

Minutes of the Public Hearing
Denali Borough Assembly
Tri-Valley Community Center
April 13, 2016

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7 CALL TO ORDER: The public hearing was called to order by Presiding Officer Jared
8 Zimmerman at 6:06 p.m.

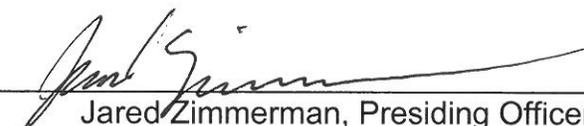
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10 ROLL CALL: Assembly members present: Jared ZIMMERMAN, David EVANS, Don
11 DEBLAUW, Kimberly BURROWS, Joe CHATFIELD, Krista ZAPPONE, Paddy TATUM,
12 Tallon SHREEVE and Jill BOELSMA.

13
14 ORDINANCE 16-05, Version A: An ordinance amending the budget for fiscal year 2016

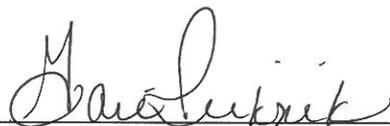
15
16 There were no public comments.

17
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19 ADJOURNMENT: The public hearing was adjourned at 6:07 p.m.

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25 APPROVED: _____


Jared Zimmerman, Presiding Officer

26
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31 ATTEST: _____


Gail Pieknik, Borough Clerk

Date Approved: May 11, 2016

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2
3 **Minutes of the Regular Meeting**
4 **Denali Borough Assembly**
5 **Tri-Valley Community Center**
6 **April 13, 2016**
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8

9 CALL TO ORDER: Presiding Officer Jared Zimmerman called the regular meeting to order at 6:07
10 PM. Mayor Clay Walker led those present in the Pledge of Allegiance.
11

12 Roll Call

13 Assembly members present: David EVANS, Jared ZIMMERMAN, Don DEBLAUW, Kimber
14 BURROWS, Joe CHATFIELD, Paddy TATUM, Krista ZAPPONE, Jill BOELSMA and Tallon
15 SHREEVE. Mayor Clay Walker was also present.
16

17 PUBLIC COMMENTS

18 Kindahl Guhrt, Denali Chamber of Commerce, updated the assembly of the number of brochures
19 distributed, informed them of new Board of Directors members Aurora Agee and Shawn Burton. Ms.
20 Guhrt invited the assembly to attend the manager's reception at the Grande Denali on May 9, as
21 well as the annual Chamber of Commerce banquet on May 19.
22

23 Susan Gauvin, Healy resident, commented that action was recommended by the planning
24 commission regarding land parcels near Dry Creek in Resolution PC 16-02, and requested an
25 update on the status of any action. Ms. Gauvin provided assembly members with packets of photos
26 and information showing unsafe and degraded trail conditions due to all-terrain vehicle use, and
27 urged the assembly to take action soon.
28

29 Gordon Carlson, Cantwell resident, commented that he would like to see the assembly discuss
30 taxes relating to cannabis, which has revenue generating potential.
31

32 AGENDA

33 David EVANS MOVED to approve the meeting agenda as presented. The motion was seconded.
34 The VOTE by show of hands was unanimous.
35

36 MINUTES

37 March 9, 2016 Denali Borough Assembly Public Hearing and Regular Meeting
38

39 Kimber BURROWS MOVED to approve the minutes of the March 9, 2016 public hearing and regular
40 meeting minutes as presented. The motion was seconded. The VOTE by show of hands was
41 unanimous.
42

43 REPORTS

44 February 2016 Financial Report
45

46 David EVANS MOVED to receive the February 2016 financial report. The motion was seconded.
47 The VOTE by show of hands was unanimous.
48

1 Matching Grant Committee Report

2 Jared Zimmerman reported that the Matching Grant Committee met just prior to tonight's meeting to
3 finalize committee recommendations. Four applications were received for Matching Grants, with only
4 three recommended for funding per DBC 3.21.060. The recommendations are as follows in priority
5 order; McKinley Volunteer Fire Department water re-supply project, McKinley Park Community Club
6 energy efficiency improvement project, and Denali Education Center Charles Sheldon Center
7 community improvements.

8
9 Planning Commission Report

10 Mayor Clay Walker reported that the planning commission met in March, and noted that the
11 assembly receives copies of approved minutes of commission meetings. A complete revision of
12 Denali Borough Code Title 4 Real Property Acquisition, Management and Disposal is being
13 developed in work sessions with consultant Agnew Beck. The planning commission will be reviewing
14 the first draft of the revision at their next meeting, which should be on the assembly agenda near
15 June. The next planning commission agenda includes work on a sign ordinance draft that is in its
16 early stages.

17
18 Mayor's Report

19 Mayor Clay Walker reported on a variety of topics.

- 20
- 21 • Mayor Walker and Denali Borough Landfill employees took a tour of the Fairbanks landfill,
22 where they were able to see a landfill compactor at work, discussed common issues
23 including ground water monitoring, and came away with ideas to expand the life of our
24 landfill.
- 25 • The Alaska Historical Commission has requested comment on the changing of the name of
26 the McKinley Park Census Designated Place to Denali Park Census Designated Place.
- 27 • Proposed highway enhancements at Milepost 231 of the George Parks Highway been
28 drafted, and the State of Alaska Department of Transportation (DOT) has sent out a Design
29 Draft Study Report for review and comment. Mayor Walker commented that he appreciated
30 DOT's engagement with the borough throughout the public process.
- 31 • The State Legislative session continues with the introduction of bills that shift financial
32 burdens from the state to local municipalities and school districts. The state revenue sharing
33 program has been proposed for redefinition as community assistance.
- 34 • The Denali Borough will celebrate its 25th anniversary with a community picnic. The McKinley
35 Volunteer Fire Department responded to a solicitation to help coordinate food for the event.
36 Invitations will be sent for the picnic, and all are invited to attend.
- 37 • Alaska Government Finance Officers Association Spring conference will be held in Denali
38 May 11 – 13.
- 39 • Email addresses for the borough have changed due to a new email host. Assembly members
40 and planning commissioners who need help with the change should contact the borough
41 office.
- 42 • The Alaska Municipal League (AML) will hold their summer conference in Wasilla August 16
43 – 19. Assembly members are invited to attend sessions on August 18, including a reception
44 and tour at Port MacKenzie.
- 45
- 46
- 47

1 SCHOOL DISTRICT REPORT

2 Denali Borough School District (DBSD) Superintendent Dan Polta

3
4 DBSD Superintendent Dan Polta reported on a variety of topics.

- 5
- 6 • The school district is looking into a Homeland Security grant to update and secure backup
- 7 power for community evacuation sites.
- 8 • First Student was the only responsive bidder for a five-year transportation contract.
- 9 Maintenance Director Curtis Hamel is performing a technical review.
- 10 • The DBSD School Board approved a transfer of \$1.1 million from the operating fund to
- 11 capital projects fund account at their last meeting. The excess funds result from a higher than
- 12 expected enrollment that was not reflected in the budget, designated funds activity not
- 13 included in the budget, and \$600,000 from a health benefit services account. At their last
- 14 meeting, the School Board approved appropriation of up to \$400,000 from the Capital
- 15 Projects account for the Cantwell Sprinkler project.
- 16 • Additional staffing is included in the DBSD Fiscal Year (FY) 2017 budget, including two
- 17 additional certified positions and a special education position for the PEAK program.
- 18 • Mr. Polta recognized students who attended the Dance Excellence program in California,
- 19 including Caspian Schieber, who was chosen to participate in the Young American program.
- 20 Mr. Polta also recognized Kris Capps for her dedication to Kids in Motion.
- 21 • At a recent meeting of the Alaska Association of Student Governments Logan Juhl received
- 22 the Student Leader of the Year award.
- 23

24 ASSEMBLY COMMENTS

25 Tallon SHREEVE and Joe CHATFIELD thanked those in the audience for attending the meeting.

26
27 Jill BOELSMA commented positively on the written reports from Mayor Walker and

28 Superintendent Polta.

29
30 Krista ZAPPONE and Paddy TATUM had no comment.

31
32 Jared ZIMMERMAN commented that Resolution PC 16-02 regarding land parcels came before

33 the assembly about the same time as the joint work session of the assembly and planning

34 commission. Land management discussions are being driven by issues that have been identified

35 to ensure tools are in place to deal with them. No action was taken on Resolution PC 16-02, but

36 there is a lot of activity regarding land management, and land issues are a priority.

37

38 Kimber BURROWS thanked Kris Capps for all of her work year to year with Dance Excellence,

39 and congratulated Caspian Schieber and Logan Juhl on their accomplishments.

40

41 David EVANS commented that he attended a recent Anderson City Council meeting, where a

42 motion was made to tax retail and wholesale marijuana.

43

44 Don DEBLAUW commented that the borough is unable to take much action on road issues, and

45 encouraged those experiencing issues to work with neighbors to come to a solution.

46

47

48

1 COMMUNICATION AND APPEARANCES

2 Kevin Schwan, Denali Cannabis Cache, discussion on a cannabis retail business in the Nenana
3 Canyon Area

4
5 Kevin Schwan introduced himself as a Cantwell resident and provided information on his
6 background as well as his company philosophy and plans for compliance with regulations
7 surrounding a cannabis retail shop to be located at Milepost 238.9 George Parks Highway, of
8 which he would be sole owner.

9
10 Mr. Schwan described his business venture as a way to fulfill his desire to create something from
11 the ground up that would create jobs, revenue, and be of use to the community. All cannabis
12 sold would be free of pesticides, fungicides and herbicides. Denali Cannabis Cache will comply
13 one hundred percent with all regulations as required, all employees will receive training in CPR
14 as well as earning a marijuana handlers permit. A security consultant has been engaged to
15 provide a secure property, and all products will carry educational information and warnings
16 regarding cannabis use.

17
18 Mr. Schwan noted that cannabis is one of the strongest, if not fastest growing, businesses in the
19 United States right now. The industry creates jobs for retailers, growers, manufacturers,
20 accountants, bakers, security, and many more occupations. The largest competitor to legal
21 cannabis sales is the black market. The most profitable structure for the cannabis industry is
22 vertical integration, to include growth of the product as well as retail sales. Denali Cannabis
23 Cache is not able to grow product, as the initial capital investment is out of reach.

24
25 In response to questions from the assembly, Mr. Schwan indicated that proof of legal age will be
26 required to enter the retail store, with clear signage of legal age posted, and proof of age again
27 required at the point of sale. The current plan is to be a seasonal business, with the main target
28 market being tourists. The fastest growing demographic for use and acceptance of cannabis is in
29 the population aged 50 – 70 years for use in pain management, and can be a boon to tourism.
30 Changes to the Drug Enforcement Administration’s classification of cannabis as a Schedule 1
31 drug are being considered this summer, and reclassification could allow for changes to banking
32 procedures for businesses. Cannabis would be subject to a public smoking ban that is in effect
33 throughout much of the state.

34
35 Denali Borough School District (DBSD) Superintendent Dan Polta to discuss the DBSD fiscal
36 year 2017 budget

37
38 Superintendent Dan Polta FY2017 informed the assembly that the school district budget includes
39 \$10,392,882 in revenue and expenses. The local contribution rate, required by the state and
40 based upon real property values in the Denali Borough, is \$659,242. Mr. Polta explained that,
41 with a new administration and new staff, DBSD is working to put order into the financial practices
42 of the school district, to allow the school board to conduct financial oversight of financial activity,
43 and to eliminate surprises in the annual audit. The DBSD budget for FY2017 is designed to use
44 funds for yearly operations, to account for revenue received, and to include fund transfers.
45 Staffing has been added to better serve school communities, and revenue is in place to return
46 teaching assistant hours to the budget that had been taken out in past years. This is not a one-
47 time expense, these are sustainable hours for these positions.

1 The DBSD budget for FY2017 was developed under the assumption that the borough would fully
2 fund the request. Superintendent Polta commented that he was not under the impression that
3 the level of support from the borough would be less than that requested, and that the foundation
4 funding formula is not finalized. Bargaining unit negotiations are ongoing, enrollment may be
5 higher than anticipated, and capital projects are anticipated. Mr. Polta asked the assembly to
6 consider fully funding the DBSD request.

7
8 Presiding Officer Jared Zimmerman called a meeting recess at 7:36 PM. The meeting resumed
9 at 7:51 PM.

10
11 DRAFT ORDINANCES

12 ORDINANCE 16-06: An ordinance for the Denali Borough to establish and adopt the budget for
13 Fiscal Year 2017

14
15 Kimber BURROWS MOVED to introduce Ordinance 16-06. The motion was seconded. Mayor
16 Clay Walker explained notable points of the budget, and recommended the assembly consider
17 holding a work session to discuss the budget in more detail. Revenues in the proposed budget
18 are lower than those contained in the FY2016 budget revision, with the main decrease occurring
19 in the state revenue sharing line item. Expenditures in the budget are lower than those in the
20 FY2013 budget, and include a new line item for IT services. Municipal assistance is budgeted to
21 be the same as FY2016, and contributions to nonprofits were not all funded to the full amount of
22 the requests made. Mayor Walker pointed out that the school contribution is roughly ninety
23 percent of the maximum allowable contribution, and stressed that this is not meant to punish the
24 school district, with whom the borough enjoys a good working relationship, it is intended to allow
25 the assembly some leeway going forward. Contributions to fund accounts are a priority, with
26 contributions to solid waste fund accounts are to come from solid waste fund reserves. The
27 budgetary reserve amount is just over \$1 million.

28
29 The roll call VOTE to introduce Ordinance 16-06 was unanimous.

30
31 Kimber BURROWS MOVED to postpone Ordinance 16-06 to the next meeting. The motion was
32 seconded. The VOTE by show of hands to postpone to the next meeting was unanimous.

33
34 ORDINANCE 16-07: An ordinance establishing the Denali Borough Capital Improvement
35 Program (CIP) for Fiscal Year 2017 through 2022

36
37 Kimber BURROWS MOVED to introduce Ordinance 16-07. The motion was seconded. Points of
38 discussion include the required local match estimated for future projects, the borough's
39 responsibility to perform major maintenance on school buildings, and the availability of DBSD's
40 capital project fund to assist with future projects. The roll call VOTE to introduce Ordinance 16-
41 07 was unanimous.

42
43 Krista ZAPPONE MOVED to postpone Ordinance 16-07 to the next meeting. The motion was
44 seconded. The VOTE by show of hands to postpone to the next meeting was unanimous.

45
46 ORDINANCE 16-08: An ordinance approving appropriation of an additional up to \$200,000 from
47 the Major School Maintenance Reserve Fund for expenses related to the Cantwell K-12 School
48 sprinkler installation and fire alarm upgrade project

1 Kimber BURROWS MOVED to introduce Ordinance 16-08. The motion was seconded. Mayor
2 Clay Walker expressed his appreciation of the school district's support in appropriating funds to
3 cover the project overage. The roll call VOTE to introduce Ordinance 16-08 was unanimous.

4
5 Kimber BURROWS MOVED to postpone Ordinance 16-08 to the next meeting. The motion was
6 seconded. The VOTE by show of hands to postpone to the next meeting was unanimous.

7
8 PENDING ORDINANCES

9 ORDINANCE 16-05: An ordinance amending the budget for fiscal year 2016

10
11 Kimber BURROWS MOVED to adopt Ordinance 16-05. The motion was seconded. The roll call
12 VOTE was unanimous.

13
14 RESOLUTIONS

15 RESOLUTION 16-06: A resolution to award a contract for the Cantwell K-12 School sprinkler
16 and fire alarm upgrade project

17
18 David EVANS MOVED to approve Resolution 16-06. The motion was seconded. The roll call
19 VOTE was unanimous.

20
21 OTHER BUSINESS

22 Liquor License Application Approval:

23 # 5457 McKinley Chalet Resort – Karstens Public House: Liquor License and Restaurant
24 Designation, New Application

25 #4838 Sled Dog Liquor: Package Store Seasonal: Transfer ownership to David Coleman
26 (also requests a motion to waive the 60-day protest period under AS 4.11.480)

27
28 David EVANS MOVED to approve liquor/restaurant designation license application #5457 McKinley
29 Chalet Resort. The motion was seconded. The VOTE by show of hands was unanimous.

30
31 Jill BOELSMA MOVED to approve liquor license application #4838 and waive the 60 day protest
32 period. The motion was seconded. Jill BOELSMA MOVED to amend the motion to approve only
33 liquor license application #4838. The amendment was seconded. The VOTE by show of hands to
34 approve the amendment was unanimous. The VOTE on the main motion to approve liquor license
35 application #4838 was unanimous.

36
37 Jill BOELSMA MOVED to waive the 60-day protest period for Sled Dog Liquor under AS 4.11.480.
38 The motion was seconded. It was noted that approval of this waiver was critical to the business'
39 ability to open for the season, and that more than thirty days public notice already has not resulted in
40 any comment. The VOTE by show of hands was unanimous.

41
42 Approval of the FY2015 Annual Financial Statement

43
44 Kimber BURROWS MOVED to approve the Denali Borough FY2015 Annual Financial Statement.
45 The motion was seconded. It was noted that Garry Hutchison, the borough's auditor, explained key
46 points of the financial statement at the assembly's December meeting. The VOTE by show of hands
47 to approve the financial statement was unanimous.

1 Approval of changes to the Denali Borough Personnel Policy regarding regular part-time employees
2 holiday time off.

3
4 Kimber BURROWS MOVED to amend the Denali Borough Personnel Policy as follows:

5
6 **402 Holiday Pay**

7 The Denali Borough grants holiday time off to all regular full-time, ~~regular part-time~~ and full-time
8 seasonal employees for the holidays listed below. Holiday pay will be calculated based on the
9 employee's straight-time pay rate as of the date of the holiday. Regular part-time employees will be
10 granted holiday time off for only those recognized holidays that fall on normally scheduled work
11 days.

12
13 The motion was seconded. Mayor Walker explained that this is a clarification of policy application.
14 The VOTE to amend the personnel policy was unanimous.

15
16 **PUBLIC COMMENTS**

17 Vern Carlson, Denali Borough School Board President, thanked the assembly for their cooperation
18 with, and support of, the school district.

19
20 Gordon Carlson, Cantwell resident, commented that in the past, the borough required business
21 licensing, which could be used as a tool to require businesses act responsibly. If a business was not
22 responsible, complaints could be filed and licenses withheld. Mr. Carlson also commented that if the
23 borough does not tax retail cannabis, and the product is purchased from outside of the Denali
24 Borough, the borough would receive no revenue.

25
26 Rachel Carlson, Cantwell resident, commented that she is not opposed to the sale of cannabis in the
27 Denali Borough, but that she did have reservations regarding what is coming. Ms. Carlson stated
28 that it was her understanding that cannabis could be somewhat regulated by the local communities
29 as well as the state, and that the number of wholesale or retail operations could be limited within the
30 borough. Ms. Carlson questioned if licenses could travel from one location to another within the
31 borough, stated that some Cantwell residents are opposed to cannabis sales, and that the borough
32 needs to consider expanding sources of revenue for our communities.

33
34 **ASSEMBLY COMMENTS**

35 The assembly members thanked everyone for coming to the meeting. In addition, the following
36 comments were made:

37
38 David EVANS commented that if smokeless marijuana was promoted, the issue of where it is
39 used may not arise.

40
41 Kimber BURROWS questioned why business licenses were discontinued, and commented that
42 taxation is difficult without licensed businesses to track.

43
44 Jared ZIMMERMAN thanked Kevin Schwan for starting a good discussion, and providing
45 information on a business model versus black market commerce. Mr. Zimmerman commented
46 that there is more safety with legal sales of cannabis, but that going up against the black market
47 is a steep hill to climb.

1 Joe CHATFIELD commented that, while he has reservations, he found the marijuana discussion
2 interesting. The borough needs to be careful not to tax legal marijuana to a degree that makes it
3 less attractive than the black market.

4
5 Krista ZAPPONE commented that she appreciates the audience members' dedication to their
6 communities and that issues brought to the attention of the assembly are considered. Ms.
7 Zappone further commented that marijuana products carry labels with percentage values for the
8 education of the consumer, and that trained employees help the purchaser. Ms. Zappone also
9 thanked Kimber Burrows, Jared Zimmerman, and staff for working with the matching grant
10 committee.

11
12 Jill BOELSMA thanked the matching grant committee for their recommendations, and
13 commented that the Denali Education Center had received applications for the Scott Menke
14 memorial scholarship, and that a July golf tournament provides an opportunity to support the
15 scholarship fund. Denali Discovery Camp and Denali Backcountry Adventures registration will
16 open on next week.

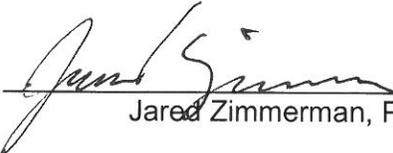
17
18 Tallon SHREEVE thanked Kevin Schwan and Dan Polta for their presentations, and commented
19 that grant opportunities are available to nonprofits from Holland America Princess.

20
21 NEXT ASSEMBLY MEETING

22 The next regular meeting will be at the Anderson School on Wednesday, May 11, 2016: Work
23 session at Landfill at 5:00 PM, Assembly Public Hearing at 6:15 PM and the Regular meeting to
24 follow.

25
26 There will be a budget work session on Wednesday, May 27 at 6:00 PM at the Tri-Valley
27 Community Center.

28
29 ADJOURN: The meeting was adjourned at 9:08 PM.

30
31
32 APPROVED:  _____
33 Jared Zimmerman, Presiding Officer

34
35
36
37 ATTEST:  _____ Date Approved: May 11, 2016
38 Gail Pieknik, Borough Clerk