

**LAKE AND PENINSULA BOROUGH
REGULAR ASSEMBLY MEETING & WORKSHOP
Monday, February 16, 2015 3:00 p.m.**

Assembly: Mayor Glen Alsworth
Randy Alvarez
Nana Kalmakoff-absent, excused
Myra Olsen
Alvin Pedersen
Michelle Pope-Ravenmoon
Christina Salmon-via teleconference

Staff: Ranya Aboras, Community Development Coordinator
Kate Conley, Clerk
Susan Edwards, Finance Director
Nathan Hill, Borough Manager
Nikki Reed, Assistant Finance Officer

Guests: Ty Mase, Superintendent, Lake and Peninsula Borough
Diane Chung, Superintendent, Katmai National Park
Victoria Briggs, Ugashik Village
Roland Briggs, Ugashik Village
George Jacko, Pedro Bay
Scott Anderson, Port Heiden – via teleconference

A. CALL TO ORDER

The regular meeting of the Lake and Peninsula Borough Assembly was called to order by Mayor Glen R. Alsworth, Sr. on Monday February 16, 2015 at 3:05 p.m. in the meeting room of the Lake and Peninsula School District, King Salmon, Alaska. The meeting was broadcast via teleconference.

B. ROLL CALL

A quorum was established with Mayor Glen R. Alsworth, Sr. and Assembly members Randy Alvarez, Myra Olsen, Alvin Pedersen, and Michelle Pope-Ravenmoon present. Assembly member Christina Salmon attended via teleconference. Assembly member Kalmakoff was absent, excused.

C. APPROVAL OF AGENDA -

A motion was made by Assembly member Olsen and seconded by Assembly member Pedersen to approve the agenda for the February 16, 2015 regular meeting with the addition of items F.7. New Business, Bulk Fuel at Williamsport and F.8. Kalmakoff. Motion passed unanimously by voice vote.

E. APPROVAL OF MINUTES -

Motion was made by Assembly member Olsen to approve the minutes of January 20, 2015 regular meeting as presented. Motion was seconded by Assembly member Pedersen. The mayor called for any scrivener's errors. None were noted. Motion passed unanimously by voice vote.

Motion was made by Assembly member Olsen to recess the meeting to the workshop. Motion was seconded by Assembly member Ravenmoon. Passed unanimously by voice vote. Meeting was recessed to workshop at 3:10pm.

Susan Edwards, Finance Officer, began the workshop by explaining the obligations of the Borough over the next nineteen years. The borough will pay \$490,000 net, per year in bond principal and interest payments. Ms. Edwards presented the Assembly with a chart detailing the Borough's future commitments and it was explained that future expense projections are averaged. There are the payments for the recent school bond for the next twenty years. The largest payment is due in January for principal and interest. The August payment is interest only. The Borough is reimbursed by the State for 70% of the payments and receipt of the reimbursement takes about 30 days.

The Borough's revenue is based on fish tax which is not guaranteed revenue source at this time because fish revenue fluctuates. However, recent fish revenue has been good recently.

Other known commitments of Borough resources are two ongoing projects: 1) Iliamna dock, estimated to cost \$350,000, and 2) Chignik Dock for which the Assembly has authorized \$2 million for construction. In addition to the \$2 million for construction of the dock, the MOA with the State requires the Borough to establish a sinking fund for maintenance and repair of the Chignik Dock. Ms. Edwards stated that \$100,000 per year has been budgeted for that fund. Dock operations are estimated at 2% growth or \$700,000 to 800,000 per year.

Ms. Edwards stated that the operations budget not been increased the last two years. Speaking to other financial commitments of the Borough, Ms. Edwards stated that per code, 20% of fish tax is set aside in the permanent fund. Speaking to school district needs, she explained that they are difficult to predict because the school district's revenue streams are dependent on grant funding and that State and Federal funding sources are dependent on student enrollment.

Ms. Edwards said the bottom-line is that over each of the next three years the borough will pay one half million dollars in debt service. Ms. Edwards noted that the current Congress is made up of people who do not spend money easily and they are likely to cut funds from agencies that offer grants. The finance department is working on increasing revenue streams to compensate for reduced state funding. In two years, with new elected officials, things could change. According to the newspapers, the State is looking at a budget shortfall until 2024. The State is facing the same problem as is the Borough. While the Borough awaits State funding decisions, the Borough's decisions about its own budget will have to be made. The Mayor agreed and added that a lot of the decisions made by the Assembly are discretionary, but a few, like bond payments, are not. There was discussion of the Linda Johnson Memorial Scholarship. Ms. Edwards said that the Borough makes a payment each year to the fund, but it is managed by the school district. There was a discussion of the graphs in the finance report.

There was a discussion of how the Assembly commits funds to village capital projects. The Mayor explained that in the past, the villages had to make requests for money to fund capital projects and the requests were then evaluated on a competitive basis. The villages with good leadership and capacity prevailed and were able to secure funds repeatedly, so the Borough changed the granting system and gave each village \$5,000 per year. This is the Capital Investment Project (CIP) Fund as it is now and costs the Borough \$80,000 per year. The CIP fund is to develop infrastructure in the communities. The Egegik public dock was the first competitive project and took up the money for years. Ms. Edwards noted that the CIP Fund average yearly usage is \$50,000. The Mayor explained that the former Borough manager Lamar Cotten, in an attempt to attract bigger projects for our communities, instated the practice of matching projects with 20% borough money. This showed grantors the Borough was willing to put money into the project and the match has been successful.

Roland Briggs, Ugashik asked about the fisheries tax on outer Port Heiden. The Mayor added that there are also some outer Chignik areas LPB gets tax from. Assembly member Pederson said that no one really has a handle on those that fish in those remote Chignik areas. He said they may be intercepted, but he is not certain. The Mayor asked if there has been some adjustment to Kodiak fishery due to Chignik weir. Mr. Briggs said he knows that the Board of Fish are discussing upping the escapement goals. Mr. Briggs asked if the Borough had to raise fish tax, what the procedure would be done. The Mayor said in the past, such tax increases have gone to the voters. Assembly member Alvarez asked the finance department if they had any suggestions to increase revenue or reduce expenses. Ms. Edwards said budgetary, the department will do all they can. The decisions to hold down on other costs are political ones and are made by the Assembly.

There was a discussion of possible fish run for the coming season. There was a discussion of the school endowment fund. The Mayor said that some assumptions made 25 years ago which shaped the

code and regulations on the fund. The purpose for which the school endowment fund was created may no longer be valid. He added that when the borough signs for a bond, the commitment is made we will pay and that commitment is for 20 years. In conclusion, every decision will have to be determined based on information provided on a case by case basis. Ms. Edwards said that there is a ripple effect every time a commitment is made. The Mayor said the Assembly has to be pessimistic on income and revenue and optimistic of expenses, this has given the Borough the ability to pass through 100% of some revenues because of past frugalities.

The Assembly meeting was reconvened at 4:10 pm by motion from Assembly member Pedersen and seconded by Assembly member Olsen.

F. MANAGER'S & STAFF REPORTS

- 1. Introduction of Guests** – The mayor invited each person in the room to introduce themselves.
- 2. Manager's Report** – Nathan Hill told the Assembly he has been travelling a lot. While in Anchorage he met with staff from Representative Young and Representative Murkowski to discuss Chignik Bay boat harbor and the dock, as well as Williamsport/Pile Bay Rd. Mr. Hill also did a presentation about energy in terms of sustainability at SWAMC conference in Kodiak along with Marsh Creek. Mr. Hill introduced and welcomed Ranya Aboras, Community Development Coordinator. Mr. Hill had the opportunity to introduce Ms. Aboras around agencies in Anchorage this past month. Assembly member Olsen asked about the BBNA full board meeting to discuss the preschool program. Mr. Hill said the meeting is March 19, 2015. He added that the opportunity to fund the preschool program is there, it just has to be investigated. Assembly member Alvarez said that the funding for head start comes from BIA and they only offer the program if the community has a certain number of children. Roland Briggs, Ugashik, said that perhaps the legislature could fund head start on a per district basis, instead of per community. Victoria Briggs, Ugashik, added that when she visited with the preschool coordinators in Dillingham, they were amenable to the idea of working with communities to fund their preschool programs
- 3. Consultant's Report** –
 - 1. Cotten** – Mr. Hill discussed the following items in Mr. Cotten's report:
 - Chignik Lagoon Hydro – The project is close to being done. There are only small details left. The Mayor added that the completion goal is March 7th for all except the roadwork.
 - Iliamna Dock – The design has been selected, but some permitting needs to be done before the project can be sent out for bids. There are some political ramifications to be resolved, but there should be a suitable facility in place by the end of summer.
 - Wind Studies – Studies at both Egegik and Levelock are up and running and collecting data.
 - Kokhanok Wind – A contract has been signed with Marsh Creek. The diesel generators are repaired and the software solutions and programming is being worked on.
 - Chignik Bay Hydro – The City and the Borough are working on this project with AEA. The current cost estimate is \$8 million. ANTHC is involved.
 - 2. Loeffler** – Mr. Loeffler was not present, but he had written a report about the Mount Polley spillway failure. Roland Briggs, Ugashik, asked where in the Borough there is a dam. There is a dam at Chignik Bay. The Mayor said it is a wood dam and was used to prove water and electricity. Trident transferred the rights to the City of Chignik. Assembly member Pedersen said that the dam is fairly weak now and is about ten to twelve feet high.
- 4. Community Development Coordinator's Report** – Ranya Aboras said she is going thru paperwork and working to create a good timeline of the current projects. She said she is looking for creative solutions for present and future project. She has spent much of the last two weeks in Anchorage training and meeting contacts from agencies. She promised a comprehensive report at the next meeting.

5. Planning Commission Minutes – no discussion

6. Fishery Report– Roland Briggs began by explaining that a proposal is before the board of fish (BOF) in March that will keep the lower end escapement number the same and raise the escapement on the upper end for the Bristol Bay fishery. The cycle for the fishery is actually in December, but by addressing this in March, the comments will be limited. Research on the escapement has shown better returns with lower escapement numbers, not higher. Assembly member Olsen said both she and Assembly member Alvarez are willing to attend the BOF meeting to speak on this and other topics. Assembly member Alvarez agreed. He added that the BOF for Bristol Bay met last in December in Naknek three years ago. During that last cycle, all recommendations from the BOF were tabled by Fish and Game. The Meshik River was the only river not listed as being considered for changes in escapement. He wondered at the reasoning for the increasing escapement goals. He said that if the escapement goals are increased, those enforcing it will have to be conservative at the beginning of the season. The processors are not enthused about this proposal because they want as many fish as possible at the beginning of the season. The Mayor noted that the report of the committee will not be available for another three weeks. Roland Briggs added that the recommendation are probably not going to be liked. In addition, there are only two weeks from the recommendation to the meeting, so the comment period is exceptionally short. Victoria Briggs said that the first priority is to protest that the recommendation is taken out of cycle and there is not an emergency to justify that. In addition, the advisory committees were not consulted on the proposal. The Mayor said that the Assembly should comment that 1) the process is flawed, and 2) comment cannot be properly made as the comment period closes shortly after the report comes out.

Meeting was recessed at 5:04 pm

Meeting was reconvened at 5:20 pm

Mr. Hill asked if the Assembly should take action to send Assembly member Olsen and Assembly member Alvarez to the board of fish meeting. The Mayor noted that this expense is usually taken from the manager's discretionary fund, as it is likely less than \$5,000. He then asked if more than just two Assembly members should attend. Assembly member Alvarez noted that in Chuck McCallum's report he recommends sending one or two members. Nathan Hill noted it is a four day meeting. Motion made by Assembly member Pedersen to send Assembly members Olsen and Alvarez to Anchorage for four days and to pay travel and per diem at a cost not to exceed \$6,000. Motion was seconded by Assembly member Ravenmoon. Motion passed unanimously by roll call vote with Assembly members Alvarez & Olsen abstaining.

7. Finance Report – Susan Edwards reported that revenue has been better than projected due to regular communication with lodges and guides. Four new lodges and 72 new guides have been identified. The mapping project is completed and the maps have allowed staff to pinpoint locations of sites and Borough land. The finance department projects twenty new leases in next year. In addition, the auditors questioned the value of schools at Pedro Bay and Ivanof Bay. Account-wise, Ivanof Bay School was assigned a value of \$0 and Pedro Bay School was valued at \$50K. Ms. Edwards emphasized that this valuation does not reflect the actual value of the structures, and is only a number in place for accounting purposes. Assembly member Alvarez reminded the Assembly that funds for the Board of fish meeting in December will need to be added to next year's budget as well as the Chignik BOF in spring 2016.

8. Lobbyist's Report – The Assembly reviewed the written report from Mark Hickey. Ms. Aboras noted a recent legislative proposal that will change the consideration of request of proposal from architects and engineers to consider only qualifications and not price. Ms. Edwards clarified that certain professionals, such as surveyors and engineers, are not subject to cost, but only qualifications. Superintendent Mase said that the school's lobbyist is primarily

concerned with suggestions from several legislators that have good options, but there is no funding attached to the mandates. The school district has been testifying to ask legislators to put monetary provisions into bills.

- 9. Clerk's Report** – Ms. Conley reminded the Assembly that their Political Official Financial Disclosure reports are due March 15, 2015. Now that the weather finally turned cold enough to create ice, the ice fishing boxes are going out to the villages. The CAPSIS projects were all entered into the legislative database and the Capital Improvement Project (CIP) list was updated. The next project for the clerk's office will be to get revenue sharing documents completed by the villages.
- 10. School Superintendent's Report** –Mr. Mase introduced Jim Dube who will be joining the district as the part time as fed programs director. The position will be half time with Bristol Bay Borough and half time with Lake and Peninsula Borough. The district has also hired Pat Manning, who was a principal in Port Heiden, to replace Rick Luthi who will be leaving the district in June. Mr. Mase pointed out that 83% of expenses in the district are salaries and utilities. In March, the assembly will have a work session with school endowment fund. Mr. Mase then discussed the state budget. The Governor's proposed budget cut an additional \$217,000 in one time funding to schools. Assembly member Alvarez asked about the result of the school board visit to Juneau. Mr. Mase said that School Board member Stacey Hill went to Juneau and was told the budgets are tight. Assembly member Pedersen asked about the rumor that the State may raise the minimum enrollment to 15 and if the district should we have a plan? Mr. Mase said he does not want to consider that proposition.
- 11. Student Representative Report** – A student representative was unable to attend the meeting due to the scheduled Basket Ball tournament in Levelock.

G. NEW BUSINESS

- 1. Ordinance 15-03 – Amending Portions of Section 6: Revenue and Finance– Introduction -** Motion was made by Assembly member Olsen to introduce ordinance 15-03 and set for public hearing for March 16, 2015. Motion was seconded by Assembly member Salmon. Mayor Alsworth read the ordinance by title. Kate Conley explained that these changes came about as a result of the finance department's increased vigilance on leases and taxes. It was noted that the proposed ordinance changes the tax rate. The Mayor asked if the increase needs to go to the voters. The clerk read a letter from the Borough attorney stating that the tax is essentially a sales tax and does not need to go before the voters. The Mayor asked if the proposed ordinance was sent to all guides and lodges. He was told it has not been sent. The Mayor requested staff investigate why we went to the voters for previous increases in the bed tax. The Mayor asked staff to compile bed taxes in other entities for comparison. He noted that most lodges have already booked their clients for the coming year and so the ordinance would need to be effective 1 year from now. Susan Edwards said that up the rates were set up in 1998 and were last changed in 2006. She said the changes to the code are to clarify the code. She then reviewed each change with the Assembly. The Mayor suggested staff consider allowing for a five year flat fee. Motion passed unanimously by voice vote.
- 2. Resolution 15-06 – Memorandum of Agreement for Chignik Dock** Motion was made by Assembly member Pederson to adopt Resolution 15-06. Motion was seconded by Assembly member Olsen. Borough Clerk Kate Conley explained that the Assembly passed a similar agreement in November between LPB and DOT, now this MOA is between LPB and City of Chignik. Mayor Alsworth read section 4 aloud. Conley said that the borough attorney, Jim DeWitt asked staff to impress upon the Assembly that LPB is responsible for the dock for 20 years, even if COC operates it. Assembly member Pedersen asked if there has been a discussion of how much the insurance will be. The Mayor asked what kind of maintenance is anticipated. Staff said the maintenance should be minimal. Electrical services may need

repair. Assembly member Olsen was asked about the repairs to Egegik dock. She said the outer piling pulled away and had to be repaired. There was a discussion of the design of the Chignik Dock. Mr. Hill said the agreement holds the Borough harmless. The Mayor asked if staff recommends approval. Mr. Hill said yes. Motion passed unanimously by roll call vote with Kalmakoff absent.

3. Resolution 15-07 – Supporting \$60 Million in Revenue Sharing Fund

Motion was made by Assembly member Olsen to adopt resolution 15-07. Motion was seconded by Assembly member Alvarez. The Mayor read the resolution by title. AML is heading this charge. The money from the State revenue sharing is allowing the municipalities to provide services that, if they did not, the State would have to provide at a higher cost. Motion passed unanimously by voice vote.

4. Resolution 15-08 – Establishing Officers for the Borough

Motion was made by Assembly member Olsen to adopt resolution 15-08. Motion was seconded by Assembly member Salmon. The Mayor called for discussion. There was none. Motion passed unanimously by voice vote.

5. Consideration of Endowment Fund Committee Appointment

Mayor Alsworth explained that the endowment fund committee was set into code, but was never necessary. The Clerk explained that only one letter of interest had been received, from Becky Boettcher in Chignik Bay. Ty Mase explained that Ms. Boettcher used to be a math teacher for LPSD and is now the City Clerk. Motion was made by Assembly member Pedersen to forward the Assembly's recommendation of Becky Boettcher to the School Board for consensus. Motion was seconded by Assembly member Olsen. The Mayor noted that there is not a provision in the code for the term. It was agreed that all other positions service for three years and it would follow that three years for this position would be appropriate. Motion passed unanimously by voice vote.

6. CIP Fund Request - Chignik Bay – AMPY Metering System - \$30,000

Kate Conley explained that the resolution has been received and all paperwork is now in order to approve this request. The Mayor asked why the amount is more than \$25,000. Ms. Conley explained that last May the Assembly discussed that several villages would stop accruing money if the \$25K limit was imposed, so the Assembly instructed staff to allow the villages to continue to accrue money for one more year, and then all balances would be set to \$25K if they did not use it by June 30th. Motion was made by Assembly member Ravenmoon to approve the CIP Fund request from Chignik Bay for \$30,000 to use for AMPY Meters. Motion was seconded by Assembly member Olsen. There was no further discussion. Motion passed unanimously by voice vote.

7. Bulk Fuel Tank Farm at Williamsport

The Mayor explained that Assembly member Pedersen had requested this item be on the agenda. There was a discussion of the ownership of the property in near Williamsport. Assembly member Alvarez said that the property is all private around the barge landing. The Mayor added that the legal right of way is small. Assembly member Pedersen asked about creating an area for the tank farm from sheet pile and fill. The Mayor said that that may make a more available location and at a better cost. Mr. Hill suggested another option maybe Kaskanak flats. Assembly member Alvarez said that the tank farm may be an expensive proposition. The Mayor explained that the Corps of Engineers wants to do a project at the port and have Lake and Peninsula Borough pay for it, but the site is in Kenai Borough. Kenai doesn't want to put money into an area where they do not have people living. Assembly member Olsen asked if it is time to propose annexation. Assembly member Pedersen suggested that the tank farm could be put on Ray Williams' property. The Mayor agreed the project would have regional benefit. Mr. Hill said he will discuss the idea with Ray Williams.

8. Resignation of Kalmakoff –

Mayor Alsworth said he spoke with Nana Kalmakoff and she was not happy to have to resign, but family issues were overwhelming. Motion was made by Assembly member Alvarez to accept Nana Kalmakoff's resignation. Motion was seconded by Assembly member Pedersen. Assembly member Olsen directed staff to send a letter of thanks and a plaque of recognition thanking her for her dedication and service. Motion passed unanimously by voice vote.

The Mayor then noted that the Assembly will need to appoint someone to fill the seat until next election. Kate Conley noted that usually the Borough seeks letters of interest and then could appoint from the letters at the next meeting. The Mayor said that last fall that process garnered several letters when Alvin Pedersen was appointed. He recommended utilizing the letters already submitted. There were three letters, One from Mr. Pedersen, one from Roland Briggs and one from Scott Anderson. Motion was made by Assembly member Olsen to appoint Scott Anderson to the Assembly to serve in Nana Kalmakoff's stead until the next general election in October, subject to his acceptance. Motion was seconded by Assembly member Salmon. Motion passed unanimously by voice vote. There was a discussion of the planning commission. Staff was instructed to notice the opening on the planning commission. Mr. Hill said that Danica Wilson may also be resigning her planning commission seat. Scott Anderson was reached by telephone and addressed the Assembly. The Mayor explained that Nana Kalmakoff had resigned and asked if he would be willing to serve. Mr. Anderson said he would be honored to accept.

G. UNFINISHED BUSINESS

- 1. Resolution 15-04 – Per Diem – tabled 1/20/2015 – No action.**

H. TIME AND PLACE OF NEXT MEETING

- 1. Regular Meeting, Tuesday, March 16, 2015 – TBD**

There was discussion of the date. Because of the BOF meeting that begins March 17, 2015, the meeting will need to be completed on the evening on the 16th.

I. CITIZEN'S COMMENTS -

Roland Briggs - Mr. Briggs was absent, however Mr. Hill said he had a letter from Mr. Briggs to read re: Genbacher Generators. There was a discussion of where these type of generators could be placed. These generators are in use around the world, including six at Elmendorf. The systems are not complicated.

J. ASSEMBLY COMMENTS

Michelle Ravenmoon – SWAMC term is up I March. She said she is on a lot of boards and would like to have a little free time. The Conference is March 3rd to the 6th. Assembly member Salmon said she would accept the appointment to the board, but has prior commitments during the conference. Assembly member Ravenmoon said she had a tour of the new school in Port Alsworth. It is very modern. There are nine huge classrooms and a big gym. The sheetrock is up and the kids are very excited about the new building. The Mayor said the Assembly should go up this fall.

K. MAYOR'S COMMENTS – none

M. ADJOURNMENT

Motion was made by Assembly member Salmon to adjourn the Assembly meeting. Motion was seconded by Assembly member Olsen. Motion passed unanimously. The meeting was adjourned at 8:25 pm



Glen R. Alsworth, Sr., Mayor



Kate Conley, Borough Clerk

March 16, 2015

Date