



Petersburg Borough

12 South Nordic Drive
Petersburg, AK 99833

Meeting Agenda Borough Assembly Regular Meeting

Monday, June 03, 2024

12:00 PM

Assembly Chambers

You are invited to a Zoom webinar.
When: June 3, 2024 12:00 PM Alaska
Topic: June 3, 2024 Borough Assembly Meeting

Please click the link below to join the webinar:

https://petersburgak.gov.zoom.us/j/84210815191?pwd=MWvWpldxlqdN7q3ajL6NU99liFBfJg.v9_8qYSwemiyLZBO

Passcode: 544004

Or Telephone:

(720) 707-2699 or (253) 215-8782

Webinar ID: 842 1081 5191

Passcode: 544004

1. **Call To Order/Roll Call**
2. **Voluntary Pledge of Allegiance**
3. **Approval of Minutes**
 - A. **May 20, 2024 Assembly Meeting Minutes**
4. **Amendment and Approval of Meeting Agenda**
5. **Public Hearings**
 - A. **Public Hearing for Ordinance #2024-10: An Ordinance Amending Section 4.28.120 of the Petersburg Municipal Code, to Increase the Amount of Sales Tax that can be Collected on a Single Sales Transaction from \$72 to \$300, and Directing that the Proposed Amendment be Submitted to the Qualified Voters of the Borough**

Any public testimony regarding Ordinance #2024-10 should be given during this public hearing. A copy of Ordinance #2024-10 may be found under agenda item 14D.

6. **Bid Awards**

7. Persons to be Heard Related to Agenda

Persons wishing to share their views on any item on today's agenda may do so at this time.

8. Persons to be Heard Unrelated to Agenda

Persons with views on subjects not on today's agenda may share those views at this time.

9. Boards, Commission and Committee Reports

A. Safety Committee Report

Safety Committee Vice Chairman, Aaron Marohl, has provided a written update regarding Safety Committee activities.

10. Consent Agenda

11. Report of Other Officers

A. Petersburg Medical Center Update

PMC CEO Hofstetter will update the Assembly on Medical Center activities. A written report is attached to this meeting packet.

B. Harbor Department Update

Harbormaster Wollen will update the Assembly on plans for a new harbor maintenance facility and how current maintenance operations will continue while space is limited.

12. Mayor's Report

A. June 3, 2024 Mayor's Report

13. Manager's Report

A. June 3, 2024 Manager's Report

14. Unfinished Business

A. Ordinance #2024-07: An Ordinance Amending Section 4.33.030 of Chapter 4.33, *Transient Room Tax*, of the Petersburg Municipal Code, to Increase the Transient Room Tax Rate from Four Percent (4%) to Seven Percent (7%), and Directing that the Amendment be Submitted to the Qualified Voters of the Borough for Ratification - Third and final reading

If approved, Ordinance #2024-07 will bring a proposition before the Borough voters at the October 2024 municipal election to increase the Transient Room Tax from 4% to 7%. Transient Room Tax is levied on rental of rooms at hotels, motels, or other lodging, for fewer than 30 days. It is estimated that increasing the Transient Room Tax to 7% will generate approximately \$53,000 in additional funds to support Borough infrastructure and expenses related to tourism in Petersburg. The Assembly unanimously approved Ordinance #2024-07 in its first and second readings.

B. Ordinance #2024-08: An Ordinance Amending Section 4.33.060 of the Petersburg Municipal Code to Clarify the Permitted Uses of Proceeds of the Borough Transient Room Tax - Third and final reading

If adopted, Ordinance #2024-08 will clarify uses for the proceeds of the Transient Room Tax by adding visitor-related signage, park maintenance and improvements, borough beautification and improvement projects, and repair and maintenance of visitor-related borough infrastructure, including stairs and sidewalks in the downtown area. The Assembly unanimously approved Ordinance #2024-08 in its first and second readings.

C. Ordinance #2024-09: An Ordinance Adopting the Budget for the Fiscal Year July 1, 2024 through June 30, 2025 - Third and final reading

Ordinance #2024-09 will set the Borough budget for FY 2025. In its second reading, the ordinance was amended as follows:

- 1) \$108,064 of the sale proceeds from the Wikan Enterprises land sale transferred from the Property Development Fund to the Harbor Department Enterprise Fund
- 2) \$360,000 of the sale proceeds from the Island Refrigeration land sale transferred from the Property Development Fund to the Harbor Department Enterprise Fund
- 3) decrease the Motor Pool salary budget by \$82,321
- 4) increase the PMPL salary budget by \$149,368
- 5) decrease the Public Works salary budget by \$4,935
- 6) increase the Sanitation salary budget by \$9,555
- 7) decrease the Wastewater salary budget by \$18,432
- 8) decrease the Water salary budget by \$18,735
- 9) decrease the Harbor salary budget by \$19,613

The Assembly unanimously approved Ordinance #2024-09, as amended, in its second reading.

Finance Director Tow and the Petersburg School District request an amendment to Ordinance #2024-09 to budget an expense from the School Deferred Maintenance Fund for architectural and engineering services for the Middle School/High School Roof Project and the High School Office Renovation Project, and for the services of a bond attorney to produce the general obligation school bonds ordinance and ballot proposition which will be on the October 2024 municipal election ballot. These expenses may be reimbursed with future school bond proceeds. The School Deferred Maintenance Fund currently has \$750,000 of unencumbered fund balance.

Suggested motion: I move to budget an expense of \$225,000 from the School Deferred Maintenance Fund for architectural and engineering services to produce construction drawings for the Middle School/High School Roof Project and the High School Office Renovation Project; and, to pay for the services of a bond attorney to produce the general obligation school bonds ordinance and ballot proposition and assist the Borough Finance and Administration Department in the bond issuing process.

D. Ordinance #2024-10: An Ordinance Amending Section 4.28.120 of the Petersburg Municipal Code to Increase the Amount of Sales Tax that can be Collected on a Single Sales Transaction from \$72 to \$300, and Directing that the Proposed Amendment be Submitted to the Qualified Voters of the Borough - Second reading

If adopted in three readings, Ordinance #2024-10 will place a proposition on the 2024 Municipal Election ballot to increase the maximum taxable transaction amount from \$1,200 to \$5,000, resulting in an increase of the maximum collectible sales tax from \$72 to \$300 per single purchase of goods or services. The maximum single purchase amount to be charged sales tax was originally established in 1959 and was set at \$1,000. This maximum amount has been raised only once in the last 65 years, when it was increased from \$1,000 to \$1,200 in 2002. Petersburg currently has the lowest maximum taxable single purchase amount in Southeast Alaska, and most other Southeast communities limit the purchase to a single item only, not to a total purchase transaction, or there is no maximum at all. If Petersburg increases its maximum taxable transaction amount to \$5,000, the maximum collectible sales tax would increase to \$300, and would still be one of the lowest maximums in Southeast Alaska. This proposed increase will help offset an increase to future property taxes and the loss of State funding, and to support Borough services, including the Petersburg School District. The Petersburg Chamber of Commerce supports this proposed increase to the maximum collectible sales tax (a letter of support is attached to this packet along with a spreadsheet of other communities' maximum collectible sales tax).

15. New Business

A. Ordinance #2024-11: An Ordinance Proposing an Amendment to the Home Rule Charter of the Petersburg Borough to Remove the Requirement of Voter Ratification of Changes to Sales Tax Exemptions, and Directing that the Proposed Amendment be Submitted to the Qualified Voters of the Borough

If approved by the Assembly in three readings, Ordinance #2024-11 will submit a ballot proposition to Borough voters at the October 2024 municipal election to amend Borough Charter to remove the requirement of voter approval to make changes to sales tax exemptions. This exemption requirement was put into place in 1981. The Borough is aware of no other municipality in Alaska that requires voter approval to change sales tax exemptions. This amendment will not negate the requirement of voter approval of any change in the rate of the Borough's sales tax.

B. Resolution #2024-09: A Resolution Setting the Millage Rates for the Fiscal Year July 1, 2024 through June 30, 2025

If approved, Resolution #2024-09 will set the FY 2025 mill rate at 10.00 mills within Service Area 1, and 4.2 mills for outside of Service Area 1.

C. Authorization for Petersburg Medical Center to Issue a Notice to Proceed to Dawson Construction for Full Construction of the WERC Building

PMC CEO Hofstetter requests Assembly approval, per the stipulations of Borough Resolution #2023-04, to issue a Notice to Proceed to Dawson Construction for full construction of the WERC building which would adjust the total Guaranteed Maximum Price to \$14,698,948. Funds for the Notice to Proceed are available from the \$20 million Department of Treasury grant awarded to PMC in December 2023.

D. Approval to Hire Attorney Cynthia Cartledge to Assist in the Bond Issuing Process for a Deferred Maintenance School Bond to be Brought Before the Qualified Voters of the Borough

The Petersburg Borough and Petersburg School District would like to bring the question of issuance of a deferred maintenance school bond to Borough voters at the October 2024 municipal election. A bond attorney is needed to assist in the drafting of a bond ordinance to go before the Assembly and a ballot proposition regarding whether to approve the bond issuance to go before Borough voters. Borough Charter Section 2.14(A) states the Assembly may appoint special legal and financial advisors for bond issues or other matters and retain legal counsel as it requires. Finance Director Tow requests the assembly approve the hire of Cynthia Cartledge, Attorney with JDO Law for this specific bond issue and authorize Manager Giesbrecht to sign the engagement letter to retain her services.

Suggested motion: I move to approve the hire of Attorney Cynthia Cartledge to assist with the bond issuance process and authorize Manager Giesbrecht to sign the engagement letter to retain her services.

16. Communications

A. Communications Received Since May 16, 2024

17. Assembly Discussion Items

A. Coast Guard Foundation Alaska Awards Dinner

The Borough received an invitation to sponsor and/or attend the Coast Guard Foundation Alaska Awards Dinner on August 13, 2024, in Anchorage (see the attached flyer). Does the Assembly want to sponsor and/or send a representative or representatives to attend the dinner on behalf of Petersburg? For the purpose of this discussion, the proposed FY 2025 Assembly and Administration Travel & Training budgets are also attached in the packet.

B. Assembly Member Comments

C. Recognitions

18. Adjourn