

**MINUTES  
NOME COMMON COUNCIL  
REGULAR MEETING  
March 27, 2006**

The Regular Meeting of the Nome Common Council was called to order at 7:00 P.M. by Denise Michels in the City Council Chambers of Nome City Hall located at 102 Division St.

**ROLL CALL**

Members Present: Stan Andersen, Jerald Brown, Mary Bourdon, Mary Knodel, Jon Larson, Randy Pomeranz.

Members Absent:

Also Present: City Manager Randy Romenesko; City Clerk Leslee Wessel; Utility Manager John Handeland.

In the audience: Paul Korchin, KNOM; Laurie McNicholas, Nome Nugget; Ramon Gandia, Derrick Leedy, Cheryl Thompson, Iva Ailak.

**INVOCATION**

The invocation was given by Paul Korchin.

**APPROVAL OF MINUTES**

- A. February 27, 2006 Regular Meeting Minutes.  
March 3, 2006 Special Meeting Minutes

A motion was made by C. Knodel and seconded by C. Andersen to approve the February 27, 2006 regular meeting minutes.

At the roll call:

Ayes: Brown, Bourdon, Knodel, Larson, Pomeranz, Andersen

Nays:

The motion CARRIED.

A motion was made by C. Knodel and seconded by C. Larson to approve the March 3, 2006 Special Meeting Minutes.

At the roll call:

Ayes: Knodel, Larson, Pomeranz, Andersen, Brown.

Nays:

Abstain: Bourdon

**COMMUNICATIONS**

Mayor Michels read the communications by title.

**CITIZENS GRIEVANCES AND REQUESTS**

Iva Ailak stated she owes approximately \$3,334.00 in back taxes this year. She has a few resources to try to pay this amount. She has access to three PFD's in October that could be assigned to the City of Nome to pay off taxes. She has submitted a loan application to Credit Union 1 and she expects to hear an answer on that tomorrow but it is unlikely they will give her a loan. She has about \$3,000 from IRS

coming in the next few days. She has a third interest in a lot on Third Avenue that should close this week. She could make bi weekly payment of \$300 along with approximately \$500 out of her husband's Social Security for about \$1,200. She was born and raised in Nome and has lived her all her life and is having a tough time.

City Clerk Wessel explained this is part of the 1998-2001 Foreclosure. Iva owes taxes for part of 1999 and all of 2000 and 2001. This was supposed to go to court to request the deeds on February 27. They had a few people coming in around then to pay off their debt. She visited with the City Manager and they thought they could hold off until March 28 to give people a little more time. They are ready at this time to request the deeds. She has been talking to Iva for over month now trying to figure out a way to help her pay off this debt. She cannot accept regular payments at this time because if they request the deed and are successful, she would be wasting her money.

C. Andersen asked the process after that. City Clerk Wessel stated once they get the deed it becomes City of Nome's property. If they choose to sell that property they would go out to public bid to sell that property. If they do sell the property anything left over after the debt has been paid will go to Iva if sold before 10 years.

C. Larson asked about the redemption period. City Clerk Wessel stated the year redemption period has ended. This process started April 8, 2004 when they were granted the foreclosure in court. Before she came on board the one year redemption period ended, but she was new and they didn't proceed right away and there has been almost an additional year to pay the debt. They sent out notices in January this year to let people know the redemption period had ended and they had thirty days to redeem their property before February 27, 2006.

City Clerk Wessel explained there are taxes still due for 2002, 2003, 2004 and 2005 which would go on the next foreclosure.

C. Pomeranz asked how many personal residences are on the foreclosure list. City Clerk Wessel stated she can't tell them that, but they started with 25 properties and are down to five.

C. Larson asked if anyone else is in the same position. City Clerk Wessel stated there is one other property owner who is trying to pay their debt and was going to gold streak the money on Friday, but she hasn't seen it yet.

C. Andersen could see holding off until Friday but could not see anything after that.

City Clerk Wessel stated until they actually go to court and request the deed, individuals could redeem their property by paying the amount due. She has not been able to visit with the attorney today so she is not sure when she will be proceeding, but the date they agreed on was on or about March 28.

Cheryl Thompson stated she organized the Iditarod Craft Fair. This year they had a sales tax issue with the crafters. Currently they are supposed to get state business license for \$200 and a city business license for \$15.00 and then they get the privilege of collecting and remitting sales taxes. She has a problem with getting the state business license. She stated this is pretty prohibitive with most of her people, but they tried to comply this year. Most everyone did get their city business license and they will have to wait and see if they pay their 5% sales tax. The other problem is during February and March to be an itinerant peddler a person is supposed to get a \$250 per day license if they don't get the city and state license. Most people bought their \$15.00 city sales tax license. Her problem came about when she came to pay the rent on the church which was \$1,500. She was asked to pay \$75.00 sales tax on that. She stated she had no idea she would have to pay sales tax on the rent. The City Clerk told her she looked up the paperwork from last year and it was on there but crossed off, but no one said anything to her so she was pretty upset about that. She wanted to let the Council know what is going on and see if that is really what they want to do. Her group tries to be pretty self sufficient during this event. All the city staff is very busy and they cleaned the church really well. She feels they left it even better than they found it. They even purchased their own toilet paper during this week. She knows they are going to be

talking about facility fee waivers at the work session and it seems unfair that most people come in and whine about paying the rent and then her group ends up having to pay sales tax when they do pay rent.

C. Pomeranz asked how many craft fairs they do in a year. Mrs. Thompson stated she organizes the Iditarod and she usually does one before Christmas. C. Pomeranz stated the State license is a two year license so that is \$100 for one year. He wondered if they did enough fairs in one year to make it worth their while. Mrs. Thompson stated she usually participates in the craft fair at the Mini the Saturday after Thanksgiving and then there is the preschool sponsored fair and also Midnight Sun. She stated there are four or five she participates in. C. Pomeranz stated that the state license should not be out of the question. Mrs. Thompson stated that some of the people who participate in her events have trouble coming up with the cost of the table.

C. Brown sympathizes because he has sat at these events all day trying to sell his coins and barely makes the table fee.

Mrs. Thompson stated at this point she has provided a cleaning deposit of \$250. She was waiting until this meeting before she requested that back in the event she will need to pay the sales tax.

Mayor Michels thanked Mrs. Thompson for her comments.

Dr. Derrick Leedy stated he would like to help Iva out and will be giving her a check for \$3,334. City Clerk stated that amount will change a little due to additional interest. Dr. Leedy asked her to let him know the amount. City Clerk Wessel also noted for the record that the payment needs to come through Mrs. Ailak as the owner of record of the property and whatever agreement they make is between them.

Dr. Leedy stated he is here to talk about the radon issue at the high school. He has been thinking about it for a long time and he is very angry about the situation. Mayor Michels stated they had given the school board directions to address this and she doesn't think they have had any response back. This is a school board issue. It is their problem and they need to be taking care of it. City Manager Romenesko stated he was told they were going to hire Herrera as a subcontractor to USKH to do the work. Dr. Leedy stated he called Herrera on Friday and talked to a gentleman there and they are working with Arctic Technical Services in Fairbanks. He stated he would like to give a little history of what has happened with this issue. Mayor Michels asked Dr. Leedy to keep his comments brief and to the main point because they need the school board to take action on this first before it comes to them. Dr. Leedy stated a number of years ago he asked the school to test for radon and they agreed to do it in 2003 and in 2004 the results came in. Then the fall of 2004 Herrera got involved and there was a five page letter that detailed the plans that Herrera was going to do. What they said was they were going to test the tunnel and the associated structures attached to the tunnel. Which meant the charter school. In January he spoke to Ike Ozenna and he asked him to ask Mr. Lujan to inspect the tunnel. When he talked to Ike later he was told Mr. Lujan said no. So he wasn't very happy about that. Who wouldn't be? His daughter attends that school and Herrera had already said they would do the testing a year and a half ago. He contacted the University of Alaska and got a personal tester and put it in his daughter's locker. He got the results on Friday and it came back really hot – 13.7 picocuries per liter. The building is supposed to be sealed off but the radon is still getting in there. The charter school doors are supposed to be sealed on the bottom but they are not. So they have kids that are in a very dangerous situation. His daughter has been there for two and a half years since this was discovered and that problem should have been fixed last summer. That was the original plans that USKH had but the school didn't want to put it in the budget. That is why he doesn't feel he can talk to them about them.

Mayor Michels asked if he brought the test results to the school district. Dr. Leedy stated he did not. He brought them to the City last Friday. He is pretty angry. This did not have to happen. He has come to the Council many times and he has never suggested what they should do, but he would like to make a couple of suggestions. He would have the school get in contact with Herrera tomorrow and sign the contract for \$25,000 which they pledged but never officially voted on and start the process as of tomorrow. Have Arctic Native Testing come here and do the testing as soon as possible. That is what he would do. It is a huge liability for the school and the city. After the school knew about it, they never told the teachers, they never told the school board and they never told the city council. They never even told

Ike Ozenna. He doesn't want him being blamed for this as he had nothing to do with it. There is only one person to blame and as far as he is concerned and he would personally like to see Stan Lujan replaced for violation of state statute 20 ACC 10.020 (b) (3), which basically says in fulfilling his/her obligations to the student, an educator shall make reasonable effort to protect students from conditions harmful to learning or to health and safety. He was accused of this at another school district and was found guilty.

Mayor Michels stated they won't discuss personnel issues at this time, but at least he got the information to the City Manager and he will pass that message to the school board. She thanked Dr. Leedy for doing the study on his own. They appreciate that.

Dr. Leedy stated he feels his test should be followed up by a professional.

C. Larson asked if the City Manager would follow up on this. City Manager Romenesko stated he would call Herrera tomorrow. Winter is the best time to do the testing but unfortunately with the construction going on it is a bad time for this. He will pass this discussion on to the school board.

C. Andersen stated if the tunnel isn't sealed off they need to take some duct tape and do that. And maybe get some more of those monitors. City Manager Romenesko stated they have done some work along that line.

C. Andersen asked if that will cost \$25,000. City Manager Romenesko stated that is just for the testing to determine what the problem is. Then there will be a cost for the abatement work. That is why it is an O & M issue until they figure out what the problem is and if it is a capital issue then they will need to find the money for it.

Dr. Leedy stated as of last week the tunnel was being used by school personnel to get around the construction mess. There are two people who are not maintenance workers he knows of who have been using it.

## **PLANNING AND ZONING**

### **SPECIAL ORDERS**

### **UNFINISHED BUSINESS**

- A. O-06-02-06 An Ordinance Approving the 2006 Operations and Maintenance Budget for Nome Joint Utilities System.

~Second Reading, Public Hearing and Final Passage.

Hearing no objection from the Council the Mayor asked the Clerk for the second reading of O-06-02-06.

For the purpose of holding a public hearing the Council recessed at 8:03 P.M. There being no public comment the regular meeting reconvened at 8:03 P.M.

A motion was made by C. Andersen and seconded by C. Knodel to adopt O-06-02-06.

At the roll call:

Ayes: Knodel, Larson, Pomeranz, Andersen, Brown, Bourdon.

Nays:

The motion CARRIED.

- B. O-06-02-07 An Ordinance Approving the 2006 Capital Budget for Nome Joint Utilities System.

~Second Reading, Public Hearing and Final Passage.

Hearing no objection from the Council the Mayor asked the Clerk for the second reading of O-06-02-07.

For the purpose of holding a public hearing the Council recessed at 8:04 P.M. There being no public comment the regular meeting reconvened at 8:04 P.M.

A motion was made by C. Andersen and seconded by C. Pomeranz to adopt O-06-02-07.

At the roll call:

Ayes: Larson, Pomeranz, Andersen, Brown, Bourdon, Knodel.

Nays:

The motion CARRIED.

### **NEW BUSINESS**

- A. R-06-03-02 A Resolution Amending the Lease Agreement between the City of Nome and Kawerak, Inc. entered into March 31, 2004 and Subsequently Renewed by the Attached Letter for Lease of Space at the Gold Hill Tutit Ininat Building.

Hearing no objection from the Council the Mayor asked the Clerk to read R-06-03-02.

A motion was made by C. Andersen and seconded by C. Knodel to approve R-06-03-02.

C. Knodel asked if they pay all fuel and electricity on this building. City Manager Romenesko stated no. C. Knodel stated it doesn't say if the rent will go up to pay for additional costs of fuel and electricity. City Manager Romenesko stated the agreement that they have in place with Kawerak has a CPI escalator in it.

C. Larson asked what the size of the additional area is. City Manager Romenesko stated it is a small room.

At the roll call:

Ayes: Pomeranz, Andersen, Brown, Bourdon, Knodel, Larson.

Nays:

The motion CARRIED.

- B. Liquor License Renewal  
~ Anchor Tavern – Beverage Dispensary  
~ Anchor Liquor – Package Store

There were no objections to the renewal of these Liquor Licenses.

### **CITY ATTORNEY REPORT**

### **UTILITY MANAGER REPORT**

Utility Manager Handeland stated the Mayor's report contains some of the activities he is involved in. He thanked the Council for passing their budgets tonight and for passing their grant applications a couple of weeks ago.

- He has received word from Bill Allen of USDA that their application for water and sewer for this year has been approved. They still have a couple of issues that need to be negotiated, but they have a fully funded package. He will try to bring a map for the next meeting so they can see where the planned activity will be.
- They have submitted a letter of appeal to USDA requesting special consideration for the power plant funding. He has received a letter from the administrator for the rural utilities section advising that the letter had been forwarded to the assistant administrator for electric programs for consideration.
- They are trying to get back to normal after Iditarod. He thanked the city staff, utility staff and the community in general for their support and understanding for putting up with a whole lot of visitors.

C. Andersen asked if they are all done with the sewer and water on East Front Street. Utility Manager Handeland stated they are still looking at the possibility of having to put in a couple of stub outs. The Utility Board agreed to finance stub outs for those who desired to do that. C. Andersen asked how many lots will not have stub outs. Utility Manager Handeland stated there will probably be 15 to 20 that won't have them. They expect approximately 7 who will want to do it.

C. Andersen asked if sewer and water is in the next street up. Utility Manager Handeland stated not all the way. They are working with Nome Eskimo Community who had purchased a block of property that they are planning to replat, and in that process they intend to take water off of Third Avenue and connect with sewer on First Avenue. So there will not be water running down the back side.

C. Knodel stated there was a discussion on APRN about wind generation. The locals were complaining because of the noise, but the visitor center said it draws in tourists. Utility Manger Handeland stated along that line he was given a report from the Alaska Energy Authority talking about solar and wind generation. Anvil Mountain is very windy however they have trouble with ice and the sensors have failed about 50% of the time. That area for one month can generate a half million kilowatts but maintenance would be high. In the Snake River valley it is not as windy but they are monitoring there also.

C. Larson asked if he has heard anything from the Denali Commission on the money they were hoping for. Utility Manager Handeland state the \$2.75 million that was allocated at their January meeting was received and they have repaid the bank for the money they had been advanced. It still left \$2.25 million that was not funded out of original item and at this point the Commission is not looking at any further allocations.

C. Knodel asked if they could have a financial accounting of the new power plant, what the budget is, where he is at and what the projections are for the future before Mike Cusack retires. Utility Manager Handeland stated he thought he had provided that information for them, but he will make sure they get a copy.

### **CITY MANAGER REPORT**

City Manager Romenesko stated he has provided a written report to them. He mentioned the following:

- They received notice of a pending CDBG block grant. He thanked Joy Baker for her part in that.
- They received three proposals from architects for the public safety building design. The review committee met on March 22 to review the proposals. They will move the oral presentations to May 2 at which time they will solicit a firm for hiring by the Council.
- He provided a DOT project status report of all work they have going on in Nome either for the State or the City.
- The Port Project will start to mobilize up again on April 3. They have a meeting with Col Gallagher on April 17 and one of the things he would like to discuss with them at the work session on April 12 is the channel entrance and the need to riprap to stabilize it. They have a preliminary design and the City cost share is \$500,000. He will provide them with budget and how that will play out. They don't have a continuing contract which means they have to put money up front to get them to start work.

- He deferred to the Mayor's comments regarding meetings they had with Congressman Young and Dean Bernice Joseph.
- The Nome Elementary School storage tank replacement project will be going out to bid at the end of this month and they hope to award this bid at the April 24 Council meeting.
- At the work session on April 12 they hope to spend some time discussing the City of Nome facility fee waiver process, moonlight wells protection draft ordinance and regulations that go with the permit application and best management practices, and also a status report on navigation improvement project.
- On April 3 the Planning Commission will hold a work session addressing the zoning code.

C. Knodel stated under the status report from DOT the Nome dust control mitigation for rural roads says the schedule depends on the match agreement. What does it take to get that done? City Manager Romenesko stated the Nome roads and Nome dust control mitigation are projects he needs to write a letter to DOT based upon the transportation work group and that will allow them to get the project off the ground. The match is a hard dollar match but it sounds like there might be some flexibility in what that is.

C. Andersen stated on the east end project when are they going to start and where finish? City Manager Romenesko stated they are going to go from the Country Store to Steadman for paving and curb and gutter. C. Andersen stated and the rest of it will be here and there? City Manager Romenesko stated they will patch it or replace curb, gutter and sidewalks and do some spot repair. They are bidding out a laundry list of items that have been identified.

C. Andersen asked if they have made any progress on the land they were buying from Alaska Gold that was tied up with DOT. City Manager Romenesko stated he had a meeting with DOT to find out that it is not an insignificant problem. They actually have a meeting scheduled with Alaska Gold representatives in the next couple of weeks to discuss this. They have been talking with DOT to get them to release that lease or license. C. Andersen asked if this jeopardizes the grant. City Manager Romenesko stated it doesn't, but the biggest problem right now is they really had hoped to hire the consultant and say here is the property, start designing around it. He can't do that unless they can get DOT to release the license.

C. Andersen asked regarding the school report, when they will see the new contract. City Manager Romenesko stated he spoke with the business manager today about some questions they had about the city finances and the school budget. He will ask them to provide that.

C. Andersen asked if they have something in the system so they don't wait eight years to get through a foreclosure. City Clerk Wessel stated there are certain things they have to do per state statutes and there it a timeline they have to follow. She will put together some procedures so that the process will be easy to follow.

C. Knodel asked about the police report. Under arrest totals by violation, persons consumed alcohol under 21 there is 1 and then on the next page possession of alcohol under 21 there are 3. What is the difference? City Manager Romenesko stated his understanding is that a citation is a paper arrest. C. Larson stated his understanding is one is a ticket and the other is an actual arrest and they are put in jail.

C. Larson asked if the bond bank ever decided to join their appeal. City Manager Romenesko stated they never responded to their request. C. Larson stated a concern that NOAA said they were not going to consider the appeal unless bond bank joins in. City Manager Romenesko stated he has not heard anything lately.

C. Pomeranz asked if there is any progress with the Reindeer Plant. City Manager Romenesko stated he met with the University folks to try to help them figure out a way they can end the agreement with them.

### **COUNCILMEN COMMENTS**

**C. Brown.** When they list the fees for various rentals, do they have something that shows there will be a sales tax applied? City Clerk Wessel stated it is not on the form, but they tax everything. City Manager Romenesko explained each department does it differently. The Rec Center is good about saying there is

sales tax but it is included in their fees. When the Library sells a print they say sales tax is included in the price and they bust out the sales tax to report it. There is some inconsistent application by different folks on how they do it. C. Brown stated he thinks the sales tax should be disclosed. City Clerk Wessel stated she looked back and they were charging sales tax before she got here and they have been charging since she has been here. They can amend the form to add a sales tax line.

C. Brown what about the transient merchant thing. He kind of understands why the sales tax fee for February and March is \$250 per day. It is probably geared toward the Iditarod Trail Committee. City Clerk Wessel stated they actually have an annual sales tax license and they collect and remit sales tax. The person just visiting the community won't come if they have to pay \$250 per day. C. Brown stated he heard from artists that found out the day before the art show that they would have to pay \$15.00 and collect sales tax and they couldn't conceptualize how they would do it so they blew the whole thing off and didn't set up and sell. He wondered if anyone else has a problem with this or would like to look at it.

City Clerk Wessel stated that the people who put these events together are concerned about that and it is her understanding that they were going to try to organize and come to the Council to discuss this with them and try to present some alternatives that would be acceptable to them. She hasn't heard from them yet. It is up to them if they are objecting to paying the sales tax application fee to come to the Council.

City Manager Romenesko stated he has told them that this is on the books and if they don't like it they need to address it with the council and they know that this is an issue.

C. Brown stated he knows this has been on the books for a long time and has been an issue. It seems to him something needs to be done. They are not even following their own rules. The ordinance says if they are not an established business in Nome then they are considered an itinerant merchant. And if they are an itinerant merchant in February and March then they have to pay \$250 per day. It doesn't give them an option of paying an annual fee. It doesn't work and something needs to be addressed to clarify the rules so they can do it right and enforce their own rules.

C. Andersen stated it looks like he is a committee of one but if this group wants to get together and come complain they can do so.

C. Knodel stated \$15.00 to get a license is not that much. Collecting sales tax is not too much to ask the local people to do. The \$250 was to try to collect something from people who come in from outside and that is not doing it. Everyone that comes from outside to sell at the craft fair hurts the established businesses in town. Some woman last year made over \$10,000 in five days up here and she was bragging all over town. That is a lot more than she made in that same period of time. \$250 is not too much to pay for that. She should pay that. If they take that kind of money out of our community they should at least collect sales tax on it. She doesn't think \$15.00 is too much.

City Clerk Wessel stated her thought was to give them an option of purchasing an annual sales tax license instead of the transient merchant sales tax license and then they could come back into Nome throughout the year, do business and collect sales tax and they would have the license to do that. In that way she was following the code to allow them to do that. C. Brown stated that is just the people who live in Nome. City Clerk Wessel stated for anyone that wanted to do business either in Nome or from outside of Nome. They have several businesses that have an annual sales tax license who are not based in Nome. C. Pomeranz stated they have to get a State business license to do that. City Clerk Wessel stated that is one of the requirements so if they are going to do that they need to think about getting that business license. C. Pomeranz stated it is \$15.00 a year and \$200 for the state license which is \$100 per year. The point he was trying to get at was that is not too much to ask for the number of events they participate in.

C. Andersen asked if they can check to see if they got a state license. City Clerk Wessel stated they can. They have businesses in Nome who do arts and crafts and sell them who do have an annual sales tax license and business license so they are following the rules.

C. Larson asked why they need to get a state business license. City Clerk Wessel stated it is part of the code. C. Knodel stated it legitimizes what they are doing. C. Larson stated maybe they need to do away with the requirement to have a state business license.

**C. Bourdon** thanked the safety patrol for their work during Iditarod and she wanted to congratulate the girl's basketball team for the good job they did at State.

**C. Knodel** reported that the Norton Sound Health Corporation held a Board of Director's meeting March 6 through March 10. At that time they selected Dennis Tiepelman as the new CEO and he should be here within a week or so. There is a substantial cutback from IHS in the amount of funding for the new hospital so they have a new committee working with the architect and engineer to find some costs savings. She has provided the action items for that meeting and the Council Members will each get a copy.

They had great Iditarod. She didn't hear one complaint from all visitors. Everyone had a grand time. She wanted to thank Denise, Randy and John for their extra time and travel in representing council. They do a good job for them. She also thanked Denise for her testimony. It was well written and thought out.

**C. Larson** stated the siren during Iditarod is hard on everyone. C. Knodel said they also need to take the microphones away from the checkers. C. Andersen stated there is no reason to blow it for everyone coming in, maybe just the first 10 to 20. They need to talk about it next year.

**C. Pomeranz** stated he wanted to follow up on Jana's letter about the city crews. They did a great job. They had a lot of snow conditions to deal with before Iditarod and then to get all set up for Iditarod. He thanked them. He also thanked all the former Nomeites who were down at the State tournament cheering on the girls. He congratulated the girls on the job they did.

**C Andersen** stated he has two donation checks for the cemetery; one is for \$150 from Sherry Galvin and the other is \$150 from a collection at the Nome Picnic. Tentatively, they will hold the picnic on August 13 next year.

### **MAYOR'S COMMENTS AND REPORT**

Mayor Michels stated she provided a written report to the Council. She mentioned the following:

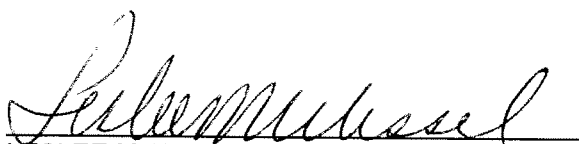
- She and the Utility Manager took a whirlwind trip to Washington D.C. in February
- She wanted to thank Randy and John and others for providing information for her testimony.
- She heard complaints about no hotel space for Iditarod this year. Usually they complain about the airfare.
- She stated she will be on travel status April 10 through April 14.

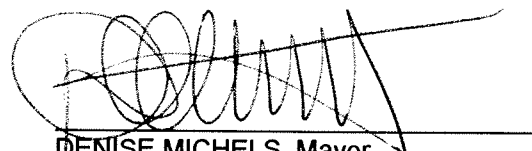
### **ADJOURNMENT**

A motion was made by C. Andersen and seconded by C. Pomeranz to adjourn.

Hearing no objections, the Nome Common Council adjourned at 8:43 p.m.

**SIGNED AND DATED** this 10th day of April, 2006.

  
LESLEE M. WESSEL, City Clerk/Treasurer

  
DENISE MICHELS, Mayor