

**LAKE AND PENINSULA BOROUGH
REGULAR ASSEMBLY MEETING & WORKSHOP
Monday, May 11, 2015 3:00 p.m.**

Assembly: Mayor Glen Alsworth
Randy Alvarez
Scott Anderson
Myra Olsen – via teleconference
Alvin Pedersen
Michelle Pope-Ravenmoon
Christina Salmon
Natalya Shellikoff, Student Representative to the Assembly, Port Heiden AK

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

Guests: Bob Loeffler, Consultant to the Borough, Jade North LLC
Ty Mase, Superintendent, Lake and Peninsula School District
Laura Hylton, Business Manager, Lake and Peninsula School District
Rick Luthi, Chief Operating Officer, Lake and Peninsula School District
Lary Hill, Planning Commissioner, Iliamna AK
AlexAnna Salmon, Planning Commissioner, Igiugig AK
Art Woinowsky, Planning Commissioner, Igiugig AK
Alexander “Skipper” Tallekpalek, Levelock AK
Adrienne Christensen, Port Heiden AK
Terry Mann, Kokhanok AK
Stacy Hill, Igiugig AK
Victoria Briggs, Ugashik Village AK
Roland Briggs, Ugashik Village AK
George Jacko, Pedro Bay AK– via teleconference
Shannon Johnson-Nanalook, Iliamna AK – via teleconference
Fawn Silas, Nondalton AK – 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 May 11, 2015 at 3:20 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, Scott Anderson, Alvin Pedersen, Michelle Pope-Ravenmoon and Christina Salmon present. Myra Olsen attended via teleconference.

C. APPROVAL OF AGENDA -

A motion was made by Assembly member Pedersen and seconded by Assembly member Salmon to approve the agenda for the May 11, 2015 regular meeting with the addition of items H. 12. CIP Fund Requests and the removal of item H. 7, Ordinance15-23 Section 9 Changes. Motion passed unanimously by voice vote.

D. PRESENTATIONS AND WORKSHOP –

- 1. Audit Presentation** – Susan Edwards, Finance Officer said there were some errors in the audit this year due to glitches and human errors. All errors have been corrected and the Borough has been given an unqualified opinion by the auditors. Assembly member Alvarez

asked about the total net position, which was reported as being "...decreased by \$4,011,104 in 2014 compared to an increase of \$1,512,222 in 2013." Ms. Edwards said this is accountable, in part, by the money taken from reserves and asset devaluation, but it is mostly from removing money from the reserves. There has also been some valuation loss. Alvarez asked the projection for 2015. Ms. Edwards said that the loss will likely be similar, but not as deep. Taking money from reserves effect the Borough's net position. Alvarez then asked about government wide financial analysis. He asked if the \$2,914,846 impairment loss was related to the change in valuation. Ms. Edwards said that this is due to depreciation from school properties. Assembly member Alvarez asked if there were any findings. Ms. Edwards said there were three findings and all have been addressed. There was no further discussion.

- 2. Potential Changes in Borough Revenue & Expense** – Nathan Hill, Borough Manager said there have been many conversations regarding the funding gap and the reduction in state funding. Up to this point, the school district has reduced costs, and the Borough finance department is attempting to increase revenue; however, the efforts thus far, has failed to fill the void. The Borough needs to look at other ideas and options. The goal today is just to mull over ideas and address the lack of sustainability. As a group, we need to work on ways to move forward.

Susan Edwards presented a PowerPoint detailing the current obligations on the General Fund and the potential for revenue from a change in how the borough applies guide and bed taxes. The presentation explained first that both costs and obligations have increased as state revenue sharing has decreased each year and this decrease would continue as the state budget deficit is projected to continue until 2023. The current borough priorities; education, energy, transportation, and village capital projects, would she showed in detail, require of the FY16 budget that 41% of the revenue would come from the general fund. Ms. Edwards said that the borough has been working hard to identify and develop revenue but there are limitations to how much we currently can increase the borough's revenue streams. The borough's dependence on fish tax means that revenue to fund those borough priorities are dependent upon the size of the run and the price of fish, none which are guaranteed year to year. As another strain upon borough reserves, it is anticipated that the state will look to reductions to school funding as part of a solution to the state's budget woes. That reduced funding along with the anticipated tailing off of revenue sharing and state funds for capital projects makes financing borough obligations and operations much more difficult and impossible without dipping into borough reserves. Ms. Edwards explained that the borough has basically three choices: 1) Business as usual and use savings to cover the funding gap, 2) Do nothing and do less, provide less support for schools, villages, grant projects and operational expenses; 3) Increase revenue and control expenses. The first option, Ms. Edwards said, is not a sustainable option with the state's budget deficit, the borough cannot expect any relief for school or capital project for the foreseeable future. The second option, Ms. Edwards would only contribute to a slow decline in borough population and village viability. In her opinion, the third option was the most viable but she cautioned, raising taxes will not solve everything and costs have to be controlled.

Ms. Edwards then discussed who in the Borough pays taxes. There are two types of taxes: 1) raw fish tax, where the seller pays the tax, and 2) bed/guide tax, where the buyer pays the tax. Thus the only borough resident that pays borough taxes are commercial fishermen. Bed and guide taxes are paid by visitors to the borough, the lodges and guides collect that tax and remits it to the borough. To compensate the lodge or guide operator, the borough allows the operator to keep 2% of the tax collected. The borough bed tax is currently 6% with the assumption the lodging portion of any package would be \$100 per person per night (\$6 or less). The guide tax is \$3 per guest per day unless it is part of a lodge package, and then it is \$1 per guest per day. Ms. Edwards then presented a comparison of the borough's taxes with those of Kodiak, Kenai and Aleutians East

boroughs. She showed that each of these boroughs tax rates were considerable more than those of LPB. Ms. Edwards presented statistics that showed that increased taxes do not deter tourism. She concluded by emphasizing that the borough loses hundreds of thousands of dollars a year by not updating its tax structure. Ms. Edwards said the current funding system is confusing to the lodge operators and guides, leads to a lot of ambiguity, and takes a lot of time to administer for both the operators and the borough. She added that collection is made even more difficult because One of the consequences of such a low tax schedule, she pointed out, is that the collection is more difficult because the amount is inconsequential to the payers.

Nathan Hill reiterated the boroughs' dependence on fish tax. At 2%, the borough made \$1.5 million last year and this year should hopefully, be about the same, however, even if education were the only thing the borough funded, the borough could not do that with the current income and spending levels. Without knowing the state's funding levels and the gap in funding, the borough and school district can only guess at the funding needs from borough resources.

Tim Veal, Seattle, WA and a seasonal set netter south of Egegik AK, asked how many people are willing to pay a tax to fund the schools. The Mayor noted that the borough is not imposing a punitive tax on the citizens. The borough only taxes those who make money. If people make money in the borough, then they should leave a little behind. It is tough enough to live in the borough, but to add an obligation to those without income would make it even harder. Mr. Veal said he has invested ½ a million dollars in his fishing business over the year. He asked if anyone else was willing to pay a tax on their business. The Mayor said that commercial fisherman catch fish that don't belong to them and the people upstream from the fisherman do not have an opportunity to catch that same fish, but they have to protect the habit that reared it. Assembly member Alvarez added that the borough spends money to protect fishermen pointing out that the borough sends people to the board of fish meetings, hires a fishing consultant and a lobbyist. "We are in a crisis and we need to find a sustainable solution" he said. Member Alvarez then asked about a processor tax. Ms. Edwards asked how many processors are in the borough. Assembly member Alvarez said there are processors in Egegik, Ugashik and Chignik that he can think of without studying.

Ms. Edwards said that the good news is the borough has savings and that will give the Assembly time to consider choices. She cautioned that the wait cannot be too long since reserves are not inexhaustible, but there is some breathing room that others municipalities do not have. She said that she hopes that this has begun the conversation about borough revenue and perhaps more ideas will be considered.

There was a discussion of charging out of state taxpayers more. Assembly member Ravenmoon said that the discussion has become sidetracked by fish tax. The guide and bed tax is a simple process and Ms. Edwards laid it out well. The Mayor said the decision will ultimately be up to the voters. It is the Assembly's responsibility to bring the decision to them. Mr. Hill said that timing will have to be considered. The Mayor said when the legislature makes decisions and there are real numbers to work with, then the Assembly can move forward with how to address revenue.

E. APPROVAL OF MINUTES

Motion was made by Assembly member Alvarez to approve the minutes of April 16, 2015 regular meeting as presented. Motion was seconded by Assembly member Pedersen. The mayor called for any scrivener's errors. There were none noted. Motion passed unanimously by voice vote.

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 that he will combine his report with Lamar Cotten's report.

- Education - He has been working a lot this month on education and speaking with Ty Mase and Susan Edwards on how to move forward. The school in Port Alsworth is under construction, which is coming along well, and the Newhalen gym construction will start soon.
- Energy – Chignik Lagoon hydro project is complete and the borough was able to save \$500,000 from the original estimate. The wind studies in Egegik and Levelock will be done by the end of summer. Kokhanok's wind system should be at medium penetration by the end of summer.
- Transportation – The Chignik dock has federal funding so the permit process is more rigorous than if it were state or local funding. A study was just begun for the environmental permit on the stellar sea lions, fish and eiders.

Mr. Hill noted that fishing season will start soon and he wished everyone a good season.

3. Consultant's Report –

1. Cotten – This was included in Mr. Hill's report

2. Loeffler – Bob Loeffler presented four memos to the Assembly

- Marijuana – Marijuana is already legal to possess and grow. Mr. Loeffler reviewed the personal use laws. The commercial laws have not been enacted, but will in February. The state will control it was a board, similar to the alcohol control. The assembly has the option to prohibit commercial use in the borough and can do so with an ordinance or initiative. The substance could be prohibited all together, or importation could be prohibited. The Assembly can also choose to prohibit where it is sol and can control the substance with land use or taxation. Mr. Loeffler noted that marijuana is still federally illegal.
- State Income Tax – Mr. Loeffler explained that 36% of jobs in the Bristol Bay fishery are Alaskans and 64% are from other states.
- Kokhanok Wind Performance – Overall, the performance of the diesel generators are less efficient since the wind project was introduced. The intent is to be at 30% to 50% wind penetration by the end of the summer.
- Foraker Group –

4. Community Development Coordinator's Report – Ranya Aboras reported on:

- Code changes – She has been working to define the gray areas in the code to prevent misinterpretation. An ordinance will be ready for presentation in the fall.
- Millrock Development Permit – Millrock will be doing exploratory mining and has requested a permit to do 8 holes in the Chignik area.
- Subdivision at Rabbit Point – This is subdivision in Pedro Bay that came up in 2008 but was delayed due to problems with BIA. The final was signed off as there were no changes from the preliminary.
- Half Cabin Lake Staking – The staking period opened and only two applications have been received, and none have been approved. The Assembly will have the opportunity to approve the leases before they are complete. Bob Loeffler asked if there was a way to access the staking area without crossing Borough land. The Mayor said that some people went in on skis this winter.
- Land Leases – Two leases were completed this month and are before the Assembly later in the agenda.
- Brownfield update – Ms. Aboras said she looked into the question of Brownfield designation for lands the Borough acquired through municipal exemption. She said that the state still has a polluter pays law, but the form should have been signed when

the property was handed over from the state. It is likely all involved will have responsibility.

- Grants – She said she has been comparing the villages’ CIP list needs with available grants and has found some possibilities. She will be attending a grant writing class this summer.
- Hazard mitigation plan – The Planning Commission approved the plan today and the Assembly will receive the plan for approval in September.
- Borough successes – Ms. Aboras explained she is compiling a brief report of each of the Borough’s completed capital projects. She requested any photos available.
- Wall Map – HDR should have the wall map for the Borough office completed by the end of June.
- Scrap Haul-out Project – Contracts have been completed with Newhalen, Port Alsworth, Chignik Bay, Pedro Bay and Nondalton. Ugashik is working on their project. There are still six more villages yet to complete their plan.
- Leadership – A survey has been completed and is awaiting approval to distribute to students in the fall. After the survey is distributed it will give an idea of the needs. A mentorship program is a possible outcome. Grants are available for this project and will be submitted. Assembly member Ravenmoon asked when the survey will be ready. Ms. Aboras explained that the survey is complete, but needs to be approved by Borough Manager Nathan Hill. The plan is to for the survey to be ready in August.

5. Planning Commission Minutes – no discussion

6. Fishery Report– Assembly member Alvarez said that one of the fears when adjusting the escapement goals for Bristol Bay that were addressed at the Board of Fish meeting in March were that they would equal less harvest availability, but the analysis determined the goals would only be increased in years of large return. Assembly member Alvarez suggested that the administration look into charging the processors a room tax because they charge their workers to stay in their dorms. Ms. Edwards said she would look into the situation.

7. Finance Report – Susan Edwards said she did not have anything to add from her written report. Mayor Alsworth said that, in looking at the budget, the PILT is very small. It used to be substantial. He asked if it has to be applied for. Ms. Edwards said that there is no application, but she will look at the history and formula for the federal allocation.

8. Lobbyist’s Report – Mr. Hill said that the legislature has not yet adjourned and nothing is certain yet.

9. Clerk’s Report – Ms. Conley reviewed the meeting schedule with the Assembly. She explained that the website contract was awarded to CivicLive. This summer the Borough will be hiring a filing clerk, whose pay will be partially paid by a BBEDC grant, to work on archiving. The fire danger in the Borough is extreme. Updates will be on the website and Facebook pages.

10. School Superintendent’s Report –Mr. Mase said the school district is in crisis. They will be dipping into their reserves to balance the budget next year, but how long can this be sustainable, Mr. Mase asked. He said the district has had a lot of support from the school board who does not want to make cuts to the students’ activities. The district is anticipating cost savings with the change to the insurance coverage. Also, positions will come open and not be filled over the coming years. The district anticipates one or two schools to close next year. He offered to answer questions about the budget. Natalya Shellikoff asked which schools will be closing. Mr. Mase said Chignik Lake, Pilot Point and Egegik are anticipating less than 10 students next fall. It will take a lot of work and luck to make the student count of ten in any of those locations. The schools will have until August 10th to make the count of 10. He explained

that closing one school will be very expensive (around \$98,000), but closing a second will cost \$60,000. Each school has different costs and staffing expenses.

- 11. Student Representative Report** – Natalya Shellikoff, Port Heiden, explained that there is a new executive committee for the district student council. The committee is in the process of elections, but they have already elected Natasha Olsen as President and Selena Alsworth as Vice-President. The other positions will be appointed by the fall. The committee chose to continue addressing the question “Why are villages shrinking and economies tanking.” Superintendent Mase asked how the students liked the AA meet and prom at Bristol Bay Borough School District. Ms. Shellikoff said that the primary complaint is that the water is bad. The Mayor thanked her and commended her for giving a good report.

Meeting was recessed at 6:00 pm

Meeting was reconvened at 6:30 pm

G. CONSENT AGENDA -

Motion was made by Assembly member Pedersen to approve the consent agenda as presented. Motion was seconded by Assembly member Anderson. Motion passed unanimously by voice vote.

1. **Resolution 15-13 Distribution of Borough Revenue Sharing**
2. **Resolution 15-14 Approving Unincorporated Communities for State Revenue Sharing**
3. **Lease Ordinances – Introduction**
 - a. **Ordinance 15-24 – Lease for T. Veal – Introduction**
 - b. **Ordinance 15-25 – Lease for M. Dore – Introduction**
4. **Lake and Peninsula Borough Audit for FY 2014**
5. **Request for CIP Funds –**
 - a. **Chignik Lagoon - \$45,000 – Purchase Excavator**
6. **Letter of Support for Dedication of Newhalen School Gym**

H. NEW BUSINESS

1. Lease Ordinances - Hearing & Decision

- a. **Ordinance 15-12 – Lease for J. Berg – Hearing & Decision –**

Motion was made by Assembly member Alvarez to open the public hearing for Ordinance 15-12 An Ordinance Authorizing a Transfer and Five Year Lease of Real Property Containing 1.0 acres more or less to James Berg for the operation of a Commercial Set Net Operation. Motion was seconded by Assembly member Salmon. The public hearing was open at 6:32 pm. The Borough Clerk reported the ordinance was properly noticed and no comments, either written or verbal, had been received. The Mayor called for any discussion. There was none. Motion was made by Assembly member Anderson to close the public hearing on Ordinance 15-12. Motion was seconded by Assembly member Alvarez. Motion passed unanimously by voice vote. The Hearing was closed at 6:33 pm. Motion was made by Assembly member Alvarez to adopt ordinance 15-12. Motion was seconded by Assembly member Ravenmoon. Mayor Alsworth called for conflict of interest. None was declared. The Mayor called for any discussion. The Mayor asked staff if they recommend adoption. Susan Edwards said yes, the staff recommends this lease be adopted. There was no further discussion. Motion passed unanimously by voice vote.
- b. **Ordinance 15-13 – Lease for J. Hoff – Hearing & Decision**

Motion was made by Assembly member Alvarez to open the public hearing for Ordinance 15-13 An Ordinance Authorizing a Transfer and Five Year Lease of Real Property Containing 1.0 acres more or less to Justin Hoff for the operation of a Commercial Set Net Operation. Motion was seconded by Assembly member Salmon. The public hearing was open at 6:33 pm. The Borough Clerk reported the ordinance

was properly noticed and no comments, either written or verbal, had been received. The Mayor called for any discussion. There was none. Motion was made by Assembly member Ravenmoon to close the public hearing on Ordinance 15-13. Motion was seconded by Assembly member Pedersen. Motion passed unanimously by voice vote. The Hearing was closed at 6:34 pm. Motion was made by Assembly member Alvarez to adopt ordinance 15-13. Motion was seconded by Assembly member Salmon. Mayor Alsworth called for conflict of interest. None was declared. The Mayor called for any discussion. There was no further discussion. Motion passed unanimously by voice vote.

c. **Ordinance 15-14 – Lease for R. Johnson – Hearing & Decision**

Motion was made by Assembly member Pedersen to open the public hearing for Ordinance 15-14 An Ordinance Authorizing a Transfer and Five Year Lease of Real Property Containing 3.0 acres more or less to Robert and William Johnson for the operation of a Commercial Set Net Operation. Motion was seconded by Assembly member Ravenmoon. The public hearing was open at 6:35 pm. The Borough Clerk reported the ordinance was properly noticed and no comments, either written or verbal, had been received. The Mayor called for any discussion. There was none. Motion was made by Assembly member Alvarez to close the public hearing on Ordinance 15-14. Motion was seconded by Assembly member Anderson. Motion passed unanimously by voice vote. The Hearing was closed at 6:35 pm. Motion was made by Assembly member Alvarez to adopt ordinance 15-14. Motion was seconded by Assembly member Pedersen. Mayor Alsworth called for conflict of interest. None was declared. The Mayor called for any discussion. There was none. Motion passed unanimously by voice vote.

d. **Ordinance 15-15 – Lease for T. Huffer – Hearing & Decision**

Motion was made by Assembly member Alvarez to open the public hearing for Ordinance 15-15 An Ordinance Authorizing a Transfer and Five Year Lease of Real Property Containing 1.0 acres more or less to Tom Huffer, Jr. for the operation of a Commercial Set Net Operation. Motion was seconded by Assembly member Ravenmoon. The public hearing was open at 6:36 pm. The Borough Clerk reported the ordinance was properly noticed and no comments, either written or verbal, had been received. The Mayor called for any discussion. There was none. Motion was made by Assembly member Alvarez to close the public hearing on Ordinance 15-15. Motion was seconded by Assembly member Salmon. Motion passed unanimously by voice vote. The Hearing was closed at 6:37 pm. Motion was made by Assembly member Alvarez to adopt ordinance 15-15. Motion was seconded by Assembly member Anderson. Mayor Alsworth called for conflict of interest. None was declared. The Mayor called for any discussion. There was no discussion. Motion passed unanimously by voice vote.

e. **Ordinance 15-16 – Lease for Steffensen – Hearing & Decision**

Motion was made by Assembly member Anderson to open the public hearing for Ordinance 15-16 An Ordinance Authorizing a Transfer and Five Year Lease of Real Property Containing 1.0 acres more or less to Steven Steffensen for the operation of a Commercial Set Net Operation. Motion was seconded by Assembly member Pedersen. The public hearing was open at 6:37 pm. The Borough Clerk reported the ordinance was properly noticed and no comments, either written or verbal, had been received. The Mayor called for any discussion. There was none. Motion was made by Assembly member Anderson to close the public hearing on Ordinance 15-16. Motion was seconded by Assembly member Salmon. Motion passed unanimously by voice vote. The Hearing was closed at 6:38 pm. Motion was made by Assembly member Pedersen to adopt ordinance 15-16. Motion was seconded by Assembly member Salmon. Mayor

Alsworth called for conflict of interest. None was declared. The Mayor called for any discussion. There was no discussion. Motion passed unanimously by voice vote.

f. **Ordinance 15-17 – Lease for Solie & Lang – Hearing & Decision**

Motion was made by Assembly member Alvarez to open the public hearing for Ordinance 15-17 An Ordinance Authorizing a Transfer and Five Year Lease of Real Property Containing 1.0 acres more or less to Hans Solie and John Lang for the operation of a Commercial Set Net Operation. Motion was seconded by Assembly member Salmon. The public hearing was open at 6:39 pm. The Borough Clerk reported the ordinance was properly noticed and no comments, either written or verbal, had been received. The Mayor called for any discussion. There was none. Motion was made by Assembly member Alvarez to close the public hearing on Ordinance 15-17. Motion was seconded by Assembly member Anderson. Motion passed unanimously by voice vote. The Hearing was closed at 6:40 pm. Motion was made by Assembly member Alvarez to adopt ordinance 15-17. Motion was seconded by Assembly member Anderson. Mayor Alsworth called for conflict of interest. None was declared. The Mayor called for any discussion. There was no discussion. Motion passed unanimously by voice vote.

g. **Ordinance 15-18 – Lease for S. Bissonette – Hearing & Decision**

Motion was made by Assembly member Pedersen to open the public hearing for Ordinance 15-18 An Ordinance Authorizing a Transfer and Five Year Lease of Real Property Containing 1.0 acres more or less to Sidney Bissonette for the operation of a Commercial Set Net Operation. Motion was seconded by Assembly member Salmon. The public hearing was open at 6:42 pm. The Borough Clerk reported the ordinance was properly noticed and no comments, either written or verbal, had been received. The Mayor called for any discussion. There was none. Motion was made by Assembly member Anderson to close the public hearing on Ordinance 15-18. Motion was seconded by Assembly member Salmon. Motion passed unanimously by voice vote. The Hearing was closed at 6:43 pm. Motion was made by Assembly member Ravenmoon to adopt ordinance 15-18. Motion was seconded by Assembly member Alvarez. Mayor Alsworth called for conflict of interest. None was declared. The Mayor called for any discussion. There was no discussion. Motion passed unanimously by voice vote.

h. **Ordinance 15-19 – Lease for Dore – Hearing & Decision**

Motion was made by Assembly member Pedersen to open the public hearing for Ordinance 15-19 An Ordinance Authorizing a Transfer and Five Year Lease of Real Property Containing 1.0 acres more or less to John Dore for the operation of a Commercial Set Net Operation. Motion was seconded by Assembly member Anderson. The public hearing was open at 6:43 pm. The Borough Clerk reported the ordinance was properly noticed and no comments, either written or verbal, had been received. The Mayor called for any discussion. There was none. Motion was made by Assembly member Anderson to close the public hearing on Ordinance 15-19. Motion was seconded by Assembly member Pedersen. Motion passed unanimously by voice vote. The Hearing was closed at 6:44 pm. Motion was made by Assembly member Ravenmoon to adopt ordinance 15-19. Motion was seconded by Assembly member Anderson. Mayor Alsworth called for conflict of interest. None was declared. The Mayor called for any discussion. The Mayor asked staff if they recommend adoption. Susan Edwards said yes, the staff recommends this lease be adopted. There was no further discussion. Motion passed unanimously by voice vote.

i. **Ordinance 15-20 – Lease for Moen – Hearing & Decision**

Motion was made by Assembly member Pedersen to open the public hearing for Ordinance 15-20 An Ordinance Authorizing a Transfer and Five Year Lease of Real Property Containing 1.0 acres more or less to John F. Moen for the operation of a Commercial Set Net Operation. Motion was seconded by Assembly member Ravenmoon. The public hearing was open at 6:45 pm. The Borough Clerk reported the ordinance was properly noticed and no comments, either written or verbal, had been received. The Mayor called for any discussion. There was none. Motion was made by Assembly member Alvarez to close the public hearing on Ordinance 15-20. Motion was seconded by Assembly member Salmon. Motion passed unanimously by voice vote. The Hearing was closed at 6:45 pm. Motion was made by Assembly member Anderson to adopt ordinance 15-20. Motion was seconded by Assembly member Ravenmoon. Mayor Alsworth called for conflict of interest. None was declared. The Mayor called for any discussion. There was no discussion. Motion passed unanimously by voice vote.

2. Ordinance 15-03 Section 6 Changes – Hearing & Decision

Motion was made by Assembly member Pedersen to open the public hearing for Ordinance 15-03 An Ordinance Amending Sections of Title 6 of the Lake and Peninsula Borough Municipal Code and Providing for an Effective Date. Motion was seconded by Assembly member Anderson. The public hearing was open at 6:47 pm. The Borough Clerk reported the ordinance was properly noticed. Susan Edwards, Finance Officer, explained that the original ordinance had the tax rate changes to it. The staff chose to rewrite it and remove any financial changes, so this version is only code clarifications. The Borough clerk read three letters from residents. First was a letter from Jeremy Davis. The letter is dated May 11, 2015, which is when the original ordinance, which included the tax changes, was proposed. Mr. Davis said the tax increases are too extreme. He then discussed his lease from the borough and his past payment history. Next was from Glen R. Alsworth, Jr. dated March 27, 2015, which was before the financial implications were removed from the ordinance. Mr. Alsworth first noted that the ordinance was difficult to find on line. He said that the ordinance seems counterproductive. He said an increase in bed and guide tax would do nothing to stimulate economy in the borough. Secondly, he said the proposed increase in tax seems poorly directed because tourism has a low impact on resources. He said the ordinance is “nothing short of ill-timed and underhanded” because many of the lodges have already taken booking on reservation for the next three years. The third and final e-mail was from Beth Hill and dated May 11th. Ms. Hill said she wanted to be sure that there is representation from diverse businesses, as not all businesses are full service lodges. She said that campground have a reasonable tax rate under the bed tax regulations, but a higher rate under the guide tax regulations. She also asked why there is a maximum on the tax paid. She said it seems inconsistent. She added that the simplest way to structure the tax is a straight percentage without a cap. The clerk said there were no telephone comments. The Mayor called for additional comments. Assembly member Alvarez said he appreciates the comments. He said he is sure the Assembly will hear from these citizens again. The Mayor said the comments are well timed. First, the administration is already working to improve the new website. Also, if the Borough decides to promote other taxation measures, the Assembly needs to give the people a lot of options. There was no further discussion. Motion was made by Assembly member Anderson to close the public hearing on Ordinance 15-03. Motion was seconded by Assembly member Salmon. Motion passed unanimously by voice vote. The Hearing was closed at 7:03 pm. Motion was made by Assembly member Alvarez to adopt ordinance 15-03. Motion was seconded by Assembly member Anderson. Mayor Alsworth called for conflict of interest. None was declared. The Mayor called for any discussion. There was no discussion. Motion passed unanimously by voice vote.

3. Ordinance 15-09 School Endowment Committee term – Hearing & Decision

Motion was made by Assembly member Pedersen to open the public hearing for Ordinance 15-09 An Ordinance Amending Sections of Title 6.71 School Endowment Fund of the Lake and peninsula Borough Municipal Code and Providing for an Effective Date. Motion was seconded by Assembly member Salmon. The public hearing was open at 7:03 pm. The Borough Clerk

reported the ordinance was properly noticed and no comments, either written or verbal, had been received. The Mayor read the ordinance by title and explained that this ordinance is the result of the School Endowment Committee's meeting and make the school endowment fund available under three circumstance. The Mayor called for further discussion. There was none. Motion was made by Assembly member Pedersen to close the public hearing on Ordinance 15-09. Motion was seconded by Assembly member Ravenmoon. Motion passed unanimously by voice vote. The Hearing was closed at 7:06 pm. Motion was made by Assembly member Anderson to adopt ordinance 15-09. Motion was seconded by Assembly member Alvarez. Mayor Alsworth called for conflict of interest. None was declared. The Mayor called for any discussion. There was none. Motion passed unanimously by voice vote.

4. Ordinance 15-11 Borough Budget – Hearing & Decision

Motion was made by Assembly member Alvarez to table all action for Ordinance 15-11 An Ordinance Adopting the Lake and Peninsula Borough Operating Budget for the Fiscal Year Beginning July 1, 2015 and Ending June 30, 2016 (FY16) until later in the meeting. Motion was seconded by Assembly member Pedersen. Motion passed unanimously by voice vote.

5. Ordinance 15-21 Preschool Fund – Introduction

Motion was made by Assembly member Pedersen to introduce Ordinance 15-21, An Ordinance Establishing a Fund to be known as the Lake and Peninsula Borough Preschool Education Fund, and Providing for an Effective Date. Motion was seconded by Assembly member Alvarez. The Assembly requested staff notify this ordinance and set a public hearing for May 22, 2015. Motion was passed unanimously by voice vote.

6. Ordinance 15-22 CTE Fund – Introduction

Motion was made by Assembly member Pederson to introduce Ordinance 15-22. Motion was seconded Assembly member Alvarez. Motion passed unanimously by voice vote. The Assembly requested the ordinance be noticed for 10 days and set for public hearing at the special meeting scheduled for May 22, 2015.

7. Ordinance 15-23 Section 9 Changes – Introduction

Staff requested this ordinance be pulled from agenda. Motion was made by Assembly member Salmon to table Ordinance 15-23 indefinitely. Motion was seconded by Assembly member Ravenmoon. Motion passed unanimously by voice vote.

8. Resolution 15-15 School District Budget

Motion was made by assembly member Pederson to adopt resolution 15-15. Motion was seconded by Assembly member Ravenmoon. Mayor Alsworth asked Ms. Edwards how much the total budget is. She replied it is \$14 million. The Mayor asked how much the budget may adjust for schools closing and legislative action. Mr. Mase said the school board met to approve the budget and Laura Hylton, School District Business Manager said the budget is "...as good as the paper it is printed on." Meaning, that there are many variables and the district is optimistic that funding will be available and that schools will stay open. Given the best guesses, this budget is as close as the district can project at this time. If a second school closes, the district will be okay. The district is requesting an addition \$620,000 more this year than last. By careful management, this budget should be sufficient. The mayor asked if all the school district has requested is reflected in the Borough's budget. Ms. Edwards, affirmed that it is and the overall balance will decrease \$2.4 million. Assembly member Alvarez asked what the district cut to produce the budget of \$14 million. Mr. Mase said he does not have a list. The district is looking at not reappointing some staff position. They are predicting a \$200,000 deficit, but it could be as high at \$400,000, depending on circumstances. The school district will still have \$2.2 million in reserves after this budget. Mayor Alsworth said that the interest on the school endowment fund is only \$70,000 to \$100,000 per year. The Ordinance just passed will free up only the interest and the Assembly may need to consider freeing up the

principal of the fund. He added that the Borough has a 20 year obligation for a school bond. There are many big challenges and that makes for great opportunities in the future of the district and the borough. Assembly member Alvarez declared a conflict of interest because his business has sold fish to the school district the last few years. The Mayor declared a conflict of interest because his business, Lake Clark Air, is the largest air support taxi on the budget and requested to be excused. The Assembly excused the Mayor from the question. Michelle Ravenmoon took over chairing of the meeting. The Assembly did not excuse Assembly member Alvarez from the question. Motion passed unanimously by voice vote with Mayor Alsworth abstaining.

9. Website Contract

Motion was made by Assembly member Pederson to approve the website contract with CivicLive as presented. Motion was seconded by Assembly member Salmon. There was no discussion. Motion was approved unanimously by voice vote.

10. MOA with BBEDC

Motion was made by Assembly member Alvarez to approve the Memorandum of Agreement with BBEDC for an archiving clerk. Motion was seconded by Assembly member Salmon. There was no discussion. Motion was approved unanimously by voice vote.

11. Letter of Support for Port Heiden Fuel Tank Relocation

Ms. Aboras explained that in April, she toured Port Heiden. The City of Port Heiden has an ongoing contract with AEA. The process of moving the tank farm in Port Heiden has been protracted and erosion is threatening the current one. Ms. Aboras has a meeting on May 26 with AEA at which she will be urging them to shorten the construction process and get the work done before the tanks fall into the water. This letter will be included in a packet to present at that meeting. The Mayor told the staff that they should have drafted a letter for the Assembly to approve. Mr. Hill said that the borough has a good working relationship with AEA. Assembly member Anderson said that he has seen the later and it is good. Motion was made by Assembly member Alvarez to approve staff to write a letter of support for the Port Heiden fuel tank relocation. Motion was seconded by Assembly member Salmon. Motion passed unanimously by voice vote.

12. CIP Fund Request -

Ms. Conley told the Assembly she had been working with the communities to get their Capital fund requests in before this meeting. She reminded the Assembly that they had granted a year exception for all village accounts over \$25,000. After July 1, 2015, all Capital Fund Accounts will be capped at five years' accumulation. The following requests have been received and were presented to the Assembly:

- Levelock - \$20,000 for Refurbishment of the Rainbow Hall
- Chignik Lake - \$30,000 for Fuel Truck
- Kokhanok - \$20,000 for Fuel Truck

Ms. Conley said the requests needed some additional information, but the Assembly could approve the requests subject to the staff's collection of documents and information to complete the applications. Motion was made by Assembly member Pedersen to approve the requests from Levelock, Chignik Lake and Kokhanok for Capital Fund monies, subject to completed applications. Motion was seconded by Assembly member Salmon. Motion passed unanimously by voice vote.

Ms. Conley explained that she is still anticipating a CIP Fund Request from Perryville. Motion was made by Assembly member Salmon to allow the Borough Clerk to disburse funds from the Capital Fund Request for any requests received prior to July 1, 2015 and to present any

requests funded to the Assembly at the next meeting after the funding. Motion was seconded by Assembly member Ravenmoon. Motion passed unanimously by voice vote.

Assembly member Anderson asked why there is a limit of five years on the Capital fund. The Mayor explained that the fund was originally set up to provide seed money for matching funds for state, federal and private grants. Ms. Edwards said that the unused portion held for each village is a liability and by limiting the accumulation to five year, it limits the Borough's liability and risk. The Mayor added that the limit provides fiscal discipline for the villages and for the Borough.

I. UNFINISHED BUSINESS - none

J. TIME AND PLACE OF NEXT MEETING

Regular Meeting, Monday August 21, 2015– King Salmon AK

There was discussion of the next Special Assembly meeting on May 22, 2015 at 8:00 am via teleconference.

K. CITIZEN'S COMMENTS -

Tim Veal – Mr. Veal addressed the Assembly regarding the property he leases in Egegik. In January he received a notice that the Borough owns the land. He thought the State owned the upland rights at his set net site. He said he would like to buy the land, not lease it. One never knows what my happen, he said. He wants to be able to give the land to his kids or sell it or improve it. He said he knows of 10 others who want to purchase the land they lease, as well. He said he will pay full market value. He said if he buys the land he would be responsible for any contamination on the property. He said the current way the borough is doing leasing on Google Earth is a liability nightmare. The Mayor said that the Borough has not sold any of the land that it received from the state. It has transferred some, but never considered selling. He added that this is a good question for the planning commission to consider. He then asked if one acre is enough for water and sewer and not to make an issue with the neighbors. Mr. Veal said he just wants an opportunity to improve the site. He said he needs to build a new house, but won't build it if he does not own the land. He said he will look for land to buy instead. Mr. Nathan Hill asked if a long term lease would make it worthwhile. Mr. Lary Hill asked how, with a long term lease, the inheritance is handled. Ms. Edwards explained that each lease has an assignment clause.

Art Woinowsky- Mr. Woinowsky thanked the borough for sending Lary Hill, AlexAnna Salmon and Ranya Aboras to Ugashik to do a public hearing. Everyone in the village appreciated the hearing and their presence.

Bill Hill – Mr. Hill thanked the Borough for allowing him to sit in on today's meeting and the conversation on education. He also thanked the borough for "putting out" for education and for support of the career to education (CTE) program. He said, as Bristol Bay Borough School District Superintendent, he is glad to share with Lake and Peninsula Borough. They share training, they share in-service and this next year, they will share staff. The CTE program is impressive. It gives high school and college credit and certifications. Mr. Mase said they issued 400 industry certificates and college credits in four years.

L. ASSEMBLY COMMENTS

Michelle Ravenmoon – Assembly member Ravenmoon spent a week at Nondalton Cultural week. This gave jobs to community for the week. In April, fire fighter crews went to training for one week. They had to carry a 45 pound pack for over three miles and many people wanted the jobs. People are hurting for jobs, Ravenmoon said. She asked the Assembly to consider a change of focus to promote people's ideas to make money. If citizens make money, then so can the borough. She said that people are moving out because they need jobs.

Randy Alvarez – Assembly member Alvarez said that the school district does a good job of getting the kids a good education and wins awards, but we are not doing a good enough job of preparing the students for after school. The Department of Labor said that 30% of high school graduates go to college. The other 70% have to do something. He said apprenticeships worked well for him. He said

he knows someone who will be going to AVTEC and paying \$17,000 and then will not be guaranteed to get a job. Natalya Kalmakoff said that the whole point of school is to prepare for the future, but it is each students own responsibility to plan and to succeed.

H. 4. New Business – Ordinance 15-11 Borough Budget

Motion was made by Assembly member Michelle Ravenmoon to introduce ordinance 15-11. Motion was seconded by Assembly member Pederson. This ordinance was re-introduced because the amount to be transferred to the school district was more than 10%, and therefore a significant change. The Assembly requested this ordinance be set for public hearing during a special meeting scheduled for May 22, 2015 at 8:30 am. Motion passed unanimously by voice vote.

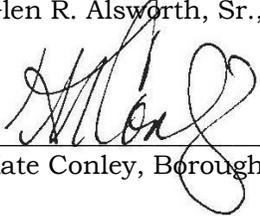
M. MAYOR’S COMMENTS – none

N. ADJOURNMENT

Motion was made by Assembly member Salmon to adjourn the Assembly meeting. Motion was seconded by Assembly member Alvarez. Motion passed unanimously. The meeting was adjourned at 8:01 pm



Glen R. Alsworth, Sr., Mayor



Kate Conley, Borough Clerk

August 17, 2015

Date