

I. CALL TO ORDER

The Special Meeting of the Dillingham City Council was held on Monday, August 29, 2011, at the Dillingham City Council Chambers, Dillingham, Alaska. Mayor Alice Ruby called the meeting to order at 7: p.m.

II. ROLL CALL

Mayor Alice Ruby present.

Council Members present and establishing a quorum:

Scott King, Seat B
Keggie Tubbs, Seat D
Chris Napoli, Seat E
Tim Sands, Seat F

Council Members absent:

Elizabeth Pearch, Seat A, excused
Bob Himschoot, Seat C, excused

Staff in attendance:

Carol Shade, Interim City Manager/Finance Director
Steve Cropsey, Project Manager
Doug Dombroski, Chief of Police
Jody Seitz, Director of City Planning and Grant Programs
Janice Williams, City Clerk
Dan Forster, City Manager (1st day is August 30)

III. APPROVAL OF AGENDA

MOTION: Tim Sands moved and Chris Napoli seconded the motion to approve the agenda as presented.

VOTE: The motion passed unanimously.

IV. SPECIAL BUSINESS

A. Adopt Resolution No. 2011-71, A Resolution of the Dillingham City Council Authorizing the City Manager to Waive the Advertising Requirements to Award the Purchase of a New Ford F150 Truck from Cal Worthington Ford for the Animal Control Vehicle

MOTION: Tim Sands moved and Chris Napoli seconded the motion to adopt Resolution No. 2011-71.

Interim City Manager Carol Shade reported the Council had appropriated \$100,000 to the Equipment Replacement Fund in the FY 2012 budget, of that amount \$8,000 was for a lease payment for an animal control vehicle. She understood since it was a government price

quote it was not necessary to procure three bids. The waiver was necessary to be in compliance with code when exemptions are made.

MOTION TO AMEND: Tim Sands moved and Chris Napoli seconded the motion to amend Resolution No. 2011-71, to add the animal control vehicle in the first whereas and delete "one of its fleet equipment".

(Clerk Note: Whereas, the City is looking to replace the animal control vehicle [one of its fleet equipment] and the cost is over \$20,000 (underline designates added language, [brackets designates deleted language].)

Tim Sands, Chair of the Finance and Budget Committee, reported the resolution as amended was recommended by the committee.

VOTE: The motion to amend passed unanimously.

Discussion:

- inquired if waiving the advertising was in the public's best interest, *answered* staff had not sought additional quotes since the purchase had been made with government pricing, and also understood mistakenly that once the capital equipment budget items were approved in the budget staff could move forward, and was trying to make the barge.

VOTE: The motion to adopt Resolution No. 2011-71 as amended passed unanimously.

- B. Adopt Resolution No. 2011-72, A Resolution of the Dillingham City Council Authorizing the City Manager to Enter into a Lease Agreement with Ford Motor Credit for the Animal Control Vehicle

MOTION: Tim Sands moved and Chris Napoli seconded the motion to approve Resolution No. 2011-72.

Interim City Manager Carol Shade noted as discussed earlier the resolution was after the fact, the vehicle having been purchased.

Discussion:

- inquired if the City had compared interest rates with other financial institutions, *answered* only Ford Motor Credit was contacted.

VOTE: The motion to adopt Resolution No. 2011-72 passed unanimously.

- C. Adopt Resolution No. 2011-73, A Resolution of the Dillingham City Council Authorizing the City Manager to Enter into a Lease Agreement with Ford Motor Credit for the Fire Department Truck

MOTION: Tim Sands moved and Chris Napoli seconded the motion to approve Resolution No. 2011-73.

Tim Sands directed Council to an amended resolution as recommended by the Finance and Budget Committee. The resolution recognized that the \$18,000 appropriated in the FY 2011 budget and not spent was rolled into the FY 2012 budget, and, therefore, the vehicle could be financed in 2012 without a lease.

Discussion: None

VOTE: The motion to adopt Resolution No. 2011-73 passed unanimously.

- D. Adopt Resolution No. 2011-74, A Resolution of the Dillingham City Council Authorizing the City Manager to Enter into a Lease Agreement with Ford Motor Credit for the Public Safety Vehicle

Interim City Manager Carol Shade reported staff was looking to make the last barge, had procured three price quotes, and the vehicle was being held pending Council approval.

Tim Sands reported the Finance and Budget Committee recommended the resolution. The existing animal control vehicle would be removed from the fleet, the police chief's vehicle would replace an existing older police vehicle that would be removed from the fleet, and the fire dept. pickup truck would replace a fire dept. jeep that was wrecked last year and removed from the fleet.

VOTE: The motion to adopt Resolution No. 2011-74 passed unanimously.

- E. Discussion of the Animal Shelter Property (Action may be taken by the Council following the discussion)

Project Manager Steve Cropsey reviewed his report on the existing animal shelter facility that was being leased by the City for \$1,500 a month on a bi-monthly basis, and with the lease expiring June 30, 2012, had been researching other options:

- negotiate a sale price with the owner who was interested in selling and bring the results back to the Council;
- prepare a RFP for a design and build to build an animal shelter at the landfill;
- prepare a RFP for leased space that already exists in Dillingham; and
- use the building being leased at the harbor by the National Guard, rumored it may be available due to budget cuts.

Discussion:

- acknowledged if the City went out for a RFP the owner of the leased facility could participate;
- asked if the apartment in the facility was being rented, *answered* one of the officers had entered into a lease agreement, and was also compensated for the same amount per month to relieve the animal control officer when he was off;
- asked if there had been any issues with the facility, *answered* was not aware of any complaints from the public;
- spoke in favor of purchasing an existing property;

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- spoke against purchasing private properties that would be removed from the tax rolls and not interested in increasing the City's footprint;
 - commented if the RFP was advertised would there be enough time to build, and suggested exploring the cost to extend the lease; and
 - spoke in favor of moving the animal control operations to the harbor building, because the City already owned the building; and
 - spoke against moving the animal control operations to the harbor, would prefer to keep it to harbor-related activities.

The Council directed Steve Cropsey to prepare a RFP to purchase an existing property and also for a design that would be built to City specifications and could also possibly be built on City-owned property. He acknowledged the RFP would be prepared for Council review by the October meeting.

F. Discussion of Options to Repair City Force Main (Action may be taken by the Council following the discussion)

Project Manager Cropsey provided an updated report on progress being made to repair the City Force Main. Initially the City had contracted with BEES to provide a solution. The construction-ready design which would reroute the main through the existing roadway was ready to go out for bid to the cost of \$4 Million. One of the possible funding sources, USDA, required a third party engineering alternative for the project, for which the City entered into a contract with PND Engineers to provide that analysis. PND's report recognized there were two problems: 1) the exposed force main along the beach, and 2) the exposed bulkhead due to the exposure of the force main. They recommended underground horizontal directional drilling and drill in the sewer line from the holding ponds to the pier, cost of \$1.45M. To protect the bulkhead they suggested reinforcing it using an anchor back system with a new whaler on the sheet pile for the cost of \$486,500. He discussed various financing options, which included borrowing \$1.45M from AkDEC which could only be used for the force main and use \$500,000 from the State legislative appropriation that was included in the 2012 state budget for \$1.8M. This would leave \$1.3M to begin to place armor rock to protect the bulkhead. Another finance option would be to use all of the State's appropriation for both tasks. He was asking the Council to direct staff to either go out for a RFP to design the solution brought forward by PND or go forward with the project as designed by BEES.

Discussion:

- asked if the legislative appropriation for the force main could be redirected to shoring up the bulkhead, *answered* had been told informally did not think it would be a problem;
- voiced concern that BEES did not come up with the directional drilling method;
- suggested could suspend the BEES proposal while City went out for RFP, for the same amount of money the City would solve two problems; and
- concerned the longer the project dragged out the more options the Council might be presented with, the City had already paid out fees to both engineering firms.

Project Manager Cropsey reported the City would be better able to respond to an emergency break this winter, because a pumper truck was in place and staff had experience with it, and PW staff had scratched under the force main and it had settled down; noting neither engineering approach could be done before winter.

Carol Shade reported the City had applied for a loan application with AkDEC for \$4M. AKDEC was willing to loan \$2.2M, and stipulated that an amount of money be set aside for future payments into a designated fund. The City was not able to go out to bid until they were assured of the Governor approving a \$1.8M legislative appropriation in the State's FY 2012 budget. This amount would go to offset the remainder needed for the force main project. That approval didn't come until July 1. By then the window of time for putting the project out to bid, approve a contract, and construct the project had narrowed substantially and the project would have increased significantly, with the contractor having to expedite materials on the barge and the work would be done after freeze up.

Project Manager Cropsey informed the Council USDA would only consider the loan if there was no other funding available, and they would lend money at 4.75% interest, 3X AkDEC's interest rate.

The Council directed staff to move forward with a RFP for design services for the PND option.

G. Discussion of Sale Strategy for City Apartment Building Sale/Disposition (Action may be taken by the Council following the discussion)

Project Manager Cropsey reported when he started the process he had informed the City to ensure a better price that they might want to do some seller financing, and most likely a conventional lender would not loan money since the apartment building was not fully constructed. The opening minimum bid would be \$450,000 which would cover the City's expenses on the project. A sales strategy worked on with Grubstake Auction Co included:

- a requirement for 33% down on the high bid, but would allow the maximum down payment to be \$200,000;
- if paying in cash, buyer would get a 10% discount on the amount above 33%, the required down payment.

Discussion:

- asked if it was typical to make concessions on foreclosed property or was it just a clean sale, *answered* typically someone would conduct the sale, announce the opening bid, it would be all cash, but he was concerned that there weren't many buyers who would have \$450,000 in cash;

Project Manager Cropsey:

- seller financier would be offered 8% interest, payments amortized over twenty years, due in ten years with a minimum payment of \$4,000 per month, the City carrying the note;
- based on the City's past experience for housing needs, the City could opt to retain one or two units for up to nine one-year options, assessed every year during the budget cycle;
- the bidders would have to post a \$25,000 cashier's check, which was considered a reasonable deposit for a serious bidder; unsuccessful bidders would have their checks returned via mail or available for pick up at City Hall;
- the building will be opened during the week before the sale by appointment, and anytime during Friday, the day before the auction, without an appointment.

Discussion:

- asked to ensure the successful bidder had to be current on taxes and other fees due the City, *answered* a statement noting same would be included in the conditions of the bid;
- stated would prefer to see the building auctioned off and not put the City in the position of administering a loan, and anticipated the proceeds from the sale would go to balance the FY 2012 budget.

Project Manager Cropsey if the buyer was looking to finance a portion of the sale, the conditions would be to set up an escrow with First National Bank Alaska who would handle the payments and disburse the funds, the cost of the service would be on the buyer. He further noted if the City was selling on terms and wanted to turn the paper into cash they would take roughly a 30% discount off the face of the note and a firm (used McKinley Mortgage Co. LLC) would pay that in cash to buy the note, that there was a market for that kind of paper.

Discussion:

- concerned that cash only would discourage buyers, didn't want the City to be a landlord; and
- commented that the City would only recover its cost, and anything over \$450,000 would go back to the former owner;
- commented the sale of personal property was anticipated to bring in an additional \$100K.

Project Manager Cropsey reported the \$450,000 included paying off the IRS lien of \$62,020, which it was felt would generate a better price, because the buyer wouldn't have to deal with the IRS.

Discussion:

- asked what would happen if the auction was unsuccessful, *answered* the Council would have some options including leasing it out, negotiating a sale if it didn't sell, but would have to check the State regs, or could reauction with a cry-out bid or sealed bid.

MOTION: Tim Sands moved and Chris Napoli seconded the motion to agree with the sales strategy as presented.

VOTE: The motion failed with Tim Sands and Chris Napoli voting in favor and Keggie Tubbs and Scott King in opposition.

MOTION: Keggie Tubbs moved and Scott King seconded the motion to approve a sales strategy that was a cash sale only and include the option for a \$25,000 preregistration cashier's check.

Project Manager Cropsey suggested if the Council approved a sales strategy with the conditions being cash sale only, to let the buyer deal with the IRS. The City was not required to pay off the IRS. He noted the attorney's comment the reasons taxes are ahead of IRS lien is because the constitution allows local agencies to tax and nothing can come before local agencies ability to tax.

Discussion:

- asked if the building sold for more than the minimum bid could there be a stipulation that the excess go to the IRS first, Mr. Cropsey noted he was not sure, but would look into it, but if the answer was yes he could make that part of the disclosure to the buyer.

VOTE: The motion passed unanimously.

H. Report on Picnic Park Bank Stabilization

Project Manager Cropsey reported that the City had grant funds in hand to protect the beach erosion in front of Picnic Park at the harbor, and had asked PND, because of their harbor experience, to prepare the front end documents based on the plans prepared by the U.S. Army Corp. He noted no Council action was necessary.

V. CITIZEN'S DISCUSSION (Open to the Public)

Larry Nunn reported he had contacted his attorney over an incident that occurred over the weekend where his son, in custody at the hospital with a court order to ship him to API, was physically removed by the Dillingham Police Department. He questioned that the City had no right to remove his son when the hospital had jurisdiction. He was still waiting for the police report and was also upset that the incident had been overheard being discussed in public by one of the officers.

Dick Kurtz questioned why a police officer would search his property late at night with a small flashlight, putting himself at risk at falling over objects laying around the yard, tap on his window instead of knocking on the door, and leave the lights off in his patrol car. He understood the officer was looking for someone. The incident took place around 11 p.m., Saturday night. He questioned why this had to be done in the nighttime and not during the daylight hours.

VI. COUNCIL COMMENTS

Keggie Tubbs:

- commented he hoped someone would be getting back to the two citizens who had spoken under citizen's discussion; and
- asked if it would be possible to have staff bring back a debt service list that would include the recent lease agreements.

Chris Napoli: no comment

Scott King: no comment

Tim Sands:

- commented that the Code Review Committee would be asking the Council to include several items to their To Do list, including Super Bowl Sunday, and liquor sales on Saturday and Sunday when New Year's Eve falls on either of those days, and recent legislative changes regarding write-in ballots;
- thanked staff for all their hard work and keeping the City running.

VIII. MAYOR'S COMMENTS

Mayor Ruby:

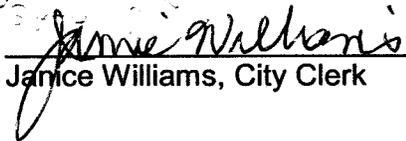
- asked to have the Code Committee requests included in the City Clerk's report in the next Council packet;
- commented that the Council's role was to ask the City Manager and the Chief of Police to look into the situation, and if there was a policy change required, it would come back to the Council;
- noted Dan Forster's first day would be the next day;
- thanked Carol Shade for stepping in as the Interim City Manager;
- commented she would be out of town from September 1-8, and Keggie Tubbs would be the Mayor Pro Temp, and would be back in time for the regular meeting on the 8th;
- thanked Jayne Bennett for all her hard work organizing a meeting for Senator Begich that was then canceled; and
- asked for a moment of silence for those individuals lost since the last meeting.

IX. ADJOURNMENT

Mayor Alice Ruby adjourned the meeting at 8:50 p.m.



ATTEST:



Janice Williams, City Clerk



Alice Ruby, Mayor