

CITY COUNCIL MEETING
TUESDAY, APRIL 22, 2003
7:00 PM - CITY COUNCIL CHAMBERS

- A. CALL TO ORDER: at 7:00 p.m. by Mayor Pro-Tem Tony Pippel in Council Chambers.
- B. ROLL CALL, DETERMINATION OF A QUORUM. Present: Council members Vanover, Fish, Pippel, Combs, Hanson (at 7:01), and Carrington. Mayor Cooper was in Juneau (absence excused). Also present: City Manager Tom Healy, Attorney Jack Snodgrass, and Recording Secretary Pam Whitehead. A quorum was established.
- C. APPROVAL OF AGENDA: The agenda was approved as amended. Changes were as follows:
- Remove Item K1: BIDS, 2003 Street and Water System Improvements Project;
 - Set Special Meeting for 4-29-03 for the purpose of interviewing City Clerk applicants and to hear item K1 removed from tonight's agenda;
 - Set Joint Council/P&Z Work Session for May 1, 2003, at 4:00 p.m. in council chambers for the purpose of hearing Darrell Lewis from the National Park Service re: changing Palmer's Historic District to National Landmark Status.
 - Move item M1, Accept 2002 Audit and Financial Statements, to G3, immediately following presentation of same.
- D. PLEDGE OF ALLEGIANCE: led by Council member Hanson.
- E. MINUTES OF PREVIOUS MEETINGS: The minutes of the regular meeting of April 8, 2003 were approved as presented.
- F. CONSENT AGENDA: None.
- G. COMMUNICATIONS AND APPEARANCE REQUESTS:
1. Fran O'Shea – Boys and Girls Club.

Fran O'Shea, Mat-Su Valley Club Manager, gave a presentation on the Boys and Girls Club and requested the city's support in maintaining the club's programs and activities in the Mat-Su. She distributed two handouts, one summarizing 2002 revenue sources and anticipated revenues for 2003 and one listing Anchorage and Mat-Su Community Partners. The B&G Club provides programming for 522 youth and teens in the Mat-Su in five core areas, including Character, Leadership, Education, and Career Development, Health and Life Skills, The Arts, and Sports, Fitness and Recreation. Ms. O'Shea described key prevention, education and leadership programs operating in the Mat-Su Valley Clubhouse, including SMART Moves (helps young people resist activities that could jeopardize their health and well-being including substance abuse and premature sexual activity), Torch and Keystone Clubs (leadership training and community service), Power Hour and Club Tech (homework and technology education), in addition to arts and crafts, physical fitness, and work skills and career exploration for teens.

There is a \$40 annual fee to become a B&G Club member, however, a child is never turned away because of the family's inability to pay. The Clubhouse is open daily from 6:30-8:30 a.m. and 2:00-7:00 p.m., on Saturdays from 12:00-6:00 p.m., and on in-service days, holidays, and school vacation days from 6:30 a.m. to 7:00 p.m. Last year, 834 club members attended the summer program and they anticipate at least 1,000 children this summer. The B&G Club has made a significant impact on the youth in the Mat-Su Valley since they first opened in 1999 and have twice outgrown their facility. Currently, there are 522 clubhouse members, of which 65% come from Wasilla; 54% are low income, and 91% are between the ages of 7 and 12 years; 556 youth participate in school outreach programs. The B&G Club works closely with a number of agencies, including MASCOT (provides transportation to the clubhouse of approximately 350 children every day), the Dorothy Saxton Shelter, and the Mat-Su School District. Their goal is to prepare our youth to make healthy decisions that will impact their physical, cognitive, emotional, and social development in positive ways.

Ms. O'Shea emphasized that they have worked hard to carefully craft a diverse funding base that will ensure stability and sustainability and that government support is a critical tool in leveraging grants, individual gifts, and corporate contributions. She requested \$5,000 in support FY 2003, which funds will be allocated for one month of programming and which will assist in leveraging other funding. In addition, she asked that the City of Palmer commit to an annual sponsorship, thereby laying the foundation for similar support from the City of Wasilla and the Mat-Su Borough. The \$5,000 represents less than 1% of their total budget for the year; 27% of club members are Palmer residents (150 @ \$456/per member = \$68,000).

MOVED HANSON, SECONDED COMBS, that the matter of committing \$5,000 to the Mat-Su Boys & Girls Club for fiscal year 2003 be placed on the agenda for the next regularly scheduled meeting. MCU.

2. John Bost – Presentation of 2002 Audit and Financial Statements.

John Bost, of the City's auditors, Mikunda Cottrell, summarized the results of the City's 2002 fiscal year audit. Highlights included: Overall, the city in 2002 increased its "equity from operations" (net worth) by approximately \$1.2 million, compared to \$1.6 million in 2001 and \$1.3 million in 2000. The general fund has paid off all its debt. Total fund balance at year-end was \$3,696,000, up \$300,000 from last year. Part of it is planned to be spent in 2003. The unwritten rule of thumb for an undesignated fund balance is two to six months for normal reoccurring operating expenditures. Based on 2002, the undesignated fund for 2003 should be at least \$700,000 or as much as \$2.1 million. He considered the general fund to be financially healthy. It is a good position to be in to have this kind of undesignated fund balance. On the revenue side, sales tax continues to be the major source at \$2.9 million. For comparison, sales tax revenue in 1996 was \$1.9 million. Mr. Bost further discussed the projected increases in PERS rates, salaries, and cost of health insurance. The prediction is 5% over what is being paid now by year 2005.

Questions and discussion clarifying various elements of the Audit ensued, with Mr. Ossakow participating. The main point of discussion concerned the Airport Fund, that any extraordinary monies transferred from the General Fund should be reflected in the Airport Fund as reimbursable to the General Fund. Further discussion concerned airport revenues, land leases, grant money

allocation, and whether the airport was generating enough revenue to pay for itself. Mr. Bost explained not without grant money. He suggested another way to get airport money back into the general fund would be "payment in lieu of taxes." Council member Pippel wants to be sure that the costs of the airport are accurately reflected in the accounting so that airport leases can be determined in amounts sufficient to cover those costs.

3. Accept 2003 Audit and Financial Statements.

MOVED HANSON, SECONDED CARRINGTON, to accept the 2002 Audit and Financial Statements as presented. MCU.

H. BOROUGH REPRESENTATIVE'S REPORT: None.

I. AUDIENCE PARTICIPATION: None.

J. HEARINGS, ORDINANCES, AND RESOLUTIONS:

1. Public Hearing and Certification of Assessment Roll for Improvement District 01-1-ST.

This is the required public hearing on the final costs and assessment roll for Improvement District 01-1-ST, a project that paved Blueberry, Birch, Cottonwood, and Cedar Avenues between S. Alaska St. and S. Cobb St. Property owners affected by this assessment district have received notices of their proposed assessment amounts.

Mayor Pro-Tem Pippel opened the public hearing and asked for comments from the audience. The following property owners testified:

Per E. (Sweed") Tornblom, 232 W. Cottonwood Ave, testified that he received a bill for \$1,441.09 and doesn't know what it is for. Mayor Pro-Tem Pippel explained it is his share of payment for the improvements to the street in front of his property. Mr. Tornblom expressed displeasure at receiving the bill, that he was not the owner of the property when the street was paved, and he was never informed when he bought the property that there would be an assessment. He called his title company about the matter but is still waiting for a satisfactory response. He doesn't think it is fair to bill him for something he didn't have a say in; said if he'd known about it, he never would have moved from Anchorage.

Frank Sager, 203 S. Cobb St. (corner of Blueberry & Cobb), asked for an adjustment to his assessment amount because the charge was based on 28' of pavement and Blueberry has only 24'. Discussion ensued.

Mr. Healy explained that the total lineal footage was divided into the project costs up to a 28' width, including curb and gutter, and the city paid 100% of any street width beyond 28 feet, plus sidewalk. He does not believe there was any adjustment made for the fact that Blueberry was narrower. He pointed out that the assessment is based on the actual costs of a residential standard for all four streets. The fact that Blueberry is narrower than the full 28 feet means the cost overall is a little

lower than if all four were 28' wide. Discussion continued on how the costs were allocated. Mr. Sager thinks an adjustment should be made because he has four feet less pavement on Blueberry. Council member Pippel suggested a reduction for those who front on Blueberry and the city pick up the difference in its share. It was pointed out that such action would mean a delay in certification of the assessment roll until next meeting, but Mr. Healy didn't think that would be a problem.

Jim Helgeson, 211 S. Bailey St (log house on the corner of Blueberry & S. Bailey), expressed a number of concerns with regard Blueberry. He spoke to the increased traffic and speeding; noted for example that one speeding vehicle lost control and crashed into his yard; said that luckily his young children were not playing in the yard at the time. He witnesses cars every Saturday speeding up and down Blueberry on their way to the post office. Evening time brings a high volume of traffic not paying any attention to the 25 mph speed limit. A good many are teenagers. Liquor bottles and beer cans get thrown out of the vehicles hitting the stop sign, his landscape rocks, and smashing the side of his garage which fronts Blueberry. Blueberry has become a 1/8th-mile drag strip. It is unsafe for his children to walk to the park which is only about 75 feet from his house. Last summer he witnessed a Suburban barreling down Blueberry while three children were walking to the park. The driver didn't yield, laid on his horn, and continued straight at them. The children dove into the bushes. He has taken many steps, including numerous reports to the police department. He has written down vehicle descriptions, license plate numbers, and the response has been insignificant. At one point last summer he called the police about a car speeding up and down Baily and Blueberry and described in detail to the officer the ongoing nightmare; suggested that radar be set up in order to ticket the unlawful drivers. The officer said "We have more important places to set up radar in Palmer, such as the Glenn Highway." About three weeks later a girl was hit while riding her bicycle on Blueberry. Numerous houses in the neighborhood have children, including the children who live in the Palmer Arms Apartments. He can't think of a better justification for patrolling the area and running radar than to help protect the children of the neighborhood. He called Ron at the public works department asking for a 25 mph speed sign and Children at Play sign. Two days later the signs were up and he thanked him for the quick response, but they do little to deter speeders. His most recent attempt was to call the Mayor to express his concerns, but has yet to hear back. He takes great pride in his home and landscaping his yard; noted the council nominated his home last year for beautification awards. He also takes pride in his community and participates in many community activities. He is disappointed, however, in the nightmare he faces on a daily basis living off Blueberry Street, for which he has received a bill for \$1708.32.

Stan Awe, 202 S. Bailey St., testified that his biggest objection is being billed based on 28' of pavement when in fact it is just under 20'. He also voiced concerns regarding the speeders, that it has become a thoroughfare to the post office, and echoed the concerns previously raised for the children. He recommended a three-way stop at Bailey and Blueberry, or installation of speed bumps; thinks that a 25 mph speed limit is too high, that it should be reduced to 15 mph.

Mr. Helgeson further testified, voicing concerns about when Fred Meyer goes in about three blocks away. The traffic and speeding will only get worse. He hopes that a child doesn't have to get killed before something is done.

There being no other persons wishing to testify, the public hearing was closed at 8:34 p.m.

Mayor Pro-Tem Pippel explained to the audience what it had to work with concerning Blueberry, that it was unfortunate there wasn't enough right-of-way to provide a sidewalk; wanted the audience to know that he hears and shares the concerns raised about traffic and speeding and noted that public works will be consulted to see what can be done. Brief discussion followed. Council member Hanson asked Mr. Healy to see that the Police Chief gets the message regarding the traffic concerns; noted that our neighborhood streets are more important to patrol than the Glenn Highway.

2. Resolution No. 1303 – A Resolution Confirming Special Assessments for Street Construction Improvements on Property Specially Benefited in Improvement District Numbered 01-1-ST, Setting Date of Payment and Providing Penalties and Interest in the Event of Delinquency.

Mayor Pro-Tem Pippel introduced the Resolution, which confirms the special assessments for Improvement District 01-1-ST.

MOVED HANSON, SECONDED CARRINGTON, for adoption of Resolution 1303.

MOVED VANOVER, SECONDED CARRINGTON, to table action on Resolution 1303 and continue the public hearing until the next regularly scheduled meeting. MCU.

The meeting recessed for a break at 8:40 p.m.; called back to order at 8:50 p.m.

3. Ordinance No. 603 – An Ordinance Regarding the Establishment of Neighborhood Parks and Providing a Method for Partial Funding Thereof. (Public Hearing and Second Reading)

Mayor Pro-Tem Pippel introduced the item, which primarily establishes procedures for collection and expenditure of fees for neighborhood parks. Companion to this ordinance is proposed Resolution 1304, the next agenda item.

MOVED COMBS, SECONDED HANSON, for adoption of Ordinance 603.

Mayor Pro-Tem Pippel opened the public hearing and asked for comments for the audience. No one came forward and the public hearing was closed at 9:50 p.m.

Discussion and review of the proposed ordinance took place. The most recent draft was on the table attached to the attorney's Second Supplemental Memo Re Ordinance 603. The attorney explained the most recent revisions to sections .020 and .030. The changes clarify that all park land is conveyed to the city through a voluntary agreement and not based on a reservation or taking by the City. There is provision for donations of land to the City and possible income tax deduction for the owner.

Council member Hanson questioned why the credit would not be maintainable by the same developer in another subdivision in the city. It's his opinion that what we want is for developers to develop the parks within their own subdivisions; thinks that by not allowing them to maintain the credit elsewhere to another development in town inhibits his ability to construct parks. Further

discussion continued. Council member Pippel offered a possible solution: Say for example a developer dedicates \$30,000 worth of land for a neighborhood park and generates \$20,000 in credits. Why can't the City pay him the \$10,000 difference using partly the fees he has paid for his development? It would be on a per subdivision basis, offers flexibility, and makes for easier accounting. The attorney explained that such arrangement could be an option, but cautioned against "requiring" the city to do it. He suggested language such as the city may work with the developer and pay the difference.

Council member Combs wants the city to have the ability to designate an area for a park at the outset, in lieu of fees, with a time limit within which the city will purchase (for example, six years). Further discussion ensued. The attorney discussed eminent domain versus voluntary agreement. He further discussed the Anchorage ordinance for comparison. Council member Hanson asked about the typical costs of eminent domain. The attorney approximated \$50,000.

Council member Hanson discussed the provision on refunds (12.03.070); suggested that it be removed for the reason that the fees are part of developing property in Palmer; that the fees will basically be put into escrow for the city's ability to construct a park at some point in time, whether it's 5, 10, or 15 years. The attorney pointed out that the model ordinance had refunds; reminded that it is essentially a trust fund in case for some reason the park is not developed. Mr. Healy raised serious concerns in terms of accounting. Further discussion ensued. The attorney noted that the courts are more likely to uphold the ordinance if a refund provision is included.

The attorney raised the question of pocket-parks smaller than 7200 sf. He pointed out if they are to be allowed, it will require a significant amount of additional work changing subdivision rules, the city's ordinance with respect to lot size, and also request changes at the borough level. Further discussion continued.

Manager Healy pointed out that the ordinance does not contain any specific criteria to determine how much land should be set aside. Council members Combs and Pippel stated it should be a matter of negotiation between the developer and the manager. The attorney called attention to the Report Showing Neighborhood Parks Level of Service, establishing a baseline of 3/4-acres of neighborhood park per 1,000 residents; pointed out that the level of services and fees is set by resolution, subject to change from time to time by the city.

Council member Hanson thinks the \$266.43 fee per single family dwelling is too high; that with the other city utility fees and deposits, it would cost \$991 just to get started, not counting the building permit. Council member Combs suggested it be reduced to a round number.

MOVED COMBS, SECONDED CARRINGTON, to table action on Ordinance 603 until the next regularly scheduled meeting in order for the attorney to incorporate suggested changes. MCU.

4. Resolution No. 1304 – A Resolution Setting the Fee Schedule for Partial Funding of New neighborhood Parks.

Mayor Pro-Tem Pippel introduced the Resolution.

MOVED CARRINGTON, SECONDED HANSON, for adoption of Resolution No. 1304.

MOVED COMBS, SECONDED HANSON, to table action on Resolution 1304 until the next regularly scheduled meeting. MCU.

5. Ordinance No. 604 – An Ordinance Amending Section 3.20.140 (Joint Purchasing), and Adding Section 3.20.150 (Misrepresentation and Fraudulent Claims) of Chapter 3.20 (Purchasing), of Title 3 (Revenue and Finance) of the Palmer Municipal Code. (Public Hearing and Second Reading)

Mayor Pro-Tem Pippel introduced the item.

MOVED VANOVER, SECONDED FISH, for adoption of Ordinance No. 604.

Mayor Pro-Tem Pippel opened the public hearing and asked for comment from the audience. No one came forward. The public hearing was closed at 9:45 p.m. and the matter was brought back to the council.

Manager Healy noted that this ordinance allows for a joint purchase with another government entity outside the state; that it broadens our reach in terms of government contracts and joint purchasing arrangements; it also addresses fraudulent claims.

Question on Motion [adopting Ordinance 604]: MCU.

K. BIDS:

1. [Removed].

L. OLD BUSINESS:

1. Heritage Properties' Offer Regarding Sale of Water Tank.

The manager reported that the city received the letter in the packet from Heritage Properties extending the deadline to April 29, 2003 for their offer (exchange the Co-op water tower for the \$69,000 street assessment). Mr. Healy recommended that the offer not be accepted; that waiving the \$69,000 assessment is excessive; makes the price too high for what the city would get in return. He updated the council on the meeting today with the State; that there is concern in the State's Historic Preservation Office concerning Heritage's plans for the remainder of the Mat-Maid buildings and their ability to complete the required renovations by the date prescribed. The manager's concern is if the city were to enter into an agreement for the transfer sale of the water tower, would Heritage have the ability to enter into such transaction? Heritage does hold the deed, but it is subject to certain performance-based covenants and conditions. Manager Healy suggested perhaps offering a lesser amount if the city wants the water tower; noted that in addition to the \$69,000 (which was due on or before December 12, 2001), there is roughly another \$30,000 in assessments past due. If the city

were to make a counteroffer, other requirements would be title insurance, the property would have to be subdivided, and a condition survey of the water tower conducted to assure sound condition.

Discussion ensued. Council member Carrington thinks the water tower probably should be owned by the city, however, he is a little leery of doing business with someone who is so far in arrears in assessments. Council member Hanson agreed; thinks Heritage needs to show some faith they are willing to pay its debt; noted on the other hand that maybe it would be better to do business with them, because if the State takes the property back, it is not very likely the city would be able to collect the old assessments at all. Council member Pippel thinks the water tower should be in public ownership, that it is one of our prime landmarks, that he believes it is structurally sound; suggested an offer in the range of \$35,000, with conditions, is reasonable and fair, noted he would like to see the administration move forward and negotiate a fair arrangement. In the absence of that, he would not be opposed to applying legal pressure for Heritage to pay the assessments or the city take ownership of the property through foreclosure. Council member Hanson suggested offering to forgive \$30,000 with the condition of bringing current the other portion and extend the note; also thinks there should be a penalty associated with late payment. Council member Combs agreed that \$30,000 to \$35,000 is a fair and reasonable offer. Council member Pippel added that the city should offer to pay the costs of transfer of the property.

M. NEW BUSINESS.

1. [moved to G3]
2. Approve Revisions to Water and Sewer Utility Regulations.

The manager reported that Code section 13.08.110 authorizes the city manager, subject to council approval, to promulgate rules and regulations for utility service. The regulations in the packet show the proposed changes suggested by Public Works, which revisions update the regulations on reading meters, and increase several fees to reflect amounts closer to actual costs for these services.

MOVED VANOVER, SECONDED FISH, to approve the proposed changes to Water and Sewer Utility Regulations.

Discussion and questions ensued, primarily relating to revisions regarding fees. Council member Hanson is opposed to raising the water and sewer rates; that with \$4.1 million in the water/sewer fund, he doesn't think it appropriate to increase fees; questioned why raise the new utility deposit from \$40 to \$50. Council member Pippel pointed out that service fees should be in line with actual costs; commented also that the \$4.1 million could be used up rather quickly in running new water/sewer lines following annexation. Further discussion continued debating whether to increase service fees.

MOVED HANSON, SECONDED CARRINGTON, to amend the proposed rate schedule to not increase the Service Call During Regular Working Hours rates, leaving it at \$15, and not increase the Meter Test rate, leaving it at \$15; with all other rate increases remaining as proposed.

MCU.

Question on Motion, As Amended: MCU.

3. Airport Lease Lot Development Report.

Manager Healy presented a plan for development of airport lease lots that involves phasing the improvements, increasing the lease rates, and assessing lessees of the new lots a portion of the development costs. *See* Memo in the packet with attached drawing showing lease lots. He noted that the City has received significant inquiries from people wanting to lease these lots. He asked for council approval as to how to proceed. The manager proposed, as outlined in his memo, dedicating utility and general fund monies to pay for the utility and road improvements and enter into a subdivision agreement with the borough. If the council wishes to proceed in this manner, he will have the required information and draft subdivision agreement at the next meeting. After final plat approval from the borough, the city can issue leases and schedule improvements. Mr. Healy emphasized that timing was of the essence in terms of accommodating potential lessees in this construction season.

Following questions and further discussion, the consensus of the council was for the manager to come back at next meeting with cost estimates, funding sources, and subdivision agreement for council approval.

John Vogel (ph) addressed the council encouraging that the city act quickly in developing the lease lots. His company is planning a move to Palmer and they would like to lease lots 1 and 2. The most important issues as he sees it is bringing water to the lease lots and constructing the road. They selected Palmer for a number of reasons – a good place to grow their business, strategic airport location with longer runway to bring in larger turbine-powered aircraft, among others. They have just won a contract with the Navy to develop a deck-cleaning vehicle for aircraft carriers and they have to start producing within a month from now. If something doesn't happen soon so they can get their building underway, they will have to go elsewhere. Although the Navy contract is a bonus to their core business of aircraft certification services, it is the primary reason for having to move as soon as possible on constructing a building and move in to begin producing. They wish to pay their fair share and become a partner in growth here in Palmer. Mr. Vogel explained that Triberis (ph) is an aircraft certification engineering company; they help people modify their airplanes and justify their designs with the FAA. He went on to further describe the Navy contract and particulars of what his company does.

N. CITY MANAGER'S REPORT: Manager Healy reported on:

- *Fred Meyer* – updated on the continuing discussions with regard to alignments and access.
- *Alaska Family Resource Center* – grant agreement requirements are progressing.
- *Consolidated Dispatch* – nothing new to report.
- *Wage Survey* – will be having a staff meeting with the consultant next Monday to identify issues and review job descriptions.
- *City Clerk Interviews* – will be conducted at a Special Meeting next Tuesday; outlined the interview process.

O. AUDIENCE PARTICIPATION: None.

- P. COUNCIL COMMENTS: **Council member Hanson:** commented that he wants to see Fred Meyer in town. **Mayor Pro-Tem Pippel:** Reminded of the Don Young luncheon tomorrow, Noon, at the Job Corps Center; commented that the meeting with Rep. Gatto and Rep. Stoltz went very well; noted he was pleased with the attendance; applauded Eowyn Ivy's article in the Sunday Frontiersman about pedestrians; noted also that he is pleased with the quality of the press that the City of Palmer gets from the Frontiersman.
- Q. ADJOURNMENT: at 11:05 p.m.

For a signed copy – contact the City Clerk.