



THE CITY OF WHITTIER

Gateway to the Western Prince William Sound
P. O. Box 608 • Whittier, Alaska 99693 • (907) 472-2327 • Fax (907) 472-2404

**WHITTIER CITY COUNCIL
SPECIAL MEETING
TUESDAY, APRIL 11, 2017
6:00 PM
COUNCIL CHAMBERS
P-12 BUILDING**

MINUTES

1. CALL TO ORDER

Mayor Daniel Blair called the meeting to order at 6:07 p.m.

2. OPENING CEREMONY

Mayor Daniel Blair led the Pledge of Allegiance.

3. ROLL CALL

A. Council members present and establishing a quorum: Debra Hicks, Dave Pinquoch, Dave Dickason Peter Denmark, Monty Irvin and Daniel Blair.

B. Council Members Absent: Victor Shen

C. Administration Present:

Kyle Sinclair, Harbormaster

Jennifer Rogers, City Clerk

Scott Korbe, Public Works Director

David Schofield, Director of Public Safety

John Li, Finance Officer

Others Present:

4. APPROVAL OF REGULAR MEETING AGENDA

MOTION: Dave Pinquoch made a motion to approve the special meeting agenda as written.

SECOND: Debra Hicks

DISCUSSION: None

VOTE: Motion passed unanimously

5. CITIZEN COMMENTS ON AGENDA ITEMS NOT SCHEDULED FOR PUBLIC HEARING

None

6. PUBLIC HEARINGS

None

7. SPECIAL MEETING BUSINESS ITEMS

Resolution #07-2017- A Resolution amending Resolution #37-2016 to increase the Maximum Principal Amount of the Harbor Revenue Bonds authorized by Resolution #37-2016 from \$2,000,000 to \$2,100,000, extend the Final Maturity Year of the bonds from 2025 to 2037, and increase the maximum True Interest Cost of the bonds from 4.0 percent to 4.5 percent.

MOTION: Dave Pinquoch made a motion to adopt Resolution #07-2017.

SECOND: Peter Denmark

DISCUSSION: Monty Irvin asked, "This doesn't change anything else that's been codified, right? What the money can be used for, not dedicated funds." Vice-Mayor, David Pinquoch replied, "The funds are dedicated; the bond is specifically for the harbor." Mayor Dan Blair explained that this is a resolution amendment; it was passed, but the parameters were laid so narrow that the bond board has asked for amendments and a typo needed to be corrected.

The previous resolution listed the bond at eight years, and these are twenty year bonds. The bonds are going to be more expensive than anticipated. The first resolution limited it to nothing higher than 4.0 percent, and it looks like it's going to be 4.1 to 4.2 percent, with the new limit being 4.5 percent.

Monty asked if this will get us through Phase II. Harbormaster, Kyle Sinclair, answered that it will. Mark added that it will complete the phase currently being worked on. Peter asked what phase are we on. Mark replied that it's the \$2.5 million dollar piece that was approved a few months ago. The bid had been approved to Bellingham Marine and they're on site doing the job already.

David Pinquoch stated that it will complete B, C and X floats and the head walk for a total cost of \$2.5 million. Half a million was from Tier II and \$2 million from this bond.

Peter Denmark asked where the Tier II is coming from. Dave Pinquoch replied that the Tier II is from the State; it's a 4-1 match. Peter stated that he was surprised to hear at the last meeting that the City is pursuing a \$2.5 million bond and not \$4 million bond. Mayor Dan Blair explained that there were one or two other potential loans with a less interest rate charge.

Peter asked, "If those loans are not available or if we don't qualify, then we go back and increase the bond to double the bond?" Mayor Dan Blair replied, "The bonds have been positioned so that we can return for a second round, and the cost of doing that is around \$10,000, it's not relative to the potential gain and lower interest rate."

Peter asked if the \$2.5 million is enough for B, C and X and the head walk, then what is needed to complete the rest of the harbor. Dave Pinquoch answered that the next phase is to complete the rest of the docks and pilings. The current \$2.5 million covers B, C, and X floats and the head walk. To finish the harbor, which includes the pilings is about \$4.5 million. The pilings themselves will be about \$2.5 million.

Peter asked if there are any specific plans to begin that phase. Mayor Dan Blair answered that upon completion of Phase II, will qualify to apply for another Tier II grant. David Pinquoch added, "We're not committed, there's no schedule."

Peter voiced his concerns and stated that he didn't recall a conversation about reducing the bond from \$4 to \$2 million dollars. Mark replied that a resolution was passed.

Peter stated that he felt misinformed with the scope of this phase and the next phase. He then requested a financial plan for the harbor rebuild. Peter inquired how the harbor bond would be paid, then asked if the harbor enterprise fund would be used for the repayment of the bond.

Mark replied that it is set up to be paid out of the CVP funds; the decision was discussed and approved in open council meetings.

Peter stated, "So we have no CVP funds for the duration of the bond?" Mayor Dan Blair replied that the intent is to pay off the bond within ten years. Peter clarified his question by asking if the bonds will be paid off primarily by using CVP funds. Mayor Dan Blair replied in the negative.

Peter went on to say that he wants to see the payment plan. Dave Pinguoch replied, "We're not indebting the city, we're indebting the harbor enterprise fund. The harbor income can support this loan. Looking at the 2016 revenue, the harbor made about \$300,000. If nothing changes, other than standard cost increases, we're looking at \$275,000 next year. But yes, the harbor can support this."

Peter voiced that he asked for information two council meetings ago in conjunction with his request, for a breakdown of the Public Safety Building. In his opinion, the harbor numbers were not forthcoming. He stated that he doesn't have enough answers to offer a qualified vote.

Dave Pinguoch reminded Peter that \$2.5 million dollars have already been committed and it has to be paid back whether or not they approve the bond. Again, Peter stated that he doesn't feel that he has the information that he needs and asked for.

Monty Irvin stated that the harbor has to pay this back and should have enough money to do it because we don't have a Memorandum of Understanding (MOU) with Princess Cruises. This bond goes out twenty years and there's no guarantee that Princess Cruises will be here in twenty years. The harbor should be able to pay this debt.

Mayor Blair stated that the harbor is in better financial position today because of the progressive steps taken to improve the monetary functions of the harbor. The City is not committed to the \$4.5 million dollars.

Peter stated, "I am not even comfortable with the scope of the project; I don't know what Phase II is, I don't know all of the components of Phase III. I would generally never support mortgaging CVP funds well into the future. I'm out until I see it on paper."

Dave Pinguoch replied, "There was discussion about this in a sense that the bond could be supported by the harbor, but the CVP funds are like a bonus to pay it off early, not to guarantee it." Peter asked, "To pay it off early?" Dave Pinguoch replied in the affirmative. Peter again stated that he needs to see it on paper.

Dave Pinguoch asked Mark Lynch to together the information requested. Mark replied that he can put it together; he thought he provided it at the meeting last month when it was requested. He stated, "I thought I reiterated at the last meeting that it was \$2 million of bond money and \$500,000 of state grant money; that's the \$2.5 million dollar piece." He further added that they've had so many meetings about this and passed resolutions.

Mayor Dan Blair stated that the information Peter would like to see is a more definitive road map on the repayment of Phase II bond money.

Dave Pinguoch added, "There was a discussion when Andy was here about the ability of the harbor to pay and that's how we came up with the \$300,000 and then there were discussions specifically that the boat owners agreed to another ten percent increase if it would be specific to paying off this debt, not just to increase the fees. The harbor could support about \$390,000 in annual debt to pay off loans to the harbor; that discussion happened when Andy was here."

Peter stated, "Nothing comes out of Port & Harbor for this; this has all been determined between harbormasters overtime, anecdotally infused with assumptions. I'd like to see the plan on paper which includes the scope of the project, future planning, funding sources current and hopefully future. A nice job was done for that with the Public Safety Building, I don't see how it could be difficult here."

Mark replied that the information was provided at the last meeting.

Peter Denmark left the meeting at 6:33 p.m.

Mayor Dan Blair stated, "Peter's request is reasonable; to have a formula to pay off the \$2.5 million, how much of it is going to be components of CVP funds and that's based on an annual return of \$600,000 of CVP funds. Is forty percent of this bond payment, have it in writing and we, as a council, will decide on it."

For the purposes of getting ready for the bond, Mayor Blair asked fellow council members to put this to vote and we'll get the information and bring it to council and make a decision.

Dave Pinquoch added that he'd rather stock pile harbor reserves rather than paying 40-60 every year and then pay off the loan.

Mayor Dan Blair disclosed that there was an audit on the CVP funds and the only negative mark was that we had funds in the bank." Mayor Dan Blair asked the city manager to provide a financial layout for Phase II and III at the next council meeting.

VOTE: Motion passed 5-0

8. COUNCIL DISCUSSION

Dave Pinquoch stated, "The basic income of the City is \$4.2 million and the harbor provides half of it, and boaters only get law enforcement and protections. Half of the economy is attributed to boaters. If there is a ten percent increase, the boaters want it dedicated to the debt, then potentially it will become the harbor replacement fund and it stays specific to the harbor instead of sending it to the head of the bay. The CVP funds should be used to pay off the debt faster, but we shouldn't assume CVP funds."

There was further discussion about the possible future use of the CVP funds.

9. CITIZEN DISCUSSION

None

10. ADJOURNMENT

All were in favor of adjourning the meeting at 6:50 p.m.

ATTEST:



Jennifer Rogers
City Clerk



Daniel Blair
Mayor