



Northwest Arctic Borough

SERVING THE COMMUNITIES OF:

Ambler Buckland Candle Deering Kivalina Kiana
Kobuk Kotzebue Noatak Noorvik Selawik Shungnak

Northwest Arctic Borough Assembly
Budget, Audit & Finance Committee Meeting Minutes
Monday, February 23, 2015 – 9:00 A.M.
Northwest Arctic Borough Assembly Chambers – Kotzebue, AK

CALL TO ORDER

Madam Chair Lucy Nelson called the meeting to order at 9:00A.M.

INVOCATION

Mr. Miles Cleveland provided the invocation.

ROLL CALL

Budget, Audit and Finance Committee Members Present:

Miles Cleveland Sr. Pete Schaeffer Lucy Nelson

Other Members Present

Nathan Hadley Larry Westlake Carl Weisner Hendy Ballot
Vern Cleveland

Introduction of Staff and Guests

Reggie Joule Judy Hassinger Winona Hawley Matt Mead
Fred Smith Wendie Schaeffer Christine Hess Martha Henry

A quorum was present to conduct business.

APPROVAL OF AGENDA

Agenda presented for February 23, 2015 for approval.
Mayor Joule added Resolution 15-13 to the agenda.

President Weisner added discussion regarding Ice Road funding and discussion regarding forming the Alcohol, Tobacco, and Marijuana Committee for a proposed Tax.

Member Westlake added grant discussion under New Business.

Member Miles Cleveland motioned, President Weisner seconded to approve the agenda as amended.

APPROVAL OF PREVIOUS MINUTES

Minutes of November 25, 2014 Budget, Audit and Finance presented for approval.

Member Miles Cleveland motioned, Member Schaeffer seconded to approve the minutes as presented.

FINANCIAL REPORT

Judy Hassinger provided a summary of the financial report ending January 31, 2015; which is seven months into the fiscal year.

Member Westlake requested more information on the Search & Rescue stipend.

COMMUNICATIONS AND APPEARANCES

None presented.

PUBLIC HEARINGS, ENACTMENT OF ORDINANCES & EMERGENCY ORDINANCES

Ordinance 15-01 *an ordinance of the Northwest Arctic Borough Assembly amending sections of the Borough Investment code and for related purposes.*

Presented by Mayor Joule

Member Miles Cleveland recommend do pass.

Ordinance 15-02 *an ordinance of the Northwest Arctic Borough Assembly approving continued participation in a planning assistance agreement for the Kivalina Evacuation Road Study and for related purposes.*

Presented by Fred Smith

Judy Hassinger stated that there is a resolution for approval with Golder Associates for \$400,000 related to this grant. She also stated that there is over 2.1 million. This ordinance, with the Army Corps, does not specifically have a dollar amount attached to it. Ms. Hassinger stated that we need to ensure that there is an understanding with the Army Corps that it's contingent with the amount that is remaining in the grant.

Member Miles Cleveland recommend do pass.

Ordinance 15-03 *an ordinance of the Northwest Arctic Borough Assembly amending Title Seven of the Borough Code and for related purposes.*

Presented by Mayor Joule.

Member Miles Cleveland recommend do pass.

INTRODUCTION OF ORDINANCES

1. **Ordinance 14-01 am 02** *an ordinance of the Northwest Arctic Borough Assembly providing for the establishment and adoption of the line item budget amendment for the Fiscal Year 2015.*

Presented by Mayor Joule and Judy Hassinger

Member Vern Cleveland raises concerns regarding revenue sharing.

President Weisner requests the Assembly get a copy of the 2016 revenue sharing.

Mayor Joule suggests that this was just what was currently being proposed. The legislature still has to go through and that may change before the end of session. The numbers are probably a snapshot of what's being considered right now.

Member Ballot comments regarding the revenue sharing.

Member Ballot stated that during the AML session there was discussion on taxation; and also suggested a committee so that members had a chance to talk about what they heard as a work session. Member Nelson agreed.

Mayor Joule requested that the work session for this day was set up to hear from Kevin Higgins who discussed the initiative, understands the initiative very well, in addition to the members, would be a good discussion.

Matt Mead requested that Judy explain under the General Fund Expenditures the biggest component \$501,000 for the financial contingency reserve.

Member Vern Cleveland asked if they could get pay for Search and Rescue and stated that Larry and he were past presidents.

Mayor Joule stated that the Borough has worked to manage the deficit spending and in this amendment were asking to go up. It is an unusual request to increase the budget; however, we will continue to look for other funding opportunities and will continue to look at making appropriate cuts.

Member Nelson stated that because the increase is for the financial contingency reserve, AHFC Grant match that were require to meet to build VPSO housing that she is comfortable with this amendment. The expenditures have a saving of 9%.

Member Schaeffer recommend do pass.

2. **Ordinance 15-04** *an ordinance of the Northwest Arctic Borough Assembly approving a contract for Legal Services with Vinson & Elkins and for related purposes.*

Presented by Mayor Joule and Matt Mead.

Member Ballot raises concern regarding agreement under scope of engagement.

President Weisner asked Matthew help recognize that we have to go into executive session. It is a good faith effort to negotiate a PILT and can decide not to do that as an Assembly and go straight into a severance tax. President Weisner also suggested that the Assembly continue with the PILT. Mayor Joule reminds the assembly that a PILT is renewed every three years.

Member Hadley just a suggested the Assembly work on the Tax at this time, and talk about the PILT at another session.

Member Schaeffer recommend do pass.

RESOLUTIONS

1. **Resolution 15-10** *a resolution of the Northwest Arctic Borough Assembly to approve a transfer of responsibilities agreement between the State of Alaska Department of Transportation and Public Facilities and the Northwest Arctic Borough.*

Presented by Wendie Schaeffer

Member Westlake raised concerns regarding a safe route.

Member Vern Cleveland suggested that there may not be a need for heavy equipment due to lack of snow.

Member Ballot raised concerns regarding cracks and liability.

Mayor Joule suggested that there may be snow along the way.

Member Westlake suggests inviting KIC and the City to the meeting; they know the ice situations and suggests that the Assembly invite them to the meeting this afternoon as a work session.

Member Schaeffer raises concern regarding burden of insurance.

President Weisner suggested that NANA would like for the road to be available prior to their annual meeting, March 16th.

Member Miles Cleveland recommend do pass.

2. **Resolution 15-11** a resolution of the Northwest Arctic Borough Assembly to approve a professional services agreement with Bering Straits Development Co. for relocation of the Noorvik Met Tower and for related purposes.

Presented by Fred Smith

Member Westlake we had a rig heater up there years ago for Search & Rescue purposes and we didn't have the weather like we do today but still we got a lot of ice on the equipment and it wouldn't function for us, especially the antennas, just want to bring that up for information.

Member Miles Cleveland recommend do pass.

10 minute break

3. **Resolution 15-12** a resolution to approve a professional services agreement with ANTHC to perform Water and Sewer management capacity evaluations for Borough Villages, and for related purposes.

Presented by Wendie Schaeffer

Member Vern Cleveland raised concern regarding training.

Member Ballot discussed conversations about consolidating the water and sewer Borough wide. He also raised concern regarding old water and sewer systems.

Member Vern Cleveland raised concerns regarding the pipes that are sticking out of the ground and liability.

Member Miles Cleveland recommend do pass.

4. **Resolution 15-13** a resolution to approve a professional services agreement with Golder Associates Inc. to perform geotechnical services for the Kivalina Evacuation and access road study and for related purposes.

Presented by Wendie Schaeffer

Member Miles Cleveland recommend do pass.

OTHER BUSINESS

Discussion on Alcohol, Tobacco, Marijuana Committee

Tax on Alcohol and Tobacco presented by President Weisner. Member Weisner asked the Assembly to consider a committee on Alcohol, Tobacco, and Marijuana in March.

Member Nelson requested the addition of Legal to go over the City imposed the Alcohol Tax on sales. Member Nelson also added that Maniilaq provides a Tobacco Cessation Grant which is about \$300,000 for the prevention of tobacco.

Member Schaeffer raises concerns of being too premature for the Marijuana Taxation.

Member Ballot stated that what they heard from the Legislatures and the Governor is that they do have a taskforce working on this.

President Weisner suggested curbing the discussion at Alcohol and Tobacco at this time.

Matt Mead informed the Assembly that there are really two basic options for alcohol and tobacco. If the Borough were to solely focus on tobacco it could enact an excise tax which is what Bethel had, an excise tax does not need to be approved by the voters like a sales tax would and if the Borough did want to include alcohol and not just tobacco it would not be able to have an excise tax on alcohol, it is a feature of state law, so if the Borough wanted to do a sales tax on both alcohol and tobacco we can certainly do that and that would have to be approved by the voters after the Borough Assembly passed a Code Ordinance, so there are a number of different options the Borough can pursue with some of the data that Jonathan provided us it will give the Committee quite a bit to discuss in terms of the best path forward.

Member Miles Cleveland questioned the taxation and Borough collection of the tax revenue.

Mayor Joule explained process that would be taken.

Matt Mead stated that this is the policy decision that the Assembly will ultimately have to answer and explained the difference between sales tax and excise tax.

President Weisner suggested the need for a committee to discuss in a work session in March and review some of the material that Matthew will put together.

Mayor Joule will pull the specific information and contact Northern Economics for more information for the work session.

Discussion on Grants

Member Westlake requested that more communication be given to the villages in regards to grants that are awarded that directly affect them; such as, Kivalina Erosion project- does Kivalina have all the information in their office? J

Judy Hassinger stated that all of the directors at the Borough work closely with the communities and make them aware of the programs that we have available for them.

Fred Smith suggested including grant numbers with the resolutions so the link to the actual budgets are communicated more clearly to you using the finance section.

COMMITTEE COMMENTS

No comments provided.

AUDIENCE COMMENTS

No audience comments presented.

ADJOURNMENT

With no other business to discuss, the meeting adjourned at 11:02 A.M.

Member Miles Cleveland motioned to adjourn.