll call:

Aye: Andersen; Brown; Green; Pomeranz

Nay: Sparks

Abstain:

The motion **CARRIED**.

- C. O-14-11-03 An Ordinance Amending Chapter 17.20 of the Nome Code of Ordinances to Repeal Property Tax Exemptions for Inventory Held for Resale, **First Reading.**

A motion was made by C. Andersen and seconded by C. Brown to advance O-14-11-03.

At the roll call:

Aye: Brown; Green

Nay: Pomeranz; Sparks; Andersen

Abstain:

The motion **FAILED.**

- D. R-14-11-05 A Resolution Certifying that the Municipality Did Suffer Significant Effects During the Program Base Year from Fisheries Business Activities that Occurred Within the FMA 11: Norton Sound Fisheries Management Area.

A motion was made by C. Pomeranz and seconded by C. Brown to approve R-14-11-05.

Discussion:

- Councilman Sparks asked if this was an annual resolution.
- Mayor Michels answered affirmatively.

At the roll call:

Aye: Green; Pomeranz; Sparks; Andersen; Brown

Nay:

Abstain:

The motion **CARRIED.**

- E. R-14-11-06 A Resolution Approving the Employment of Adrienne Bahnke as Janitor for the City of Nome in Accordance with Nome Code of Ordinances Chapter 2.45.010.

A motion was made by C. Sparks and seconded by C. Pomeranz to approve R-14-11-06.

Discussion:

A motion was made by C. Sparks and seconded by C. Pomeranz to amend "half-sister" to "step-sister".

At the roll call:

Aye: Pomeranz; Sparks; Andersen; Brown; Green

Nay:

Abstain:

The motion to amend **CARRIED.**

Returning to discussion on the main motion:

- Councilman Brown asked if the Mayor would have any direct oversight of the employee.
- Manager Bahnke answered negatively.

At the roll call:

Aye: Green; Pomeranz; Sparks; Andersen; Brown

Nay:

Abstain:

The main motion **CARRIED**.

- F. R-14-11-07 A Resolution Awarding the Port of Nome Middle Dock Project to Orion Marine Contractors, Inc.

A motion was made by C. Andersen and seconded by C. Pomeranz to approve R-14-11-07.

Discussion:

- Councilman Andersen asked what the total cost of the project would be.
- Manager Bahnke said that it was \$9.4 million.
- Ms. Baker said that the bid came in under the engineer's estimate because the contractor already had heavy equipment in the region.
- Councilman Brown asked if the bidding contractors submitted extensive bid packages or just dollar figures.
- Ms. Baker said that it varied, but assured him that the bid package for the current project was an extensive one.

At the roll call:

Aye: Sparks; Andersen; Brown; Green; Pomeranz

Nay:

Abstain: Sparks

The motion **CARRIED**.

UTILITY MANAGER'S REPORT

- Announced that the Utility Board had recently decided upon a list of objectives and requirements to weigh his job performance and that they would be revisited on April 1st.
- Said that the 2015 budget would be ready for the Council by December 31st.
- Told the Council that the USDA would be in town on December 3rd.
- Announced that he was in discussions with the City Attorney about how best to clean up delinquent accounts.
 - Councilman Sparks asked if PFD checks could be garnered.
 - Mr. Handeland said that they could and sometimes were. He said that the big issue before the City Attorney was when NJUS could suspend or discontinue service (i.e. in the winter, etc.).

CITY MANAGER'S REPORT

- Thanked the Iditarod Trail Committee for making the trip to Nome.
- To answer the recommendations of the public, said that the city's budget had, in fact, been cut. Added that the discussion on revenue generation was a proactive measure to prepare for the predicted shortfall in state and federal aid (PILT, etc.).
- Said that construction at the Richard Foster Building had wrapped up for the season, but would begin again in April.
- Said that she was working to have exhibit design and final pricing documents ready for the next Council meeting on December 8th.
- Told the Council that the Annual Christmas Extravaganza would be taking place at Old St. Joe's on Wednesday, December 10th.
- Said that a contract for a utility rate consultant had been drafted by the City Attorney. Assured the Council that the contract would be for less than \$30,000.
 - Mr. Handeland said that NJUS was willing to pay the bill.
 - Councilman Brown said that the city should pay, at least initially.
 - Councilman Andersen said that it could be added to the loan.
 - Mr. Handeland said that if the Council wanted to vote on the contract, it would need to be done on December 1st, or else the rate consultant wouldn't be available until March.
 - Councilman Andersen said that it didn't need a vote and his services could be retained administratively.

CITIZENS' COMMENTS

- 1) Paul Kosto recognized that the ordinance repealing the tax exemption for aircraft had advanced to second reading. He said that it was very important for the Council to sit down with the aviation community and decide what formula to use for taxation. He said that aircraft owners would need to be provided a service if they were expected to pay taxes. He warned that there could be an exodus of aircraft owners to outlying areas. He also said that Juneau was the only municipality in Alaska to tax aircraft, but added that the city owned the airport and provided services.
 - Councilman Brown questioned that Juneau was the only municipality to tax aircraft.
 - Mr. Kosto said that Kenai might also impose a tax.
- 2) Janice Doherty echoed Mr. Kosto and urged the Council to do its homework on the topic. She said that a registration fee was different from a tax and pointed out that the city provided no services whatsoever. She assured the Council that costs would be passed on to the customer. She noted that there was a spending issue with the City of Nome that needed to be addressed.
- 3) Melanie Bahnke thanked the Council for maintaining sales tax exemptions for nonprofits.
- 4) Ken Hughes echoed Mrs. Bahnke, but again urged that the aircraft exemption be maintained.
 - Councilman Andersen asked where the city's budget should be cut to make up for the state aid that was drying up.
 - Mr. Hughes said that he would go through the budget and make a recommendation at a later meeting. He said that the city needed to employ a goal-based budgeting process.

- 5) Jason Riethimer said that people had a choice of where to live, so Nome should do its best to keep people from moving out.
- 6) Rolland Trowbridge said that taxation was always a “pass the buck affair.” He said that property taxes, for example, were always passed on to renters. Mr. Trowbridge said that there was less budget waste in Nome than in any other community he had ever lived in. He said that people weren’t admitting it, but would leave if services were ever cut. He pointed out that sales tax was the largest revenue generator for the city, so he urged administration to capitalize on it by enforcing the applicable ordinance. He said that a number of businesses were operating on a cash-only basis so that they could avoid remitting sales tax.
- 7) Chuck Wheeler said that the collective bargaining agreement for NJUS was excessive. He said that the 2% raise should be ½%. Mr. Wheeler pointed out that the recession that had plagued the rest of the country was making its way into Anchorage. He pointed out that the country store had been sold and was removing a significant taxable dollar amount from the city’s tax roll.

COUNCILMEN’S COMMENTS

- 1) Councilman Andersen said that AT&T was proposing a 150’ communications tower on Front Street. He questioned the safety of such a tall structure in such a densely-populated area.
- 2) Councilman Brown stood by the decision to proceed with the taxation of aircraft. He said that different methods could be used to determine value, such as the number of landings, the weight of the craft, etc. He assured the public that certain services were, in fact, provided aircraft owners, such as emergency response, paved roads, utility service, etc.
- 3) Councilman Pomeranz said that he had recently returned from the Annual AML Conference in Anchorage. He said that the state’s fiscal picture was a bleak one. He noted that the entire state was dealing with a number of hurdles that were brought on by the marijuana initiative. He also said that some of the Council’s action items were being done too brazenly and he asked that the process be slowed down.
 - Councilman Andersen said that maybe it was time to stop looking for new revenue streams.
- 4) Councilman Sparks said that two work sessions on removing certain tax exemptions had already taken place. He said that he wasn’t in favor of doing so then and he wasn’t in favor of doing so now. He lamented that the seasonal sales tax ordinance had been met with such disdain.

MAYOR’S REPORT

- Appointed Nikolai Ivanoff to Museum and Library Commission Seat “F” and Sue Steinacher to Museum and Library Commission Seat “H”.

A motion was made by C. Sparks and seconded by C. Brown to approve the appointment.

At the roll call:
Aye: Brown; Green; Pomeranz; Sparks; Andersen
Nay:
Abstain:

The motion **CARRIED**.

- Appointed Derek McLarty to Planning Commission Seat “B”.

A motion was made by C. Sparks and seconded by C. Pomeranz to approve the appointment.

At the roll call:
Aye: Green; Pomeranz; Sparks; Andersen; Brown
Nay:
Abstain:

The motion **CARRIED**.

EXECUTIVE SESSION

A motion was made by C. Pomeranz and seconded by C. Brown to enter into executive session.

The Council recessed at 8:36 PM.

The Council reconvened at 9:13 PM.

ADJOURNMENT

A motion was made by C. Andersen and seconded by C. Brown that the meeting be adjourned.

Hearing no objections, the Nome Common Council adjourned at 9:13 PM.

APPROVED and **SIGNED** this 12th day of January, 2015.

DENISE MICHELS, Mayor

ATTEST:

TOM MORAN, City Clerk