

Introduced by: Mayor Matherly and
Council Members Huntington, Rogers, Therrien
Finance Committee Review: June 27 and 30, 2017
Introduced: July 10, 2017

ORDINANCE NO. 6054, AS AMENDED

**AN ORDINANCE TO PRESENT TO THE QUALIFIED VOTERS OF THE
CITY OF FAIRBANKS THE QUESTION OF MAINTAINING ESSENTIAL
SERVICES BY INCREASING REVENUE TO OFFSET LOST FUNDING
FROM THE STATE OF ALASKA**

WHEREAS, in the early 1980s, the State of Alaska provided substantial funding to municipalities in the form of revenue sharing and municipal assistance; and

WHEREAS, since that time, the City's share of State revenue sharing has fluctuated (it was eliminated altogether from 2004 to 2007) and in recent years has significantly decreased; and

~~**WHEREAS**, in 2016, the State's Community Revenue Sharing program was renamed the Community Assistance Program; and~~

WHEREAS, before 2017, the seven-year average of revenue sharing funds received by the City was \$1,713,652 per year; and

WHEREAS, in 2017, it is estimated that the City will receive \$505,000 in revenue sharing funds; and

WHEREAS, given the State's current budget crisis, there appears to be no chance that revenue sharing funds will be restored to their previous levels, and funding may be cut even further; and

WHEREAS, absent additional revenue, this dramatic decrease in revenue sharing funds will result in a decrease in the current level of essential City services (police, fire, and public works); and

WHEREAS, the City's Finance Committee has examined other options for financing essential City services; and

WHEREAS, the proposed tax increase will be limited to \$1,713,652, minus any amount of revenue sharing funds the City actually receives from the State; and

WHEREAS, under the City's Charter, voter approval is required in order to increase taxes to offset the decreased revenue sharing funds.

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

SECTION 1. That the following proposition be presented to the qualified voters of the City of Fairbanks at the next general election:

Proposition B

INFORMATION: In the 1980s, the State provided substantial funding to the City in the form of revenue sharing. These funds have dramatically decreased in recent years. During the seven years prior to 2017, the City received an average of \$1,713,652 per year. The 2017 estimated amount is \$505,000, a 71% decrease. Given the State's current budget crisis, these funds may disappear.

To maintain the current level of essential City services (police, fire, and public works) and to offset the loss of revenue sharing, the City Council adopted Ordinance No. 6054, which recommends increasing taxes by a yearly amount of \$1,713,652, minus any revenue sharing funds received. The proposed change would result in a tax increase of \$63 for every \$100,000 of assessed value, based on current property values.

Should Ordinance No. 6054 be ratified?

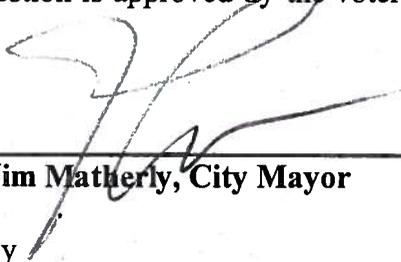
YES _____

NO _____

A "YES" vote ratifies Ordinance No. 6054 and allows the City to impose increased taxes to maintain city services in an amount of \$1,713,652, minus any revenue sharing funds the City receives from the State of Alaska.

A "NO" vote rejects Ordinance No. 6054.

SECTION 2. This ordinance was passed by the City Council on the 24th day of July 2017, but no change becomes effective unless and until the question is approved by the voters of the City of Fairbanks at a general election.



Jim Matherly, City Mayor

AYES: Rogers, Huntington, Therrien, Matherly
NAYS: Cleworth, Pruhs
ABSENT: Seat D vacant
ADOPTED: July 24, 2017

ATTEST:



D. Danyielle Smider, CMC, City Clerk

APPROVED AS TO FORM:



Paul J. Ewers, City Attorney



City of Fairbanks

Office of the City Clerk

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MEMORANDUM

TO: Mayor Jim Matherly and City Council Members

FROM: D. Danyielle Snider, CMC, City Clerk 

SUBJECT: Update to Information on City Ballot Proposition B

DATE: August 2, 2017

The exact dollar amount of the City's share of Community Assistance funds was not known when the Council adopted Ordinance No. 6054, as Amended, which placed Proposition B (tax increase) on the ballot. On Monday, July 31, 2017, the City received a Community Assistance Funds payment from the State of Alaska in the amount of \$519,936, nearly \$15,000 more than the estimate included in the information section of Proposition B.

An email from AML Executive Director Kathie Wasserman dated July 27 stated that the State Legislature added an additional \$8 million to the FY18 Capital Budget, which will be dispersed to municipalities this fall. The exact amount of the City's share of the \$8 million is unknown but has been estimated at \$350,000 by City lobbyist, Yuri Morgan.

Final ballot language is due to the Borough Clerk's Office the morning of Tuesday, August 8. Because of the changes noted above, the information section of Proposition B is no longer accurate. In order to provide accurate and up-to-date information to City voters, I request that the information section of Proposition B be updated as follows [new text in **underlined bold** font; deleted text in ~~strikethrough~~ font]:

Proposition B

INFORMATION: In the 1980s, the State provided substantial funding to the City in the form of revenue sharing. These funds have dramatically decreased in recent years. During the seven years prior to 2017, the City received an average of \$1,713,652 per year. **It is estimated the City will receive half that amount in 2017.** ~~The 2017 estimated amount is \$505,000, a 71% decrease.~~ Given the State's current budget crisis, these funds may disappear.

To maintain the current level of essential City services (police, fire, and public works) and to offset the loss of revenue sharing, the City Council adopted Ordinance No. 6054, as Amended, which recommends increasing taxes by a yearly amount of \$1,713,652, minus any revenue sharing funds received. The proposed change would result in a tax increase of \$63 for every \$100,000 of assessed value, based on current property values.

Should Ordinance No. 6054, as Amended, be ratified?

YES _____

NO _____

A "YES" vote ratifies Ordinance No. 6054, as Amended, and allows the City to impose increased taxes to maintain city services in an amount of \$1,713,652, minus any revenue sharing funds the City receives from the State of Alaska.

A "NO" vote rejects Ordinance No. 6054, as Amended.