



FAIRBANKS CITY COUNCIL  
SPECIAL MEETING MINUTES, AUGUST 31, 2020  
FAIRBANKS CITY COUNCIL CHAMBERS  
800 CUSHMAN STREET, FAIRBANKS, ALASKA

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The City Council convened at 6:30 p.m. on the above date to conduct a Special Meeting of the Fairbanks City Council via Zoom webinar and at the City Council Chambers, 800 Cushman Street, Fairbanks, Alaska, with Mayor Jim Matherly presiding and with the following Council Members in attendance:

Council Members Present: Shoshana Kun, Seat A (remotely)  
June Rogers, Seat B (remotely)  
Valerie Therrien, Seat C  
Aaron Gibson, Seat D  
Jerry Cleworth, Seat E  
David Pruhs, Seat F

Absent: None

Also Present: Margarita Bell, Chief Financial Officer  
Paul Ewers, City Attorney  
D. Danyielle Snider, City Clerk  
Jeff Jacobson, Public Works Director (remotely)  
Mike Meeks, Chief of Staff  
Kristi Merideth, FECC Manager (remotely)  
Angela Foster-Snow, HR Director (remotely)  
Richard Sweet, Acting Police Chief  
Ron Dupee, FPD Lieutenant

**CITIZENS' COMMENTS**

Jewelz Barker, 813 5th Avenue, Fairbanks – Ms. Barker spoke about the design of 5th Avenue and reported that FAST Planning took stakeholders through a process. She stated that an important feature of maintaining the one-way street design was to widen sidewalks and include some beautification elements. She stated she is disappointed that the City has not pursued those design components. Ms. Barker stated that her business, Catalyst Alaska, is working with Alaska Department of Environmental Conservation (DEC) funding through the Tanana Valley Watershed Association (TVWA) to carry out green infrastructure improvements on Turner Street. She stated there will be a grand opening for the project on September 10, but the project is currently in limbo due to some communication issues between the City, herself as the project manager, and a nearby property owner. She stated she has never had a project this severely delayed, and she expressed disappointment in the working relationship with the City Mayor's Office and the City Engineering Department. Ms. Barker stated that the Turner Street project was designed to help inform the Lacey Street stakeholder group as they discuss the future of Lacey Street. She stated the final stakeholder meeting for presenting the public engagement results for the Lacey Street project will be Wednesday, September 2 from 9 a.m. to 11 a.m.

**Ms. Therrien** asked Ms. Barker to explain more about the miscommunication she mentioned. Ms. Barker stated that the Turner Street site was selected as an underutilized public area. She stated there were some stormwater drainage issues, and they had hoped to use permeable pavers that had been used successfully in other areas. She spoke to various details of the Turner Street project and to green infrastructure improvements.

Victor Buberger, PO Box 58192, Fairbanks – Mr. Buberger questioned why there was even a meeting; he stated he thought the decision to give Explore Fairbanks funding had been made already behind the scenes. He commented that he would almost consider them City employees since the City gives them millions of dollars each year. He questioned what the funds would be spent on and wondered who wrote the resolution for the Explore Fairbanks grant. He stated that many people in Fairbanks could use help due to the pandemic. He commented that this has been one of the nicest summers he can recall in Fairbanks. He encouraged the Council to spread the CARES funds amongst those who need it.

Dawn Murphy, Explore Fairbanks Director of Finance and Administration – Ms. Murphy stated that during phase one of the City's CARES Act funding program, Explore Fairbanks submitted documentation for COVID-19 related expenses. She stated expenditures were rejected as they were outside the parameters for the City's CARES act funds. She stated that while the \$100,000 limit for businesses has been removed for phase two, Explore Fairbanks may get even less than what it received during phase one due to the more limited parameters. She stated that remarketing was not added to the federal FAQs until June 24, and Explore Fairbanks will not benefit from the changes in the phase two parameters. Ms. Murphy stated Explore Fairbanks has a proven record of accountability and experience in working with grants. She stated that Explore Fairbanks has a history of partnership with the City and will continue in those efforts. She stated that so far, Explore Fairbanks has received \$10,000 from the Small Business Administration Economic Injury Disaster grant and \$65,900 from the City's CARES Act funding program. She stated that Explore Fairbanks has also applied to the Alaska Industrial Development and Export Authority (AIDEA) CARES funding program under the updated parameters; she clarified that the expenses submitted were different than the ones submitted to the City of Fairbanks. Ms. Murphy stated that the Explore Fairbanks Board of Directors has been building a reserve for a recession, but the impacts of the pandemic are more severe than could be anticipated. She stated that reserves will need to be spread out over at least a two-year period to help with recovery efforts. She asked the Council to support the travel industry by overriding the Mayor's veto of Resolution No. 4932.

**Mr. Pruhs** asked Ms. Murphy to speak to efforts by Explore Fairbanks to market locally during the pandemic. Ms. Murphy explained that "Explore Local" campaign turned efforts toward targeting locals to get out and support local businesses; she stated that they expanded efforts statewide when mandates were lifted. She stated that the Communications Department started the national campaign on August 20. **Mr. Pruhs** asked whether Ms. Murphy agrees that the travel industry has been hit the hardest by the pandemic and will take the longest to recover. Ms. Murphy replied affirmatively; she stated that when she prepared the estimate for the last quarter, there was an 72% decrease in hotel/motel revenue locally. **Mr. Pruhs** stated that he sees Explore Fairbanks as a multiplier. He asked whether Ms. Murphy believes that there is anyone who represents the

travel industry better than Explore Fairbanks. Ms. Murphy replied that she does not; she stated that Explore Fairbanks has over 400 partners.

**Mr. Cleworth** asked whether Explore Fairbanks' \$1.6 million in reserves has been depleted. Ms. Murphy replied that it has not been depleted. She stated that they have reduced expenses by over \$1 million, and they had planned to use \$1 million in reserves to help in the current year. She stated, however, that some funds need to be reserved for future years. **Mr. Cleworth** asked how much of the reserves have been used. Ms. Murphy replied that she would have to get back to Mr. Cleworth with that information. She stated that they may have drawn down about half of the \$1 million they planned to use, but some funds are already committed to cover contract obligations. **Mr. Cleworth** asked whether Explore Fairbanks intends to apply for Borough CARES Act funding. Ms. Murphy stated that the organization would need to discuss whether to apply, and it may depend on the vote to override Resolution No. 4932.

**Ms. Therrien** asked Ms. Murphy whether Explore Fairbanks would qualify for funding under the phase two of the City's program. Ms. Murphy stated there has been a lot of comment about the \$100,000 limit being lifted during phase two. She stated that Explore Fairbanks will apply if they do not receive the direct grant, but she is unsure whether they will qualify for even the same amount they received during phase one due to the limits on the fund parameters.

Deb Hickok, Explore Fairbanks Chief Executive Officer – Ms. Hickok thanked the Council for holding the special meeting. She stated COVID has been unfair and challenging in many ways. She stated that the Institution of Social and Economic Research (ISER) gave presentations recently in the community, and they project that the leisure and hospitality sector will lose nearly 11,000 jobs by the end of the year. She stated that ISER compared that to the healthcare and education sector, which is projected to have 1,300 fewer jobs. She stated ISER also addressed the recovery of the sectors and projected that the first to recover would be healthcare and the last, tourism. She stated that the pandemic impacts to tourism came down earlier and harder and will be longer-lasting than to other sectors of the economy. She stated that CARES Act parameters have evolved at every level: federal, state, and local. Ms. Hickok stated that the recognition of that evolution is the reason they are at the meeting and that the additional federal clarification was not available to the City's CARES fund committee in early June. She reiterated that CARES Act funding payments may be used to remarket recipients' convention facilities and tourism industry. She stated that Explore Fairbanks could have used funds to simply pay staff and do nothing, but instead they reduced staff, cut salaries, began actively remarketing Fairbanks. She stated that Explore Fairbanks is the only organization in Fairbanks with the expertise to impact the recovery of the hardest hit industry in the community, and the only way Explore Fairbanks will sustain the successful momentum of these campaigns is with the passage of Resolution No. 4932.

Ralf Dobrovolny, 2240 Hanson Drive, Fairbanks – Mr. Dobrovolny stated that he is the owner of First Alaska Outdoor School and First Alaska Tours. He asked the Council to override the Mayor's veto of Resolution No. 4932. He stated he was surprised to hear of the Mayor's veto with the reasoning that it would be unfair, and he addressed three points. First, he stated that relief funds should go where they are needed most, which is simple since the tourism industry has been hit the hardest. Second, he stated that the funds should go where they could be most widely spread and Explore Fairbanks has about 400 companies as members. He stated that through marketing, many

more businesses can be reached. Finally, by the end of the year he stated that the funds should go wherever they would have the biggest economic impact. He stated that if you look at Explore Fairbanks' track record over the last 10 years, they have broken record after record of bringing outside money to Fairbanks. Mr. Dobrovlny stated that by not funding Explore Fairbanks, there will be less marketing for Fairbanks, less people visiting Fairbanks, less income for citizens of Fairbanks, and less bed tax revenue for the City. He stated that it cannot be fairer than to grant Explore Fairbanks the funds, and he stated that he hopes the Mayor will withdraw his veto.

Kory Eberhardt, 551 Eberhardt Road, Fairbanks – Mr. Eberhardt stated the Council has always supported Explore Fairbanks and Fairbanks tourism. He thanked the Council for supporting Resolution No. 4932 and stated that now is the time to support Fairbanks tourism and Explore Fairbanks. He spoke to the recent struggles his businesses, A Taste of Alaska Lodge and Aurora Pointe, have experienced due to the pandemic. He stated he struggled to keep on his eight employees, but he is now down to operating without anyone other than himself. He stated that now is the time to remarket Fairbanks, and it will hopefully save the winter season and salvage next summer's season. Mr. Eberhardt stated that rules regarding CARES funds are constantly changing, and he believes there is still hope for the tourism industry.

Jeff Cook, 1899 RJ Loop, Fairbanks (remotely) – Mr. Cook thanked the City for its well-defined process for the administration and distribution of CARES Act funding. He spoke to the longtime partnership between the City of Fairbanks and the Greater Fairbanks Community Hospital Foundation. He stated that including the CARES funds the hospital has received, they are still about \$8,286,000 short of being made whole due to the impacts of COVID-19. He stated that the community has recently seen an uptick in cases, so the drive-thru testing will likely open again soon. Mr. Cook stated the hospital is waiting for the Borough to open its CARES funding application process so they can apply there. He indicated that the hospital would be grateful to receive more funds if any reallocation of City CARES funds occurs, and he again thanked the City for the funds it had already distributed to the hospital.

Clerk Snider read into the record an email sent in by Sara Harriger, Executive Director of the Morris Thompson Cultural and Visitors Center.

Sara Harriger – Ms. Harriger stated that Explore Fairbanks is local government's partner in promoting Fairbanks as a tourist destination. She stated that Explore Fairbanks has suffered from the impacts of the pandemic, and, due to its structure as a 501(c)6, the organization is ineligible for most relief funding. She explained that Explore Fairbanks has an impact on the entire community and on the Interior, and the organization directly contributes to the generation of bed tax revenues, which supports local government services. Ms. Harriger stated that ensuring Explore Fairbanks has the resources it needs to continue its work will benefit Fairbanks businesses, government, and those working in the visitor industry. She stated that the City should provide relief funds to Explore Fairbanks as it would be an investment into the future of the community.

Hearing no more requests for comment, **Mayor Matherly** declared Citizens' Comments closed.

## UNFINISHED BUSINESS

a) Mayor's Veto of Resolution No. 4932, as Amended

**Ms. Therrien**, seconded by **Mr. Pruhs**, moved to OVERRIDE the Mayor's Veto of Resolution No. 4932, as Amended.

**Ms. Therrien** stated she had hoped that Explore Fairbanks would still benefit from phase II of the City's CARES program even if the veto is not overridden. She stated that if the Council wants to support Explore Fairbanks and the 400 businesses it represents, it needs to override the Mayor's veto.

**Mr. Pruhs** stated that the decision is up to Mr. Cleworth and Mr. Gibson and that if the two of them vote against the override, the veto stands. He stated that the idea is to help businesses through one entity, as a multiplier. He spoke to the allocations of the CARES funds thus far, and he reminded the Council that the tourism industry has been hit the hardest by the pandemic. He stated that CARES funds are not City of Fairbanks taxpayers' dollars, rather they are federal funds being passed through the City. He expressed hope that others would vote to override the Mayor's veto.

**Ms. Kun** thanked CFO Bell for the information she provided to the Council, and she acknowledged the memorandum from the CARES committee. She stated that it is important to keep the relationship between the City of Fairbanks and Explore Fairbanks alive. She stated that she still supports Resolution No. 4932.

**Ms. Rogers** expressed disappointment that the issue, after coming so far, is being met with contention rather than resolution. She stated that she is reassured in her assessment of the two sides of the discussion that both the committee and Explore Fairbanks agree that the request is valid, but they cannot come to an agreement regarding terms. She wondered if the Legal Department could assist somehow. She mentioned the public demonstration of support for Explore Fairbanks and indicated that supporting the organization is the right thing to do. **Ms. Rogers** stated the Council has heard many times just how important the programs are, and it cannot ignore the value of the partnership. She stated the Council cannot be comfortable letting something go – letting something die – and she urged everyone to vote to override the veto.

**Mr. Cleworth** requested to ask questions of CFO Bell. He asked Ms. Bell whether she heads up the CARES committee; Ms. Bell replied in the affirmative. **Mr. Cleworth** stated he was disappointed that the Council refused to accept the memorandum from the CARES committee at its last meeting, and he believes it was an error to reject it. He asked whether the \$100,000 limit had been lifted for reimbursable expenses for businesses. Ms. Bell replied that the limit had been lifted. She stated that phase two will allow applicants to submit expenditures incurred due to COVID-19. **Mr. Cleworth** stated it seems that Explore Fairbanks believes there are expenses that are not allowed for phase two. He spoke to Ms. Bell's experience with grants, and he asked Ms. Bell whether she feels comfortable with Resolution No. 4932. Ms. Bell replied that she does not. She stated that when Explore Fairbanks applied for phase one funds, they applied for reimbursements to cover rent, utilities, personal protective equipment (PPE), and personnel costs associated with COVID remarketing. She stated that she sent Ms. Hickok a note that the total

request would exceed the \$100,000 limit, so that is why the committee chose to remove the \$100,000 limit in phase two. She explained that the issue arose when discussions turned toward going beyond phase two. Ms. Bell stated that phase two covers allowable expenses only through August 31, 2020, and Explore Fairbanks is requesting that expenditures be covered through November or December. She stated that the resolution creates a program and puts Explore Fairbanks in the position of being a direct grantee, instead of an organization receiving financial support. She explained that Explore Fairbanks, as a direct grantee, would have to follow all the guidelines the City must follow, and she explained some of the additional requirements they would have to fulfill. Ms. Bell stated that the grant funds must be used to cover expenses that are “substantially different” than budgeted expenses. She stated she feels that the City can better help Explore Fairbanks through financial assistance rather than through a direct grant.

**Mr. Cleworth** stated that he has spoken with three former CFOs of the City, and they have all shared reservations about the direct grant. He stated that the Council should pay attention to their reservations and to the recommendation of the CARES committee.

**Mr. Gibson** stated that at the last Council meeting, the resolution was amended to lower the maximum grant amount to \$749,000 to remain under the federal audit limit. He questioned whether the \$60,000+ dollars already distributed to Explore Fairbanks would be included in the \$749,000 total. Ms. Bell stated that she is unsure and that she began a conversation to that effect with Ms. Murphy. She stated that the rules change when an entity becomes a direct grantee. She stated that Explore Fairbanks would be subject to more monitoring and more regulations if they were given the direct grant, and whether the phase one funds would be included in the \$749,000 total may depend. **Mr. Gibson** read a portion of the CARES committee’s memorandum to the Council, and he asked who would be responsible for repaying the grant funds if mistakes were made. Ms. Bell replied that she believes Explore Fairbanks would be ultimately responsible for repaying funds if a mistake was made. She stated she is not comfortable addressing what items would or would not be eligible for reimbursement until Explore Fairbanks fully reviews the grant guidelines. She pointed out that CARES funds are federal funds, which are still taxpayer dollars.

**Ms. Therrien** stated she has no doubt that Explore Fairbanks will comply with all the grant requirements. She stated that the Council needs to keep in mind that bed tax revenue is decreasing, and if the grant will help generate bed tax revenue, it will help the City and the community.

**Mayor Matherly** stated that it is not his intent to pick on Explore Fairbanks. He stated that if the direct grant had been to any other business, he would have done the exact same thing. He stated that he understands the importance of distributing CARES funding the right way. He stated he is pleased that the City did not combine its program with the Borough’s CARES program, and he pointed out that the City has taken very little of the funds for itself. **Mayor Matherly** acknowledged the value of Explore Fairbanks, but he stood by his decision to veto Resolution No. 4932. He commended the CARES committee and Ms. Bell for standing by the process and for looking out for the City. He stated that he will not take CARES funds to fill in holes at the City.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO OVERRIDE THE MAYOR’S VETO OF RESOLUTION NO. 4932, AS AMENDED, AS FOLLOWS:

YEAS: Pruhs, Rogers, Kun, Therrien

NAYS: Cleworth, Gibson

**Mayor Matherly** declared the MOTION FAILED.

[Per City Charter Sec. 4.2(a), five affirmative votes of the Council are required to override the veto of the Mayor.]

**ADJOURNMENT**

**Mr. Gibson**, seconded by **Mr. Pruhs**, moved to ADJOURN the meeting.

**Mayor Matherly** called for objection and, hearing none, so ORDERED.

**Mayor Matherly** declared the meeting adjourned at 7:31 p.m.



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JIM MATHERLY, MAYOR

ATTEST:



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D. DANYIELLE SNIDER, MMC, CITY CLERK

Transcribed by: DS