

Introduced by: Council Member Therrien
Council Member Pruhs
Council Member Norum
Permanent Fund Review Board Recommendation: January 23, 2017
Introduced: February 6, 2017

ORDINANCE NO. 6042

AN ORDINANCE MODIFYING THE ANNUAL GENERAL FUND TRANSFER FROM THE PERMANENT FUND

WHEREAS, Section 8.8 of the City Charter created a Permanent Fund from the proceeds of the sale of municipal real property and utility assets; and

WHEREAS, Fairbanks General Code (FGC) Section 2-260(a) states that the purpose of the Permanent Fund is “to maximize income for capital and operating expenses of the city and preserve in trust assets of the city for present and future generations of city residents.” The principal goal of the Permanent Fund is “to preserve principal and maintain purchasing power”; and

WHEREAS, Charter Section 8.8(b)(2) states that the City Council may only appropriate from the Permanent Fund in any fiscal year an amount not to exceed four percent of the five year average fund market value for City operations and an additional 0.5 percent for capital needs; and

WHEREAS, the City’s Permanent Fund investment manager, Alaska Permanent Capital Management, reports that the current 4% annual appropriation to the General Fund results in a 60%-65% likelihood that the Permanent Fund will fall below the \$113 million principal amount; and

WHEREAS, the Permanent Fund Review Board supports and recommends a reduction in the annual transfer to the General Fund to be phased in over a five-year period, while retaining the current 0.5 percent transfer to the Capital Fund.

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, as follows:

Section 1. The maximum annual transfer from the Permanent Fund to the City’s General Fund will be reduced from 4.0 percent to 3.5 percent by decreasing the transfer amount by 1/10 of a percent every year for five years as follows:

2018 - 3.9 percent of the average five prior years' year end audited market value*
2019 - 3.8 percent of the average five prior years' year end audited market value
2020 - 3.7 percent of the average five prior years' year end audited market value
2021 - 3.6 percent of the average five prior years' year end audited market value
2022 - 3.5 percent of the average five prior years' year end audited market value

*This change will result in a decrease of \$116,811 to the 2018 estimated transfer.

Section 2: That the effective date of this Ordinance shall be the ____ day of March 2017.

Jim Matherly, Mayor

AYES: Pruhs, Norum, Therrien
NAYS: Cleworth, Rogers, Huntington, Matherly
ABSENT: None
FAILED: February 27, 2017

ATTEST:

APPROVED AS TO FORM:

D. Danyielle Snider, CMC, City Clerk

Paul J Ewers, City Attorney