

Jail Costs Soar, Manager Proposes Raising Booze Tax

Thursday, 26 June 2008

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Casey Kelly/KMXT

The Kodiak jail and police station project has hit yet another snag. City Manager Linda Freed informed the city council at last night's work session that the estimated price tag for the facility has soared to 22-point-8 million dollars, about twice the projected cost from less than a year ago.

Freed said most of the increase results from the site that the city council approved in February--a lot on Mill Bay Road roughly across the street from Cost Savers--as well as the rising cost of steel and other construction materials.

(Jail
1 :31s "that's
the additional cost.")

Freed added that the city does not have the money to pay for the increased costs without going out for additional general obligation bonds. And in order to finance payment of the bonds, she suggested that the city raise its sales tax on alcohol, from six cents per dollar to 10 cents per dollar.

(Jail
2 :24s "or
other basic necessities.")

But she admitted that it could open another whole can of worms for the city.

(Jail
3 :15s "liquor
industry would sue us.")

Freed argued that it would be worth the risk, citing a recent state Supreme Court decision in which a similar sales tax hike on alcohol in Fairbanks was upheld.

An hour-long discussion by the city council included a lot of finger pointing about why the project was costing so much more than originally estimated. Just about the only thing council members could agree upon was that no one wanted to see taxes raised. Councilman Tom Walters:

4 (Jail :18s "because
of the price of fuels.")

The city council could choose to raise taxes without putting it to a vote of the people. Deputy Mayor Gabriel Saravia--who chaired the meeting the absence of Mayor Carolyn Floyd--said it was an option for the council to consider.

5 (Jail :17s "we
not need to be here.")

Because the timeline for putting a bond ordinance and sales tax increase on the October municipal election ballot is short, the council will hold a special meeting July 10th to consider its options. It asked Freed to consider other possible solutions, including an increase to the sales tax for all goods. At the July 10th meeting the council is expected to pick its preference for moving the project forward and pass it in first reading to move forward to a second reading at its July 24th regular meeting.

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