



FAIRBANKS CITY COUNCIL
REGULAR MEETING MINUTES, APRIL 10, 2023
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

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

Council Members Present: Jerry Cleworth, Seat A
 June Rogers, Seat B
 Sue Sprinkle, Seat C
 Crystal Tidwell, Seat D
 Lonny Marney, Seat E
 John Ringstad, Seat F (remotely)

Absent: None

Also Present: Margarita Bell, Chief Financial Officer (remotely)
 D. Danyielle Snider, City Clerk
 Thomas Chard, City Attorney
 Michael Sanders, Chief of Staff
 Kristi Merideth, FECC Manager (remotely)
 Ron Dupee, Police Chief (remotely)
 Rick Sweet, Deputy Police Chief
 Scott Raygor, Fire Chief
 Andrew Coccaro, Assistant Fire Chief
 Clem Clooten, Building Official (remotely)
 Jeff Jacobson, Public Works Director
 Robert Pristash, City Engineer
 Brenda McFarland, Crisis Now Coordinator
 Brynn Butler, Housing/VISTA Coordinator (remotely)
 Marsha Oss, Reentry Coordinator (remotely)

INVOCATION

The Invocation was given by City Clerk Danyielle Snider.

FLAG SALUTATION

At the request of Mayor Pruhs, former Mayor Matherly lead the flag salutation.

CITIZENS' COMMENTS

Victor Buberger, Fairbanks – V. Buberger thanked the City for its plan to place Porta Potties in the downtown area during the summer months and for considering the idea for installing a Portland

Loo. He commended Public Works on their street and sidewalk maintenance over the winter, and he stated that some trees and bushes need trimmed throughout the City to help with visibility at intersections. V. Buberger commented that the elevation of the onramp to the Richardson Highway from Airport Way is too low, and the snowbank blocks visibility when merging onto the highway. He commented that he is not aware of who does the planning for local road construction projects.

CB Bettisworth, 204 Front Street, Fairbanks – CB Bettisworth addressed the Council as a local businessman. He stated that when he founded Bettisworth North there were only two people, and now there are 45 people with offices in Anchorage and Fairbanks. He stated that growth happened because of his investment in the company, employees, and technology. CB Bettisworth commented that his business survived the crash in the 1980s and learned how to thrive. He stated that the City of Fairbanks need to invest in the community – in citizens, organizations, and businesses – in order to thrive. He stated that cannot be accomplished by cutting funds, rather it is done by investing and taking care of organizations such as Explore Fairbanks (EF).

Brett Carlson, Bjerremark Subdivision, Fairbanks – B. Carlson thanked people in the travel industry for their hard work over the winter months. He stated that the average room rate was over \$300 per night, and there were weeks when occupancy was completely full. He shared that in the late 1990s and early 2000s, there were a lot of tough conversations happening and a need for winter tourism in Fairbanks. He stated that he thought the idea was preposterous at the time, but he was wrong. B. Carlson stated that there was a realization that the most unique asset Fairbanks had is the aurora borealis, which could be marketed for winter tourism. He stated that has given Fairbanks 20 years of success in winter tourism marketing.

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

APPROVAL OF AGENDA AND CONSENT AGENDA

Ms. Tidwell, seconded by **Ms. Sprinkle**, moved to APPROVE the Agenda and Consent Agenda.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE THE AGENDA AND CONSENT AGENDA AS FOLLOWS:

YEAS: Sprinkle, Marney, Rogers, Ringstad, Cleworth, Tidwell

NAYS: None

Mayor Pruhs declared the MOTION CARRIED.

City Clerk Snider read the Consent Agenda into the record.

APPROVAL OF MINUTES FROM PREVIOUS MEETINGS

a) Regular Meeting Minutes of February 27, 2023

APPROVED on the CONSENT AGENDA.

SPECIAL ORDERS

- a) The Fairbanks City Council heard interested citizens concerned with the following Liquor License applications for renewal:

Lic. #	DBA	License Type	Licensee	Address
5629	Midnite Mine	Beverage Dispensary	Midnight Mine, LLC	308 Wendell Avenue
5764	Midnite Mine Brewing Company	Brewpub	Midnight Mine, LLC	308 Wendell Avenue
725	Midnite Mine	Beverage Dispensary	Midnight Mine, LLC	308 Wendell Avenue
3050	All Star	Restaurant/Eating Place	All Star, LLC	1448 S. Cushman Street

Mr. Marney, seconded by **Ms. Tidwell**, moved to WAIVE PROTEST on the Liquor License applications for renewal.

Mayor Pruhs called for testimony and hearing none, declared Public Testimony closed.

Ms. Rogers commented that she spent several years encouraging applicants to come speak to the Council but stated that seems to have fallen by the wayside. She indicated that applicants are wise to come speak to the Council and work with the City, and she invited them to do so in the future.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO WAIVE PROTEST ON THE LIQUOR LICENSE APPLICATIONS FOR RENEWAL AS FOLLOWS:

YEAS: Cleworth, Marney, Tidwell, Ringstad, Sprinkle, Rogers

NAYS: None

Mayor Pruhs declared the MOTION CARRIED.

MAYOR'S COMMENTS AND REPORT

- a) Special Reports

Jim Matherly, Regional Director for Governor Dunleavy – J. Matherly welcomed the new City Attorney. He encouraged everyone to participate in the State legislative session. He shared that John Boyle, Commissioner for the State of Alaska Department of Natural Resources, will present on carbon sequestration at the Chamber of Commerce Luncheon on May 2. J. Matherly stated that he will be coming back to the City, as well as to the Borough and to the City of North Pole, to make a presentation and request support regarding carbon sequestration.

Aaron Lojewski, Borough Assembly Member – A. Lojewski reported that there is nothing coming up on the next Borough Assembly agenda that specifically relates to the City of Fairbanks. He indicated, however, that he would make an effort to inform the Council of issues coming up in the future. He stated that the Assembly will be considering a minimum funding resolution for the school district, along with a number of other controversial items. He reported that the Assembly is currently working on its annual budget, and he shared that the Borough appropriates roughly 65% of its estimated bed tax revenues to Explore Fairbanks.

Ms. Rogers commented that it is wonderful that Council Members and Assembly Members are meeting and communicating with each other. A. Lojewski shared that the Borough Assembly is looking at volunteer opportunities in the community, and they may invite the Council to join them.

Bob Pristash, City Engineer – B. Pristash reported that there was a bid protest from the second-lowest bidder in the bid process for the Polaris Building Annex demolition. He stated that the lowest bid came in \$90,000 lower than the second-lowest bidder. He stated that the protest was reviewed, and the City’s response has been reviewed by the Purchasing Agent who will issue the response the following day. B. Pristash stated the City plans to move forward with the notice of contract award and the notice to proceed for the demolition.

Mayor Pruhs stated that the City will have personal protective equipment available for those who wish to enter the building at the ceremony on Wednesday.

COUNCIL MEMBERS’ COMMENTS

No Council members provided comments.

UNFINISHED BUSINESS

- a) Ordinance No. 6227, as Amended – An Ordinance Amending the Collective Bargaining Agreement Between the City of Fairbanks and the Fairbanks Firefighters Union IAFF Local 1324 (FFU) to Change the Staffing Levels and Amending the 2023 Operating Budget. Introduced by Council Members Tidwell, Sprinkle, and Rogers. POSTPONED from the Regular Meeting of March 27, 2023; a public hearing was held at that time.

The motion to ADOPT Ordinance No. 6227 was made by Ms. Sprinkle and seconded by Ms. Tidwell at the Regular Meeting of March 27, 2023 and remained on the floor.

Ms. Sprinkle, seconded by **Ms. Tidwell**, moved to SUBSTITUTE the revised fiscal note to Ordinance No. 6227, as Amended, provided by CFO Bell.

Mayor Pruhs called for objection and, hearing none, so ORDERED.

Mr. Cleworth stated that the City ran three ambulances in 2019 under a letter of agreement (LOA) that neither he nor other Council Members knew about at the time. He stated that the LOA authorized the use of three ambulances and raised the minimum staffing levels at the Fairbanks Fire Department (FFD) to 11 per shift. He read into the record a letter from former FFD Chief Tod Chambers which stated that the third ambulance reduced the need for mutual aid, decreased the number of stacked calls, and provided better service to citizens. **Mr. Cleworth** explained that things went haywire with the implementation of the new FFU collective bargaining agreement (CBA) that was effective in late 2021, when the City lost the ability to staff a third ambulance. He stated that FFD is now at a minimum staffing of 12 per shift with only two ambulances. He spoke to the importance of mutual and automatic aid in the City and in outlying areas. He commented that the City currently has enough staffing and equipment to run a third ambulance, but the current CBA will not allow it. He stated that the proposed ordinance would raise minimum staffing levels to 13, which means that any staff shortage must be replaced with someone working overtime; he

stated that would have an effect on the budget. **Mr. Cleworth** stated that the Fire Chief should be able to manage staffing to respond to the increasing number of ambulance calls. He expressed hope that politics could be removed from the issue. He stated that the proposed ordinance would not guarantee a third ambulance, and he asked Chief of Staff Mike Sanders to explain. **COS Sanders** explained that there would either be increased overtime and a third ambulance, or staffing would remain as it is with no third ambulance. He stated that the City has a high enough call volume to keep two engines and three ambulances staffed. He stated that he spent 25 hours with the FFD over the weekend for a ride-along, and they were busy with very little lull time.

Mayor Pruhs suggested that the Council add a new section to Ordinance No. 6227, as Amended, stating that the ordinance would expire in September 2024. He explained that would give the department 18 months to operate under the new LOA to see how it works, and if it works well, it could be negotiated into the new CBA. He stated that if it does not work, it would not automatically be included in the new CBA.

Mr. Cleworth commented that the LOA should only extend through the end of 2023.

Mr. Cleworth, seconded by **Mr. Marney**, moved to AMEND Ordinance No. 6227, as Amended, by adding, "and will remain in effect until December 31, 2023, unless extended by mutual consent of the City of Fairbanks and the Fairbanks Firefighters Union" to Section 2.

Mayor Pruhs stated that he reviews departmental budgets each month and reports to the Council. He stated that the Council will know by budget season whether the new LOA is working and will know whether to extend it.

Ms. Sprinkle asked how it would impact the LOA if the City got the Staffing for Adequate Fire and Emergency Response (SAFER) grant. **Mayor Pruhs** stated that the City will know how the LOA is working by September when the SAFER grant comes into play. **Ms. Sprinkle** asked whether the SAFER grant applies only to the fire side. **Mayor Pruhs** confirmed but stated that cross-staffing could occur.

Ms. Tidwell stated that the LOA will give the Fire Chief the ability to staff how he sees fit. She stated that she does not anticipate call volumes going down, and she sees no reason to go back to the way things are now. She stated that the numbers and the wait times are a problem, and the community has told the Council that it is a problem. She stated that changes could be negotiated next year to the CBA, but the current LOA is a step forward. She stated she would not vote in favor of the amendment.

Mr. Cleworth stated that the fire engines are not busy all the time, and the City needs to use its existing manpower to the best of its ability instead of confining staff to a certain apparatus. He stated that he plans to vote for the ordinance if the amendment passes.

Mr. Marney stated that he keeps hearing that the LOA will allow the Fire Chief to manage the department staffing as he sees fit, but he does not see any language in the LOA to specify that. Fire Chief Raygor stated that the LOA language originated with him, and it is what he needs in order to effectively operate the FFD.

Ms. Sprinkle stated that she has heard the COS and the Fire Chief repeatedly express the needs of the department, and she feels like it is time to “fish or cut bait.”

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO AMEND ORDINANCE NO. 6227, AS AMENDED, BY ADDING, “AND WILL REMAIN IN EFFECT UNTIL DECEMBER 31, 2023, UNLESS EXTENDED BY MUTUAL CONSENT OF THE CITY OF FAIRBANKS AND THE FAIRBANKS FIREFIGHTERS UNION” TO SECTION 2 AS FOLLOWS:

YEAS: Ringstad, Marney, Cleworth, Pruhs

NAYS: Rogers, Sprinkle, Tidwell

Mayor Pruhs declared the MOTION CARRIED.

Mayor Pruhs thanked Ms. Tidwell for raising the issue and spoke in support of the ordinance. He thanked Chief Raygor and Deputy Chief Cocco for their hard work and excellence.

Ms. Tidwell, seconded by **Ms. Sprinkle**, moved to AMEND Ordinance No. 6227, as Amended, by striking “to change the staffing levels and amending the 2023 operating budget” in the title.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO AMEND ORDINANCE NO. 6227, AS AMENDED, BY STRIKING “TO CHANGE THE STAFFING LEVELS AND AMENDING THE 2023 OPERATING BUDGET” IN THE TITLE AS FOLLOWS:

YEAS: Tidwell, Cleworth, Marney, Ringstad, Sprinkle, Rogers

NAYS: None

Mayor Pruhs declared the MOTION CARRIED.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 6227, AS AMENDED, AS FOLLOWS:

YEAS: Tidwell, Sprinkle, Ringstad, Marney, Rogers, Cleworth

NAYS: None

Mayor Pruhs declared the MOTION CARRIED and Ordinance No. 6227, as Amended, ADOPTED.

- b) Ordinance No. 6238, as Amended – An Ordinance Amending Fairbanks General Code Sec. 78-572 Special Events by Amending the City Barricade Package Fee and Establishing a Deadline for Permit Applications. Introduced by Mayor Pruhs. POSTPONED from the Regular Meeting of March 27, 2023; a public hearing was held at that time.

The motion to ADOPT Ordinance No. 6238 was made by Ms. Sprinkle and seconded by Mr. Ringstad at the Regular Meeting of March 27, 2023 and remained on the floor.

Mayor Pruhs indicated that he needed to go back to the drawing board with the City Engineer and tighten up the verbiage and costs. He suggested that the Council postpone the ordinance to the May 22 regular meeting.

Ms. Rogers, seconded by **Ms. Tidwell**, moved to POSTPONE Ordinance No. 6238, as Amended, to the regular meeting of May 22, 2023.

Ms. Sprinkle expressed hope that the ordinance could be resolved in time for events such as the Midnight Sun Festival. **Mayor Pruhs** stated there will be a work session to discuss the issue.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO POSTPONE ORDINANCE NO. 6238, AS AMENDED, TO THE REGULAR MEETING OF MAY 22, 2023, AS FOLLOWS:

YEAS: Cleworth, Marney, Ringstad, Sprinkle, Rogers, Tidwell

NAYS: None

Mayor Pruhs declared the MOTION CARRIED.

- c) Ordinance No. 6239 – An Ordinance Amending Fairbanks General Code Chapter 74, Article V, Section 74-117, Room Rental Tax Purpose and Limitation. Introduced by Mayor Pruhs and Council Members Ringstad and Marney. SECOND READING AND PUBLIC HEARING.

Mr. Marney, seconded by **Mr. Ringstad**, moved to ADOPT Ordinance No. 6239.

Mayor Pruhs called for public testimony.

Bernie Karl, 105 Foran Circle, Fairbanks – B. Karl thanked the Council for the opportunity to speak. He questioned why the Council would want to fix something that is not broken, even though it has the authority to make changes. He questioned why the Council would require organizations to go through the annual budget process each year and indicated that, if that happened, they would show up every year and fight for the funding. B. Karl urged the Council not to mess with the existing distribution formula and suggested that if there is a problem or a perceived problem between the City and the visitor industry, it should be fixed. He stated that the local tourism industry continues to grow, and his business has been successfully marketing winter for many years.

Mr. Marney asked B. Karl how much I.C.E. Alaska applied for in 2022 from the Discretionary Fund grant and how much the organization received. B. Karl stated that I.C.E. Alaska applied for \$65,000 in 2022, and they received \$20,000. **Mr. Marney** asked B. Karl if he was happy with the amount granted. B. Karl stated that he is thankful for the grant funds and that anything is better than nothing. He stated that every dime they make and spend is put back into the community. He stated that if the Council is unhappy with the accounting by Explore Fairbanks, it should work with them to improve in that area. He spoke to the high rate of return for the City's investment in tourism marketing, and he again urged the Council not to change the distribution formula.

Ms. Rogers asked B. Karl if he viewed the Discretionary Fund grant as a good housekeeping seal of approval in order to request funds from other agencies. B. Karl replied affirmatively. He stated that the City does a great job in vetting applications for the grant, which makes organizations follow the rules and guidelines.

Fred Vreeman, Scenic Loop, Fairbanks – F. Vreeman stated that there are other ways to deal with the needs of the City other than changing the room rental tax distribution formula. He stated that he speaks from experience, having created a successful tourism business in his retirement. He attested that Fairbanks has been very successful in marketing winter and the aurora borealis.

Brett Carlson – B. Carlson stated that the history of the room rental tax is very important, and the issue should be thought of as an economic development issue versus a budget issue. He stated that the tax was implemented to raise funds for economic development. He shared that former City Mayor William Wood emphasized in a legendary News Miner editorial that the tax was never intended as a tool for general government services; rather it was intended as an economic development tool to allow the travel industry to grow. B. Carlson stated that a new formula was put into place in 2003 after a compromise was reached, and he spoke to the success of the travel industry since that time. He commented that the visitor industry needs certainty in order to continue to be successful.

Aaron Lojewski, 1600 Washington Drive, Fairbanks – A. Lojewski stated he understands that the effect of the ordinance would be to remove the existing formula, then listen to the needs of each organization annual and appropriate funds accordingly. He predicted if that happens, Explore Fairbanks would be competing with critical needs of the City for funding, and funding for Explore Fairbanks would eventually erode away to very little. He cautioned that there would be less jobs in the community as a result, especially for young people, and tourism growth would be stymied. A. Lojewski asked that the Council be thoughtful in its consideration of the ordinance and think about the broad and long-term effects.

Colin Lawrence – C. Lawrence stated he came to Fairbanks over 20 years ago to work in the visitor industry, specifically at Explore Fairbanks (which was then referred to as the Fairbanks Convention and Visitors Bureau, FCVB). He stated that when he first began travelling around to market Fairbanks as a winter destination, people would laugh, but there was a change in the market such that people became interested in visiting Fairbanks in the winter. C. Lawrence stated that Fairbanks is competing against other countries in marketing the Northern lights, and Explore Fairbanks is doing a great job as is reflected in the room rental tax. He stated it is essential that the City give Explore Fairbanks the resources to allow them to continue to grow tourism in Fairbanks.

Debbie Eberhardt, 551 Eberhardt Road, Fairbanks – D. Eberhardt stated that she started a business 31 years ago that is still flourishing; she mentioned that she sold the business to her son in 2010. She stated that Explore Fairbanks gets visitors to Fairbanks, and it was her job as a business owner to get those guests to her business. She stated that if the Council removes the distribution formula, guests will no longer visit. She stated that there will not be a need for an expensive public toilet downtown or another ambulance because there will be no guests. D. Eberhardt stated that she would have to turn her business into an assisted living home and likely house each of the Council members.

Elizabeth Griswold, 3206 North Van Horn Road, Fairbanks – E. Griswold stated she is the General Manager of Pike's Waterfront Lodge, and she spoke to what destination marketing can do for the City of Fairbanks. She stated that as soon as the summer tourist season ends, it switches gears to a different kind of visitor season. She stated that it sometimes takes a while to get a country

interested in the Alaska market, and Explore Fairbanks does a great job with familiarization tours. She stated they can only continue that work with stability, and she asked the Council to vote down Ordinance No. 6239. Ms. Griswold suggested that if changes need to be made, the Council should go back to a work session with stakeholders and come up with a new formula together to maintain stability.

Jay Ramras, 86 C Street, Fairbanks – J. Ramras thanked the Council members for their service and for taking public testimony. He shared that he was concerned during the pandemic that his business would go bankrupt, due to quarantine mandates and restaurant closures. He stated that was only a little more than three years ago, and Fairbanks has seen an economic miracle, which he credited to Explore Fairbanks. He stated that investment in Fairbanks is working, and he shared that his business closed the month of March with 97% occupancy. J. Ramras expressed support for Explore Fairbanks and shared the fear that tinkering with the distribution formula would cause “death by 1,000 cuts.” He stated that economic development is at the core of the mission of Explore Fairbanks, and they are outflanking Anchorage; he added that Fairbanks has a world-class asset in the aurora borealis.

Wade Binkley, 1640 Cosgrave Drive, Fairbanks – W. Binkley stated he began in his position as the President of the Riverboat Discovery in 2019. He stated that when he first learned of Ordinance No. 6239, his thoughts went back to what was going on with tourism in 1979 with his parents and grandparents. He stated he is grateful to have grown up in the business, and he is thankful for the foresight of those who came before to build something that will provide into the future. W. Binkley encouraged the Council to consider the issue in the long-term.

Matt Atkinson, 941 Coppet Street, Fairbanks – M. Atkinson acknowledged the service of the Mayor, Council, and staff and expressed appreciation for the respectful discourse on the issue at hand. He stated that the room rental tax was started by the industry to market Fairbanks, and he spoke briefly to how the tax collection and reinvestment works. He emphasized the need for funding stability and predictability, and he stated that Fairbanks competes with other global organizations as well as Anchorage. He suggested that if the distribution formula changes, tourism will dwindle, and hotels will leave Fairbanks.

John Scherzer, 1273 Linz Drive, Fairbanks – J. Scherzer stated that he is an Explore Fairbanks board member, but he is speaking as a citizen. He stated that he came to Alaska as a young man with no skills and began working in the restaurant industry. He shared that he gained skills, worked his way up, and began making more money, and he spoke to the careers that are built in the tourism industry. He stated that he has lived the American dream, and Explore Fairbanks helped that happen.

Jomo Stewart, President/CEO of Fairbanks Economic Development Corporation (FEDC) – J. Stewart spoke to the powers and responsibilities of the Council as it pertains to public funds. He commented that FEDC is concerned that the ordinance would cause organizations seeking room rental tax funds to enter into a budgetary “scrum,” competing against each other and City departments for funding. He stated that FEDC is not myopic, and they understand that the needs of the City are growing. J. Stewart clarified that he understands the tax dollars belong to the City, and recipients of the funds are not entitled to funding.

Mr. Marney asked J. Stewart how it has affected the FEDC to have not seen an increase to their room rental funding allocation since 2003. J. Stewart stated that it has been a challenge, and he stated that the FEDC's funding from the Borough has been flat for about the same amount of time. He confirmed that he has lost employees, and the decreasing value of the dollar has made it an ever-increasing challenge to find and retain employees. **Mr. Marney** asked J. Stewart when he last received a wage increase; J. Stewart replied that he received an increase when he became the President/CEO.

Karen Wilken, 1501 Queens Way, Fairbanks – K. Wilken stated she is the Marketing and Public Relations Manager for Fountainhead Development. She stated that there are ways to modernize room rental tax distribution that would work for everyone. She spoke to her work history in the visitor industry, and she asked the Council to table the ordinance and come up with a better way.

David van den Berg, 332 Slater Drive, Fairbanks – D. van den Berg stated that he is representing the Downtown Association (DTA). He stated that the DTA Board does not have a position on the ordinance; however, they have been discussing the issue because of their interest in economic development. He shared that the DTA has been saying for some time that the City needs to spend more money on general government to take care of things like security and snow removal downtown. D. van den Berg stated that the City has listened to that but has not necessarily had more resources to do so. He shared that one thing that has come up in discussions is the idea of the City having an economic development department that would develop a master plan of how all the organizations work together. He questioned how the DTA could partner more deeply with the City, and he wondered whether the Discretionary Fund Committee would be receptive to economic development ideas outside of things like events. D. van den Berg pointed out that the proposed substitute to Ordinance No. 6239 perpetuates the identification of winners and leaves out some partners the City has or could have. He reminded the Council that the DTA gives – or tries to give – the City \$110,000 per year for the Emergency Service Patrol.

Ms. Rogers asked whether the DTA has applied for and received grants from the Discretionary Fund. D. van den Berg replied that it did recently for the first time in a long time.

Andy Anger, Explore Fairbanks Board Member – A. Anger stated that he was with Explore Fairbanks when changes to the formula were crafted 20 years ago. He stated that one of the main focuses was on predictability and long-term planning, which resulted in the current formula. He stated that he has been a part of the Explore Fairbanks strategic decision-making since that time, and Explore Fairbanks has been very successful in the implementation of long-term plans; he provided some examples to that effect. He spoke to the growth of bed tax revenues and stated that the City has benefitted greatly from Explore Fairbanks' success and long-term planning. A. Anger stated that one of the finalists in the last hiring process for a CEO/President was from Prescott, Arizona, and he told a story about how the City of Prescott changed its bed tax formula. He related the story of how the City's changes caused the budget of their tourism marketing organization to be determined through the annual budget process, similarly to the process Ordinance No. 6239 proposes. A. Anger stated that the effects of the change were that more and more money went to the City, and less money went to the organization; he stated that the organization shrank from having 10 employees to having only 2.

Dawn Murphy, Explore Fairbanks Director of Finance and Administration – D. Murphy stated that at the March 20 meeting she asked for clarification on the sixth whereas in Ordinance No. 6239. She stated that CFO Bell explained that in the City's tax structure, property taxes should be reduced by sales taxes or the funds should be used to cover other services. She stated that while she understands, she does not agree, and that in order to agree, one must disregard the original intent of the hotel/motel tax, which was to fund tourism and economic development. D. Murphy stated that when the tax was originally implemented in 1979, there was industry concern that the government would try to put the funds toward general services and not uphold the intent. She explained that Dr. Wood, the mayor at the time, worked with the industry and best explained the intent of the tax in a newspaper article in 1996 titled, *Bed Tax Isn't for General Government*, and she quoted the article. D. Murphy stated that in order to agree with the subsidy whereas in the ordinance, one would also have to disregard the 1999 proposition that was passed by City voters, and she read the proposition into the record. She stated if the original intent of the tax and the language of the proposition is disregarded, one can rationalize the subsidy language; she stated, however, that by doing so, one disregards the hard work of prior mayors, council members, industry partners, and the community.

Adriel Butler, 803 Bidwell Avenue, Fairbanks – A. Butler stated that Ordinance No. 6239 proposes changing a set formula to a process subject to annual budgeting with no apparent guidelines on appropriation. He stated that it creates a structural conflict between the City and tourism destination marketing and that Explore Fairbanks would be at the mercy of the allocations by the City Council, competing for resources. A. Butler stated that he sits on the Alaska Travel Industry Association (ATIA) Board of Directors and chairs the subcommittee on advertising. He explained that the organization is subject to annual appropriation of funds by the State each year, resulting in no predictability from year-to-year and no ability to create multi-year campaigns. He stated that conversely, Fairbanks is in an enviable position in Alaska by having year-round tourism. A. Butler stated that by choosing to move Ordinance No. 6239 forward, the Council is choosing inefficiency and is sowing the seeds of poor outcomes; he stated, however, that maintaining the formula generates synergy, strength, and reward for the City, its citizens, and the community at large. He shared that he owns and operates two tourism businesses in Fairbanks, and 90% of the revenue they bring to Fairbanks is from outside Alaska. He expanded on how much his business has contributed to other local small businesses and contractors and that none of that would have happened without Explore Fairbanks. A. Butler stated that destination marketing through Explore Fairbanks is the single most effective economic development tool that Fairbanks has at its disposal.

Greg Allison, 4574 Tolovana Drive, Fairbanks – G. Allison stated that he will speak wearing two different hats – first as a former director for Explore Fairbanks. He shared that he has been in the marketplace and has witnessed other organizations in Alaska take market share from Fairbanks. He spoke about how he would come back after his travels and thank the Council for reinvesting bed tax dollars into destination marketing because he had the confidence that Explore Fairbanks could meet the requirements of its strategic plan and develop, maintain, and sustain relationships with people around the world. He stated that he viewed himself as an extension of all the local businesses to help promote Fairbanks as a destination. G. Allison stated that as a local business owner, he now relies on a lot of visitors to patronize his business, but he indicated that the growth of his business would be stymied if the current formula is removed. He stated that Explore Fairbanks brings people into his business, and he implored the Council to take a step back, have

conversations with the leadership at Explore Fairbanks, let calmer heads prevail, and create a positive solution.

Karen Lane, 2265 Flight Street, North Pole – K. Lane stated that she has worked for Explore Fairbanks two different times, and she commented that it was a long fight to get what is in place currently. She pointed out that Explore Fairbanks took a \$100,000 budget reduction in 2023 to give an increase to Discretionary Fund grants, and she expressed gratitude for the grant. She shared that she is the chair for the District 49 Lions Convention, and she spoke to the positive impacts that conventions have on the Fairbanks economy. She indicated that changing the tax allocation will affect conventions, and she spoke fondly about having worked with Dr. Wood.

Reinhard Neuhauser, 505 Halvorson Road, Fairbanks – R. Neuhauser stated that he used to work for the FEDC as an employee and later as a contractor, he has worked as a director at Explore Fairbanks, he owns a tourism business, and he has been in Alaska for 21 years. He stated that he stopped consulting and has grown his business from 45 customers to 4,500 customers. He shared that he owns two Airbnb's and three houses, has a wife and five children, and is heavily involved in the skiing community. R. Neuhauser stated he believes there is no better success story in the tourism industry. He spoke against Ordinance No. 6239 and stated that the Council should sit down with Explore Fairbanks and have some dialogue.

Scott McCrea, President and CEO of Explore Fairbanks – S. McCrea recognized the passion of all those who testified before him. He stated that he would like to speak to some of the facts behind all that passion. He shared that jobs have steadily increased since the pandemic, with over 4,400 jobs in the Fairbanks area attributed to the leisure and hospitality industry in 2022. He stated that the tourism industry is about bringing new dollars into the community, and studies show that visitors inject more than \$200,000,000 in direct spending into the local economy. S. McCrea shared that 45% of direct visitor spending now happens during winter months when guests stay longer and spend more money. He stated that since 2016, bed tax revenues have increased 62% in the winter months and 27% in the summer. He stated that the tourism industry pays its fair share in property taxes, with hotels in the City paying close to \$800,000 in 2022. S. McCrea stated that the facts are irrefutable and that the investment local government has made over the years into destination marketing pays the way to make the local economy stronger.

Rodney Pangborn, Owner & CEO of Rod's Alaskan Guide Service, North Pole – R. Pangborn stated that if there ever was a posterchild for the product Explore Fairbanks puts out, it would be him. He shared that he retired in the area after serving 21 years in the military, and he started a tourism business. He stated that Explore Fairbanks has been a great help to him, and his business has grown to have 32 employees. R. Pangborn stated that his business operates primarily during the winter, and he attributes 95% of his total number of guests to the marketing by Explore Fairbanks. He stated there would be a lot of people thanking the Council if the ordinance provided an increase to Explore Fairbanks, and he is astonished to see an ordinance proposing to take away a guaranteed benefit to Explore Fairbanks. He stated that the amount of jobs generated by the tourism industry comes right back to the City, and he stated that voting in favor of Ordinance No. 6239 will destroy jobs that Fairbanks cannot afford to lose.

Hearing no more requests for comment, **Mayor Pruhs** declared Public Testimony closed.

Clerk Snider noted that Mr. Ringstad had tried to ask a question of Scott McCrea at the end of S. McCrea's testimony but was not acknowledged.

Mayor Pruhs asked Mr. Ringstad if he still wished to ask a question of S. McCrea.

Mr. Ringstad asked S. McCrea what percentage of Explore Fairbanks' total budget does not come from local government. S. McCrea stated that for 2023, Explore Fairbanks projects that 5-6% of its revenue will come from membership dues, and he commented that other marketing organizations operate under a similar model. He explained that Explore Fairbanks is small business-friendly and keeps dues low and affordable for its members.

Mr. Cleworth asked S. McCrea whether Explore Fairbanks is considering eliminating membership dues. S. McCrea stated that there have been conversations about moving to a "pay to play" model.

Mayor Pruhs declared Public Testimony closed. He gave the floor to the City Clerk to provide a report on Ordinance No. 6239.

Clerk Snider explained that Ordinance No. 6223, which proposes to amend the same code section as Ordinance No. 6239, was introduced in November 22 and was postponed to May 8, 2023. She stated that if Ordinance No. 6239 is adopted, its changes to the Fairbanks General Code will be incorporated into Ordinance No. 6223 when that ordinance comes back before the Council in May.

Mr. Ringstad indicated that he was surprised to learn about the issue when discussions came up during the last budget season. He stated that room rental tax revenues make up 9% of the City's total annual revenue, and the Council has a responsibility to be involved with it and prioritize those revenues each year. He stated he was surprised to learn that Explore Fairbanks' 2022 budget request was \$2.2 MM, and the City's budget was set to give them \$2.8 MM. **Mr. Ringstad** stated that he was concerned with where that extra \$600,000 was going, and he believes it is the Council's responsibility to understand where the City's money goes. He stated that one of the City's priorities is public safety, and he has heard of some tour bus companies that will not drop off tourists in certain areas downtown because it is unsafe. He stated that the Chief of Police has reported that the homeless spot downtown is a violent, dangerous area, and he spoke of the need for a patrol officer downtown, at least during the summer months. **Mr. Ringstad** expressed his belief that it is the Council's responsibility to review the funds every year to ensure that the funds are being distributed according to the priorities the Council has set. He spoke briefly to the subsidy mentioned in the ordinance, and he stated that no one is saying that Explore Fairbanks is not doing a good job; he added that the City should continue to support their efforts. He spoke again to prioritizing funds, especially those funds leftover after distribution, and talked about how some of the distributions have remained flat for 19 years while Explore Fairbanks' budget has tripled.

Mr. Marney shared that he serves as an ex-officio member on the Explore Fairbanks Board of Directors. He stated that at the March 22 meeting, he was put in the hotseat to answer questions, and one of the questions was why he believed the funds should go to the City or its citizens instead of Explore Fairbanks. **Mr. Marney** stated that most people in the community are not aware that Explore Fairbanks is funded by three government agencies, that their annual budget is over \$7

MM, and that the City gives Explore Fairbanks above what they budget for annually instead of putting those excess funds toward City services or reducing property taxes.

Mayor Pruhs read into the record a timeline of the various meetings and events pertaining to the proposed changes to the room rental tax distributions, which began in early 2022. He discussed the history of Ordinance No. 6223 (introduced in November 2022) and of Mr. Marney's desire to increase some of the allocations that had remained flat for nearly 20 years. **Mayor Pruhs** stated that Explore Fairbanks was resistant to changes unless the City shared in taking a cut to its allocation. He stated that he asked each City Council member if they had heard Explore Fairbanks offer up an alternative to help resolve the issue, and no member reported hearing an alternative solution from Explore Fairbanks. He stated that, instead, Explore Fairbanks outright rejected the City's offers and indicated that they were entitled to the funds they receive. **Mayor Pruhs** stated that the conflict originated over \$100,000 and that he would like to see the allocations subject to the City's annual budgeting process. He commented that it is not the City's intent to hurt Explore Fairbanks' business in any way. He continued by sharing that he and others from the City met with the Explore Fairbanks Board of Directors on March 20 in regard to Ordinance No. 6239 and answered some follow-up questions from Explore Fairbanks by email. **Mayor Pruhs** stated that the City has been and is willing to work with Explore Fairbanks. He commented that the City has collected \$17 MM in property taxes when it only had to collect \$15 MM; he stated that those extra funds could have been used for other items, such as City equipment or services. He shared that no one expected such a significant increase in the room rental tax revenue, nor did anyone expect Explore Fairbanks to reject the idea of giving up \$100,000 to help other groups that had not received an increase in funding since 2003. **Mayor Pruhs** expressed his intent to veto Ordinance No. 6239 if the proposed substitute version is adopted. He again stated that it is not the City's intent to harm Explore Fairbanks' annual budget; rather, he would like the City to review and consider Explore Fairbanks' budget request each year during the budget process. He stated that there will be fiscal transparency. He read into the record a 2018 memorandum from the former City Attorney Ewers, which stated that the purpose and limitation of the room rental tax has been amended many times since its enactment in 1979. The memorandum stated that the purpose of the tax was never exclusively for the promotion of tourism and that the City Council determines the purpose and proper allocation of the room rental tax revenue.

Mr. Cleworth stated there has been a lot of discussion over the years regarding the purpose of the tax, and he read into the record section 5.402 of the original enacting ordinance which stated, "The tax on the daily rental of hotel and motel rooms levied by this Article is for the purpose of and shall be limited to the funding of tourist and entertainment facilities for the general public, to promote the tourist industry and the economic development of the City of Fairbanks. It is recognized that the various public and private businesses and organizations in the community, including the chamber of commerce, other bureaus and commissions organized and existing for these same purposes may be areawide in scope and that promotion and economic development of the greater Fairbanks area whether within or without the corporate limits of the City of Fairbanks, has a direct and major impact on the City of Fairbanks itself. Recommendations for the use of the monies collected by this tax shall be made to the City Council by the Commission on Economic and Tourism Development." **Mr. Cleworth** stated that when originally enacted, the tax was levied at 2%, and the Commission on Economic and Tourism Development never materialized. He spoke briefly to the history of the tax and the variations of the tax distribution over the years and shared that things came to a head around 2002 – 2003 when the Council chose to not follow the formula

that was set at that time. He stated that a compromise was reached after all the affected groups came together with former Council Member Thies and himself, and that is when the current formula was put into place.

Speaking to a proposed substitute of Ordinance No. 6239, **Mr. Cleworth** stated that the concept would be to offer a compromise after hearing everyone's comments and concerns and to allow the allocations to grow each year by the Consumer Price Index (CPI). He shared that the most difficult piece is the allocation to the Golden Heart Plaza (GHP), given the current issues; he stated that cost is unknown, and the Council would need to consider that allocation each year. He stated that his proposal also includes a direct 3% allocation to fund expenses related to special events in the City, but all the remaining room rental tax funds would still be allocated to Explore Fairbanks. **Mr. Cleworth** commented that he is in favor of keeping a formula so the Council would not have to go through the allocations each year during the budget process, but the Council could do that if the current version of the ordinance passes.

Mr. Marney indicated that he would not be in favor of the proposed substitute.

Mr. Ringstad stated that the idea of having a guideline going forward is good, but he has a problem with the subsection in the proposed substitute stating that all remaining funds will be allocated to Explore Fairbanks. He stated that he has made it a point over the past few months to talk to people in the community about the issue, and not one person has said that the allocations should stay as they are. He indicated that City residents and taxpayers should also be at the table for the discussion – not just those with a vested interest – and stated that the Council represents City residents and taxpayers. **Mr. Ringstad** recommended passage of the original version of Ordinance No. 6239 and stated that he would not support the proposed substitute.

Ms. Tidwell stated she believes Explore Fairbanks would be willing to give up that \$100,000 in hindsight. She stated that there are parts of the proposed substitute that she likes, and she commented that the changes in the original version of Ordinance No. 6239 are drastic. She stated that Explore Fairbanks is doing its job to protect what they have built, and they deserve to have some certainty in their budget. **Ms. Tidwell** stated that the City has not done a good job in sitting down together to work on an uncomfortable issue, and she does not intend to vote in favor of either version of the ordinance.

Ms. Rogers stated that she has listened to the people in the room and to other concerns that she has received or heard in the community. She stated she has found that people in the community are much more in tune with the issue at hand than what Mr. Ringstad indicated. She commented that Mr. Marney's concern about Fairbanks and wanting to find a better way was what started the discussion, and the Council is yet unsure what that better way is; she expressed admiration for Mr. Marney's approach and efforts. **Ms. Rogers** spoke about Fairbanks being *The Golden Heart City* and about the need for everyone to work together. She expressed the respect and appreciation she has for Mr. Ringstad and Mr. Cleworth, and she indicated that she would be willing to work with as many drafts of the ordinance and take as much time as is necessary to come to a harmonious solution.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 6239 AS FOLLOWS:

YEAS: Ringstad, Marney
NAYS: Tidwell, Rogers, Cleworth
ABSTAINED: Sprinkle
Mayor Pruhs declared the MOTION FAILED.

Mayor Pruhs called for a 10-minute recess. The Council reconvened and resumed the agenda at Unfinished Business Item (d) following the brief recess.

- d) Ordinance No. 6240 – An Ordinance Amending Schedule A of the Collective Bargaining Agreement Between the City of Fairbanks and the International Brotherhood of Electrical Workers Local 1547. Introduced by Mayor Pruhs. SECOND READING AND PUBLIC HEARING.

Ms. Sprinkle, seconded by **Mr. Marney**, moved to ADOPT Ordinance No. 6240.

Mayor Pruhs called for testimony and, hearing none, declared Public Testimony closed.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 6240 AS FOLLOWS:

YEAS: Sprinkle, Rogers, Cleworth, Marney, Ringstad, Tidwell
NAYS: None
Mayor Pruhs declared the MOTION CARRIED and Ordinance No. 6240 ADOPTED.

- e) Ordinance No. 6241 – An Ordinance Amending Schedule A of the Collective Bargaining Agreement Between the City of Fairbanks and the Fairbanks AFL-CIO Crafts Council. Introduced by Mayor Pruhs. SECOND READING AND PUBLIC HEARING.

Mr. Cleworth, seconded by **Mr. Marney**, moved to ADOPT Ordinance No. 6241.

Mayor Pruhs called for testimony and, hearing none, declared Public Testimony closed.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 6241 AS FOLLOWS:

YEAS: Marney, Cleworth, Ringstad, Tidwell, Rogers, Sprinkle
NAYS: None
Mayor Pruhs declared the MOTION CARRIED and Ordinance No. 6241 ADOPTED.

NEW BUSINESS

- a) Resolution No. 5058 – A Resolution Awarding a Contract to Coldfoot Environmental Services to Demolish the Polaris Building Annex in the Amount of \$1,145,337. Introduced by Mayor Pruhs.

PASSED and APPROVED on the CONSENT AGENDA.

- b) Resolution No. 5059 – A Resolution Authorizing the City of Fairbanks to Apply for Funds from the United States Department of Justice Office of Community Oriented Policing Services for the FY2023 Law Enforcement Mental Health and Wellness Act. Introduced by Mayor Pruhs.

PASSED and APPROVED on the CONSENT AGENDA.

- c) Ordinance No. 6242 – An Ordinance Amending Fairbanks General Code Section 46-4(e)(2) to Change the Value of Community Work in Lieu of Fine. Introduced by Mayor Pruhs.

ADVANCED on the CONSENT AGENDA.

DISCUSSION ITEMS (Information and Reports)

- a) Committee Reports

Mr. Ringstad stated he had nothing to report.

Mr. Marney stated he had nothing to report.

Ms. Tidwell reported that she attended a work session with the FEDC on their strategic plan. She stated that when a draft is created, she will share it with the Council.

Ms. Sprinkle stated she had nothing to report.

Ms. Rogers shared that she recently attended the Legislative Committee meeting with City lobbyist Yuri Morgan and a Reentry Coalition meeting. She stated that the Coalition is working on so many new initiatives and is networking very well with other community groups. She shared that she also attended a meeting of a smoking initiative group where they discussed vaping and the laws currently being discussed in Juneau in that regard.

Mr. Cleworth stated he had nothing to report.

WRITTEN COMMUNICATIONS TO THE CITY COUNCIL

- a) Appointment to the Fairbanks Diversity Council

APPROVED on the CONSENT AGENDA.

- b) Historic Preservation Commission Meeting Minutes of February 7, 2023

ACCEPTED on the CONSENT AGENDA.

- c) Chena Riverfront Commission Meeting Minutes of February 22, 2023

ACCEPTED on the CONSENT AGENDA.

- d) Clay Street Cemetery Commission Meeting Minutes of February 1, 2023

ACCEPTED on the CONSENT AGENDA.

- e) Clay Street Cemetery Commission Meeting Minutes of March 1, 2023

ACCEPTED on the CONSENT AGENDA.

COUNCIL MEMBERS' COMMENTS

Mr. Cleworth asked when the Polaris Building ceremony would take place. **Mayor Pruhs** replied that it would be Wednesday at 1 p.m. and he talked briefly about his plans for the ceremony. **Mr. Cleworth** complimented the Mayor on his tenacity during the entire project and spoke to some of the history of and his memories about the Polaris Building.

Ms. Rogers shared some of her memories about the Polaris Building.

Ms. Sprinkle expressed excitement to see the Polaris Building demolished. She added that there is a lot of potential for the property.

Ms. Tidwell expressed appreciation for the members of the community who come to City Council meetings and show their passion for what they believe in. She commented that there is no rush to make drastic changes and spoke in support of working together.

Mr. Marney stated he is glad to see Assembly members attending City Council meetings. He thanked CFO Bell for all her hard work on Ordinance No. 6239.

Mr. Ringstad commented on the cold spring weather in Fairbanks and shared that it was 40 degrees in Juneau.

CITY CLERK'S REPORT

City Clerk Snider shared that she is currently interviewing for the Deputy City Clerk II position and she would report to the Council if an offer is made.

CITY ATTORNEY'S REPORT

City Attorney Chard stated he had nothing to report.

ADJOURNMENT

Ms. Tidwell, seconded by **Ms. Sprinkle**, moved to ADJOURN the meeting.

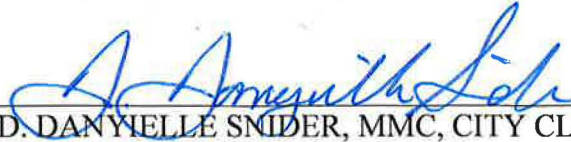
Mayor Pruhs called for objection and, hearing none, so ORDERED.

Mayor Pruhs declared the meeting adjourned at 9:51 p.m.



DAVID PRUHS, MAYOR

ATTEST:



D. DANYELLE SNIDER, MMC, CITY CLERK

Transcribed by: DS