

KETCHIKAN CHARTER COMMISSION

REGULAR MEETING

June 25, 2004

The regular meeting of the Ketchikan Charter Commission commenced at 6:02 p.m., Friday, June 25, 2004, in the City Council Chambers.

A: Pledge of Allegiance

Roll Call

PRESENT: OTTE, HARRINGTON, MCCARTY, FINNEY, PAINTER

ABSENT: THOMPSON, KIFFER

B: Ceremonial Matters/Introductions

City Attorney, Steve Schweppe, and City Public Safety Director, Rich Leipfert, were recognized as being in the audience.

C: Public Comments

NONE

D. Informational Reports and/or Commission Presentations

THOMPSON's flight got cancelled in Juneau.

OTTE indicated that there was a memorandum from HARRINGTON regarding the tax cap issue in the packet and also attached are letters sent to the minority organizations and Saxman requesting a time/date for the Commission to present the Petition to them toward the end of July.

E. Consent Calendar

M/S MCCARTY/HARRINGTON for approval of the minutes of the June 18, 2004 regular meeting.

A roll-call vote was taken.

FOR: PAINTER, HARRINGTON, MCCARTY, FINNEY, OTTE
AGAINST:
ABSENT: THOMPSON, KIFFER

Minutes approved by a vote of 5-0.

F. Vouchers

M/S MCCARTY/HARRINGTON for payment of Vouchers in the amount of \$ 734.62.

A roll-call vote was taken.

FOR: HARRINGTON, PAINTER, FINNEY, MCCARTY
ABSENT: THOMPSON, KIFFER
ABSTAIN: OTTE

The payment of vouchers was approved by a vote of 4-0 with one abstention. Ms. Otte had payment vouchers on the list and abstained.

G-1 Recess the meeting into worksession to consider the 2004 Draft Consolidation Petition, as well as the 2004 DRAFT Charter, as well as correspondence received addressing issues within the Petition and Exhibits.

M/S MCCARTY/FINNEY to recess into work session. An affirmative voice vote of the body was heard.

It was noted that Chief Leipfert was here to discuss one of the items in the agenda and it was pointed out that in work session, any topic could be discussed. It was not necessary to discuss any of the items attached to the agenda statement; they were attached for information purposes.

PAINTER read the explanation of work sessions, saying work sessions are informal discussion sessions held for the purpose of exchanging and gathering information. No action may be taken, formal rules of order are relaxed, and minutes are not required to be kept.

Chief Leipfert spoke about item H-3 on the agenda regarding the amendment to Charter Article XII, Areawide, Nonareawide and Service Area Powers, Sections 12.03 (2), 12.07 and 12.02 (c). He said he wanted to give his

personal opinion first to the body and then he would follow-up with a couple of points on H-3.

Chief Leipfert said that in his personal opinion, the community is too small to have three different fire departments. He said that as a City employee, he would do whatever is directed, but in the best interest of the community, one organization should be providing the fire and EMS services. In lieu of that, he said he thinks a couple of the changes that H-3 recommends might hinder the new Assembly's ability to move toward the combining of the fire & EMS by requiring an additional votes of service areas after-the-fact and those types of things. By deleting Section 12.07, it might hinder the Assembly's ability to make a determination to combine the departments without having to go through a huge political process for each entity to approve it. He said Mr. Schweppe could probably speak to that better than he could.

Chief Leipfert said he understood HARRINGTON's reasoning behind the proposed deletion and they had discussed the separation of fire & EMS powers, to which he is absolutely opposed because of resources. There are not enough people in the community willing to help those who provide those services in order to split them apart. It is needed to provide fire & EMS together. He said he's concerned that by removing Section 12.07 and some of the verbiage that is still in the document, the ability might be lost to go to one department after the consolidation. The three Chiefs have had one additional meeting and they are working on what can be done to consolidate partially, including administration & training and those types of things. Currently most training is conducted jointly, however, the administration is not shared. Protocols and standing orders are shared. There is a lot of interaction between the departments currently. Personnel are also shared. The City fire personnel are often on one of the volunteer department's rosters.

In the event that the new Assembly would want to look toward moving into a single, consolidated fire & EMS department, deleting 12.07 might remove the ability of the Assembly to do that without having to go to massive popular votes. He said he knows that each of the fire departments has different personality and there are strong ties to individual fire departments, and that is respected. He said he's not trying to remove that from any one department. He said that in department's he's seen consolidated, there is a process that allows the districts to remain intact with their own emblems and flags. There is a certain pride established and losing volunteers or members as a result of consolidation is not something that is desired. Chief Leipfert said he thought that if the community is consolidating, then the fire departments should also do so.

PAINTER said he concurred, but corrected the Chief in saying there are actually four departments, including the Airport fire fighters. He said the hurdle that needs to be overcome is the costs and the allocation of costs. Mr. Schweppe did address some of that. PAINTER went on to say that as far as equipment that would have been purchased by the City being used in the service areas, that might be a problem. He said that the Commission should get together with the service area chiefs, Chief Leipfert and Mr. Schweppe and discuss the issue.

FINNEY asked if it were possible to have combined fire & EMS areawide and have unequal service. PAINTER said that no matter who provides the service in the rural areas to the extent of the road system (he then interjected that no matter where the emergency exists, the community always pulls together and gets the job done, often answering questions about who should have responded, etc. after the incident)....

FINNEY said that it seemed to him that there couldn't be areawide fire unless there were hydrants out the road so that the same level of service could be offered as in town. PAINTER said that wasn't the case. He said the situation is that there could be areawide fire & EMS. Understandably, in the far reaches of the area, the quality of the service is not going to be what it is in town because of response time. Chief Leipfert interjected that it wouldn't so much be the quality of the service, but the timeliness of the service. The responders would have the same level of training and the same types of equipment. PAINTER said that there are no hydrants in the north & south areas and they must rely on tanker operations, but it's been proven that tanker operations are pretty efficient.

MCCARTY pointed out that in the Anchorage Hillside area, police protection was excluded and he said that situation was somewhat comparable to Ketchikan. They must have some step in how taxation occurs or the level of service received. He said it was a concern and the reality of what is going to happen, and clearly, if a person is off the road system, there are no cross-country vehicles available for providing the service. He also queried either Chief Leipfert or Mr. Schweppe about the equipment in various areas has been purchased through those areas, and he wondered if there were an obligation, how would the financial things be balanced. He wondered if money would change hands, or whatever. He wanted to know how this would be addressed both on the legal side.

Chief Leipfert responded that he was assuming all the assets of both the City and Borough would become part of the new municipality. Mr. Schweppe concurred that it didn't matter who bought them, they would become assets of the new municipality and they provide service areawide. MCCARTY restated

that in looking within the fire department, there would be different districts (battalions) and different equipment. Chief Leipfert said that the way it is now, it would almost have to, because the specifications of the equipment, the stuff that the City has purchased has been specifically designed for water systems. So, that equipment would be best utilized where it is currently. He added that doesn't mean that the ladder truck couldn't respond outside the service area to assist wherever there was a need for a ladder. Those vehicles recently purchased both south and north are designed for the waterless systems, so it would make sense to utilize those in those locations.

OTTE queried Mr. Schweppe whether naming the fire & EMS as nonareawide powers be more appropriate than areawide, since those services cannot be provided for the whole area of the new municipality, just the roaded area. Mr. Schweppe indicated that OTTE might be getting into the area similar to the one that questions why the spinster has to pay the school tax. Schweppe said there are certain things you pay even though you're not getting the equivalent amount of service, for example, if a person's house is a mile from the fire department, they aren't getting the same fire or EMS service as someone whose house is right next door. He said that person would get a degree of service. OTTE pointed out that people off the roaded area, people within the municipality's boundaries are not going to get any service at all; Pennock, Gravina, Deep Bay, Loring, Moser Bay, Vallenar are all inaccessible to fire & EMS response. MCCARTY said the fireboat could be utilized. Chief Leipfert indicated that should the fire/EMS go areawide, the fireboat could certainly respond to the outlying areas of the municipality.

PAINTER asked whether Chief Leipfert or Mr. Schweppe thought that the financial aspect of making fire/EMS areawide, the current bonded indebtedness, if the assets all become property of the municipality and the municipality assumes the bonded indebtedness and then charges whatever/however, whether it's fees or whether it's by millage rates to cover that cost, would be a problem. Mr. Schweppe said no, all the assets and all of the obligations transfer to the municipality for areawide purpose, so the indebtedness would go areawide as well as the assets. FINNEY wanted to know if it was an areawide service, if it would be necessary to charge the same rate across the board, whether it was a fee or a millage rate. OTTE then asked if could charges be done differently by district. MCCARTY said he could see if it were done if it were specified, such as has been done with recreation, ports & harbors or the hospital tax, it could be done like that. Say, dedicate 1/10th of a mill for fire service in a particular area, but if dealing with a generic mill rate, raising 10 mills and services are going to funded through that, there would be a problem. He also said that if the millage was too particular, .1 for this and .2 for

that and .7 for the other thing, there may be one mill rate that's too high or too low and there may be enough money borough-wide to take care of everything, but if it's dedicated monies, there may be an excess in one area, but it couldn't be spent elsewhere.

FINNEY said his question was whether a different mill rate could be charged to deal with the different services. If the answer is no, he said, that's good, but if it is an option, it should be considered.

Mr. Schweppe said the way the earlier draft charter was set up, local improvement districts could be set up for public improvements and for services. He said that's a possibility, but that's not something for this Commission to do. He said that whole idea of local improvement districts is that petitioners are coming forward asking for an extra service that's not provided. It's a hypothetical possibility, but he said he wouldn't encourage taking that route.

FINNEY asked Mr. Schweppe if he thought the easier path would simply be there would be X millage to cover areawide fire. Mr. Schweppe said then, if there's a concern about the impact of that, there could be sales tax money used, also. Maybe the solution would be that X% of areawide sales tax is going toward fire/EMS so everyone pays a nominal uniform amount, and beyond that, the services are paid for by sales tax, which makes a lot of sense when you look at the fact that most of the sales tax is being generated in the commercial areas and those areas are where the people are using that full fire & full EMS service.

HARRINGTON said when he set the changes up to Article 12 regarding fire & EMS; he followed the Commission's standard procedure, which is to make as minimal amount of change to the existing situation as possible. He said that when the City's prior charter was written, the City was the only EMS empowered area. No other part of the community had those EMS powers. He said that's why he suggested deleting that section (12.07) because it was predicated on that sense that this would then deliver. Since that time, both South Tongass and North Tongass have EMS powers. He said by all rational reasons, EMS and fire are areawide. The problem then becomes the taxation issue. He said that speaking as a North Tongass resident, he would love to get out from underneath that 1.5 million dollar debt by allowing this to be spread across the entire community. But, he said as he'd gone through the process, it did not make sense to do it, but he could certainly be talked into saying that this is an areawide power. He said he'd been trying to follow the pattern of maintaining the status quo and allow for progress, and when the three service areas with fire & EMS powers, the consolidation of those over time into a unified system is

a natural because they would all be run by the municipality anyway.

Mr. Schweppe said that the 2000 language dealt with Pond Reef. And that was a major problem because how would one consolidate with a private business, other than buying them out. He said they were stuck in a predicament with both fire and EMS. He said that's why the language is in there that says, "until such time as there is no other adequate EMS service", at the time Pond Reef was showing some signs of having problems providing EMS. He said they foresaw a time when they might not be in that business, and then at that point, EMS would become fully areawide. He said that was some of the history in the language of this section.

Mr. Schweppe went on to say that as far as joining the departments incrementally or evolving into an areawide fire/EMS department, he said he didn't see that happening, or happening easily. He said this is the golden opportunity. He said if it's not done now, the community will be stuck with three or four departments because at the time the original charter language was written, the municipality had the charter to totally control what would happen to service areas as far as terminating them. Because of the Hillside case, there was a change in the law passed that said that fire protection service area unless you have the votes of both sides. So that means that in the future, in order to terminate the service areas set up in the Charter, there would have to be consensus from both sides. He said he had a hard time seeing a scenario where that could be done in a mutually advantageous way. It's always going to cost somebody more to merge. Beyond that, if the advantage of the possibility of freeing up some of the sales tax and applying that to fire protection now, five or six years from now, that money is going to be spent for some other purpose and is not going to be there to kind of smooth out the bumps on the tax rate.

PAINTER clarified that currently the City dedicates 1% for Public Safety, which includes both police and fire/EMS. Chief Leipfert said that about half of the 2.5 million dollar budget is covered by that tax. PAINTER said that the bulk of the police and fire in the community is within the City limits. He said he was a proponent of areawide fire & EMS basically because there is no one that can do it better because of more equipment and more manpower. He said he didn't know what his paid staff consisted of and Chief Leipfert said there were 18 paid staff. PAINTER went on to say that until recently the service areas virtually had no paid staff, or a part-time chief paid, with a lot of volunteer time to do things. People come and go and move in this scenario. Earlier in this process, the Commission heard testimony from people belonging to rural fire departments and didn't like the sound of areawide fire service because of their historical perspective and if that were the way it turned out, there wouldn't be any volunteers join the department from that area. He said that was being

unfair to the public who need the service. If the costs could be spread over the entire community in a fair method by the use of some sales tax it would soften the blow. He said the Commission's biggest hurdle is the rural people not wanting their property taxes increase.

MCCARTY said he thought Mr. Schweppe's comment about the equipment and HARRINGTON's immediate follow-up, when this is looked at in kind of a global situation, when you talk about independent identities of the departments. Chief Leipfert said that would be maintained and whether it's logos, team colors, the departments could be named the same and that special neighborhood thing could be recognized. Equipment also recognizes the area. Certain equipment would tend to go with residential-type fires, hydrant-using equipment, tall building fires, so reality mirrors that. Money-wise, looking at this idea, figuring out what the debt service is for the equipment, especially in the north and south departments, if the Municipality assumes that, that has some positive effect on the mill rates now seen in the service areas. The bigger entity has a better bonding service, which should lead to better financing. If a substantial portion of the operation and debt service costs are funded from a tax that's generated in the population core, there will be a higher level of service and a little higher level of tax. The people outside the core service area are getting some benefits of the sales tax they spend when they buy things within the core area, because they have a stronger department and they no longer have to carry the debt service for their area's equipment on their property, it's spread across the whole community. The fire service balances out in a number of different ways; property taxes are dropped, more sales tax may be required and there would be a whole system where all the pieces fit together. MCCARTY went on, saying he was starting to see a rationale in selling the concept to the community, a bullet point so to speak, that this would make certain that all the fire & EMS services would function as a unit, most people could see the logic in that, and not just the neighborhood concept to fire-fighting.

FINNEY asked if he would get the same service he currently enjoys now for less money. He said that to him that's the driving idea. Chief Leipfert said he'd have to look at the numbers. He said he didn't know what the north end residents were currently paying and a financial person would have to take a look at the over-all numbers. He said he knows what his budget is currently in the City. FINNEY said that some of the concerns heard by the Commission were that by combining these services there would have to be paid people on the north and south ends and if that is started, there's no way money could be saved. Chief Leipfert said that if the same level of service currently in place and use the flat property tax rate combined with a portion of the sales tax, there would still be a career response in certain areas and there would still be a volunteer response to all the areas. Currently inside the City there are

volunteers responding. MCCARTY pointed out that what would be happening is that some of the tourist dollars would be helping to pay for the services.

HARRINGTON asked how much the current City budget was and Chief Leipfert responded \$2.2 million. HARRINGTON inquired how much was for fire/EMS and police. Chief Leipfert responded that figure is just for fire/EMS. He said that half of the fire budget of \$2.2 million, approximately \$900,000, is from Public Safety Sales Tax.

PAINTER said that people don't realize, as with the case of rural telephone users actually subsidizing City water service, the rural folks are virtually paying for City fire & EMS and police through the 1% sales tax, because most of the goods are purchased within the City limits and there are approximately 35% of the population living outside the City limits. They've been paying toward the costs of the fire/EMS within the City whether it was voted on or not.

Chief Leipfert said he didn't have an answer as to whether it would cost less for an areawide department to operate until he could see the actual sales tax revenue numbers, the budgets for the north and south departments. He said he could probably sit down with some finance folks and get an idea. PAINTER said that from an operation standpoint, he felt it would be a smoother machine and if the finances could be worked out to not over-burden the rural people, the end result would be a better service. South Tongass went through quite a dilemma about their EMS and having utilized the City's EMS response for years without paying for anything other than the actual fee, that has been changed now.

FINNEY said that as a north end guy, he really didn't want better service, he was happy with the service he has; he just doesn't want to pay more. He said if he could pay less for the same level of service, that's always a good idea. MCCARTY said that what the Commission may be looking at is the costs are going to go up for certain things, but hopefully in that context, the Commission can make it not go up as fast or the line could be held and have no raises for awhile. Those are considerations. It's not necessarily that monies will be saved immediately but the bill could be kept from going up. The other area addressed has been efficiencies. When health and safety are being discussed, just the fact that things would run smoother doesn't necessarily mean better service, per se, but there wouldn't be the lag in communications. It sounds like that has been improved, but making sure that when equipment is purchased, it's compatible with the other equipment and that if a south end truck shows up for a fire somewhere else that their couplings on their hoses would match-up to wherever they responded. Those aren't faster or cheaper, but they make things work a lot better.

OTTE asked what the Commission could be done to get to this areawide fire/EMS, as far as the Charter. Would H-3 be voted down and then bring back something else, rather than trying to change what's already on the floor in terms of a motion? Something could then be brought back for a vote that would reflect the changes discussed during this meeting. Mr. Schweppe said that if the Commission were going toward an areawide fire/EMS, the item would be voted down and look at making a change in the mandatory areawide powers section of the Charter and then if it is desired that a certain portion of the areawide sales tax is dedicated toward that purpose, that would also need to be addressed in the Charter.

HARRINGTON indicated that there was so much on the plate for the new Assembly; he said there would probably be a transition period built into this process. He wanted to know if the Assembly could be empowered to make this an areawide function and leave a transition period for service areas in which they are phasing out in that sense, throwing the empowering language under the areawide and leaving it in the service area. MCCARTY pointed out that the Transition Plan directs them, saying "You have the power, but you need to work your way toward that and here are some suggestions." Mr. Schweppe said that as far as the management and control for a phase-out period, the boards continuing, that type thing... (covered). He said that he remembered years ago when the emergency preparedness drills were taking place, he was always invited to attend and he always declined, but he said if there were a major disaster, the kind of thing that endangers equipment and people outside the City, how would the City Manager say he was going to send City employees and City equipment out in that area with potential serious injuries or equipment destroyed, then how would he go back to the City Council and say the City would have to pay for that. He always thought that there was an emergency system in Ketchikan that works really well as long as there wasn't a physical disaster. Without an areawide structure, there will always be that problem, how can it be justified sending the personnel and equipment from the City out of the City limits to address a catastrophe.

PAINTER said he'd always said that the professional people and volunteers within the fire departments have always responded first and asked questions later. He pointed out potential community disasters from the past week: the ammonia leak from the packer at City Float and the other was the boat fire at the fuel dock. He spoke of when the Standard Oil tank farm was on fire. He pointed out that as the community expands from the core, the potential for disasters also moves out into the residential areas. He again stated that he was in favor of areawide fire & EMS.

FINNEY asked Chief Leipfert details about filling air packs and the number of air packs, time for filling, and equipment used for filling the packs within the City and then it was pointed out the redundant equipment being purchased by South Tongass. With an areawide department, the redundancies could be eliminated, cutting costs, as well as simplification.

Chief Leipfert pointed out that all the firefighters/EMS are in the same business and it really didn't matter what logo each was wearing, they are all doing the same thing, and for the most part, many are already wearing the logos of more than one department. It's in the best interests of the community to make it areawide and he indicated he's aware there could be hard feelings because traditions are strong and they run deep. He said he felt that the joining of the departments could be done in such a way that those traditions wouldn't be lost.

OTTE suggested that HARRINGTON could get together with Chief Leipfert and Mr. Schweppe and come up with some language for the Charter and make certain all the areas that need changing are addressed, if that's the will of the body. MCCARTY said that it has worked well with the Clerks getting together and he said the Commission wants to make certain that the legal hurdles and the service hurdles are met and he said he didn't feel this was too far a field at this time to be done fairly easily. PAINTER pointed out that KIFFER probably didn't have the same views as have been expressed at the meeting. HARRINGTON said there would be concerns that the sense of identity be maintained if the services went areawide and there will be a rural fear regardless of what the Commission does, of a take-over, but HARRINGTON said he had no vested interest in keeping it at a service area level. He indicated that he would certainly meet with Chief Leipfert and Mr. Schweppe. It was suggested that H-3 be postponed until something could be brought back to compare side-by-side motions. Chief Leipfert said that if the three of them worked on it together, there would be the comparisons, and if they were going to produce a document, perhaps the three of them should be the ones working on it without further input at that level.

HARRINGTON said that he still thought that the one paragraph (Section 12.07) would be eliminated either way. Chief Leipfert indicated that his concern was that if that were eliminated, with the changes in the State law, it eliminated the ability for the Assembly to make a move toward providing EMS services without a significant political issue.

PAINTER wanted to know if there were areawide fire/EMS, would that affect the fire ratings of the outlying areas. Chief Leipfert said it shouldn't. They should be able to at least maintain the levels currently held. It was discussed that perhaps improvement in those ratings could be realized. The ladder truck will

get some points and the additional number of people will help gets some points. Some things won't necessarily help, such as the water supplies and the use of tanker trucks. He said he didn't know that the ratings would get better, but he couldn't see them going down, either. A discussion of the annexation of Shoreline and the potential fire insurance rate increase (which didn't materialize) was held. The good ratings were based on if 15% or less of the build-able area in the City limits had hydrants. Chief Leipfert indicated he didn't want to make any promises about whether the fire ratings would improve if there were areawide services, since obviously, the build-able area is so much greater. Further discussion was held about how to get better ratings, utilizing Connell Lake water, grants and other ideas. Chief Leipfert said that it would be two to three years after consolidation occurred before the community's systems were even re-evaluated by the insurance underwriters. PAINTER said he'd like to see more discussion with Chief Leipfert to include KIFFER and someone from South Tongass to try to work out the differences to promote the areawide service.

FINNEY asked Chief Leipfert what his professional opinion would be of taking the fire/EMS areawide. Chief Leipfert responded that it would be the same. He said he was only representing himself at the meeting, not the City. PAINTER pointed out that the recently completed TAT report also recommended the areawide approach for the community's fire & EMS. Chief Leipfert indicated that the people who had prepared the TAT report come from areas where one community's boundary touches another and they have worked out all the agreements and districts and they've actually got the Medic One program expanded county-wide, yet the ambulances are city-based. There are a lot of different ways and variations to do things. Their recommendations were based on their layouts and experiences in large metropolitan areas, in Colorado, Seattle, and in Fairbanks. Their recommendations were for one ambulance provider, which is different from EMS. You can have EMS powers and provide EMS services and still not have an ambulance; you would use an ambulance transport service. The EMT's & firefighters would be the first responders but because of the cost of providing the ambulance service, with the insurances and additional costs that go along with that, they looked at having the 30-mile long road system. Chief Leipfert said in his last department, they had 125 square miles to cover with two ambulances.

FINNEY said the reality of the mutual aid agreements currently in place between the departments in Ketchikan is that it wouldn't take a lot of tweaking to make it into one department. Chief Leipfert said that most are working off the same medical standing orders, operational procedures (with some differences between hydranted and tanker operations), incident command structure, color of scene helmets, so it's not like taking a blue guy, a red buy and a green guy

and put them all together. People here are taking the same training under the same instructors. The step from where the departments are currently to being a consolidated department is not that difficult except for the personal feelings and territorial issues that are not discounted, by any means.

FINNEY wanted to know if there would be a need to have paid fire personnel outside the City fire stations. Chief Leipfert said that if people were comfortable with the level of service, that wouldn't be necessary. He said that if FINNEY wanted a four-minute response with an engine company in North Tongass and South Tongass, there would probably have to be paid staff on either end of town. If the people are comfortable with the level of initial response in those areas, that doesn't mean that other stations wouldn't respond, it just means that the initial response is not going to be from a staffed station on North or South Tongass. The responses would be handled similar to the way they are now handled except for the fact that the City engines or ambulance would also be going on an initial response.

MCCARTY indicated that the Commission was very appreciative of both Chief Leipfert and Mr. Schweppe's presence at the meeting and their willingness to share their expertise with the Commission and assist in this process. It really helps to have specialists on subjects come in and give answers.

Chief Leipfert said again that there are very strong feelings on this subject, one side or the other, north and south and in the City. He said that the Commission needs to look to what's best for the community. FINNEY said that a goal would be for everyone to get all three patches.

The Commission asked Mr. Schweppe to return to address the Commission when Mr. Brandt-Erichsen was back from vacation so that Mr. Brandt-Erichsen's memorandum and Mr. Schweppe's remarks to that memorandum could be discussed with the Commission. He agreed that could happen.

OTTE said she'd finally figured out why Mr. Schweppe and Mr. Bockhorst were so against the choice the Commission had made for the name of the new government. Both the City and the Borough will be dissolved in the establishment of the new government. OTTE wanted to know if naming the new government "Ketchikan" (which is the consensus of the Commission to keep it the one-word name) and then saying that whenever it is deemed necessary to call it the Municipality of Ketchikan, if that would satisfy Mr. Schweppe's legal and esthetic objections. The new service area could be named the Gateway Service area, so there is no reference to Borough, there is no reference to City, but there are both Ketchikan and Gateway in the new community.

Mr. Schweppe said that the Federal or State governments are not going to want to make a check out to Ketchikan. They are going to want to have a more official name to address. He said he was most concerned esthetically to call the government something it wasn't going to be any longer, the City and Borough. So if it's called the Municipality, that would be appropriate. It was pointed out that our process is a consolidation, whereas Sitka & Juneau's were unifications. Juneau's City and Borough continue to exist, but are unified. In consolidation the former City and the former Borough are abolished and a whole new entity is created.

PAINTER asked again if Mr. Schweppe would be willing to return. He said that he would and would be happy to discuss his and Mr. Brandt-Erichsen's differences of opinion with the Commission. Mr. Schweppe indicated that one of the most important issues as far as the City had been concerned was the voter approval of revenue bonds. That was, at the time the 2000 Draft document was being written, Mayor Weinstein and others were very strong on that point because KPU bonds for such large amounts and because of the impact it has on the community, that definitely had to be voter approved and if the Airport, with its smaller bonds, or could budget for or could go through the same process. It's easier for the Airport because all that is paid for from income from the airlines and the Federal government, so we didn't see that they had a particular problem getting voter approval because the voters aren't paying for the airport, but they are paying for KPU.

PAINTER said that it worked very well with both the City and Borough Clerks getting together with the Commission and worked through those areas of their expertise and jobs and came to a consensus on the items that needed work. He said he'd really like to see that with the Attorneys as well. It works much better that way and there is no animosity between rural and City residents because of the choice.

MCCARTY said that some of the stuff is style and approach and would be up to the Commission to decide which way to go with it, but there are other issues in that memorandum that are substantive and the Commission really doesn't understand, sometimes, why they're so important.

HARRINGTON wanted to know if the people voted the Hospital bonds on and Mr. Schweppe indicated they were. PAINTER said that some of the changes that the Commission has made in the document have caused a stir with the attorneys or the City Manager and once things were explained as to why things couldn't be done the way the Commission thought they could, the document was changed to reflect a correct direction.

Mr. Schweppe said that another thing about the bonding issue, at the time they were talking about that language, they were also talking about that there could be a compromise in that there could be revenue bonding up to a certain dollar amount without voter approval, but that was discarded because of inflation and the desire to stay away from putting numbers in the Charter document.

MCCARTY said that the reason the language was left in H-2, to say that a majority of the assemblymembers must approve the suspension or removal of the manager, was that it had been considered to go to a super-majority for those actions, so rather than just say a vote was needed (which implies a majority to pass), the prior redundant language was left in to call attention to the fact that this was an area we wanted to re-visit. In discussing the item, MCCARTY said that if the manager only had 4 people supporting him/her, then that person was in trouble, and a super-majority would be overkill. PAINTER said that he'd seen in the past when there were a couple of assemblymembers absent and people were fired on the spot and if the other two people had been sitting at the table, the action might not have taken place. MCCARTY said that frequently there will be a couple of strong figures on the body, and it's not so much that there were only 5 people attending, it's whether that one particular one was there who was knowledgeable. There are certain issues where each person has either stronger personalities, or knowledge, and it could be the luck of the draw. There could be a 13-member body with 12 present and the 13th was the expert in the area and wasn't in attendance.

G-1 Reconvene Into Regular Session

M/S OTTE/HARRINGTON to reconvene into regular session and address the items left on the agenda. There was a unanimous voice vote taken to return to regular session.

H: Unfinished/Old Business

H-1: 2004 Draft Consolidation Petition, including Exhibit F

There were no changes for the Petition or Charter approved during the work session. The item will appear on the next agenda.

H-2: Amend Article IV, Section 4.01 – Municipal Manager: Appointment, Term, Qualifications, Removal (Postponed from

the June 18, 2004 meeting.)

M/S MCCARTY/FINNEY to defer consideration of H-2 until such time as the issue of the number or percentage of assemblymembers is needed to vote on the suspension or removal of the manager.

MCCARTY said until somebody wanted to put it on the agenda to discuss the issue of a super-majority, that's when it is timely to address this language.

MCCARTY said that he would re-word this and put it on the next agenda. He said that realistically the item that is being discussed first is what is the number. If the Commission goes with the majority, then the redundant language should be deleted and it's finished. If the body wants to go with something more than a majority, then someone needs to move to amend this section to that number. Those are the two choices. The body needs to determine whether they want just a majority before the language is deleted. OTTE said that she would add the choice of 2/3 (super-majority) to the agenda statement next time. HARRINGTON said that if for some reason he is not present during the discussion, the body is to feel free to know that he is emphatically opposed to any super-majority, that is, a simple majority is all that it should ever take to remove or suspend a manager. He said he was certain he wouldn't budge from that point. FINNEY wanted to know if there was a need to postpone it, then. Why not vote on it. He said he'd brought up the issue of the super-majority initially.

PAINTER said it was whatever the body wanted to do. He said that personally he didn't like the language super-majority and a majority is okay, but he has a problem with absent members.

OTTE pointed out that there was already a motion on the floor to amend the section. That motion had been made prior to the motion to postpone at the last meeting.

MCCARTY said that he'd be willing to vote and then bring it back for a second reading at the next meeting. He said he concurred with HARRINGTON.

The amendment made and seconded at the beginning of the discussion of this item to postpone this item was voted on by a voice vote with all members voting nay.

A roll-call vote was taken on the original motion on the table at the start of the discussion, "I move to amend Article IV, Section 4.01 by changing the last sentence to read, '**The Assembly may suspend or remove the manager at**

any time by vote of the Assembly.”

FOR: PAINTER, HARRINGTON, FINNEY, MCCARTY, OTTE

AGAINST:

ABSENT: THOMPSON, KIFFER

The motion passed by a vote of 5-0.

H-3 Amend Article XII – Areawide, Nonareawide and Service Area Powers, Sections 12.03 (2), 12.07 and 12.02 (c) [CONTINUED from June 11, AND June 18, 2004 Meetings. Motion on the floor.]

M/S MCCARTY/HARRINGTON to postpone item H-3 until the next meeting.

A roll-call vote was taken on the motion to postpone H-3.

FOR: HARRINGTON, FINNEY, PAINTER, OTTE, MCCARTY

AGAINST:

ABSENT: THOMPSON, KIFFER

Item H-3 will be brought back at the next meeting of July 7, 2004.

H-4 Amend all Petition documents to replace the name of the newly created service area (the former City of Ketchikan) [CONTINUED from the June 18, 2004 meeieing.]

M/S OTTE/FINNEY to change the name of the newly created service area (former City of Ketchikan) in the Petition documents to the Gateway Service Area.

A frivolous discussion ensued among the Commission regarding the name.

HARRINGTON proposed a friendly amendment to have the item come back for a second reading at the next meeting. OTTE & FINNEY agreed to this friendly amendment.

A roll-call vote was taken on the motion.

FOR: OTTE, HARRINGTON, FINNEY, PAINTER, MCCARTY

AGAINST:

ABSENT: THOMPSON, KIFFER

I: New Business

I-1 Discussion of having a Charter Commission presence in the July 4th parade

A frivolous motion was made by MCCARTY.

M/S OTTE/MCCARTY to authorize Commission participation in the July 4th parade.

OTTE said that it was late to be doing this and it would be good exposure, however, she didn't feel she could do it alone. PAINTER said that he would help prepare, but he was already in the parade in another capacity. OTTE also mentioned that THOMPSON had indicated he wasn't too thrilled about the idea, due to the lack of time to prepare. MCCARTY said he would help, but would not take the lead. He said everyone felt it was a good idea, however, who would take charge and would there be enough assistance to pull it off. HARRINGTON said that maybe the North Tongass Fire trucks could be used.

OTTE said maybe an ad in the weekend edition wishing a Happy 4th, give a little information and call it good. She said these are all options. This idea about the parade should have come up a month ago and it wouldn't be such a problem to try to get it together.

PAINTER said it might be a good indicator. We'd either get bombed with water balloons or get candy thrown back at us.

FINNEY indicated he didn't really have the energy to do it. He thought it was a fine idea, though.

HARRINGTON said that there should be a vote, just in case someone decides they'll be able to do it.

A roll-call vote was taken to authorize participation in the parade on July 4th.

FOR: PAINTER, HARRINGTON, FINNEY, MCCARTY, OTTE

AGAINST:

ABSENT: THOMPSON, KIFFER

J: Commission Comments

FINNEY mentioned that HARRINGTON's memorandum had not been discussed.

HARRINGTON said he had planned to bring it up under comments. FINNEY went on to say that he would like to have a t-shirt made with the political cartoon with the commissioners and the elephant.

HARRINGTON reminded the Commission that awhile back the body had requested that he draw up some information regarding the tax cap. The Assembly has a tax cap in place, but it's at the whim of the Assembly because it is changeable by ordinance. It's an areawide mill levy tax cap. HARRINGTON said that the more he thought about the way the Commission was talking about a tax cap, the more unworkable it is. What goes on in the City cannot be compared with what goes on in South Tongass. And to put a total mill levy cap, it has no real impact except in the City. So he said his sense of the thing was that it didn't work unless it's just for an areawide millage rate and at that, there's already one in existence. Clearly it can't be left where it is currently, but it could be moved from that and that would be his recommendation. He said if the body wanted him to pursue it, he would.

FINNEY asked HARRINGTON if he had said there was a current tax cap and HARRINGTON reiterated that there is currently an 8-mill areawide tax cap, but it's by resolution. By resolution they had established that if their intent was to raise it, it would go back to a vote of the people but because it was resolution, it can be rescinded and they can rescind the resolution and then raise it beyond the cap by Assembly action, which is what their intention had been earlier last month if the sales tax had not passed. So, he said he'd like to enshrine in the Charter a mill cap for areawide millage. He said he felt 8 mills is still too low, because obviously we're very close to that now, but he's laying it out as something to consider and if the body wants him to pursue it, he will.

PAINTER said that HARRINGTON should pay attention to what the attorneys and the finance people are saying about it, in fact, their concerns about a cap having an effect on the community's bonding capability and the bond brokers may have something to say about that. HARRINGTON said that one caveat he'd stated was there already was a tax cap in existence; it's just at the whim of the Assembly rather than a vote of the people, but that wasn't their intent that it is at their whim when it was originally passed. HARRINGTON said he'd like to enshrine a cap in the Charter, but leaving the leeway, the flexibility for the future Municipality to function. He said he didn't want to tie their hands totally.

FINNEY said that Sitka has in place a cap. HARRINGTON said that it used to require a super-majority to change the millage rate, however, a few years ago

they traded off lowering the millage cap for the super-majority. And now they're back to raising the cap by a vote of the people. He said this community has always supported functions they believe in. They've voted for every bond issue for the schools forever. He said he didn't think the voters here had ever turned down a major bond issue that wasn't somewhat controversial, so he said, he thinks the people of the community to do what's right and to look at the stuff. There is a question whether to build caps into the service areas functions. HARRINGTON indicated he didn't think that could be done within the Charter. He said it would probably be pathetic to try, but there ought to be some language that suggests that the Assembly should set it so that they can have a vote of the service areas to raise the taxes. He said he's aware that the North Tongass area will be quite volatile when the property taxes come out; in fact, the board has already planned meetings to talk to the folks because they're not going to be happy. The people need a chance to speak to almost any major fee or tax issue. He said he thinks that if the people had been given a chance to vote on the sludge fee, there wouldn't be the furor in the Borough that exists now.

HARRINGTON said that his second discussion item had to do with all of the points made by the attorneys. He said that one of the things that jumped out at him was the PILT. Mr. Brandt-Erichsen's suggestion that maybe it should be permissive instead of mandatory. HARRINGTON said that everyone knows his feelings on that subject. He said he'd like to bring it back up or he would support anyone else who chooses to bring it back up.

HARRINGTON commented that in reading the minutes of last week, the conflict of interest item brought up several things to him. First, that definition of a substantial financial interest for an Assemblymember is automatic along with the household, but he still thinks that, as the limitation on that conflict of interest is too narrow. He said to him it's a conflict of interest if the company you work for is bidding on stuff or is involved in an issue before the Assembly; that's something that should be laid out as a potential conflict of interest and should be enough to convince someone not to vote on an issue if that situation were to exist. He said that if he were in partnership in a business deal with someone who has something coming before the Assembly. He said he thinks it is a conflict of interest in these cases and it is something that these people should not vote on, if their company is involved or if a partner in their business is involved before the Assembly that person should not vote. Right now, they don't have to because there is not a specific thing listed in the article. That's an issue that the Commission should address.

OTTE said that the Clerks brought up that anyone that's elected to the Assembly is aware that if there's even the scent of a conflict, job-wise or

partnership-wise, the Assembly member needs to bring that point up to the Assembly and then it's up to the Assembly to decide if there's a conflict. It's not the mayor who decides; the Assembly says yes or no about conflicts.

PAINTER said that they would police themselves. OTTE said that the parameters don't need to be expanded in the Charter. HARRINGTON said that if it's not said that IS a conflict, maybe not in that section but in the earlier section that defines a conflict, where that substantial interest is what is deciding it and he said to him that is too narrow a definition. An Assemblymember could say they have no financial interest, but there is a conflict because I work for the company. He said he felt that area should be addressed.

MCCARTY said he feels more comfortable as a participant or the body at large with the idea of appearance of fairness as the standard that voting members should make disclosures where a reasonable person might feel that the appearance of fairness is being impinged. MCCARTY said the disclosure is necessary, even though the Assemblymember said they felt they could vote independently, it may have an impact on the body. It's very difficult to define that appearance of fairness, but he concurs with what HARRINGTON was saying. The definition is what's the problem because it's difficult to put in a document such as the Charter, but anything anyone could come up with, he'd really support.

MCCARTY said he wouldn't go into why he doesn't support a tax cap, but the things to be considered if one is to be put into place is how it's divided up. How is it divided between bonded indebtedness and figuring out equivalents and mills... Those are the things that need caution. One of the reasons why the State went to the Borough system instead of County governments is the service area thing that Mr. Leipfert talked about where there's an insurance district, an irrigation district, a fire district and these are all different overlapping districts and each one can justify its budget and all of a sudden there's an 80 mill levy to cover the area. So having an overall body to say how much and sift it down is preferable. A cap has to be workable and have meaning to it.

PAINTER said that the next meeting is Wednesday, July 7th. If anyone wants to do the parade thing, please get in touch with OTTE. He said he'd help and it would be a real good presence.

The meeting was adjourned at approximately 7:54 p.m.

