

THE CITY AND BOROUGH OF JUNEAU, ALASKA

Meeting Minutes - January 22, 2018

MEETING NO. 2018-03: The Regular Meeting of the City and Borough of Juneau Assembly, held in the Assembly Chambers of the Municipal Building, was called to order at 7:00 p.m. by Mayor Ken Koelsch.

I. FLAG SALUTE

II. ROLL CALL

Assembly Present: Mary Becker, Rob Edwardson, Maria Gladziszewski, Norton Gregory, Loren Jones, Jesse Kiehl, Ken Koelsch, Jerry Nankervis, and Beth Weldon.

Assembly Absent: None.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Amy Mead, Municipal Attorney; Laurie Sica, Municipal Clerk;

III. SPECIAL ORDER OF BUSINESS

None.

IV. APPROVAL OF MINUTES

A. January 8, 2018 Regular Meeting 2018-1

Hearing no objection, the minutes of the January 8, 2018 Regular Assembly Meeting 2018-01 were approved as corrected.

V. MANAGER'S REQUEST FOR AGENDA CHANGES

Mr. Watt requested that the two appropriating ordinance for public hearing be taken up before the resolution on annexation. Hearing no objection, it was so ordered.

VI. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

Mandy Cole, Executive Director of AWARE, spoke about Project Homeless Connect on Wednesday, January 24, from 9 a.m. - 3 p.m. at the Juneau Arts and Culture Center. This even is the annual "one-stop shop" for homelessness services, with many providers, services, and offerings from those who are homeless in the community.

VII. CONSENT AGENDA

A. Public Requests for Consent Agenda Changes, Other Than Ordinances for Introduction

None.

B. Assembly Requests for Consent Agenda Changes

None.

C. Assembly Action

MOTION, by Nankervis, to adopt the consent agenda. Hearing no objections, the consent agenda was adopted.

1. Ordinances for Introduction

- a. Ordinance 2018-02 An Ordinance Authorizing the Manager to Convey Property Located on Egan Drive between West 10th Street and Main Street to the Alaska Department of Transportation and Public Facilities.

The Alaska Department of Transportation & Public Facilities applied for a direct negotiated sale of 507 square feet (a fraction of Lot 3, USS 3566) across Egan Drive from Centennial Hall in order to facilitate the State's reconstruction of Egan Drive between Tenth Street and Main Street.

Along with the negotiated sale, ADOT&PF requested the CBJ grant the State eight permanent easements and ten temporary easements along Egan Drive for the same purpose.

The Assembly passed a motion authorizing the manager to negotiate the sale at its July 31, 2017, meeting. The Harbor Board heard the issue at its August 7, 2017, meeting and adopted the Lands Division's recommendation for approval. The City/State Project proposal in its entirety (encompassing both the sale and the easements) was brought to the Planning Commission at its August 8, 2017, meeting. The Commission voted to recommend to the Assembly approval of the project with two conditions to the disposals of land (both the negotiated sale and the easements.)

After the Commission considered the project and while negotiating the direct sale, it was determined that in lieu of the eight permanent easements, it was in the best interest of both parties for the CBJ to instead sell the property that had been contemplated for the permanent easements. (ADOT&PF's federal grant requires it to have exclusive control over the property. If that condition were granted the State as part of an easement, the CBJ would carry liability exposure for property over which it would have no control.)

This ordinance would authorize the sale of all property previously identified for disposal by permanent easement, as well as the fraction of Lot 3, USS 3566 originally sought by ADOT&PF, for the appraised, fair market value.

The City Manager recommends this ordinance be introduced and set for public hearing at the next regular Assembly meeting.

- b. Ordinance 2018-05 An Ordinance Authorizing the Manager to Execute Approach Road Approval to Construct Permit Agreement (#27037) with the Alaska Department of Transportation and Public Facilities.

In order to complete construction of a road leading from the Pederson Hill Subdivision to Glacier Highway as required by Title 49, the CBJ must obtain approval (an approach road permit) from the Department of Transportation and Public Facilities (ADOT&PF).

State regulations (17 AAC 10.020(c)) require ADOT&PF to include an indemnity provision from the permittee to the State in all approach road permits.

Normally the CBJ is prohibited by Charter section 9.13(a)(which is substantially similar to Article IX, section 13 of the Alaska Constitution) from contractually agreeing to indemnify another party. (Charter sec. 9.13 prohibits the CBJ from incurring an obligation absent an appropriation for that purpose. An indemnity provision is an agreement to compensate the other party for any harm or loss arising out of the agreement, such as paying any judgment or damages, and oftentimes defending the other party in any legal action.) The Charter carves out a limited exception, however, allowing the Assembly, by ordinance, to require the payment of funds from appropriations of a later year (or for more than one year) for any federal or state grant, contract, lease, program, etc., without which the municipality would not be able to participate.

This ordinance would allow the City Manager to execute the approach road permit, which includes an indemnity provision, in accordance with Charter section 9.13(c), as required by 17 AAC 10.020(c).

The City Manager recommends this ordinance be introduced and referred to the Committee of the Whole.

- c. Ordinance 2017-06(AB) An Ordinance Appropriating to the Manager the Sum of \$74,918 as Funding for the 2015 State Homeland Security Program/SHSP; Grant Funding Provided by the State of Alaska Department of Military and Veterans Affairs.

These funds are being provided to reimburse the CBJ for additional expenses incurred in direct support of the goals and activities of the State Homeland Security Program. The grant performance period is from September 1, 2015 to March 31, 2018.

There is no match requirement for this grant.

The City Manager recommends this ordinance be introduced and set for public hearing at the next Assembly meeting.

2. Resolutions

- a. Resolution 2816 A Resolution Certifying that the City and Borough of Juneau Suffered Significant Effects During Calendar Year 2016 from Fisheries Business Activities Occurring within the Northern Southeast Fisheries Management Area.

This resolution would facilitate the CBJ's participation in the State's FY2018 shared fisheries business tax program by certifying to the State that the CBJ suffered significant effects during calendar year 2016 from fisheries business activities within the CBJ's qualifying area. Pursuant to this program, the State distributes to each participating community in the affected management area a share of state fishery revenues.

It is anticipated that the CBJ's share this year will be approximately \$5,610.

The City Manager recommends this resolution be adopted.

- b. Resolution 2818 A Resolution Urging the United States Coast Guard and the Alaska Congressional Delegation to Assign Sentinel-class Fast Response Cutters to Facilities within the City and Borough of Juneau.

This resolution reaffirms the CBJ's support for Coast Guard units to be homeported within the City & Borough of Juneau. The Coast Guard Cutter LIBERTY has been homeported in Juneau since 1988 and is expected to be decommissioned in FY2023. The Coast Guard has not revealed whether a replacement cutter will be homeported in Juneau to assume the search & rescue, law enforcement and protection of natural resources in the northern end of the Alaska Panhandle. Two new 154 foot fast response cutters have recently been homeported in Ketchikan.

Several other Alaskan communities have indicated their desire to have the four remaining new fast response cutters homeported in their respective ports. This resolution would signal to the US Coast Guard and our federal delegation that Juneau continues to be an optimal location to support the operational needs of the future fast response cutters in Alaska.

The City Manager recommends this resolution be adopted.

3. Liquor License

a. Liquor License Renewals 2018/2019

The following is a list of 2018/2019 liquor license renewal applications that have been received from the Alcohol Beverage Control Board and are before the Assembly for one of the following actions: to protest, waive its right to protest, or refer this matter to the Assembly Human Resources Committee for additional review and recommendation. Those licenses marked by an asterisk (*) must be acted upon at the January 22 Assembly meeting in order to fall within the 60-day local governing body comment period. Any license without an asterisk may be continued to the next meeting on February 12 and still meet the 60-day deadline for comment.

License #2541 MGO, Inc. d/b/a Juneau Airport Travel Lodge; 9200 Glacier Hwy., Juneau (Beverage Dispensary Tourism License)

***License #3755 Tailwind, Inc. d/b/a Hangar on the Wharf;** #2 Marine Way, Juneau (Beverage Dispensary License)

***License #4788 Tailwind, Inc. d/b/a Pizzeria Roma;** #2 Marine Way, Ste. 106, Juneau (Beverage Dispensary Duplicate License)

***License #4797 Tailwind, Inc. d/b/a Hangar on the Wharf Ballroom;** #2 Marine Way, Ste. 105, Juneau (Beverage Dispensary Duplicate License)

License #648 YC Juneau Hotel d/b/a Westmark Baranof Hotel; 127 N. Franklin Street, Juneau (Beverage Dispensary License)

***License #271 Alaska Cache Liquor, Inc. d/b/a Alaska Cache Liquor;** 156 S. Franklin Street, Juneau (Package Store License)

License #661 Thibodeau's Market Inc. d/b/a Kenny's Liquor Market; 619 Willoughby Ave., Juneau (Package Store License)

License #1129 Thibodeau's Market Inc. d/b/a Liquor Barrel; 5235 Glacier Hwy., Juneau (Package Store License)

License #4422 Thibodeau's Market Inc. d/b/a Thibodeau's Valley Liquor; 9106 Mendenhall Mall Road, Juneau (Package Store License)

License #521 Thibodeau's Market Inc. d/b/a Home Liquor; 465 W. Willoughby Ave., Juneau (Package Store License)

***License #5482 Alaska Sustainable Seafoods, LLC d/b/a Deckhand Dave's;** 356 S. Franklin St., Juneau (Restaurant Eating Place Public Convenience Seasonal License)

***License #3733 Catapult, Inc. d/b/a Flight Deck;** #2 Marine Way, Ste. 128, Juneau (Restaurant Eating Place License)

***License #4192 Jeong Hee Kim d/b/a Seongs Sushi Bar;** 740 W. 9th Street, Juneau (Restaurant Eating Place License)

Staff from the Finance, Fire, Public Works/Utilities, Police, and Community Development departments have reviewed the above list of renewals and recommend the Assembly waive its right to protest these renewals. CBJ Code 20.25.025 sets out the basis by which the Assembly may protest a license renewal.

The City Manager recommends the Assembly waive its right to protest the above-listed liquor license renewals for the 2018/2019 renewal period.

VIIIPUBLIC HEARING

- A. Ordinance 2017-06(Z) An Ordinance Appropriating to the Manager the Sum of \$290,765 as Funding for the Juneau International Airport Construct Snow Removal Equipment Building Capital Improvement Project; Funding Provided by the Federal Aviation Administration.

This ordinance would appropriate \$290,765 to the Construct Snow Removal Equipment Building (SREB) capital improvement project A50-086. Funding is provided as follows:

Federal Aviation Administration grant: \$290,765

Local matching funds of 6.25% have previously been appropriated.

The Airport Board approved this action at its October 10, 2017, regular meeting.

The City Manager recommends this ordinance be adopted.

Public Comment:

None.

Assembly Action:

MOTION, by Edwardson, to adopt Ordinance 2017-06(Z). Hearing no objection, it was so ordered.

- B. Ordinance 2017-06(AA) An Ordinance Appropriating to the Manager the Sum of \$131,938 as Funding for the Juneau International Airport Taxiway A Rehabilitation Design and Taxiways E and D-1 Re-Alignment Design Capital Improvement Project; Funding Provided by Sales Tax Revenue.

This ordinance would appropriate \$131,938 to the Taxiway A Rehabilitation Design and Taxiways E and D-1 Re-alignment Design capital improvement project A50-090. Funding is provided as follows:

Sales Tax Revenue: \$ 131,938

This funding represents the customary 6.25% to match for the Federal Aviation Administration grant.

The Public Works and Facilities Committee approved this action at its November 20, 2017, meeting.

The City Manager recommends this ordinance be adopted.

Public Comment:

None.

Assembly Action:

MOTION, by Gregory, to adopt Ordinance 2017-06(AA). Hearing no objection, it was so ordered.

- C. Resolution 2817 A Resolution Authorizing the Filing of an Annexation Petition with the Local Boundary Commission.

This resolution would authorize the Manager to amend (or refile, if warranted) the CBJ's pending annexation petition before the Local Boundary Commission to narrow the current petition to unincorporated property between the CBJ's southern boundary and Petersburg's northern boundary, and to expand the petition to include the following areas, identified on the map attached as an exhibit to the resolution:

- Lands abutting and in Seymour Canal beginning with the Pack Creek watershed and including all lands to the north that drain into Seymour Canal;
- The Glass Peninsula;
- All of the lands on Admiralty Island to the north of Hawk Inlet, including Horse and Colt Islands;
- An area south of the Greens Creek Mine and the existing Borough boundary that encompasses all lands that drain into Wheeler Creek and lands to the west of the Wheeler Creek basin that drain directly into Chatham Strait (identified on the map included in your packet).

This resolution directs that the petition be filed under the legislative review process.

The City Manager recommends this resolution be adopted.

Mr. Watt spoke about the efforts to reach out to Angoon elected officials and citizens. The Assembly has received comments from the Angoon City Council in the fall and last week.

Ms. Mead said for a legislative review petition, CBJ is required to prepare a draft, which goes through a public hearing process before it is submitted to the Local Boundary Commission (LBC). The LBC conducts a technical review and if approved, there is public notice and service of the petition on any parties in the area. Individuals have a

time for comment, LBC issues a preliminary decision, the public then has a comment period on the preliminary decision, then there is a public hearing held by the LBC. The LBC then holds a decisional meeting after the public meeting. There is a written decision issued, there is a reconsideration timeline and if the LBC approves the petition, the LBC submits it to the legislature for approval.

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Public Comment:

Janet Clarke Kennedy, spoke in opposition to the proposed annexation. She lives in Juneau and has a place in Funter Bay. She spoke about the 2006 annexation study commission and the process at that time, and said that a final recommendation of that discussion was to not include Funter Bay in any annexation and to consult Angoon before proposing any annexation of Admiralty Island. There are many reasons to oppose this resolution, including a lack of geographical commonality, a unique history separate from Juneau, the wilderness nature of the area, and the subsistence lifestyle. She distributed her comments to the Assembly which stated that Juneau was the hub for many Southeast communities, so that was not an adequate reason for annexation. Her comments also said model borough boundaries are not rigid or unchangeable.

Phillip Gray was opposed to including areas B, C, and D into the annexation petition. There will be no benefits for the taxes they will pay, and said he was concerned that people with Forest Service cabins may not have heard about this potential annexation. Providing services to the potential annexed areas will be too costly. Leave remote property areas B, C, and D alone until future mineral discoveries are made or needs are determined.

Charley Musielak said that properties in these remote areas can qualify for certain rural home development loan programs that would not be available to property owners if they were in an "urban" designated area. Annexation would identify the remote areas as "urban." She and her family live in Juneau and they are planning to transition to the area to be annexed and their goal is to live off the land with a subsistence lifestyle. If they had known they would need to pay taxes, they might have purchased property elsewhere. They have trouble now to balance their costs and this is unfair to Funter Bay and Angoon.

Melissa Kookesh, Chair of the Board of Directors of Kootznoowoo Incorporated. Kootznoowoo was established through the Alaska Native Claims Settlement Act in 1971 and it is the Alaska native village corporation for the indigenous people of Angoon. She spoke on behalf of the shareholders to oppose the CBJ resolution for further annexation of Admiralty Island. They are in solidarity with the City of Angoon, the Angoon Community Association and the Sealaska Corporation. Sealaska management requests the record remain open so they may be able to provide testimony on this issue. The cities of Hoonah, Angoon, Kake, Gustavus, Elfin Cove, Pelican and residents of Funter Bay and respective ANCSA corporations, and federally recognized tribal governments

in those communities are in discussion to form a borough. A borough formed by these communities is potentially more appropriate for the areas under consideration. Angoon is limited in borough formation as there are no state lands in the national monument. Funter Bay has a stronger connection to Admiralty Island and the residents of Juneau have no interest in Admiralty Island except for further taxation of resources and land. She asked Juneau to be good neighbors and read the last whereas of the Kootznoowoo Inc. resolution, " that Kootznoowoo, Inc. in cooperation with the City of Angoon, Angoon Community Association and residents of Funter Bay by this resolution formally oppose the annexation of any portion of Admiralty Island, and, as the only permanent, year-round recognized establishment on Admiralty Island, the residents of Angoon reserve the rights to claim borough status to Admiralty Island on behalf of the residents of Angoon and Admiralty Island."

Pat Harmon, said he lives in North Douglas and has a cabin between Hawk Inlet and Funter Bay, and is currently paying CBJ taxes on his Juneau home and did not believe CBJ could provide any services for any taxation on his remote property. He said he could accept borough status if his property was not taxed, but more regulation in that area did not make sense. He thanked the Assembly for their work on difficult subjects.

Steve Gilbertson asked the Assembly to table the resolution. He is a Juneau resident and a cabin owner at Wheeler Creek since mid-70's. He worked as CBJ Lands Manager during the annexation of Greens Creek. There are many remote places where there are minimal or no government services and he did not believe that all land needed to be within a borough. There is no reasonable need for government services in that area. The mill rate would not be commensurate with any services that could be provided. Greens Creek was specifically done to include the mine. I've heard concerns that Greens Creek Mine could expand and CBJ would lose revenue but this expansion would go into federal property. If they do this, only annex that specific area and leave the rest alone.

David Sevdý said he lives in Juneau and is 20% owner of property in the area of proposed annexation. He opposes annexation and supported the comments of previous speakers.

Skiff Lobaugh, Juneau resident and property owner on Mansfield Peninsula, said that although Funter Bay residents use CBJ as a shopping hub, it is no different than many other Southeast communities which are not proposed to be annexed. He objected to annexation of all the Mansfield Peninsula and said there is no rational reason to include it in CBJ boundaries.

Jason Murdoch resides in Juneau and also Funter Bay. They built a family cabin to hand down through generations and annexation would turn this asset into a potential liability if the family was not able to pay the taxes on the property. He said if they had to sell, the property could be sold potentially to tourists and people in Funter Bay do not want to see commercialization. They keep the area clean and are responsible property

owners.

Lillian Woodbury read a letter from Albert Howard, President of the Angoon Community Association, the local IRA established in 1932 and ratified in 1935. The letter expressed concerns that the Alaska Constitution wording states that in order for a city to annex lands, the land should be contiguous and not cross over waterways. Juneau should not be allowed to further annex lands in Admiralty National Monument. In 1978 the Admiralty Island National Monument was established and within that authority, Congress declared that the continuation of the opportunity for subsistence uses by rural residents of Alaska, including both Natives and non-Natives, on the public lands and by Alaska Natives on Native lands is essential to Native physical, economic, traditional, and cultural existence and to non-Native physical, economic, traditional and social existence. The letter stated that if the land was put into borough status, it would disallow natives and non-natives their right to subsist, as CBJ is not recognized as a rural community and therefore does not have subsistence rights.

Delbert Carnes said he and his wife Constance live in Juneau and have had a cabin in Funter Bay for 30 years. They provide own power, water, and sewer there and pay taxes in Juneau, pay to launch a boat in Auke Bay, fly through Ward Air, and all materials taken there have been charged CBJ sales tax. Emergency services are provided by state troopers or the Coast Guard. They totally oppose annexation of area D and agree with Angoon that no part of Admiralty Island should be annexed. He supported the annexation of area A.

Reed Stoops resides in Juneau and has owned a cabin in Funter Bay for 27 years and he supported the previous speakers' testimony. He asked the Assembly to table the resolution for the Funter Bay portion of the annexation.

Pauline Jim, City Council member of the City of Angoon, opposed the annexation. She spoke about Angoon and said that many residents have left as there is no economic base and has limited transportation. Angoon is getting an airport constructed. The population is 95% native and lives a subsistence lifestyle. There is very little income that comes in and we are unable to provide employment to the people of Angoon. We cannot match anything that Juneau has. You have taken a little portion of our land already - and if you do this, you will be back for more. We fought the Greens Creek annexation and lost. We have our traditional ways of living, we live off the land. She said the Greens Creek mine has done damage to wildlife. She submitted City of Angoon Resolution 1801 for the Assembly's consideration.

Maxine Fred Thompson from Angoon said her parents lobbied in DC to protect their land. Their culture is unique and there would not have been an ANCSA if there hadn't been for the Tlingit people of Southeast. We are long-time warriors. We are territorial. We lost land in the territorial days. We lost land in statehood. Through this history it was not uncommon for people to be told that they no longer owned their cabins and to

pick up and leave their homes. She spoke about some of the old history. Her father was made the repository of ancient stories. The receipt of property was to mark a rock. When someone wants to lay claim to property it is very insulting. She spoke about clans and about respect. Angoon survived a bombing. There are no commonalities with our community and Juneau and the standards of annexation are not met. We are unique indigenous people surrounded completely by federal land.

Brian Blomquist resides in Juneau and has Funter Bay family property. He opposed petitioning the LBC. Once the petition is put in, there is a long costly process. The cart is before the horse. When the Assembly discussed this matter in January, there was no reference the 2007 Annexation Report that had significant amount of information, including the finding to not include Funter Bay in any annexation. Nothing has changed in Funter Bay since that time, and the Assembly has not done its work on how to back up its proposal. The Assembly should spend some time to educate themselves and the work done in 2007 is sufficient. Many people travelled from Angoon at their own time and expense and it is not worth fighting with our neighbors to squeeze blood from a turnip.

Thom Buzzard resides in Juneau and said he does not have any property in the areas to be annexed but he opposed annexation. The city government is too large and taxes its citizens too much. The greed to grab more land and to go after future tax revenues for future mining is too much. He spoke for the constitution to limit the government. We all need to practice limited government. We are wealthy upon our means and should reduce the size of government. If it is not on the road system, there is no argument for taxation.

Joel Bennett, Juneau resident and property owner in Funter Bay, supported the previous testimony about a concern for lack of services to be received for any taxes paid if Funter Bay were annexed. He spoke about the nature of Funter Bay. We have not seen a financial blue print of the costs the city might have to bear in annexing areas B, C and D. Please table and ask the city staff to return a cost analysis for a future annexation.

Kurt Fredriksson, Juneau resident and property owner in the proposed area of annexation, said that he purchased the property to be outside of government control. He spoke against annexation of the area D and Funter Bay.

Dan Kirkwood, General Manager of Pack Creek Bear Tours, which offers seasonal daily tours of the Pack Creek area, said he stands in solidarity with people of Angoon and opposes the annexation.

John Demuth said his wife's family started mining in the Funter Bay area and there is a lot of history there. It is difficult enough to maintain his property financially in Juneau and now the property in Funter Bay has fallen to them to maintain. It would be a hardship to pay taxes and he did not understand the action to annex property before all the costs area known.

Sharon Love, a member of the Board of Directors of Kootznoowoo Corporation, said a majority of shareholders stand in opposition to this resolution and asked that the resolution be tabled.

Assembly Action:

Ms. Weldon asked if it is possible to annex non-contiguous land. Ms. Mead said it was not a barrier to annexation.

Ms. Weldon asked about the affect on subsistence rights. Ms. Mead said annexation should not have an affect on subsistence unless an urban center there and change the characteristic of the area. If there are federal and state lands, there are two entities that can dictate if subsistence can happen in those areas and what their standards are, she was not sure. Annexation in and of itself does not change subsistence rights.

Ms. Gladziszewski said Juneau is a non-subsistence area and if the annexed property were inside the borough it would be a non-subsistence area and not a federally qualified user, but you would have to live in Funter Bay and be a resident to be a federally qualified subsistence user. Ms. Mead said that if nothing else changed in the development, subsistence would not change.

Mr. Edwardson said he was very concerned about lack of clarity on the subsistence issue. Ms. Mead said if subsistence were an issue that came up during the petition process and CBJ was advised by the state or federal government that that would be a change that would result from annexation, there is nothing that stops the Assembly from seeking to amend the petition and carve that out and not move forward.

Ms. Weldon said that anyone can get a subsistence petition for Taku River. Ms. Mead said that the federal government makes a distinction between urban and rural, the state is not supposed to do that, they need to treat people equally, but they do take into consideration historic uses. Annexation does not change the historical use of an area.

Ms. Gladziszewski spoke about federally qualified users.

Mr. Kiehl asked if anything before us would have any affect on the change of ownership of land - would there be an impact on who owns what? Ms. Mead said no, and nothing would become owned by CBJ due to annexation. There is a process to allow CBJ to seek state owned land.

Mr. Nankervis asked if the proposed annexation would affect anything in regards to ANILCA or the National Monument or the administration of those? Ms. Mead said no.

Mr. Edwardson asked for the cost of the lawsuit to Juneau that arose due to the Petersburg annexation. Ms. Mead said the reason for the lawsuit was based on the

process conducted by the LBC, not the merits of the case. The cost was attorney time and the process took a few years.

Ms. Weldon asked how much is the cost to petition for annexation. Ms. Mead said it depends on whether the petition is prepared in-house or contracted out. The cost could be staff time, the public service, public hearings notices, etc.

Ms. Gladziszewski asked if borough boundaries can cross over water. Ms. Mead said there is a presumption that lands should be contiguous, but a finding needs to be made to cross water and it was allowed in the annexation of Greens Creek.

Mr. Watt clarified that the borough does not enforce building codes in remote cabin properties. A permit to build a remote cabin is free. The borough does planning and zoning in remote areas and there are limits to commercial development. There is commercial activity on Horse and Colt island developed without public process because there is no zoning. If areas are annexed, the comprehensive plan would be updated and appropriate zoning districts would be applied. Shelter Island is Residential D-1.

Ms. Weldon asked how would property tax be assessed. Mr. Watt said the assessor is required to assess property at fair market value based on the information they are able to obtain.

Mr. Edwardson said there are places on admiralty with conservation easements - will annexation recognize all rights such as these? Ms. Mead said she believed so. Mr. Edwardson asked how that property would be assessed. Ms. Mead said all property is assessed at fair market value and it depended upon what the property was used for, if an exemption would apply. Conservation easement land is covered by property tax statute at full and true value, in CBJ the assessment is a reduction of 90% of the assessed value.

Mr. Nankervis asked how property assessments are conducted in remote areas. Mr. Watt said it is similar to any property in the borough - the assessor compiles information about individual parcels and looks at similarly situated properties and through their normal method, determine the value, the owner is notified, there is an appeal period. They do not normally visit remote areas but use GIS mapping, surveys and other available information.

Mr. Nankervis asked what government services come with annexation. Ms. Mead said the municipalities are required to provide school, land use and zoning and taxation.

Mr. Nankervis said that it has been said that the mill rate would be 75% of the current rate. What would the mill rate be on the remote properties? Can the Assembly modify the mill rate for remote areas in the borough? Mr. Watt said the Assembly sets the mill rate every year and last year the rate was 2.3 mills for a roaded service area, which

would not apply to remote areas, the fire service area of 3.6 mills, which would not apply to remote areas, and the areawide mill rate of 6.7 mills would apply. Also, the debt service mill rate of 1.3 mills would apply, so the mill rate in remote areas in 2017 was 8 mills.

Ms. Gladziszewski said in 1998 the operational mill rate was 3.95 mills and the roaded service area mill rate was 5.7 mills, so it is possible to modify the mill rate. Mr. Watt said as long as there is a rational basis, the Assembly has the discretion to set the rates.

Mr. Edwardson said he was still struggling with finding the public interest in annexing these areas. Mr. Watt said that every tax payer does not get a one to one benefit in the apportionment of services. The benefit to the remote properties is that Juneau maintains many core services that are available to all of those residents - a hospital, an airport, a harbor and those properties rely on those services. You have heard that they pay taxes in town and other various fees. The argument is that if someone pays a harbor boat ramp fee that goes to the operations of the harbor. The improvement to Statter Harbor is not paid by fees. Maintaining services in the urban area is a benefit that those residents rely on - those core services.

Ms. Becker asked if a lodge were to go in, would they be required to charge the tax on the sales. Mr. Watt said if the property was in the borough, yes.

Mr. Edwardson asked if CBJ had a better historical claim than the other areas that are considering borough formation. Ms. Mead said most of the property sought to be annexed is part of the model borough boundary done by the LBC after years of public testimony - the purpose was to identify the most appropriate borough boundaries. The historical connection is one of the things that is looked at in the petition process. The LBC at the time found a historical connection. She was not sure of the facts used to identify the model borough boundaries.

Mr. Edwardson said he saw an inevitable fight over any annexation and asked how tough is the fight going to be?

Ms. Gladziszewski said the model borough boundaries were established and then the municipalities go out and petition. Some of Petersburg's claim was inside the Juneau model borough and was given to Petersburg because they made a claim to it. This process is designed to do areas one at a time. Ms. Mead explained Petersburg's claim, which was not considered concurrently with Juneau's petition. CBJ was not "competing" head to head, but only was allowed to provide comments as to whether Petersburg had met the standards for borough incorporation.

Mr. Kiehl said the LBC, in that case, made it important to go first, not to "be right."

Ms. Gladziszewski asked if another borough can petition for some of CBJ's already

incorporated property. Ms. Mead said yes, as long as the LBC can make the proper findings according to standards.

Ms. Weldon asked if the purpose of this proposal was to go first, so other boroughs would not claim the areas.

Ms. Mead said there is a CBJ annexation petition pending with the LBC, which is waiting for a decision from CBJ on how to proceed with the pending petition.

MOTION, by Weldon, to adopt Resolution 2817.

Mr. Edwardson objected. He said that this will not make a more efficient process to go after areas A, B, C, and D. We should move forward with area A. We don't know the costs. We don't know the revenue it will generate for Juneau. We are asking for a lot of problems for potentially little money. Now that the ice is broken, we could discuss the matter with other communities about who has a stronger claim to these areas. If they have a stronger claim, we could go through litigation and lose money.

Mr. Gregory said he could not support annexation of Admiralty Island and Funtier Bay based upon the testimony. The people who have submitted comments have made a strong case. He was willing to reconsider his position in the future but only when we are able to convince those speaking tonight that annexation is the right thing to do.

Mr. Kiehl seymore canal glass peninsula - not really a case made for annexation - I would like to amend this resolution to remove the references to Glass Peninsula and Seymour canal drainage.

MOTION, by Kiehl, to remove area B, consisting of the Seymour Canal drainage and Glass Peninsula.

Mr. Kiehl said that he did not hear a case being made for inclusion of that area.

Mr. Jones objected.

Roll call:

Aye: Edwardson, Gregory, Kiehl

Nay: Becker, Gladziszewski, Jones, Nankervis, Weldon, Koelsch

Motion to amend failed, 3 ayes, 6 nays.

Roll call on the main motion:

Aye: Becker, Gladziszewski, Nankervis, Weldon, Koelsch

Nay: Edwardson, Gregory, Jones, Kiehl

Motion passed, 5 ayes, 4 nays.

IX. UNFINISHED BUSINESS

None.

X. NEW BUSINESS

A. Appoint City Manager to the Snettisham Committee

MOTION, by Gladziszewski, to appoint the city manager to serve on the Snettisham Committee. Hearing no objection, it was so ordered.

XI. STAFF REPORTS

A. Staffing Update for New Assembly Goals and Priorities

Ms. Cosgrove said there were four additional projects added to the 2018 list of Assembly goals and priorities and staff was assigned to give an update on those. The update to the Comprehensive Plan was assigned to the Community Development Department. Staff will review a strategy and timeframe for updating the plan. The project to create a business case for a new City Hall was assigned to the Engineering and Public Works Department. Staff will review models and financing to see if this idea pencils out. The issue of first responder recruitment and retention was assigned to the Human Resources and Risk Management Department in collaboration with JPD, CCFR and the Public Safety Task Force. The investigation into whether the \$22 million in state funding potentially identified for transportation issues in the region can be redirected for good purposes was discussed at the Legislative Delegation meeting.

B. Assembly Options Related to Proposed Sale of AEL&P/AVISTA to Hydro One

Mr. Watt referred to a memo he distributed before the meeting. On the question on what stance the Assembly should take on the ongoing RCA process on the proposed purchase of AEL&P / AVISTA by HydroOne, the Assembly received substantial comments from the public, and most request that CBJ seek intervention status in the process. It is important for the Assembly to determine its stand on the project to steer towards the goals to be achieved. In the report from PFM Financial Advisors LLC by Fred Eoff, he gave advise towards that end. Mr. Watt said his memo was not exhaustive but gave an outline of where he felt the Assembly should direct its energy. Recent public comments have been primarily directed at obtaining intervention status, which sounds simple, but it begs the question - "and why?" and "for what." The Assembly needs to identify its goals. I have drafted 7 goals that I see are major concerns of the public. Before we can participate, we need to discuss the goals. This is a complicated issue and you have not had time to digest this memo, not in the packet, and the public would want to weigh in on this. If the assembly wishes to take up the question of involvement in the RCA process, you will need to find time to identify goals and a method to achieve the goals.

Public Comment:

Randy Sutak said he forwarded his comments to the RCA to the Assembly. He urged CBJ to intervene. If you don't have the seat at the table you get the scraps that fall. You are here to serve the public interest and the public has spoken. The city or the state should take steps to ensure Snettisham's future. Snettisham is a \$.5 Billion asset and it can be leveraged if there are any catastrophic needs. If the CBJ does nothing, that increases that opportunity. CBJ can "protect" Snettisham. There are 55 protections afforded the other utilities in Washington, Oregon and Idaho, and they gave us "practical" and "applicable." The person who made those guarantees is part of a political party that has 17% in Canada and come next election, he is gone. His guarantees mean nothing when he is not there to back up his word. RAPA may be involved, but Mr. Sutak said he had asked questions of RAPA that had not been answered.

Duff Mitchell, Managing Director of Juneau Hydropower and Juneau District Heating said they have worked on the hydropower project since 2009. People said we were crazy, but we have done it. We have had a lot of hurdles, but we have every tideland permit, the Army Corps of Engineers 404 permit, a CBJ conditional use permit, and there is nothing more to do regarding regulations. They would like to be in construction, but can not get financing as they don't have an interconnection agreement. The Department of Energy and banks who want to provide us money say that it is great we have a contract with the Kensington Mine, and you have a project, but there is no interconnection agreement, that we have been working on since 2012. FERC has expiration dates on licenses. I will have an expiration date of a license coming up. I could probably get an extension based on our \$.5 million investment in completing the geo-tech last year. HydroOne exports 21 Terrawatts of power to the United States each year. Alaska only generates 6.9 Terrawatts. We want to be treated fairly and have a commitment that he can move his power to Kensington at a fair rate. I will pay for the studies, but I don't want shifting goal posts. I want to put \$140 million worth of construction jobs into the community. This is economic development and transmission here should be treated the same here as in the lower 48. CBJ's intervention would be very helpful.

Karla Hart was concerned about the Assembly's vote on the annexation issue in the face of the testimony at this meeting. She said everyone and every business in Juneau is impacted by electric service and she asked the Assembly to make this issue a priority and to make sure that CBJ has a seat at the table for the community.

Jim Powell thanked the Assembly for its service. He said he was on the Assembly when we voted to decline the option of managing the entire Snettisham project and I felt comfortable telling AEL&P to manage it because we all knew Bill Corbus. We have now gone to AVISTA, and now to another company even further away. I know this is a hard decision, but if you can slow this down a bit - if CBJ can be an intervener and be part of the process with RCA, he encouraged that.

Corey Baxter, Operating Engineers Local 302, supports the jobs that would come for the Sweetheart Creek project and I would like to see CBJ intervene - we need local jobs.

Assembly Action:

Ms. Gladziszewski asked if Regulatory Affairs and Public Advocacy (RAPA) is involved and spoke about their expertise - what do they say and can we talk with them? Mr. Watt said he spoke to Jason Hart with RAPA to understand their role and their view of this transfer case. Mr. Hart said that he did not anticipate that based on the current information, he did not anticipate that RAPA would become involved. Based on a shortened process that the commission has established, they don't see this as a complicated issue. RAPA spends most of their time on rate cases and not on transfer cases. Mr. Hart said that if RAPA did become involved, it would not carry Juneau's water, but would be interested in the best interest of all parties, which includes the utilities, and said low rates are not necessarily in the best interest of utilities or the rate payers, as they can lead to underfunding maintenance of the infrastructure. I don't think they could stand in for Juneau and assume a similar vantage point. Mr. Hart said that in October when there was an initial transfer filing, they did not get involved at that time, then there was a technical flaw, a re-issuance, and based on the information they have, they have not changed their stance. They are always open to more information but it sounds like they did not see a reason to get involved.

Mr. Jones agreed that the Assembly needs to set goals and thought the manager's memo laid out a case for non-intervention, which Mr. Jones thought was wrong. He asked Mr. Watt for clarification of his memo. Mr. Watt said there are consequences and they are hard to see them. A power company looking at the bottom line of profit and loss is different from a public entity. He acknowledged that he had put editorial comments on his memo in order to push the Assembly as it was late in the process if Juneau was to take a stance in the RCA process, so this was a point of departure. Mr. Jones supported intervention in order to be able to comment on the development of alternative energy developments and also he was concerned about the "55 conditions" that have been mentioned and he would like more information.

Mr. Kiehl said the Assembly is looking to define the public interest. No one has said to lower rates, but they are concerned about rates going up. Open access, non-discriminatory tariffs are important. I was surprised at the comment that was made by AVISTA that Juneau's power is "islanded" is a good thing. Requiring open access tariffs and allowing someone with a business plan to connect can serve the public interest. Our economic development plan has principles - and broad distribution of economic benefits is a key that plays into this situation. We have a climate action plan and references to the use of electricity and this is part of the public interest. This is a monopoly. Protection of the public interest is important and is a good reason to intervene.

MOTION, by Nankervis, to refer the matter to the Committee of the Whole in order to set policy goals and objections as it relates to the proposed sale of AEL&P/AVISTA to HydroOne.

Ms. Becker asked about the timeframe to make a decision to intervene.

Following discussion, Ms. Mead said the deadline could be early March and that she had spoken with a potential contractor for doing work in this on behalf of CBJ.

Mr. Jones said the point of intervention is to lay out the public case for why we want to intervene, to get standing to negotiate with AEL&P and discuss - take agreement to RCA, or if no agreement -

Mr. Watt said staff will need good information so the Assembly can make good decisions. He has heard that an "integrated resource plan" is important. I would push the proposers of that idea to present a position paper and to provide a copy of it to Ms. Hulbert, so that the pros and cons are available to the Assembly. Without that there can be frustration. The open transmission issue needs to be understood from all parties, based on good information. He will seek the best information he can to provide it to the Assembly.

Hearing no objection, it was so ordered.

XII. ASSEMBLY REPORTS

A. Mayor's Report

Mayor Koelsch spoke at the Martin Luther King Day celebration and commended the other speakers. He said the Legislative Reception was well attended and thanked all that hosted for their efforts. He attended a reception for Canadian Consulate Brandon Lee. He wore a bright orange Whitehorse hat to fulfill a bet with the Mayor of Whitehorse due to Juneau's loss to Whitehorse in tennis. He reported on the Legislative Delegation breakfast. He noted Pam Varni's retirement from the Legislative Affairs Agency and congratulated her. He also congratulated Christy Becker Germain for her statewide award in Region 5 Vice Principal of the Year at DZMS.

B. Committee Reports, Liaison Reports, Assembly Comments and Questions

Committee of the Whole: Chair Nankervis said the next meeting was set for January 29 to discuss RecycleWorks, Essential Public Facilities, the Energy Strategy, and Meander Way. On January 31 there will be a joint meeting with the School Board and Docks & Harbors Board.

Public Safety Task Force: Chair Nankervis said the next meeting is set for January 30 to finalize a list of recommendations.

Airport Board: Liaison Becker said the Board signed a contract with Tailwind for the food and beverage concession at the Airport, heard about inspections and is recruiting an engineer and an architect.

Chamber of Commerce: Liaison Becker said the Chamber has heard presentations from the School District and from DOTPF about the Fred Meyer intersection. The Chamber will hold its retreat on January 26.

Alaska Committee: Liaison Becker said the committee held its annual meeting and discussed its projects, including the Alaska Roundtable, the Southeast Conference mid-session summit and annual meeting, the Chamber Fly-In and helping with the commissioning ceremony for the USCG Cutter Baily Barco. The committee supports the League of Women Voter sponsored student visits to the capitol and Gavel to Gavel coverage. Returning Board members elected for another term include Wayne Jensen, Mary Becker, Dru Fenster, Samantha Dye, and Norton Gregory is newly elected.

Ms. Becker acknowledged the MLK Day celebration and the Legislative Welcome Reception as great events.

Finance Committee: Chair Kiehl said the next meeting is set for February 7.

Mr. Kiehl said he attended the ANB/ANS Glacier Camp 70 installation of officers.

Public Works and Facilities Committee: Chair Jones said the next meeting is set for January 29.

Downtown Business Association: Liaison Jones said the next meeting is set for February 6. Ms. Weldon said she attended the last meeting and the DBA is working on an "umbrella sharing" program between downtown businesses and incentives to get people to "look local first."

School Board: Liaison Jones said the school board held a work session on Jan 9 with UAS and discussed the relationship between the UAS and JSD teacher program. The Chancellor thanked CBJ for the \$1 million contribution. There was a discussion about the decline in a need to teach remedial math to incoming students. He attended the JSD Facilities Committee and they are identifying routine maintenance projects separate from CIP project. He attended the board retreat at which time the equity policy was discussed and it was noted that JSD is the only district in the state with an equity policy. The next meeting is set for February 13.

Juneau Commission on Aging: Mr. Jones said he attended the first meeting of the newly re-formed commission and all but two members were in attendance. They elected officers, set the next meeting for February 20, and he encouraged any other Assemblymember to attend as the commission would like a liaison from the Assembly.

Mr. Jones attended the swearing-in ceremony of three new police officers.

Mr. Jones said he attended a Docks and Harbors Operations Committee and the Assembly needs to pay close attention to the work being done on the lease and land management policy by the Board.

Mr. Jones asked for clarification about Assembly attendance and participation at meetings such as the Alaska Committee. Ms. Mead said that three members could attend but a fourth would constitute a meeting and would need notice for compliance with the Open Meetings Act.

Bartlett Board: Liaison Gladziszewski said the next meeting is January 23.

Affordable Housing Commission: Liaison Gladziszewski said the next meeting is February 6.

Human Resources Committee: Chair Gladziszewski said the full Assembly will sit as the HRC on January 30 to interview candidates for the Hospital Board and the Planning Commission.

Planning Commission: Liaison Weldon said the next meeting is set for January 23.

Aquatics Board: Liaison Weldon said the next meeting is set for January 23.

Ms. Weldon said North Pole visited Juneau and the local hockey team beat them twice, and Whitehorse was here and they played four games in 24 hours.

Ms. Weldon said there would be significant opportunity for public comment in the annexation petition process. She reminded people about the Project Homeless Connect event January 24.

Mining Subcommittee: Chair Gregory said the committee met on January and the next meeting is set for January 25 to hear the history of the existing mining ordinance and to hear from Mr. Jim Clark on why he and his colleagues have proposed an amendment.

Eaglecrest Board: Liaison Gregory said the next meeting is set for February 1.

Parks and Recreation Advisory Committee: Liaison Gregory said the next meeting is set for February 6.

Local Emergency Planning Committee: Liaison Edwardson said the next meeting is set for February 14.

Juneau Commission on Sustainability: Liaison Edwardson said the JCOS held its retreat on January 20.

Docks and Harbors Board: Liaison Edwardson said the next meeting is January 25.

C. Presiding Officer Reports

Presiding Officer Jones said the 7th Day Adventist Church School v CBJ Assessor appeal hearing was set for March 5.

XIIICONTINUATION OF PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

None.

XIV.EXECUTIVE SESSION

A. Executive Session - Gastineau Apartments

MOTION, by Nankervis, to enter into executive session to discuss a matter, the immediate knowledge of which could have an adverse affect on the finances of the city, specifically, the Gastineau Apartments. Hearing no objection, the Assembly recessed into executive session at 10:20 p.m. Upon returning to regular session at 10:57 p.m., Mr. Nankervis stated that the Assembly received information and provided staff with direction on the Gastineau Apartment litigation.

XV. ADJOURNMENT

There being no further business to come before the Assembly, the meeting adjourned at 10:59 p.m.

Signed: _____
Laurie Sica, Municipal Clerk

Signed: _____
Kendell D. Koelsch, Mayor