



FAIRBANKS CITY COUNCIL  
REGULAR MEETING MINUTES, MARCH 25, 2024  
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 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:

Councilmembers Present:        Jerry Cleworth, Seat A  
                                         Sue Sprinkle, Seat C  
                                         Crystal Tidwell, Seat D  
                                         Lonny Marney, Seat E  
                                         John Ringstad, Seat F

Absent:                                June Rogers, Seat B (excused)

Also Present:                        D. Danyielle Snider, City Clerk  
                                         Thomas Chard, City Attorney  
                                         Michael Sanders, Chief of Staff  
                                         Margarita Bell, Chief Financial Officer  
                                         Jake Merritt, HR Director  
                                         Ron Dupee, Police Chief  
                                         Rick Sweet, Deputy Police Chief  
                                         Andrew Coccaro, Fire Chief  
                                         Kristi Merideth, FECC Manager (remotely)  
                                         Brynn Butler, Housing Coordinator  
                                         Brenda McFarlane, Crisis Now Coordinator (remotely)

**Ms. Sprinkle**, seconded by **Mr. Cleworth**, moved to EXCUSE Ms. Rogers from the meeting.

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

### **INVOCATION**

The invocation was given by City Clerk Danyielle Snider.

### **FLAG SALUTATION**

At the request of **Mayor Pruhs**, Chief of Staff Mike Sanders led the flag salutation.

### **CITIZENS' COMMENTS**

*[Clerk Note: Names of citizens who provide comments may not be spelled correctly if their name was illegible on the physical sign-up sheet.]*

*Thelma Gower*– T. Gower shared that she is a resident of Fairbanks and a retired investment banker who has been involved in over five billion dollars of real estate transactions over her career. She provided the following input on the future development project for the Polaris Building site:

- It would be unwise to view this situation as merely a real estate exercise, given the strategic location of the property.
- What happens next will control the future direction of downtown Fairbanks.
- Will it enhance the experience of living in the downtown area?
- Will it rejuvenate the downtown business scene?
- Will plans take into consideration supply issues that often plague large, hopeful projects?
- While typical bidding processes seem prudent, simply awarding a project of this import to the lowest bidder has a risk of not seeing completion, as initial plans are often unrealistic.
- Environmental considerations must not be ignored. Will the new structure be an energy hog on already-strained energy sources?
- Any potential proposal should be required to prove that it will enhance the quality of life for all residents first and the employment base second.
- The City should only accept proposals that include all cash funding, to avoid a project being delayed or abandoned altogether should financing issues arise.

T. Gower also expressed the importance of any new, large buildings in the City having a net zero draw on existing energy streams by utilizing solar paneling with thermal storage capacities. She shared that this is proven technology in the Interior, and the experts at the UAF Cold Climate Housing Research Center have all the details on the topic.

**Mr. Cleworth** asked for additional information about the solar-powered thermal storage systems. T. Gower explained that large concrete blocks are installed below ground before a structure is erected, with conduits that will connect to solar panels on the building. She stated that the system will convert heat from the sun to energy to be transferred for storage within the concrete block and used throughout the winter to heat the structure.

**Mr. Marney** asked how long the technology has been available. T. Gower estimated 12 to 15 years but encouraged the City to call the Cold Climate Research Center for more information.

*Alex McDonald* – A. McDonald expressed objection to the increase in tobacco tax at the Borough level, which will result in a 40% tax rate for businesses within the City as of July. He recalled many businesses in the Anchorage and Mat-Su areas closing down after their tax rates significantly increased. He reminded the Council that Alaska allows in-state shipping of tobacco purchases, which almost guarantees that customers who live in high tax areas will shift to ordering from locations with lower rates. He noted the impact of lost sales for local businesses and lower tax revenue for the City. A. McDonald stated that his business has been located across the street for about 10 years and he does not like the idea of having to consider moving locations simply to avoid high taxes and going out of business. He shared that in the time since the City increased its tax from 8% to 20% and began taxing vaping products, the 5th Circuit Court of Appeals has ruled against the FDA. He explained that the FDA was not reviewing applications for the majority of vaping products, simply denying some without consideration and approving others but with the same classification as cigarettes. He stated that the ruling means that the FDA will now have to go

back and review each product, which may reclassify most vaping products. A. McDonald explained that many products will likely be considered non-taxable but that these determinations will be happening on an ongoing basis, which will make tracking and reporting sales for tax purposes a nightmare. He concluded with details of a recently released study by the FDA which reported a 41% drop in youth vape usage last year, with an overall 61% drop since 2019. He stated that it takes responsible business owners to help those numbers move in the right direction.

**Mr. Cleworth** asked A. McDonald if he orders his products from a local wholesaler. A. McDonald shared that he has to order from out of state. He gave details on how he reports taxes each month.

*Janet Zimmerman (via Zoom)* – J. Zimmerman shared that one week prior, both of her vehicles had been towed by the City due to not being moved in preparation for snow plowing. She stated that she was unaware of the plowing activities, and that morning she went outside to engage with the City staff member to let them know she would be leaving for work shortly thereafter. She reported that the employee gave her five minutes to have the vehicle moved, which she believes she followed, but when she came back, the vehicle was already being towed and the employee had moved on. J. Zimmerman expressed frustration that the vehicle was towed, especially considering that in the half hour she waited for a coworker to come pick her up, none of the machinery had made it to her neighborhood yet. She stated she does not understand why she was not allowed the courtesy of a few extra minutes. She shared that she has never had this kind of issue occur before.

**Ms. Sprinkle** recalled that anytime snow removal is scheduled in her neighborhood, orange cones with signs are placed well in advance to alert citizens. She asked whether that had occurred in this case. J. Zimmerman stated that apparently there were such notices in place, but she had not left her residence the entire weekend and did not see the cones from her window due to a vehicle and trees blocking her view. She added that the Public Works website did not reference her neighborhood as being scheduled for snow removal when she checked in the week prior.

**Mr. Marney** shared that his neighborhood is going to be plowed the following day, and the orange stanchions were in place and very visible more than 24 hours ahead of time.

*Becca Pavlovic (via Zoom)* – B. Pavlovic spoke about a problem property across from where she lives near Rickert Street and 23rd Avenue. She acknowledged that the City is currently helping but expressed frustration with matters only getting worse over the years. She described problems including individuals freezing to death, urinating in public, fighting, constant foot and vehicle traffic, women exiting the building beaten and crying, and more. She shared that she has been in contact with Public Works Director Jeff Jacobson but wanted to bring the issue to the Council's attention also.

**Mr. Ringstad** asked for the property address. B. Pavlovic stated it is at the corner of Rickert and 23rd, and the City contacted property owner who has since installed "No Trespassing" signs.

**Mayor Pruhs** invited B. Pavlovic to stay a while longer, as the issue would be addressed during his comment period of the agenda. He thanked her for bringing the matter to their attention.

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.

Ms. Sprinkle pulled item 12(b), Resolution No. 5112, from the consent agenda.

Mayor Pruhs called for objection to the APPROVAL of the agenda, as amended and, hearing none, so ORDERED.

Clerk Snider read the consent agenda, as amended, into the record.

**APPROVAL OF MINUTES FROM PREVIOUS MEETINGS**

a) Regular Meeting Minutes of February 26, 2024

APPROVED on the CONSENT AGENDA.

b) Regular Meeting Minutes of March 11, 2024

APPROVED on the CONSENT AGENDA.

c) Special Meeting Minutes of March 18, 2024

APPROVED on the CONSENT AGENDA.

**SPECIAL ORDERS**

a) The Fairbanks City Council held a public hearing and considered the following alcohol license application for renewal:

Lic. #	DBA	License Type	Licensee	Address
5169	HooDoo Brewing Company	Brewery	Fairbanks Fermentation, LLC	1951 Fox Avenue

Ms. Sprinkle, seconded by Mr. Marney, moved to WAIVE PROTEST on the alcohol license application for renewal.

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

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

YEAS: Marney, Ringstad, Cleworth, Sprinkle, Tidwell  
NAYS: None  
ABSENT: Rogers  
Mayor Pruhs declared the MOTION CARRIED.

- b) The Fairbanks City Council held a public hearing and considered the following marijuana license application for transfer of controlling interest:

Type/License: Retail Marijuana Store, License #17250  
DBA: Pipe and Leaf: Premium Alaskan Cannabis  
Applicant: Pipe and Leaf, LLC (transfer of controlling interest only)  
Location: 3546 Airport Way, Fairbanks

**Ms. Tidwell**, seconded by **Ms. Sprinkle**, moved to WAIVE PROTEST on the marijuana license application for transfer of controlling interest.

**Mayor Pruhs** called for public testimony.

Hailey Essig – H. Essig identified herself as one of the owners of the business. She shared that the State recently legalized drive-throughs, and her business has applied for one at this location.

**Mayor Pruhs** asked for clarification on what was changing with the application. H. Essig explained that she was the original full owner, but due to the State’s requirement that owners must qualify to receive a PFD to be eligible to hold a marijuana license, she transferred ownership to her father when she left the state due to her husband’s work. She clarified that they are now back in Alaska and qualify for ownership again, so this is a transfer of the license back to her.

**Ms. Sprinkle** stated that she was initially worried as she recalled seeing a transfer of ownership for the exact same business not long ago. She thanked H. Essig for attending the meeting to explain.

**Mr. Ringstad** asked for clarification on the addition of the drive-through she mentioned earlier. H. Essig explained that with the new allowance for drive-throughs, she has included that addition in their application to the State.

**Mr. Marney** pointed out that the drive-through was not referenced in the application before the Council. H. Essig clarified that she mentioned it to bring it to the Council’s attention. She explained that aside from obtaining the appropriate building permits, the City had no requirement for such an enhancement. She stated that if in the future the Council considered banning drive-throughs, she would hope they recall that it was a \$30,000 investment that she would hate to lose.

**Ms. Sprinkle** asked if this was the first marijuana retail store to have a drive-through option. H. Essig stated she believes there is another one in the borough but outside city limits.

**Mr. Marney** thanked H. Essig for coming to the meeting and speaking with the Council.

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

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO WAIVE PROTEST ON THE MARIJUANA LICENSE APPLICATION FOR TRANSFER OF CONTROLLING INTEREST AS FOLLOWS:

YEAS: Tidwell, Sprinkle, Ringstad, Marney, Cleworth  
NAYS: None  
ABSENT: Rogers  
**Mayor Pruhs** declared the MOTION CARRIED.

- c) The Fairbanks City Council held a public hearing and considered the following marijuana license application for transfer of controlling interest:

Type/License: Retail Marijuana Store, License #30593  
DBA: Pipe and Leaf: Premium Alaskan Cannabis  
Applicant: Pipe and Leaf, LLC (transfer of controlling interest only)  
Location: 899 Old Steese Highway, Fairbanks

**Ms. Sprinkle**, seconded by **Ms. Tidwell**, moved to WAIVE PROTEST on the marijuana license application for transfer of controlling interest.

**Mayor Pruhs** called for public testimony.

Hailey Essig – H. Essig confirmed that the transfer was similar to the previous one.

**Mr. Ringstad** asked if there were any differences. H. Essig clarified that the location is not conducive for a drive-through, so one is not included within the business plan.

**Mr. Cleworth** asked if Bill St. Pierre was still the owner of the building and if it was true that she was making a \$30,000 investment in a building that she does not own. H. Essig confirmed that was correct but stated that they are currently in a lease-to-own arrangement with Mr. St. Pierre. She stated there are family connections between them which have settled any concerns regarding the investment and overall future ownership plans.

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

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO WAIVE PROTEST ON THE MARIJUANA LICENSE APPLICATION FOR TRANSFER OF CONTROLLING INTEREST AS FOLLOWS:

YEAS: Ringstad, Marney, Sprinkle, Cleworth, Tidwell  
NAYS: None  
ABSENT: Rogers  
**Mayor Pruhs** declared the MOTION CARRIED.

- d) The Fairbanks City Council held a public hearing and considered the following alcohol license application for transfer of location and DBA name change:

Type/License: Beverage Dispensary, License #4720  
DBA: Corner Point Kitchen  
Applicant: Michael Rasmussen

Location: No Premises  
From Owner: Gallantino's, Inc.  
From DBA: Gallantino's Italian Restaurant  
From Location: 1446 S. Cushman Street, Fairbanks

**Mr. Ringstad**, seconded by **Mr. Marney**, moved to WAIVE PROTEST on the alcohol license application for transfer of location and DBA name change.

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

**Ms. Sprinkle** asked for clarification on the application. **Mayor Pruhs** explained that the business is no longer in operation and that the license owner is currently out of state. He added that the owner would like to hold onto the license and put it in a status of "no premises" in order to potentially move it to another location in the future. He clarified that this would place the license on hold, as transferring to a new location would trigger the same process for the Council to review. **Ms. Sprinkle** asked if this meant he would not be able to sell alcohol, host parties, or any other activity, while the license was in limbo. **Mayor Pruhs** confirmed that was correct.

**Mr. Cleworth** asked if there was a timeframe for "no premises" licenses to select a location or risk losing the license. Clerk Snider confirmed that there is a minimum number of hours that a license must be in operation during a two-year period and that this "no premises" status was a policy used by the Alcohol and Marijuana Control Office (AMCO) since such a scenario is not addressed in State statute.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO WAIVE PROTEST ON THE ALCOHOL LICENSE APPLICATION FOR TRANSFER OF LOCATION AND DBA NAME CHANGE AS FOLLOWS:

YEAS: Tidwell, Cleworth, Marney, Ringstad, Sprinkle  
NAYS: None  
ABSENT: Rogers  
**Mayor Pruhs** declared the MOTION CARRIED.

### **MAYOR'S COMMENTS AND REPORT**

**Mayor Pruhs** addressed the situation brought forth by J. Zimmerman regarding her vehicles being towed and impounded during snow removal. He shared that upon receiving her request to waive the impound fees, he reached out personally to hear her story, then met with associated staff from Public Works and the Engineering Department. **Mayor Pruhs** reported that policies and procedures were followed correctly, that photos taken by staff that morning clearly show that signage was visible, and that the tow truck driver gave an additional 15 minutes for J. Zimmerman to return. He stated that he waived J. Zimmerman's impound fees but not the towing fees. **Mayor Pruhs** reported that the City received \$70,000 from a previous application for funding to be used for a Community Paramedic vehicle. He acknowledged that they have not yet launched the program nor made any hiring decisions, but funding for the vehicle was a big first step. **Mayor Pruhs** shared that he had a 20-minute visit with an elderly, retired electrician, Walter Lord, who

had stopped by with a typed list of known electrical issues he was aware of which fall under the City's purview. He reported that the list was forwarded to the Engineering Department. **Mayor Pruhs** invited Housing and Homeless Coordinator Brynn Butler to address the issue of 23rd Avenue and Rickert Street.

B. Butler shared that she had come across online discussions regarding the property and noted that it has been a problem property for quite some time. She stated that after meeting with the Mayor on the matter, she went about contacting the property owner to initiate some of the efforts that had been acknowledged by B. Pavlovic earlier in the meeting. She reported that in under 24 hours, authorization was received from the owner to post "No Trespassing" signs and for the City to enter the property to remove individuals and clean up the site. **Mayor Pruhs** asked when that would occur. Chief of Staff Sanders responded that the work is scheduled for the following Thursday and will include the Fairbanks Rescue Mission, who will be able to offer services and care for any affected individuals who were occupying the property. B. Butler added that Fairbanks Police Department (FPD) had been notified to tow vehicles that were impeding the right-of-way. **Ms. Sprinkle** asked what was left to be cleaned up. B. Butler explained that the lot is inundated with debris and trash and that the only property that the owner has acknowledged should remain is a small bus and/or trailer. She reported that one individual present is adamant that they have a right to remain on the property, but she has confirmed that they do not.

**Mayor Pruhs** asked Human Resources Director Jake Merritt to provide a City-wide staffing update. J. Merritt reported that 182 of 200.5 total budgeted positions are currently filled, with the largest gaps existing at FPD and the Fairbanks Emergency Communications Center (FECC). He gave a thorough breakdown of the number of applications received and interviews performed for various positions. He provided more details about the FECC's process, as follows:

- In 2022
  - 82 applications were received, and all were invited to take the screening test
  - 45 completed the screening test, which evaluated capacity to work in a team setting
  - 15 (all who passed the previous test) moved forward to the background check stage
  - 13 of those were hired, 5 of which did not make it to 2 years for various reasons
- In 2023
  - 73 applications were received
  - 44 completed the screening test
  - 15 progressed to background checks
  - 6 were hired, 2 of which have since left

J. Merritt also gave current-year numbers for the FECC and added that only 18% of applicants typically make it to the background stage, with one third of those hired not staying long-term.

**Ms. Sprinkle** inquired about the vacant Structural Engineer position. J. Merritt confirmed that when he first came into his position, he had many discussions with the Mayor and Building Official Clem Clooten to discuss the vacancy. He recounted taking down the ad and reposting it to refresh its presence in certain areas, as well as speaking to local businesses to determine how they found qualified individuals for similar jobs. J. Merritt indicated that several companies reported approaching specific students in the UAF Engineering program and entering into hiring



commitments in exchange for educational support. He identified that one challenge with that approach is that the City would not have someone eligible to sign off on student work. He stated that they are now considering headhunting services to help find someone for the position and gave details on how that process works. He affirmed that the City has been doing all the right things, but the applicant pool for that particular job is small, and it is time to solicit help.

**Mr. Cleworth** asked for more information on the screening test used in the hiring process at FECC, noting the high failure rate of applicants. J. Merritt explained that the test comes from a national source and is consistent in the field. FECC Manager Kristi Merideth explained that they have been using the same test for 15-17 years, that many other dispatch centers use the same test, and that questions are generic and are meant to ascertain an applicant’s capacity to function in a team environment. **Mr. Cleworth** asked K. Merideth whether she feels comfortable with the test after all these years. K. Merideth stated that she is and that she appreciates being able to view answers on the backend, especially to compare an employee’s performance during the training process to how they initially answered questions in the test. She reported that performance is typically consistent with test results, which reaffirms her confidence in the process.

**Mr. Marney** asked if anyone had gone up to the university to meet the Dean of Engineering. J. Merritt stated that he has communicated with the Dean directly, which generated suggestions for different groups that he has since contacted. He noted that at least one of the companies he spoke with has reported similar struggles with filling this same kind of position.

**COUNCILMEMBERS’ COMMENTS**

**Ms. Tidwell, Mr. Marney, and Mr. Ringstad** each indicated they had no comments at this time.

**Mr. Cleworth** thanked the Mayor for being on top of all the public testimony from the evening.

**Ms. Sprinkle** reported that she had been invited to speak as a panelist at a recent housing action symposium on topics such as housing insecurity. She stated B. Butler and Ms. Tidwell were also in attendance and that there was a wide range of experts and professionals from across the industry with valuable information pertaining to construction and housing in Fairbanks’ unique climate.

**UNFINISHED BUSINESS**

- a) The Fairbanks City Council considered the below marijuana license application for renewal (POSTPONED from the Regular Meeting of March 11, 2024):

Lic. #	DBA	License Type	Licensee	Address
11051	Northlink, LLC	Standard Marijuana Cultivation Facility	Northlink, LLC	1550 Cushman Street, Suite B

*[Clerk Note: At the March 11, 2024 regular City Council meeting, Mr. Ringstad, seconded by Mr. Marney, moved to WAIVE PROTEST on the marijuana license application for renewal, and a public hearing was held. The motion remained on the floor.]*

**Mayor Pruhs** invited the business owner, Travis Fraser, to address the Council.

T. Fraser confirmed that he is the owner of the business as well as the retail store True Dank. He expressed frustration at being called out in the newspaper article which suggested that he has been delinquent with taxes. He stated that he is diligent in paying all obligations to both the State and City. He explained that there was a single instance where a payment to the State was considered late due to an error in a payment via bank transfer. T. Fraser spoke to the difficulty that owners in the marijuana industry have when trying to navigate the constraints with banking. He described having to show the State confirmation of the payments he had made by checks that they had already cashed but not applied to his account.

**Mayor Pruhs** asked T. Fraser if it was accurate to summarize the situation by stating that the State made an error in its accounting of his payments, which resulted in an inaccurate report being shared with the Council; he also asked for confirmation that T. Fraser was in good standing with his City taxes. T. Fraser indicated that was correct and that he pays a lot of money in taxes. He expressed his wish that the Council would have dug a little deeper before drawing conclusions.

**Mayor Pruhs** noted that the police activity report includes activity in the area of 15th Avenue and Cushman Street, even if it has nothing to do with the business. T. Fraser agreed that there are a lot of issues in that area and expressed hope that his tax dollars could help law enforcement's presence in that area continue.

**Mr. Ringstad** concurred that the dispatch report for license applications often includes a lot of incidents that have nothing to do with the actual business. He recalled the Council's concern about the notation from the State regarding payments, and he asked T. Fraser if marijuana business owners still experience the challenges of limited options to make State tax payments. T. Fraser shared that he is fortunate to be one of the few individuals in the pilot program with MAC Federal Credit Union, which was one of the reasons the aforementioned late payment occurred. He noted that overall, it is a benefit to not have to regularly travel to Anchorage with large quantities of cash, but many other business owners must. **Mr. Ringstad** thanked T. Fraser for attending the meeting.

**Mr. Marney** expressed appreciation for T. Fraser's presence.

**Mr. Cleworth** referenced common complaints about the smell of marijuana cultivation in the area of South Cushman Street and the Mitchell Expressway. He acknowledged that this is not the location of Northlink but asked T. Fraser if he was familiar with the problem. T. Fraser indicated that he has his own problems to deal with.

**Mr. Ringstad** stated that he also notices the smell in the area Mr. Cleworth referenced but stated that he does not smell it when he drives past T. Fraser's business.

**Mayor Pruhs** shared that he recently spoke to the other cultivator in that area about the odor issue, and they are checking their filters. T. Fraser agreed that it can be tough to contain the odor, but filters do a pretty good job as long as the carbon filters are changed regularly.

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

YEAS: Cleworth, Marney, Ringstad, Sprinkle, Tidwell  
NAYS: None  
ABSENT: Rogers  
**Mayor Pruhs** declared the MOTION CARRIED.

### NEW BUSINESS

- a) Resolution No. 5111 – A Resolution Authorizing the City of Fairbanks to Apply for Funds from the Alaska Division of Homeland Security for the FFY2022/2023 State and Local Cybersecurity Grant Program (SLCGP). Introduced by Mayor Pruhs.

APPROVED on the CONSENT AGENDA

- b) Resolution No. 5112 – A Resolution Authorizing the City of Fairbanks to Apply for Funds from the FFY2025 Congressionally Directed Spending (CDS) Appropriations through the Alaska Municipal League (AML). Introduced by Mayor Pruhs.

**Mr. Cleworth**, seconded by **Ms. Sprinkle**, moved to APPROVE Resolution No. 5112.

**Ms. Sprinkle** asked if the items listed under the Capital Budget section for Public Works were new items. **Mayor Pruhs** explained that they will need to purchase a loader and a backhoe in the next year or two, and that this opportunity to apply for funding from AML would cover a large portion of the cost. **Ms. Sprinkle** indicated that she wants to understand how the resolution connects to the equipment needs and purchase plans in the regular budgeting process. **Mayor Pruhs** suggested the Council view the item like a third-party shopper fulfilling an order who sees an opportunity too good to pass up. **Ms. Sprinkle** stated that she did not know AML did that type of thing. **Mayor Pruhs** noted that he was not aware either until it was brought to his attention by Grants Administrator Sarah Fuerst.

**Mr. Ringstad** referenced the budget book and pointed out that one machine was in the 2024 budget but the other was not. CFO Margarita Bell clarified that the backhoe listed in the budget is different than the one in the resolution and stated that both are needed.

**Mr. Cleworth** noted that while the language refers “congressionally directed” spending through AML, not all communities are members of AML. He asked if those communities are excluded from accessing the funds. CFO Bell confirmed that the funds are available only to AML members. **Mr. Cleworth** expressed disagreement that nonmembers should be discriminated against.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE RESOLUTION NO. 5112 AS FOLLOWS:

YEAS: Ringstad, Tidwell, Sprinkle, Marney, Cleworth  
NAYS: None

ABSENT: Rogers  
**Mayor Pruhs** declared the MOTION CARRIED and Resolution No. 5112 APPROVED.

- c) Resolution No. 5113 – A Resolution Authorizing the City of Fairbanks to Apply for Funds from the FFY2025 Congressionally Directed Spending (CDS) Appropriations for an Interior Regional Stabilization Center. Introduced by Mayor Pruhs.

APPROVED on the CONSENT AGENDA

- d) Ordinance No. 6277 – An Ordinance Authorizing Additional Matching Funds for the Cowles Street Reconstruction Project and Amending the 2024 Capital Budget. Introduced by Mayor Pruhs.

ADVANCED on the CONSENT AGENDA

- e) City Tobacco Products Distribution and Excise Tax Discussion

**Mayor Pruhs** explained that it was evident after the last meeting that this was a topic the Council would like to discuss further. He invited City Attorney Thomas Chard to provide a report.

Attorney Chard stated that the City of Fairbanks raised its tobacco tax from 8% to 20% in October 2023, effective January 1, 2024, and the Fairbanks North Star Borough enacted an identical increase in March, effective July 1, 2024. He stated that the impact of the Borough's decision is that wholesalers located within the city will pay a 40% excise tax: 20% to the City and 20% to the Borough. He explained that the Borough's taxing authority flows from the State Constitution through the legislature and that in some cases the Borough exempts certain taxation inside the city, such as alcohol tax. He noted that no such exemption exists in Borough code for tobacco taxes.

**Mr. Ringstad** pointed out that before the two changes, both entities had a rate of 8%, so businesses within the city were paying 16%, while those outside the city were paying 8%.

**Ms. Sprinkle** suggested that Borough Assemblymember Scott Crass, who was attending via Zoom, may have additional information. **Mayor Pruhs** asked if S. Crass would give an overview of the Borough ordinance, discuss how the ordinance affects the City, and take some questions.

S. Crass stated that the Borough's rate had not changed since 2004, and he had initially discussed the issue with Mr. Marney with the hope of crafting a creative solution. He noted the challenge that only 3.5% of wholesale tobacco distribution fell outside of the cities of Fairbanks and North Pole and explained that there were legal distinctions between excise taxes and sales taxes, such as the bed tax and alcohol tax.

**Mayor Pruhs** stated that the City received an additional \$100,000 in January 2024 which, because of the tax cap, will provide relief on real estate taxes. He indicated that significant changes may increase property taxes, which will necessitate a serious conversation with the Borough.

S. Crass discussed the Laffer Curve, considerations they took to determine the maximum level of taxation that would not impact revenues, and cited the inelastic nature of tobacco purchases due to the addictive nature of the product. He stated that the drop in usage is anticipated to be minimal compared to the increase in revenue but that income was not the primary reason for the change. He cited statistics of youth vaping and tobacco usage and asserted that raising the tax served mainly to combat those trends. He added that other state and national entities have highlighted increasing taxes as a proven lever to drive down the overall use of nicotine products.

**Mr. Ringstad** expressed concern that while only 3.5% of purchases occur outside the cities of Fairbanks and North Pole, that will likely increase dramatically as customers take their business outside of the cities. He pointed out that this would have zero effect on the Borough's revenue but massive repercussions to the cities.

S. Crass acknowledged the misunderstandings that have arisen, such as the notion that the cheapest place to buy smokes in town would be the gas station across from the largest high school in Fairbanks; he stated that is not how the excise tax works. S. Crass pointed out that 88% of the wholesale distribution occurs through larger retailers such as Costco and Fred Meyer. He shared that the discussions he has had with businesses has centered around loss of business to online sales.

**Mr. Cleworth** asked if the reason the Borough has some taxes stacked but not others is due to Borough code provisions or those of the State. Attorney Chard explained that according to his research, the State provides discretion to the Borough to choose whether or not to exempt both sales and excise taxes within municipalities. **Mr. Cleworth** asked S. Crass if he would be willing to sponsor a Borough ordinance to exempt the tobacco excise tax within the City, making it the same as the alcohol and bed taxes. S. Crass noted that the overall rate is still lower than the average levels across the state in other larger cities in Alaska. He indicated that he would be interested in exempting a portion but not the full amount, since almost 90% of the revenue the Borough would collect is within the city. **Mr. Cleworth** expressed appreciation to S. Crass for sharing his view but admitted that he wished his answer was different. He shared that the Council had similar concerns about flight [the potential loss of sales to online suppliers], which is why they settled on 20% after much deliberation. He stated that a 40% rate is extremely high for businesses.

**Mr. Ringstad** agreed that the Council had discussed how high was too high. He noted that a jump from a combined rate of 16% to 28% was tolerable but not 16% to 40%. He stated he believes that people will turn to online purchasing, which will result in lost revenue for the City and Borough.

**Mr. Marney** thanked S. Crass for his participation and acknowledged that he was only recently elected to the Borough Assembly. He discussed the history between the Council and Assembly and the Council's attempt to reach out to address certain issues in the past. He recalled former Assemblymembers accepting the City's invitation to attend Council meetings and expressed a wish that there had been more conversations regarding the ordinance and its impacts before it was introduced. **Mr. Marney** expressed his dismay that the Borough spent thousands of dollars on the Downtown 2040 Plan then took action that harms businesses within the city and drives sales to businesses outside city boundaries. He stated that compels him to not vote in support of the Plan.

**Mayor Pruhs** thanked S. Crass for taking time to discuss these difficult issues with the Council.

**Mr. Cleworth** indicated that he had further thoughts on the matter to share at a later time.

**Ms. Sprinkle** stated that she does not believe it is the end of the topic. She suggested that the Council may want to discuss drafting a resolution requesting that the Borough drop its rate. She recounted the work done to determine 20% as an acceptable target. **Mayor Pruhs** spoke to the significance of Mr. Marney's comments regarding the Downtown Plan and the impact of Borough decisions on businesses within the City. He indicated that this is an eye-opening experience. **Ms. Sprinkle** expressed her belief that S. Crass did not approach the issue in a damaging way and added that he is a thoughtful person. She stated that the Council should do more work on the issue.

**Mr. Ringstad** shared that he was not overly impressed with the Downtown Plan to begin with and that he is uncomfortable with the Borough outlining what the City should be doing without the City being involved at the front end. He highlighted this as another example of poor communication between the two entities, which is not good for the larger community. **Mr. Marney** agreed and expressed frustration with the difference in how the two groups approach each other and stated that there needs to be more conversation between the Council and the Assembly. He stated that the most important thing is what is best for the citizens of the community.

**Ms. Tidwell** conveyed her hope that the City and the Borough could come together down the road to figure out the problem. She confirmed that the issue of stacked taxes was never identified during the Council's discussions and that it was not her intention to see it jump to 40%.

**Mayor Pruhs** agreed with the sentiment that the City should have been approached about something that impacts businesses within city limits so drastically.

## **COMMITTEE REPORTS AND COUNCILMEMBERS' COMMENTS**

**Mr. Cleworth** discussed a recent email from the Chief of Police confirming the return of Officer Elzey for a summer assignment. He referenced the retirement of Officer Laska, speaking favorably of his work for the City, and asked if there was any additional information about the hint of another retired officer returning on a temporary basis. Chief of Police Ron Dupee shared that they have a meeting on Thursday to discuss specifics. **Mr. Cleworth** explained that the Downtown Plan has been in the works for about seven years, with Ms. Sprinkle and himself being involved heavily in the early stages, but the meetings seemed to stop. He stated that a consultant was brought in who met with the working group a couple times, but eventually the work and focus shifted to the consultant. He described the Plan as being fine overall and reminded the Council that it was drafted intentionally to not get too far into the weeds. **Mr. Cleworth** acknowledged that some of the items Mayor Pruhs put forth had been incorporated but that the Council ultimately has the opportunity to revise components that affect the City. He stated that the Assembly would not be able to pass a version of the plan that differs from what the Council approves and that they will have another bite at the apple within the next month or two. **Mr. Cleworth** suggested that the Council might want the Borough Assembly to consider changing its Code to treat the excise tax the same way it treats sales taxes. He reported that the Assembly's vote on the issue was close – just five to four – so there may be Assembly members willing to consider a different approach. **Mr. Cleworth** recalled that Assemblymember Lajiness had proposed an amendment to keep the Borough's rate at 8%, but it failed. He stated that he believes the Council should encourage the Assembly to revisit the issue

and keep its Code consistent between all taxes. He asked others if they agreed. All members present came to a consensus that the sentiment suggested by Mr. Cleworth could be conveyed.

**Mr. Ringstad** indicated that he had no further report or comments.

**Ms. Tidwell** reported having attended the housing symposium over the weekend and that Ms. Sprinkle and B. Butler did a great job as panelists during the event.

**Mr. Marney** asked to have his name added as a sponsor to Resolution No. 5113. **Ms. Tidwell** echoed the same request.

**Ms. Sprinkle** shared positive comments from a citizen who praised the snow removal work by Public Works this year and stated that she agreed with the citizen.

### **CITY CLERK'S REPORT**

Clerk Snider thanked the Councilmembers who were able to attend the kickoff session of the Citizen Engagement Academy. She reported that Alayna Nelson, the new Records Manager, will start working April 1 and invited Councilmembers to stop by and say hello.

### **CITY ATTORNEY'S REPORT**

Attorney Chard reported that the Attorney's Office was elated to have the new Legal Secretary, Nina Victorino, start working. He spoke about her experience with the court system and local law offices. He also encouraged Councilmembers to stop by to say hello and shared that he will provide details the following day regarding a going away event for the outgoing secretary, Ingrid Hinde.

### **EXECUTIVE SESSION**

**Mr. Cleworth**, seconded by **Mr. Marney**, moved to ENTER Executive Session to discuss Fairbanks Firefighters Union (FFU) Labor Negotiation Strategy and 109 5th Avenue Continued Abatement Procedures.

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

**Mayor Pruhs** called for a brief recess. The Council reconvened in Executive Session following the brief recess.

- a) 109 5th Avenue Continued Abatement Procedures (*entered at 8:20 p.m.*)
- b) Fairbanks Firefighters Union Labor Negotiation Strategy (*entered at 9:02 p.m.*)

**Mr. Cleworth** brought the City Council out of the Executive Session, noting that the City Council met in Executive Session to discuss FFU Labor Negotiation Strategy and 109 5th Avenue Continued Abatement Procedures. He affirmed that direction was given, but no action was taken.

The regular meeting resumed at 9:51 p.m.

**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.



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DAVID PRUHS, MAYOR

ATTEST:



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D. DANIELLE SNIDER, MMC, CITY CLERK

Transcribed by: CC