

PAGE 1  
CITY COUNCIL MINUTES  
FEBRUARY 11, 1992

- CALL TO ORDER** Mayor Feaster called the regular Council meeting to order at 7:30 PM.
- ROLL CALL** Present: Dale, Feaster, Richardson, Vanasse (late) Wallace, Warner, Wintersteen
- APPROVAL OF MINUTES** M/M by Warner, 2nd by Wallace to approve the minutes of January 28, 1992, regular Council meeting as presented. Voice vote. Motion carried unanimously.
- APPROVAL OF AGENDA** M/M by Richardson, 2nd by Warner to amend the agenda by adding to Executive Session discussion the status of legal matters involving AIDEA vs. City of Bethel, City of Bethel vs. Brown, City of Bethel vs. Alaska Rural Investments, Lonewolf vs. City of Bethel, Annie David vs. United States, status of sales tax collections from Isan and Twitchells; personnel matters involving City Manager's contract and Neighborhood Ranger, Inc., conflict of interest. Voice vote. Motion carried unanimously.
- MAYOR'S REPORT** Mayor Feaster referred Council to his written report.
- Regarding his written comments on the PATC obligation, Mayor Feaster deferred discussion until presentation of the City Manager's Report.
- In response to Mayor Feaster's request for assistance in identifying businesses who are operating in Bethel without a business license, Councilman Wintersteen suggested that the City notify businesses that licenses are required by placing an advertisement in the local newspapers.
- Madam Richardson stated for the record that the Mayor's Report should not serve as a means for expressing the Mayor's personal opinions on matters relating to City issues.
- MANAGER'S REPORT** City Manager Hohman reviewed his written Manager's Report with Council on the following items:
- Vehicle lease information generated by Chief Barker; advised that further information will be forthcoming;
  - Requested Council consider approaching the legislative delegation in Juneau for appropriation of funds to cover the PATC obligation amounting to \$50,506. This could be accomplished by effecting a paper transfer whereby the City would provide a reduction of utilities in lieu of cash payments to the new Public Health Nurses Facility (still to be

constructed); Senator Hoffman confirmed that this would not affect efforts the City is making with the legislature in its requests for capital improvements funding.

-- Recent changes concerning settlement with Riverfront Restaurant--City Attorney, Brooks Chandler, will update the status of the tax case during Executive Session.

-- Reported that monies held in escrow for the court house bond have been received from the First National Bank of Anchorage.

-- Ice road contract was awarded to Hoffman-Langlie. An invoice has been sent reflecting the first call-out and clearance; the road has been cleared for two-lane traffic to Akiachak and Kwethluk.

-- Mr. Brust of the Corps of Engineers has indicated that the Corps is on track with Phase I of the seawall construction.

-- Requested Council allow the City Manager to fill the Public Works Director position on a permanent basis; deadline for receipt of applications was February 3; the City received 10 applications for that position--all from out of town.

-- Was not able to travel to Juneau February 1-5 as indicated; the Governor was in Washington, D.C. during this time and the legislative delegation was out of Juneau. City Manager Hohman stated he would notify Council when he planned to reschedule the trip.

motion

M/M by Dale, 2nd by Richardson that the City Manager be given authorization to pursue the paper transfer of the PATC funds to eliminate the expenses incurred for FY 1988 and 1989 PATC grants, amounting to \$50,506.

A brief discussion followed.

vote

Voice vote. Motion carried. 5-yes; 2-no (Feaster, Warner).

Councilman Warner requested City Manager Hohman keep Council informed of the progress of the request for the PATC appropriation. Councilman Warner advised paying the \$2,004 bill if it appears that the appropriation would not be forthcoming.

motion

M/M Dale, 2nd by Vanasse that the City Manager be authorized to hire the Public Works Director according to whatever schedule he sees fit. Voice vote. Motion carried unanimously.

In response to questions from Councilman Vanasse, City Manager Hohman provided the following information:

-- He had been following up on the activities of lobbyist, Rick Urion; Mr. Urion has called on Senator Hoffman frequently following up on business. If Council approves, City Manager Hohman suggested that Mr. Urion also include a report for the Council packets. Madam Richardson suggested a monthly report was adequate with bi-weekly reports submitted later in the legislative session.

-- Details of the vehicle lease option have not been finalized, it is hoped that it would go into effect this fiscal year. Councilman Vanasse stated that he strongly supports this proposal.

COUNCIL MEMBER  
COMMENTS

Madam Richardson requested an apology from Councilman Wallace concerning a statement made to the press; Councilman Wallace offered his apology.

In response to questions from Councilman Warner, City Manager Hohman provided the following information:

-- BNC petro port land appraisal has not yet been resolved;

-- The matter of the BNC land exchange concerning the sewer lagoon is scheduled for discussion on the Planning Commission agenda, February 20, 1992. The first holder of land realizes that a one for one exchange cannot be made because of the remoteness of the tract and would like to consider the matter before making a decision; the second holder of land is from Kwethluk and has been unable to come to Bethel for a meeting; anticipate that a meeting to explain land trade options will be forthcoming.

Councilman Warner stated that his concern was that the City had until March 1, 1992, to have the land in one form or another under its control; otherwise would have to proceed with the other option that requires major work at the sewer lagoon which conceivably could cost hundreds of thousands of dollars.

Madam Richardson stated that she was concerned about the petro port property issue. She has asked Bill Biven to provide a report on what needs to be accomplished to finalize the project and will share that report with the Council when received.

Councilman Vanasse requested that Administration proceed expeditiously on the matter of the tidelands lease survey which has been ongoing for two years. City Manager Hohman and Planning Director Jerry White stated that they had been in contact with the various state agencies involved in the survey. According to Mr. White, Statewide Planning was reviewing the second submittal that Mike Horn, the surveyor, had made on behalf of the City. Representatives of the Department of Natural Resources, Statewide Planning and Mr. Horn were scheduled to meet on February 12, 1992, to work out details; the City should have a detailed report following that meeting. Mr. White further stated that the survey portion is completed and he is awaiting approval from the State on the survey. Projected date of receipt of the final approval should be by the February 25, Council meeting.

REPORTS OF STANDING  
COMMITTEES

Councilman Wallace reported that the Planning Commission meeting had been rescheduled to February 20, 1992, because of lack of a quorum.

Mayor Feaster reported that the Finance Committee was also scheduled to meet February 20, 1992.

Madam Richardson reported that the Public Safety Committee was scheduled to meet February 12, 1992.

Councilman Wintersteen reported that the Port Commission had been rescheduled because of President's Day holiday to February 24, 1992.

PEOPLE TO BE HEARD

Warren Loschky stated that harsh words were directed at Council at the last meeting; he personally believes that the council members are competent and respects and admires each member for their work and dedication to the City. He did point out, however, that he believed it was the City Manager's responsibility and not the Council's to make decisions concerning such issues as trips to Juneau and selection of personnel, in this case, the Public Works Director.

Vern Keezer advised Council of the possibility of a recall petition.

Joan Hamilton expressed her dissatisfaction with the City's policy regarding refunding deposits for water, sewer and garbage services. She pointed out that some consideration should be taken into account for

customers who are long-term residents of Bethel as well as for those customers who have established a history of paying their utility bills on time. Mayor Feaster informed Ms. Hamilton that a change in the ordinance could be accomplished by composing and introducing an amendment to the ordinance or by seeking support for a change through the Finance Committee and/or Public Works Committee.

OLD BUSINESS:

Item A: Amend.#3  
to Ord. #190

PUBLIC HEARING ON AMENDMENT #3 TO ORDINANCE #190, SALES TAX: SECTION 4.16.020 - DELETION OF SALES TAX EXEMPTION ON GAMES OF CHANCE AND SKILL (BINGO, PULL TABS, RAFFLE TICKETS AND ICE CLASSICS) AND ADDITION OF SALE OF A BUSINESS; MODIFY SECTION 4.16.100 - TERMINATION, SALE OR TRANSFER OF RETAIL BUSINESS AND SECTION 4.16.130 - ESTIMATED TAX.

Mayor Feaster opened the floor for public hearing and cited the four changes to the sales tax amendment.

Donna Chris, Allen Glore and Dave Trantham spoke in support of imposing tax on the sale of bingo and pull tabs pointing out that the tax should not affect the non-profit organizations because it could be passed on to the consumer. Some of the reasons given in support of the tax included: the need to increase city revenues to be used to fund various projects such as the seawall construction, improved services to teens, improve the police and fire protection and provide employee raises.

Jerry Korthius and Joan Hamilton spoke against the sales tax by pointing out that the money made by the non-profit organizations was put back into the community through charitable contributions such as college scholarships, medical equipment and funeral expenses as well as donations made to the City of Bethel. They also pointed out that the City should investigate taxing the importation of liquor into Bethel.

Mayor Feaster closed the public hearing and asked for Council input.

motion

M/M by Warner, 2nd by Vanasse for the acceptance of Amendment #3 to Ordinance #190 as presented.

A lengthy discussion from council members followed.

Councilmen Vanasse, Wintersteen and Warner spoke in support of taxing bingo and pull tabs as a means to increase revenue for the City. They indicated that the tax would help offset the declining state revenues and stated that the tax would not have to be absorbed by the non-profit organizations but would be paid by the consumer. In addition, Councilman Vanasse stated he supported the other three sections to the amendment as presented.

In response, Councilwoman Richardson and Councilmen Dale and Wallace argued against the imposition of the tax; it was pointed out that the tax could cause the non-profits to end their gaming operations; it was further pointed out that 70% of the gross receipts are required to be given back in the form of cash prizes with an additional 1% paid to the state for bingo and 3% for pull tabs; administrative costs in applying the tax are then added on in addition to the 5% charged by the City; after these assessments are made there would be very little left to give back to the community in the form of charitable contributions.

Councilwoman Richardson next questioned the intent of Section 4.16.020, exemption of a sale of a business. Mayor Feaster explained that in the past the sale of a business had been considered an incidental sale and listing it as exempt simply clarifies that sale. However, the Mayor pointed out that his concern is that part of the section dealing with lease option to buy which would also be exempt from paying sales tax. It is possible that people would use as a loophole by setting up lease arrangements with no real intention of going through with the purchase. Councilwoman Richardson stated that if that were the case, then she could not support that part of the amendment.

amended motion

M/M by Warner, 2nd by Vanasse to amend the main motion by deleting in its entirety the proposed paragraph 18, Section 4.16.020, as presented in Amendment #3 to Ordinance #190.

Councilman Warner pointed out that the purpose for deleting Section 4.16.020 from Amendment #3 to Ordinance #190 is to return it to the Finance Committee for further research concerning the implications of exempting a lease purchase from sales tax.

- vote Poll vote on amendment to original motion. Motion carried. 4-yes; 3-no (Dale, Richardson, Wallace).
- vote Poll vote on original motion. Motion carried. 4-yes; 3-no (Dale, Richardson, Wallace).
- motion M/M by Vanasse, 2nd by Feaster that Amendment #3 to Ordinance #190 as amended shall take effect July 1, 1992. Poll vote. Motion carried. 5-yes; 2-no (Dale, Wallace).
- motion M/M by Warner, 2nd by Vanasse to continue meeting past 10:00 PM. Voice vote. Motion carried. 6-yes; 1-no (Richardson).

Council broke at 10:00 PM for a short recess. At 10:10 PM, Mayor Feaster called the meeting back to order.

#### NEW BUSINESS

Item A: Amend. #2 INTRODUCTION OF AMENDMENT #2 TO ORDINANCE #201 (SIX-MONTH BUDGET REVISION)  
to Ord. #201

M/M by Warner, 2nd by Wintersteen to introduce for public hearing Amendment #2 to Ordinance #201, six-month budget revision, at the next regularly scheduled Council meeting. Voice vote. Motion carried unanimously.

Item B: EXECUTIVE SESSION

motion M/M by Richardson, 2nd by Warner to go into Executive Session at 10:15 PM to discuss the following items:  
1) Legal matters -- Collection of sales tax from Riverfront Restaurant; AIDEA vs. City of Bethel; City of Bethel vs. Brown; City of Bethel vs. Alaska Rural Investments; Lonewolf vs. City of Bethel; Annie David vs. United States; status of sales tax collection from Isan and Twitchells; 2) Personnel matters -- City Manager's contract; Neighborhood Rangers, Inc., conflict of interest. Voice vote. Motion carried unanimously.

motion M/M by Wallace, 2nd by Warner to come out of Executive Session at 12:40 PM. Voice vote. Motion carried unanimously.

motion M/M by Warner, 2nd by Wallace that the contract as presented for George Hohman's services as City Manager be accepted with the following changes:  
Annual compensation shall be \$64,200 with the

understanding that Mr. Hohman makes retirement payments out of that salary; add back from the existing contract paragraph 5 (life insurance coverage in the amount of \$200,000) and paragraph 6 (entitlement by Mr. Hohman and his dependents to the City's group health insurance plan). Voice vote. Motion carried. 6-yes; 1-no (Vanasse).

motion M/M by Richardson, 2nd by Warner authorizing the City Manager to sign the equipment agreement with Camellia Restaurant, formerly Riverfront Restaurant, as presented. Voice vote. Motion carried unanimously.

motion M/M by Wallace, 2nd by Warner to adjourn the meeting at 12:45 PM. Voice vote. Motion carried unanimously.

PASSED AND APPROVED THIS 25<sup>th</sup> DAY OF February, 1992.

James H. Feaster III  
James H. Feaster III, Mayor

ATTEST:

Jane Elam  
Jane Elam, City Clerk