

I. CALL TO ORDER

The special meeting of the Matanuska-Susitna Borough Assembly was held on September 18, 2008, at the Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 6:02 p.m. by Deputy Mayor Lynne Woods for the purpose of discussing Resolution Serial No. 08-122 and the Hatcher Pass Ski Area.

II. ROLL CALL

Assembly members present and establishing a quorum were:

Ms. Lynne Woods, Assembly District No. 1 (*Deputy Mayor*)
Mr. Pete Houston, Assembly District No. 2 (*arrived at 6:04 p.m.*)
Ms. Michelle R. Church, Assembly District No. 3
Ms. Mary Kvalheim, Assembly District No. 4
Ms. Cindy L. Bettine, Assembly District No. 5
Mr. Robert Wells, Assembly District No. 6
Mr. Tom Kluberton, Assembly District No. 7

Staff in attendance were:

Ms. Lonnie R. McKechnie, Borough Clerk
Mr. John Duffy, Borough Manager
Ms. Lisa Thomas, Assistant Borough Attorney
Ms. Amanda E. Charles, Executive Assistant to the Borough Clerk
Ms. Tammy Clayton, Finance Director
Ms. Linda Brenner, Community Development Director
Mr. Mark Mayo, Planning and Land Use Director
Mr. Dave Hanson, Economic Development Director
Ms. Patty Sullivan, Public Affairs Director

III. APPROVAL OF AGENDA

Deputy Mayor Woods inquired if there were any changes to the agenda.

Assemblymember Church requested that Audience Participation be taken up prior to the first item of business.

There was no objection noted.

GENERAL CONSENT: The agenda was approved as amended without objection.

IV. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by a member of the Boy Scouts of America.

VI. AUDIENCE PARTICIPATION

The following person spoke regarding his concerns with the Hatcher Pass Ski Area:
Mr. Alvin Johnston.

V. ITEMS OF BUSINESS

- A. Resolution Serial No. 08-122: A RESOLUTION APPROVING CERTAIN UNINCORPORATED COMMUNITIES AND THEIR RESPECTIVE NATIVE VILLAGE COUNCIL AND/OR INCORPORATED NONPROFIT ENTITY FOR PARTICIPATION IN THE FISCAL YEAR 2009 COMMUNITY REVENUE SHARING PROGRAM.
1. IM No. 08-247

Ms. Clayton provided a staff report.

Assemblymember Kvalheim asked if these unincorporated communities could combine their funds for a project.

Ms. Clayton affirmed the query.

Assemblymember Bettine asked if these funds would reduce the traditional revenue sharing to municipalities.

Ms. Clayton:

- responded that it could reduce the traditional revenue sharing; and
- spoke regarding the unincorporated areas who would be receiving the funds.

Deputy Mayor Woods:

- stated that many of the villages and communities throughout Alaska are not part of a Borough or a town; and
- stated that this revenue sharing program was in addition to other funding for those unincorporated areas.

Assemblymember Bettine queried if the Borough would control how the monies were expended.

Mr. Duffy stated that it is up to the communities to determine which projects to use the funds on.

Assemblymember Kluberton queried how the communities would receive the monies.

Ms. Clayton stated that the Borough would administer the funds.

Assemblymember Kvalheim asked if someone would be hired to handle the monies.

Mr. Duffy stated that no additional staff would be hired to administer these monies.

Assemblymember Kluberton asked if the Borough had considered who would maintain the facilities that may be built with the monies.

Mr. Duffy stated that the question would be addressed to the communities requesting the funds.

MOTION: Assemblymember Bettine moved to adopt Resolution Serial No. 08-122.

VOTE: The motion passed without objection.

B. HATCHER PASS SKI AREA

Mr. Duffy:

- stated Mr. Ron Swanson, Swanson Consulting, had a brief update;
- requested direction from the Assembly as it pertains to the concept development plan;
- advised that Administration would like to progress with the environmental analysis;
- reported that the project has been switched from the Federal Highway Administration to the Federal Transit Administration;
- noted that this change in departments has increased the ease of communications with the federal government; and
- stated that Mr. Swanson had incorporated several bus stops into the plan to bring the plan more in-line with a transit plan.

Mr. Swanson:

- spoke regarding mass transit to the Hatcher Pass Ski Area;
- advised that preliminary work had begun on the environmental studies;
- stated that the scoping meeting is expected to be held by the beginning of November;
- noted that Federal and State resource agencies had been contacted and discussions had begun;
- pointed out that discussions thus far were informal due to the fact the project had not yet been approved by a federal agency;
- commented on field surveys which had begun and advised that they would be completed by the end of November;
- noted that the geotechnical work would not begin until there is adequate snow coverage on the ground;
- stated that the environmental studies should be done by August, 2009; and
- introduced Mr. Kurt Duncan, General Manager for Eagle Crest in Juneau.

Assemblymember Church queried the absence of discussions on the bridge.

Mr. Swanson stated that the bridge had been taken out of the plan.

Assemblymember Church queried the footprint and how that would trigger the environmental studies.

Mr. Duffy:

- referenced the Mitsui, Ltd. project; and
- stated that the Borough wanted something broader in scope.

Assemblymember Church asked if residential development would be allowed in the ski area.

Mr. Duffy stated that the environmental impact study (EIS) would advise on the possibility of residential developmental.

Assemblymember Wells queried if Mr. Duncan believed that the Hatcher Pass Ski Area would be a feasible location for a day use ski area.

Mr. Duncan:

- stated that he does see the area as a day and night use area; and
- noted that 40 percent of operation costs will come from night use.

Assemblymember Wells spoke to the terrain of the area and how it is accommodating to beginner and intermediate skiers.

Mr. Duncan:

- recognized that the terrain and the snow making capability were advantageous to beginner and intermediate skiers; and
- stated that the ski area will not pay its capital costs, but will pay its operating costs.

Assemblymember Kluberton:

- addressed the map which depicted the primary ski area; and
- asked if the EIS will address only the circled area.

Mr. Swanson stated that the EIS is not bound by the area depicted within the circle.

Assemblymember Bettine queried how the needed facilities are similar to those available at Eagle Crest.

Mr. Duncan spoke to the square footage of the Eagle Crest base lodge.

Mr. Swanson:

- noted that the suggested square footage for the Hatcher Pass Ski Area base lodge is 13,000; and
- spoke to the need for the space.

Mr. Duncan reported that 50 percent of the people who come to Eagle Crest do not use the base lodge because it is over crowded.

Assemblymember Bettine asked if Eagle Crest had a mid-mountain lodge.

Mr. Duncan stated that there was a picnic area at mid-mountain.

Mr. Swanson stated that during phase I, the Hatcher Pass Ski Area would have a mid-mountain location similar to Eagle Crest's.

Deputy Mayor Woods queried the federal grant available to build the access road.

Mr. Swanson:

- stated that the amount was roughly \$6 million; and
- elaborated that this money would cover the EIS and the construction of the road.

Assemblymember Bettine:

- addressed Chapter 13, page 10, which speaks to phase I; and
- asked if the lists and associated monies stated there were accurate.

Mr. Swanson addressed what facilities would be covered in phase I.

Assemblymember Bettine:

- addressed the amount of \$300 per square foot for the cost of the buildings;
- spoke to the economic practicality and the design of sprung structures; and
- asked if Mr. Swanson had looked at using sprung structures.

Mr. Swanson:

- noted that the document before the Assembly was a living document, which would continually grow and change; and
- agreed that sprung structures would do well on the Nordic side.

Mr. Duncan stated that sprung structures were a good alternative.

Assemblymember Bettine:

- recognized the need to establish the building plan and to set the specifications for it;
- addressed non-profit associations and their concerns; and
- spoke to the negative aspects involved with purchasing used lifts for operation in the alpine ski area.

Mr. Swanson:

- spoke to the scope of work that was laid out in his contract; and
- advised that the plan will change over time.

Mr. Duffy commented on refining the financing options.

Deputy Mayor Woods:

- spoke to the need to determine the foot print in order to move forward with the EIS;
- commented on previous discussions regarding private contractors and their involvement with the project; and

- noted that private contractors can purchase building supplies at a lower cost than the Borough is able to.

Assemblymember Kluberton:

- noted that Susitna Valley High School was being built for roughly \$340 per square foot;
- spoke regarding the issues with cheaper construction;
- stated that he was comfortable with the cost of \$300 per square foot if it is defensible;
- advised that the Borough should build a public structure that will last over a long period of time; and
- noted that discussions will continue when financing is addressed.

Assemblymember Houston queried what the footprint encompassed.

Mr. Swanson:

- responded that it would affect the EIS if the footprint grew; and
- noted that there would be no ramifications if the footprint shrunk.

Assemblymember Wells:

- stressed the importance of focusing on a more general concept; and
- spoke to the feasibility of using sprung structures in the nordic ski area and for the maintenance shops.

Assemblymember Church expressed her concerns with moving forward without having the EIS completed.

Deputy Mayor Woods spoke to sustainable building practices.

Mr. Swanson:

- spoke to the recommended management structure which was similar to a board of directors;
- provided a list of entities that were similar to the one he suggests;
- stated that the board would be autonomous in its decision making process;
- expanded on how the board would operate;
- noted that the creation of this board and its associated responsibilities would require a code change;
- stressed that the board should not consist of Borough employees;
- elaborated on why this board should be created in the near future; and
- referred to the plan and stated that this board would be option 2.

Assemblymember Wells queried how many members would be on the board and the makeup of the board.

Mr. Swanson:

- suggested that the Board consist of seven members;
- spoke to the benefits of a seven member board; and
- noted the need to define the makeup of the board.

Discussion ensued regarding what direction Mr. Swanson needs from the Assembly and how it applies to the document before the Assembly.

MOTION: Assemblymember Houston moved to provide direction to staff by following the Hatcher Pass "A New Beginning" conceptual plan.

Assemblymember Kluberton queried how the Board of Directors would be paid.

Mr. Swanson:

- spoke regarding the importance of moving forward with the project; and
- stated that the Assembly would need to provide direction for the Board of Directors before the members were appointed.

Assemblymember Wells opined that the Assembly should not preclude the option of a profit or non-profit company approaching the Borough with plan for an alpine day use ski area, which would break even on the operating costs.

Mr. Duffy:

- stated that it would still be an option; and
- spoke to involving the private sector later in the project.

Assemblymember Bettine queried if the third-quarter project financing was up as topic of discussion.

Mr. Duffy:

- stated that it could be discussed; and
- noted that Mr. Swanson is not prepared to speak to recommendations of how to move forward with a specific financing option.

VOTE: The motion passed without objection.

(The meeting recessed at 7:30 p.m. and reconvened at 7:38 p.m.)

Mr. Hanson:

- discussed the possible planning mechanisms;
- stated that the entire cost of the project is \$24.8 million;
- noted that there was \$6 million in federal funding, which lowered the amount to \$18.8 million;
- stated that if the Borough tried to sell certificate of service bonds today it would have to be for the amount of \$21.1 million in order to allow for the \$2.3 million in reserve funds;
- elaborated that on \$21.1 million, the annual debt service for 20 years would be approximately \$1,956,000;
- covered the ski are revenues beyond the operations and maintenance costs;

- noted that after the first couple of years the ski area revenues would amount to approximately \$600,000;
- recommended that \$200,000 of the \$600,000 should be set aside every year to cover emergency capital costs;
- continued on that this could leave an annual short fall of \$1.556 million dollars;
- spoke to the possibilities that could cover the annual short fall;
- spoke regarding the Alaska Industrial Development and Export Authority (AIDEA);
- explained that AIDEA is a public corporation of the state of Alaska, which is set up to finance Alaska businesses by providing them with lower bonds or loan interest through tax exempt financing;
- stated that if the Borough used an AIDEA loan without dedicated revenue, it would cost much more than issuing a certificate of service bonds; and
- spoke regarding tax exempt revenue bonds and how they could be used.

Assemblymember Bettine queried the possibility of a semi-public ownership being eligible for the AIDEA loans.

Mr. Hanson responded that they would probably be eligible but that there were more specifics that would have to be looked at.

Assemblymember Woods queried if 20 years was the longest length of time.

Mr. Hanson addressed the reasonableness of the 20 year schedule.

Mr. Duffy stated that Ms. Clayton could review the possibility of extending it to 30 years with the underwriter.

Assemblymember Kvalheim:

- noted that the United States Department of Agriculture has a very low interest rate; and
- asked which tax options would need to go before the voters.

Mr. Duffy:

- stated that he believed all of the tax options would need to go before the voters; and
- noted that Mr. Spiropoulos is currently researching this question.

Assemblymember Wells:

- spoke to the history that AIDEA has had with this project; and
- noted that rural development is a possibility.

Mr. Hanson:

- stated that the figures were given assuming that the operations were paid, which allowed for the \$200,000 capital reserve funds; and
- noted that only capital costs were being bonded.

Assemblymember Bettine queried the funds included in the areawide tax.

Mr. Duffy:

- stated that the human services matching grant and the rescue budget are within the areawide tax; and
- stated that he would get an answer from Mr. Spiropoulos on the liquor tax and severance tax options.

Assemblymember Kluberton spoke to AIDEA's experience with the Hatcher Pass project.

MOTION: Assemblymember Bettine moved to resume Audience Participation.

VOTE: The motion passed without objection.

VI. AUDIENCE PARTICIPATION

The following person spoke regarding funding for the Hatcher Pass Ski Area and further studies that are needed: Mr. Daren Marquart.

The following person spoke regarding safety as it relates to the Hatcher Pass Ski Area and the availability for revenues: Mr. Neil Fox.

The following person spoke regarding developing the nordic ski area within the Hatcher Pass Ski Area and to the issues involved in operating an alpine ski area: Ms. Millicent Peabody.

VII. MAYOR, ASSEMBLY, AND STAFF COMMENTS

Ms. Thomas stated that she believed the Assembly could pass a liquor tax as an excise tax.

Assemblymember Kvalheim spoke to quality of life available at the Hatcher Pass Ski Area.

Assemblymember Church:

- spoke regarding the availability of nordic skiing opportunities at the Hatcher Pass Ski Area; and
- offered her support for taking a poll to see what the public wants to develop at Hatcher Pass.

Assemblymember Wells spoke in support of and the benefits to developing the Hatcher Pass Ski Area.

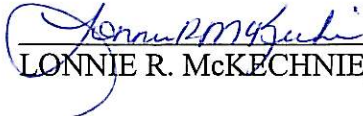
Deputy Mayor Woods stated that she is looking forward to the further development of the plans for the Hatcher Pass Ski Area.

VIII. ADJOURNMENT

The special meeting adjourned at 8:21 p.m.


CURTIS D. MENARD, Borough Mayor

ATTEST:


LONNIE R. McKECHNIE, CMC, Borough Clerk

Minutes approved: 11/18/08