

**KENAI CITY COUNCIL – REGULAR MEETING
FEBRUARY 2, 2022 – 6:00 P.M.
KENAI CITY COUNCIL CHAMBERS
210 FIDALGO AVE., KENAI, AK 99611
MAYOR BRIAN GABRIEL, PRESIDING**

MINUTES

A. CALL TO ORDER

A Regular Meeting of the Kenai City Council was held on February 2, 2022, in City Hall Council Chambers, Kenai, AK. Mayor Gabriel called the meeting to order at approximately 6:00 p.m.

1. Pledge of Allegiance

Mayor Gabriel led those assembled in the Pledge of Allegiance.

2. Roll Call

There were present:

Brian Gabriel, Mayor	James Baisden
Henry Knackstedt	Teea Winger
Glenese Pettey	Jim Glendening (via Telephonic Participation)
Deborah Sounart	

A quorum was present.

Also in attendance were:

**Silas Thibodeau, Student Representative
Paul Ostrander, City Manager
Scott Bloom, City Attorney
Terry Eubank, Finance Director
Scott Curtin, Public Works Director
Shellie Saner, City Clerk

3. Agenda Approval

Mayor Gabriel noted the following additions to the packet:

Add to item D.1.	Ordinance No. 3267-2022
	• Amendment Memo

Add to item G.2.	Purchase Orders Over \$15,000
	• Kirila Fire Memo

MOTION:

Council Member Knackstedt **MOVED** to approve the agenda with the requested revisions and requested **UNANIMOUS CONSENT**. Council Member Baisden **SECONDED** the motion.

VOTE: There being no objection; **SO ORDERED.**

4. **Consent Agenda**

MOTION:

Council Member Knackstedt **MOVED** to approve the consent agenda. Council Member Baisden **SECONDED** the motion.

The items on the Consent Agenda were read into the record.

Mayor Gabriel opened the floor for public comment; there being no one wishing to be heard, the public comment period was closed.

UNANIMOUS CONSENT was requested.

VOTE: There being no objections, **SO ORDERED.**

All items listed with an asterisk () are considered to be routine and non-controversial by the council and will be approved by one motion. There will be no separate discussion of these items unless a council member so requests, in which case the item will be removed from the consent agenda and considered in its normal sequence on the agenda as part of the General Orders.

B. SCHEDULED PUBLIC COMMENTS

1. **Coy West - City of Kenai Marketing Presentation**

Coy West, CEO of Divining Point, gave a summary overview of his marketing agency's previous work for the City of Kenai and provided a marketing updated on Kenai's "Best Place to ALASKA" campaign strategy.

2. **Brandy Niclai and Bill Lierman, Alaska Permanent Capital Management - 2021 Financial Performance, Financial Projections and Recommended 2022 Asset Allocation for the City's Permanent Fund Investments.**

Brandy Niclai provided a review of the Permanent Fund Investments reporting overall growth; provided a broad picture of the financial market for 2022; recapped how the portfolio is positioned; and discussed strategy for long-term planning of the permanent funds. She provided an outlook for the coming years, explaining that we can anticipate economic growth and Alaska Permanent Capital Management has updated their long-term strategic perspective in response. She described the new strategy which involved utilizing alternative beta asset class and high-yield fixed income asset class.

C. UNSCHEDULED PUBLIC COMMENTS

Ryan Tunseth reported that the Chamber of Commerce was currently recruiting for a new executive director and in the process of finalizing their annual report. He also noted the new City league basketball program, which includes both adult and middle school leagues.

It was explained how the ordinance substitute allocated a dollar amount on spending for employee leave, with the remaining funds will be used for expanded testing for employees and their families. Suggestions were made that federal funds which are not used by the City could be returned to the federal government, or used to expand testing for fish processors during the upcoming season.

It was stated that Administration believes the allocated amounts will be sufficient to cover leave and testing.

VOTE ON MAIN MOTION AS AMENDED:

YEA: Knackstedt, Gabriel, Glendening, Sounart, Winger

NAY: Baisden, Pettey

**Student Representative Thibodeau: YEA

MOTION PASSED UNANIMOUSLY.

2. **Ordinance No. 3268-2022** - Increasing Estimated Revenues and Appropriations in the Water and Sewer Special Revenue Fund and Authorizing a Purchase Order Increase to Alaska Waste for Sludge Disposal Services At The Waste Water Plant (Administration)

MOTION:

Council Member Knackstedt **MOVED** to enact Ordinance No. 3268-2022. Council Member Baisden **SECONDED** the motion.

Mayor Gabriel opened the floor for public comment; there being no one wishing to be heard, the public comment period was closed.

Public Works Director Curtin was thanked for his work. Director Curtin clarified the design was being finalized, the press is scheduled to be installed in July and it should be up and operational by the end of summer.

VOTE:

YEA: Baisden, Sounart, Pettey, Thibodeau, Winger, Knackstedt, Gabriel, Glendening

NAY: None

**Student Representative Thibodeau: YEA

MOTION PASSED UNANIMOUSLY.

3. **Ordinance No. 3269-2022** - Amending Kenai Municipal Code Section 7.30.020, Land Sale Permanent Funds, to Identify the Circumstances and Limitation on the Use of Derivative Investments and to Add Two New Classes of Assets to the List of Authorized Investments and to Codify the Applicable Benchmark by Which these Asset Classes Will be Measured and Evaluated (Administration)

MOTION:

Council Member Winger **MOVED** to enact Ordinance No. 3269-2022. Council Member Knackstedt **SECONDED** the motion.

Mayor Gabriel opened the floor for public comment; there being no one wishing to be heard, the public comment period was closed.

Concern was expressed about Blackrock investment, and the risk-reward measures not being as robust as preferred if the City's portfolio was not using derivatives.

Clarification was provided that the use of derivatives was currently taking place and this ordinance puts sideboards on this as it becomes more prevalent and because of the addition of the alternative beta asset class. It was explained that this ordinance also amends code to allow two new types of investment (high-yield domestic bonds and alternative beta asset classes) and assigns them benchmarks for evaluating their performances. It was noted that the intention of these changes is not to chase yield, but to maintain the projected level of portfolio earnings while lowering risk. Discussion involved how reducing the overall volatility of the portfolio affects the top end and the bottom end of potential returns.

Brandy Niclai with Alaska Permanent Capital Management noted that an introduction to some of the more technical financial terminology used in the legislation could be provided. She provided clarification on net-long requirements that limit risk exposure, and the risk profile of alternative beta strategies APCM is recommending.

It was noted that the permanent fund investments are discussed by Council every year, and a special meeting could also be called to address further concerns. Finance Director Eubank explained that he was satisfied with the language as written.

VOTE:

YEA: Sounart, Thibodeau, Winger, Knackstedt, Gabriel, Glendening, Baisden

NAY: Pettey

**Student Representative Thibodeau: YEA

MOTION PASSED UNANIMOUSLY.

4. **Resolution No. 2022-08 - Designating the Investment and Allocation Plan for the City's Permanent Funds and Establishing Appropriate Benchmarks to Measure Performance for Calendar Year 2022. (Administration)**

MOTION:

Council Member Knackstedt **MOVED** to adopt Resolution No. 2022-08. Council Member Winger **SECONDED** the motion.

Mayor Gabriel opened the floor for public comment; there being no one wishing to be heard, the public comment period was closed.

UNANIMOUS CONSENT was requested.

VOTE: There being no objection; **SO ORDERED.**

E. MINUTES

1. *Regular Meeting of January 19, 2022. (City Clerk)

Approved by the consent agenda.

F. UNFINISHED BUSINESS – None.

G. NEW BUSINESS

1. ***Action/Approval** - Bills to be Ratified. (Administration)

Approved by the consent agenda.

2. ***Action/Approval** - Purchase Orders Over \$15,000. (Administration)

Approved by the consent agenda.

3. ***Action/Approval** - Non-Objection to Liquor License Renewals for Uptown Motel/Back Door Lounge and Uptown Motel/Louie's. (City Clerk)

Approved by the consent agenda.

4. ***Ordinance No. 3270-2022** - Increasing Estimated Revenues and Appropriations in the General, Airport, Senior Citizen, and Water & Sewer Funds, and Authorizing a One-Time Premium Payment to Eligible Employees. (Vice Mayor Glendening and Council Members Winger and Sounart)

Introduced by the consent agenda and Public Hearing set for February 16, 2022.

5. ***Ordinance No. 3271-2022** - Increasing Estimated Revenues and Appropriations in the Airport Land Sale Permanent Fund to Transfer Earnings in Excess of Budgeted Amounts to the City's Airport Fund. (Administration)

Introduced by the consent agenda and Public Hearing set for February 16, 2022.

6. ***Ordinance No. 3272-2022** - Increasing Estimated Revenues and Appropriations in the General Land Sale Permanent Fund to Transfer Earnings in Excess of Budgeted Amounts to the City's General Fund. (Administration)

Introduced by the consent agenda and Public Hearing set for February 16, 2022.

7. **Action/Approval** - Confirmation of Mayoral Nomination for Appointment to Mini-Grant Steering Committee. (Mayor Gabriel)

MOTION:

Council Member Winger **MOVED** to approve the Mayoral nomination of Sarah Douthit to the Mini-Grant Steering Committee. Council Member Knackstedt **SECONDED** the motion.

UNANIMOUS CONSENT was requested.

VOTE: There being no objection; **SO ORDERED.**

8. **Discussion** - Request to Schedule a Council Work Session for the Draft Land Management Plan. (Administration)

City Manager Ostrander estimated that the meeting would be approximately two to three hours, and noted that February 24th would not be an available date.

Council scheduled the meeting for March 7, 2022 at 5pm; it was noted that the Harbor Commission regular meeting scheduled for that date will be cancelled or rescheduled.

H. COMMISSION / COMMITTEE REPORTS

1. Council on Aging – No report. Next meeting February 10, 2022.
2. Airport Commission – No report. Next meeting February 10, 2022.
3. Harbor Commission – No report. Next meeting February 7, 2022.
4. Parks and Recreation Commission – No report. Next meeting February 17, 2022.
5. Planning and Zoning Commission – Council Member Winger reviewed the actions of January 20, 2022 work session and January 26, 2022 regular meeting. Next meeting February 9, 2022.
6. Beautification Committee – No report. Next meeting April 12, 2022.
7. Mini-Grant Steering Committee – No report.

I. REPORT OF THE MAYOR

Mayor Gabriel reported on the following:

- Attended the first Alaska Bycatch Review Task Force meeting, next meeting with be on February 11, 2022;
- Spoke to KDLL on their Kenai Conversations program;
- Will be attending the Kenai Art Center's event tomorrow;
- Will be attending the Sea Belt meeting on tourism tomorrow;
- Hope everyone enjoys the Super Bowl.

J. ADMINISTRATION REPORTS

1. City Manager – City Manager Ostrander reported on the following:
 - A letter from Todd Stone in the packet states that he will be distributing 10% of his revocable trust to the Kenai Animal Shelter;
 - Kenai Multi-Purpose facility has maintenance issues that need to be addressed in the next few years to maintain the structural integrity. Administration is looking at the long-term viability of the facility as it is being used;
 - Thanked Brittany Brown for her time as Executive Director of the Chamber of Commerce,
 - ACS has been meeting with the City to discuss mounting their antenna equipment on light poles; they are bringing a wireless mesh network to the area to provide faster network speeds;
 - Met with McKinley group, and there will be a Kenai Waterfront Revitalization community visioning meeting on February 24th at the Visitor's Center;
 - Design continues on the bluff erosion project, and participation in the National Flood Insurance program is required to get funding from the Corps.
2. City Attorney – No report.
3. City Clerk – City Clerk Saner reported on the following

- Council on Aging has had difficulty recruiting members to fill their body, so bylaw amendments are being drafted that will allow them to drop their number of seats from nine to seven.

K. ADDITIONAL PUBLIC COMMENT

1. Citizens Comments (*Public comment limited to five (5) minutes per speaker*)

Marion Nelson, President of the Board of Directors for the Kenai Art Center, noted their first Thursday opening which will feature print artworks. The jail cell in the back has been fixed up and looks great, and the Thursday event will have music, food, and Kenai River Brewing Jail Pale Ale.

2. Council Comments

Council Member Knackstedt noted the recent winter weather and that the City Streets department had responded well. He had spoken to KDLL on their Kenai Conversations program to discuss aviation and wished everyone Happy Groundhog's Day.

Council Member Baisden discussed Kenai Central High School sports.

Council Member Winger thanked Planning & Zoning Commission Member Springer for his years of service and thanked the Streets Department for their work clearing an elementary bus stop area; noted that the Kenai Dog Park raffle will be drawn on February 9th; congratulated the Kenai Piranhas swim team on their wins; discussed the student job shadow program; thanked Barb Ralston for her great work in the schools; and explained her disagreement of mandatory masking in schools.

Council Member Sounart noted her recent travels to a riverfront city and how that got her excited for Kenai's waterfront revitalization study.

Student Representative Thibodeau discussed Kenai Central High School sports and activities and stated that participating in Council has been a great learning opportunity.

Council Member Pettey thanked Planning & Zoning Commission Member Springer for his years of service and Brittany Brown for her time as Executive Director of the Chamber of Commerce; noted that the Kenai Library is seeking volunteers; and encouraged everyone to attend the Kenai Art Center's First Thursday event.

L. EXECUTIVE SESSION – None.

M. PENDING ITEMS

1. **Resolution No. 2022-04** - Awarding a Three Year Contract for the Purchase of Microsoft Software. (Administration) [*Clerk's Note: At the January 19, 2022 Meeting, this item was Postponed to the February 16, 2022 Council Meeting; a motion to enact is on the floor.*]

N. ADJOURNMENT

O. INFORMATION ITEMS

1. Purchase Orders Between \$2,500 and \$15,000

There being no further business before the Council, the meeting was adjourned at 9:28 p.m.

I certify the above represents accurate minutes of the Kenai City Council meeting of February 2, 2022.



Michelle M. Saner, MMC
City Clerk

***The student representative may cast advisory votes on all matters except those subject to executive session discussion. Advisory votes shall be cast in the rotation of the official council vote and shall not affect the outcome of the official council vote. Advisory votes shall be recorded in the minutes. A student representative may not move or second items during a council meeting.*