



FAIRBANKS CITY COUNCIL
AGENDA NO. 2014-15
REGULAR MEETING AUGUST 11, 2014
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

PRELIMINARY MEETING

6:00 P.M. WORK SESSION – Review of Log Cabin Options

REGULAR MEETING

7:00 P.M.

1. ROLL CALL
2. INVOCATION
3. FLAG SALUTATION
4. APPROVAL OF AGENDA AND CONSENT AGENDA

(Approval of Consent Agenda passes all routine items indicated by an asterisk (*). Consent Agenda items are not considered separately unless a Council Member so requests. In the event of such a request, the item is returned to the General Agenda).

5. CITIZENS COMMENTS, oral communications to Council on any item not up for Public Hearing. Testimony is limited to five (5) minutes. Any person wishing to speak needs to complete the register located in the hallway. Normal standards of decorum and courtesy should be observed by all speakers. Remarks should be directed to the City Council as a body rather than to any particular Council Member or member of the staff. In consideration of others, kindly silence all cell phone, electronic and messaging devices.
6. APPROVAL OF PREVIOUS MINUTES
 - *a) Regular Meeting Minutes of April 21, 2014
 - *b) Regular Meeting Minutes of May 05, 2014
 - *c) Regular Meeting Minutes of May 12, 2014
 - *d) Regular Meeting Minutes of June 09, 2014

7. SPECIAL ORDERS
8. MAYOR'S COMMENTS AND REPORT
9. UNFINISHED BUSINESS
10. NEW BUSINESS
 - *a) Resolution No. 4641 – A Resolution to Exclude Part-Time Employees from Participation in the Public Employees' Retirement System. Introduced by Mayor Eberhart.
 - *b) Resolution No. 4642 – A Resolution Awarding a Contract to XXXX for the Police Station Roof Replacement Project FB-14-26 in the Amount of \$XXX,XXX.XX. Introduced by Mayor Eberhart.
 - *c) Ordinance No. 5953 – An Ordinance Ratifying a Labor Agreement Between the City of Fairbanks and the Public Safety Employees Association, Fairbanks Police Department Chapter. Introduced by Mayor Eberhart.
11. DISCUSSION ITEMS (INFORMATION AND REPORT)
 - a) Committee Reports
12. COMMUNICATIONS TO COUNCIL
 - *a) Permanent Fund Review Board Meeting Minutes of April 30, 2014
13. COUNCIL MEMBERS' COMMENTS
14. CITY CLERK'S REPORT
15. CITY ATTORNEY'S REPORT
16. EXECUTIVE SESSION
 - a) John Eberhart vs. APOC
 - b) Labor Negotiations – Fairbanks Firefighters Union
17. ADJOURNMENT



FAIRBANKS CITY COUNCIL
REGULAR MEETING MINUTES, APRIL 21, 2014
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

The City Council convened at 7:00 p.m. on the above date, following a 5:30 P.M. Work Session with Explore Fairbanks (formerly Fairbanks Convention and Visitors Bureau) to discuss the Log Cabin Lease, to conduct a Regular Meeting of the Fairbanks City Council at the City Council Chambers, 800 Cushman Street, Fairbanks, Alaska, with Mayor John Eberhart presiding and with the following Council Members in attendance:

Council Members Present: Renee Staley, Seat A
 Perry Walley, Seat B
 Bernard Gatewood, Seat C
 Jim Matherly, Seat D
 Lloyd Hilling, Seat E
 Chris Anderson, Seat F

Absent: None

Also Present: Warren Cummings, Fire Chief
 Paul Ewers, City Attorney
 Janey Hovenden, City Clerk
 Jim Williams, Chief of Staff
 Carmen Randle, Controller
 Laren Zager, Police Chief

INVOCATION

The Invocation was given by City Clerk Janey Hovenden.

FLAG SALUTATION

Mayor Eberhart led the Flag Salutation.

CITIZEN'S COMMENTS

William Rogers, 408 Cushman Street, Fairbanks – Mr. Rogers stated that he owns McCafferty's Coffeehouse located in downtown Fairbanks and that he is also an employee of the City of Fairbanks. He addressed Resolution No. 4621 stating that he is mostly in favor of allowing a craft distillery in the core downtown area. He expressed some anxiety that his business would be a close neighbor of the distillery because his shop is a family-friendly environment. Mr. Rogers stated that his concern is that the Old City Hall building could potentially be a location where alcohol is served. He stated that the Alaska Legislature recently passed HB 309 allowing distilleries, like micro-breweries, to serve up to three ounces of alcohol to patrons. He stated that he is not against the idea of a distillery but indicated that he does have some concerns for the potential of alcohol being served in such close proximity to his business.

Victor Buberger, PO Box 58192, Fairbanks – Mr. Buberger thanked the City for repairing the potholes he had reported on 23rd Avenue and South Cushman. He stated that there are many more potholes throughout the City that need attention and suggested that the City hire some local workers to help with the repairs during the summer season.

Frank Turney, 329 6th Avenue, Fairbanks – Mr. Turney spoke to the article in the Fairbanks Daily News Miner (FDNM) announcing that the jury nullification bill will not make it to a vote this legislative session. He stated that Clay Conrad, a jury scholar and trial attorney in Texas, extensively reviews cases of jury nullification, racist juries and pro-segregation violence. He commented that racist communities can produce racist juries and elect racist police, prosecutors and judges. Mr. Turney stated that for more than 20 years he has been requesting that the FDNM print the truth about the founding of the Freedom of Press in the U.S. He explained that the freedom was founded upon the trial of John Peter Zenger who was acquitted by a jury in a case known as “The Zenger Trial.” Mr. Turney stated that Justices of the U.S. Supreme Court such as John Jay, Samuel Chase, Oliver Wendell Holmes and Harlan F. Stone all believed that a jury should have the right to judge the law. Mr. Turney stated that he attended a ceremony in downtown Fairbanks on Easter Sunday where multiple denominations came together to worship.

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

APPROVAL OF AGENDA AND CONSENT AGENDA

Mr. Matherly, seconded by **Mr. Gatewood**, moved to APPROVE the Agenda and Consent Agenda.

Mr. Walley pulled Ordinance No. 5945, Ordinance No. 5946 from the Consent Agenda.

Mr. Gatewood pulled Resolution No. 4621 from the Consent Agenda.

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

City Clerk Hovenden read the Consent Agenda, as Amended, into the record.

SPECIAL ORDERS

- a) The Fairbanks City Council, Sitting as a Committee of the Whole, heard interested citizens concerned with the following Appeal of Denied Application for a New Chauffeur License:

Applicant: Elliott Cruikshank

Mr. Anderson, seconded by **Mr. Gatewood**, moved to GRANT the Appeal of Denied Application for a New Chauffeur License.

Mayor Eberhart called for Public Testimony.

Frank Turney – Mr. Turney stated that it is difficult for the public to weigh in on Chauffeur appeals when all the background information is confidential.

City Clerk Hovenden informed Mr. Turney that copies of the appeal information are available to the public in the hall.

Mr. Turney stated that much of the information is considered confidential and is not available to the public.

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

Mayor Eberhart called for objection to DENYING the Chauffeur Appeal since Mr. Cruikshank did not appear to speak on his own behalf and hearing none, so ORDERED.

- b) The Fairbanks City Council convened as a Board of Adjustment in the matter of the below-stated administrative decision of the Fairbanks North Star Borough Planning Commission:

A request by Kal Kennedy for an additional lot size variance to the Multiple-family (MF) Residential zone minimum lot size requirement of 90,000 square feet to allow for a 69,606 square foot lot on Lots 1A, 1B & 1C, Block 04 of Executive Park Subdivision.

NOTE: The Board did not hear arguments nor take additional testimony or other evidence. Only the material contained in the appeal packet was considered.

Mr. Gatewood, seconded by **Ms. Staley**, moved to GRANT the Board of Adjustment Appeal.

City Attorney Ewers explained the appeal process to the Council and stated that he will take notes during the discussion so that he can prepare a draft of the findings and conclusions to present to the Council for approval at the next Regular Meeting. He encouraged the Council to state their opinions so that he can accurately formulate the findings and conclusions prior to the vote on the appeal.

Mr. Hilling asked if the Board of Adjustment's role is to determine whether or not to overturn the Borough's zoning ordinance in this case.

Mr. Ewers replied that in this case the Board of Adjustment's role would be to determine whether to grant the variance that has been requested.

Mayor Eberhart explained that years ago there was a foundation put in on the property and a variance was granted later when the zoning changed. He stated that there are already more units on the property than the zoning allows, due to that variance. He stated that his understanding is

that Mr. Kennedy would like to put three small apartments between the existing buildings to bring in more rental income.

Mr. Matherly stated that he is familiar with the area in which the property is located. He commented that it is difficult to have a discussion on the issue without the opportunity for public testimony. **Mr. Matherly** stated that he can understand the concerns of nearby residents with the variance request but commented that one cannot blame a property owner for wanting to use their property for rental income. He asked Mr. Ewers if the Council would have the deciding vote on the appeal.

Mr. Ewers replied affirmatively.

Mr. Matherly asked why the Council, sitting as a Board of Adjustment, has the power to override the Borough's decision.

Mr. Ewers explained that a change to the process to allow for public testimony at a Board of Adjustment would have to come about through a change in the Borough's Code of Ordinances. He stated that the Council has the final say on the appeal because the property lies within City limits.

Mr. Walley commented on the split vote on the appeal by the Borough. He stated that he is leaning towards voting to grant the appeal based on Mr. Kennedy's position. He pointed out that the Borough Planning Director agreed that the request would not bring about any negative impact on the community.

Mr. Hilling stated that he is careful not to mistake zoning for covenants in these types of considerations. He indicated that if there were not zoning regulations for City property, there would likely be covenants within areas of the City. He expressed his hesitation to go against the Borough zoning ordinance, stating that neighboring property owners expect zoning regulations to be maintained. **Mr. Hilling** commented that a decision to grant the appeal may infringe upon the value of the other property owners in the area. He deducted that property values may decrease because of the decreased restriction and that there could be a negative impact by allowing the variance. He stated that he is inclined to vote against granting the appeal. He added that those property owners within the City were deprived of the ability to create their own covenants because zoning regulations are in place.

Ms. Staley stated that according to the Planning Commission, 88 letters were sent to property owners in the area. She stated that there was very little response from property owners within the area. She pointed out that the City's representatives serving on the Borough's Planning Commission voted to grant the appeal. **Ms. Staley** stated that the property owner has indicated that he would like to improve the efficiency of the existing residence while constructing the rentals.

Mr. Matherly stated that the new construction will likely raise the property value and may spur the improvement of existing structures in the general area.

Mr. Gatewood stated that he is somewhat torn in his decision on the appeal. He commented that there are some things in the zoning regulations that he does not understand. However, he agreed with Mr. Hilling's stance that zoning regulations are in place for a reason and that by granting a variance it is in essence granting an individual property owner a special favor. **Mr. Gatewood** also expressed appreciation for Ms. Staley's comments in regard to Mr. Kennedy's goal to increase energy efficiency. He stated that he is still undecided on the issue.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO GRANT KAL KENNEDY'S BOARD OF ADJUSTMENT APPEAL AS FOLLOWS:

YEAS: Matherly, Walley, Staley, Gatewood, Anderson
 NAYS: Hilling
Mayor Eberhart declared the MOTION CARRIED and the Appeal Granted.

c) The Fairbanks City Council, Sitting as a Committee of the Whole, heard interested citizens concerned with the following Application for a New Liquor License:

Type: Beverage Dispensary – Duplicate
 DBA: The Attic
 Applicant: The Last Roundup, LLC
 Location: 2701 S. Cushman Street (Upstairs)

Mr. Gatewood, seconded by **Ms. Staley**, moved to WAIVE PROTEST on the Application for a New Liquor License.

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

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

YEAS: Walley, Matherly, Gatewood, Hilling, Anderson, Staley
 NAYS: None
Mayor Eberhart declared the MOTION CARRIED.

d) The Fairbanks City Council, Sitting as a Committee of the Whole, heard interested citizens concerned with the following Liquor License Applications for Renewal:

Lic #	Establishment Name	License Type	Premise Location	Owner Name
542	Geraldo's Restaurant	Beverage Dispensary	701 College Road	Garlic Lovers LLC
884	Pizza Hut #4	Restaurant/Eating Place	1990 Airport Way	Kurani Inc.
1475	Pizza Hut #5	Restaurant/Eating Place	89 College Road	Kurani Inc.
1920	Reflections	Beverage Dispensary	2406 S Cushman St	The Lighthouse Inc.
2851	Shenanigan's	Beverage Dispensary	2406 S Cushman St	Tiffany Park West Inc.

4168	Lower LA	Beverage Dispensary	636 28th Ave (downstairs)	Two Amigos, LLC
5169	HooDoo Brewing Company	Brewery	1951 Fox Avenue	Fairbanks Fermentation, LLC

Mr. Gatewood, seconded by **Mr. Matherly**, moved to WAIVE PROTEST on the Liquor License Applications for Renewal.

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

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

YEAS: Staley, Matherly, Gatewood, Hilling, Anderson, Walley

NAYS: None

Mayor Eberhart declared the MOTION CARRIED.

MAYOR'S COMMENTS AND REPORT

Mayor Eberhart stated that Explore Fairbanks (formerly known as Fairbanks Convention and Visitors Bureau) is requesting a long-term lease from the City of the log cabin near the Cushman Street bridge downtown so that they can sublease it to the Yukon Quest. **Mayor Eberhart** stated that Ordinance No. 5945 to ratify a collective bargaining agreement (CBA) with the IBEW has been pulled from the Consent Agenda and is up for its first reading. He stated that since the first ordinance to ratify the contract failed, there was an Executive Session where numbers were looked at more closely. He stated that he spoke with the City lobbyist earlier in the afternoon who indicated that revenue sharing will be reduced by \$3 million in the next state fiscal year, which will equate to a reduction of about \$80,000 for the City of Fairbanks. **Mayor Eberhart** announced that the Governor's proposal to pay down the Public Employees Retirement System (PERS) and Teachers' Retirement System (TRS) debt was approved and that the City's contribution rate should remain at 22%. He thanked state representatives for helping the City obtain \$250,000 towards the emergency service patrol program. **Mayor Eberhart** stated that the proposed IBEW contract is a total increase of 6.5% over a three-year period. He recalled that there was some discussion the last time the IBEW contract was before the Council about the consumer price index (CPI). He stated that Fairbanks uses the CPI issued out of Anchorage even though the Fairbanks North Star Borough calculates that the Fairbanks cost of living to be 7.6% higher than Anchorage and about 33% more expensive than the rest of the U.S. **Mayor Eberhart** spoke to the significant cost of negotiating contracts every year, primarily in staff time. He stated that IBEW employees have recently been notified that their contribution to health care has increased, thus reducing their take-home wage. He pointed out that many of the City's Department Heads are IBEW employees and expressed hope that the Council would not enter into an "us vs. them" mentality in regard to the contract. **Mayor Eberhart** spoke to the nature of labor negotiations and stated that he did his best to keep the Council informed of new or changing information throughout the bargaining process. He stated that the funding source for the proposed contract is the City's General Fund and added that CFO Jim Soileau's numbers are conservative. He stated his belief that the proposed agreement is within the authority granted to him by the Council and expressed hope that Ordinance No. 5945 would be advanced to the next

Regular Meeting. **Mayor Eberhart** stated that the City will continue interviewing for a new Human Resources (HR) Director through Wednesday. He stated that the expanded emergency service patrol program seems to be working well according to the daily reports from Lt. Welborn. He stated that he has requested that City Dispatch Manager Stephanie Johnson and Downtown Association Executive Director David van den Berg work together to compile a report showing what it would cost if the City's Fire and Police Departments responded to all those calls. **Mayor Eberhart** shared that the FNSB School District has agreed to fund the two School Resource Officers (SRO's) through June 30, 2014 since the federal grant has expired. He stated that the Council will have to decide what to do with the two positions that will be over the 2014 approved budget after that date. He explained that according to the Public Safety Employees Association (PSEA) contract, a police officer cannot be laid off while temporary positions are employed. He stated that Police Chief Zager has indicated that he can afford to fund one of the SRO positions through the end of 2014 by moving funds and that the other SRO could potentially move into a recently-vacated position within the department. **Mayor Eberhart** stated that surveying will begin in the summer for the Chena Riverwalk Trail on the north side of the river. He thanked City Clerk Hovenden for the quarterly report from the City Clerk's Office. **Mayor Eberhart**, in reference to a letter that he forwarded to the Council, stated that there has been a request from the Fairbanks Arbor Day Committee to plant a tree at City Hall on May 17. He stated that he would like Council direction on whether to plant the tree in honor of Patrick Cole or as a memorial to all City Mayors and Managers. **Mayor Eberhart** spoke to the many community activities and meetings the Mayor's Office has participated in since the last Council Meeting. He reminded the Council and City staff that Administrative Professionals' Day is April 23 and stated that the City could not function without its administrative staff.

UNFINISHED BUSINESS

a) Ordinance No. 5943 – An Ordinance to Repeal Fairbanks General Code Chapter 14, Article III Transient Vendors and Reenact it as Article III Multi-Vendor Events. Introduced by Mayor Eberhart. SECOND READING AND PUBLIC HEARING.

Mr. Matherly, seconded by **Mr. Hilling**, moved to ADOPT Ordinance No. 5943.

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

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5943 AS FOLLOWS:

YEAS: Hilling, Anderson, Walley, Staley, Matherly, Gatewood

NAYS: None

Mayor Eberhart declared the MOTION CARRIED and Ordinance No. 5943 ADOPTED.

b) Ordinance No. 5944 – An Ordinance to Amend Fairbanks General Code Chapter 14, Article XIII Business Licensing. Introduced by Mayor Eberhart. SECOND READING AND PUBLIC HEARING.

Mr. Matherly, seconded by **Ms. Staley**, moved to ADOPT Ordinance No. 5944.

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

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5944 AS FOLLOWS:

YEAS: Anderson, Gatewood, Staley, Hilling, Matherly, Walley

NAYS: None

Mayor Eberhart declared the MOTION CARRIED and Ordinance No. 5944 ADOPTED.

NEW BUSINESS

- a) Resolution No. 4621 – A Resolution in Support of Allowing Craft Distilleries in the Central Business District Zone. Introduced by Council Member Staley.

Mr. Hilling, seconded by **Mr. Anderson**, moved to APPROVE Resolution No. 4621.

Mr. Gatewood stated that he has some questions about some of the content in Resolution No. 4621. He asked how the distillery would complement the other existing uses within the central business district.

Ms. Staley replied that the distillery would bring more business to the retail locations within the core area. She referred to the distillery as a vodka museum because it would be a place for individuals to observe the process by which vodka is made.

Mr. Gatewood mentioned the recent change to the state legislature that could allow distilleries to operate similar to a bar. In reference to the fifth whereas, he stated that he is unsure of what type of noise or odor the distillery may produce. He asked what type of clientele the distillery may attract if it does not function like a bar.

Ms. Staley stated that the distillery may attract similar clientele to that of the HooDoo Brewery with the difference being that individuals would not be able to drink alcohol within the establishment.

Mr. Matherly empathized with both sides of the issue. He stated that he does not want to see another bar open in Fairbanks but acknowledged that the distillery would not operate exactly like a bar. He indicated that it might be nice to allow a way for the public to observe the distilling process and stated that it is a good opportunity to revitalize an existing building in the downtown area. He expressed his belief that owner Patrick Levy would be respectful to neighboring businesses and the needs of the community. **Mr. Matherly** asked if there is a possibility that the distillery could ever dispense more than three ounces to an individual.

Mr. Walley expressed his support for the distillery in downtown Fairbanks. He commented that if someone wanted to drink more than three ounces of alcohol there are many bars in the core area.

Mayor Eberhart stated that it makes sense that a liquor license application would have to be considered by the City Council before alcohol could be served at the distillery. He stated that if the Council had concerns about the issue of serving alcohol they could address them at that time.

City Clerk Hovenden confirmed that if the distillery wished to begin serving alcohol, the liquor license application would come before the Council for recommendation.

Mr. Hilling expressed his excitement for the unique idea of a vodka distillery in the core area. He spoke in strong support of Resolution No. 4621 stating that downtown Fairbanks is suffering and needs revitalization. He asked Ms. Hovenden about the cost of obtaining a liquor license.

Ms. Hovenden replied that the cost to the owners would be around \$2,500.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE RESOLUTION NO. 4621 AS FOLLOWS:

YEAS: Gatewood, Walley, Anderson, Matherly, Staley, Hilling

NAYS: None

Mayor Eberhart declared the MOTION CARRIED and Resolution No. 4621 APPROVED.

- b) Resolution No. 4622 – A Resolution Amending the Schedule of Fees and Charges for Services by Adjusting the Multi-Vendor Event Permit Fees. Introduced by Mayor Eberhart.

PASSED and APPROVED on the CONSENT AGENDA.

- c) Ordinance No. 5945 – An Ordinance Ratifying a Labor Agreement between the City of Fairbanks and the International Brotherhood of Electrical Workers Local 1547. Introduced by Mayor Eberhart.

Mr. Anderson, seconded by **Mr. Walley**, moved to ADVANCE Ordinance No. 5945.

Mr. Walley stated that he was excused from the last Council Meeting, including the Executive Session where the contract was discussed. He expressed appreciation for Mayor Eberhart's briefing on the issue and thanked Chief of Staff Jim Williams for explaining how much the negotiation process costs the City. **Mr. Walley** acknowledged that the City Council may not have asked the right questions during past Executive Sessions. He stated that he does not have a problem with unions and that he would support a one-year, 2.5% increase to IBEW employees. He distributed copies of a revised financial forecast if the proposed IBEW agreement were approved. **Mr. Walley** stated that he is not in favor of advancing Ordinance No. 5945. He spoke to the changes to the financial forecast since the last time it was presented to the Council and pointed out that the forecast shows that the City will still face a \$386,000 deficit in 2016 if

the three-year agreement is ratified. He asked Mayor Eberhart when the reduction in state revenue sharing would occur.

Mayor Eberhart replied that he was informed that the reduction would take effect in SFY2015, beginning July 1, 2014.

City Controller Carmen Randle stated that she is unsure of the dates of the state's payments to the City. She stated that the funding falls under the line item "Intergovernmental Revenues" in the forecast.

Mr. Walley asked the City Council why they are considering a three-year contract with the IBEW when they agreed upon a one-year contract with the AFL/CIO for 2014. He quoted FGC Section 42.1(2)(n)(5) & (6) that speaks to consistency between bargaining units and wage reopeners, respectively. He stated that he would be willing to agree to a one-year contract with the IBEW with wage reopeners in 2015 and 2016. **Mr. Walley** expressed his opinion that the City would be essentially pulling from its savings to fund a three-year agreement. He spoke to other unions that have made agreements with the State of Alaska for a lesser increase over a three-year period. He asked fellow Council Members to vote in opposition to advancing Ordinance No. 5945 for a second reading.

Mr. Hilling stated that he is a retired union member and that he respects the goals of a union to be fair to both sides. He expressed his belief that the City works with unions as a team and stated that if he votes against advancing the agreement it does not mean that he has an aversion to union employees. **Mr. Hilling** spoke to what bargaining with good faith means to him and to the need for consistency among union contracts. He stated that the current proposed contract is not equivalent to the contract that the Council ratified for the AFL/CIO and expressed concern that there may be dissatisfaction if the unions are treated inconsistently. **Mr. Hilling** addressed the 2.5% increase and stated that if the union members are locked into a three-year contract and deflation occurs during that time, they will suffer. He indicated that it is best to reopen negotiations every year. **Mr. Hilling**, referring to the General Fund as savings, spoke against using it as a source of funding for the IBEW contract in future years. He briefly addressed the possibility of another recession and the effects it would have on the City and the local economy. He stated that it is imperative that the Council vote against the advancement of Ordinance No. 5945.

Mr. Matherly recalled the testimony from Lake Williams, President of the AFL/CIO Crafts Council, when he stated that he would be following the negotiations between the City and the other unions. He stated that the AFL/CIO negotiated in good faith for a one-year contract and recognized the Council's concern with funding in future years. **Mr. Matherly** asked Mayor Eberhart to speak to what he believes is fair.

Mayor Eberhart stated that the proposed contract offers the same increase in 2014 as the AFL/CIO contract offered. He explained that the City could still negotiate a 2% increase to the AFL/CIO and other unions in 2015 to match the increase for IBEW in 2015. **Mayor Eberhart** stated that if Ordinance No. 5945 fails to advance, all parts of the contract will be susceptible to negotiation. He stated that he does not intend to run a deficit in the City's budget and reminded

the Council that the projections are very conservative. He stated that he and Chief of Staff Jim Williams have been exploring ways to increase efficiency and cut unnecessary costs.

Mr. Matherly asked if the main reason Mayor Eberhart opposes the idea of a one-year contract is because of the drain negotiations have on City resources and staff.

Mayor Eberhart stated that according to his memory, both sides expressed interest in a long-term contract because it would provide certainty to the City and the employees for the next two years. He replied that the cost in staff time and resources is not the only reason he does not recommend a one-year agreement. He commented that in his experience with labor negotiations, a 6.5% total increase over a three-year period is lower than inflation has run historically and is a good deal for management.

Mr. Matherly commented that it is a top priority as a Council Member to be fiscally prudent. He stated that there is a great deal of pressure on the Council to be fair with taxpayer dollars.

Ms. Staley stated that she is hesitant to vote in support of a three-year agreement given the decrease in state revenue sharing. She stated that there are too many unknowns regarding funding in future years. She agreed with Mr. Matherly's comments on the need to be fiscally prudent.

Mr. Gatewood stated that he believes it is admirable that the Council makes an effort to treat all unions fairly but indicated that it is not possible to treat them all exactly the same. He explained that each union is different and each has its own needs. **Mr. Gatewood** stated that it seems the Council generally feels that union negotiations should be reopened every year for monetary items. He recommended that the Council be fair in the future in the sense that they go into negotiations with the known intent of having wage reopeners each year. He indicated that it is the prerogative of the Council to change their minds. **Mr. Gatewood** stated that he is willing to vote to advance Ordinance No. 5945 and even though the forecast shows a shortage in 2016, he trusts Mayor Eberhart to not run a deficit. He stated that there is uncertainty for the City, for union members and for all local residents and spoke to being cautious with these types of considerations. He stated his intent to vote in favor of advancing Ordinance No. 5945.

Mr. Anderson also expressed his intent to vote for advancement. He spoke to the significance of the IBEW employees to the City of Fairbanks and stated that the City should take care of their own employees. He commented that if the Council were to vote against the advancement of Ordinance No. 5945 it may have a negative effect on employees, cost the City financially and possibly lead to arbitration. **Mr. Anderson** stated that he believes in Mayor Eberhart's ability to be fiscally responsible.

Mr. Matherly expressed appreciation for the discussion and spoke to the effects that the Council's vote could have on employee morale.

Mr. Walley acknowledged Mayor Eberhart's comment that he does not wish to run a deficit and stated that the Council does not intend to run a deficit either. He stated that the cost-saving measures and improvements to efficiency that are being looked into are not yet a reality and that by approving the proposed contract without those items place would be putting the cart before

the horse. **Mr. Walley** recommended that the Council approve only a one-year contract right now and try to identify additional revenue sources for future years.

Mr. Matherly asked Mayor Eberhart to weigh in on the odds that the IBEW would agree to the same rate increases for future years if the contract was rejected for the second time. He spoke to the possibility of arbitration and asked Mayor Eberhart to address that as well.

Mayor Eberhart stated that if the contract were to go to arbitration, an arbitrator would look at the wages, benefits and health care costs of other union employees in municipalities across Alaska. He indicated that the City of Fairbanks' contribution towards health care premiums is fairly low in comparison to other Alaskan cities. **Mayor Eberhart** stated that arbitration would be a substantial risk to the City and could bring about the issue of non-funding. He again stated that the current proposal provides certainty to both parties. He stated that the City had an estimated \$800,000 surplus in 2013 which was placed in the General Fund. He compared the Council's belief that the City cannot afford the three-year contract to an individual claiming to be broke after transferring all their money from their checking to savings. **Mayor Eberhart** stated that the City is currently in good financial standing.

Mr. Matherly asked Mayor Eberhart if he would call the General Fund an identifiable funding source.

Mayor Eberhart replied that he does not fully agree that the General Fund could be identified as the funding source for the IBEW contract but that it is healthy enough to serve as a buffer in the event of a shortfall.

Mr. Matherly stated that it is not his intent to single out the IBEW and indicated that he is trying to consider all four unions the City enters into contract with. He stated that the Council needs to be good stewards of City funds.

Mr. Hilling stated that if he were mayor, he believes it would be a violation of trust to guarantee that there would not be a deficit in future years. He stated that in 2001 the Council agreed to a three-year contract with a union and later found out that revenue sharing would be cut drastically. He spoke to the incredible drop in the Permanent Fund in 2008 and stated that there is no assurance that such a decline will not happen again. **Mr. Hilling** recalled inflation rates being much higher in the 70's 80's and 90's than they currently are. He stated that union members may be relieved if the Council does not vote to advance the agreement.

Mayor Eberhart clarified his earlier statement that he does not plan to run a deficit in future years. He pointed out that he must present the Council with a balanced budget every year to help ensure that a shortfall does not occur. He stated that there is still plenty of money in the General Fund to cover costs even if revenue sharing were to dry up completely.

Mr. Matherly asked if the union could make any claim that the City failed to negotiate in good faith in the event that the agreement does not advance.

City Attorney Ewers replied in the negative.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADVANCE ORDINANCE NO. 5945 AS FOLLOWS:

YEAS: Gatewood, Anderson
NAYS: Matherly, Hilling, Walley, Staley
Mayor Eberhart declared the MOTION FAILED.

- d) Ordinance No. 5946 – An Ordinance Amending the 2014 Operating and Capital Budgets for the Second Time. Introduced by Mayor Eberhart.

Mr. Anderson, seconded by **Mr. Gatewood**, moved to ADVANCE Ordinance No. 5946.

Mr. Walley stated that the City Code requires the minimum General Fund balance to remain at 20% of the total budgeted expenditures at all times. He stated that he would like to take that excess money off the table so that the unions cannot argue that the City has more than enough money to fund multi-year labor contracts. **Mr. Walley** pointed out that if the money were moved into investment accounts, it could grow more assets for the City.

Mr. Walley, seconded by **Mr. Hilling**, moved to AMEND Ordinance No. 5946 by removing all budget changes pertaining to the IBEW labor contract and by transferring \$3 million of the unassigned balance of the General Fund to the Permanent Fund and by transferring \$1 million of the unassigned balance of the General Fund to the Capital Fund.

Mr. Walley stated that by moving \$3 million into the Permanent Fund, it would increase the fund by at least an additional \$60,000 annually. He stated that his projections show that there would still be an excess unassigned balance in the General Fund for the next few years even if the \$4 million were transferred out.

Mr. Gatewood stated that **Mr. Walley's** motion is a good idea and that he always likes to see the City's Permanent Fund grow.

Mr. Matherly agreed that the transfer falls in line with being good stewards of taxpayers' dollars.

Mayor Eberhart clarified that any money placed in the Capital Fund cannot be used for any purpose other than capital projects. He also clarified that there is a stipulation on the Permanent Fund that the City may only draw down 4.5% for operational purposes and 1% for capital projects annually. He asked Ms. Randle to confirm the percentages.

Ms. Randle read aloud Charter Article VIII, Section 8.8(b)(2) which states that the percentages are 4% and 0.5%, respectively.

Mr. Hilling asked how much money was allocated to the Capital Fund from revenues in the last budget cycle.

Ms. Randle stated that the City allocated just over \$2.3 million to the Capital Fund, including a \$511,442 transfer from the Permanent Fund.

Mr. Hilling stated that if the City needs more money in the General Fund in future years, they could choose not to allocate as much to the Capital Fund during budget review and approval.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO AMEND ORDINANCE NO. 5946 AS FOLLOWS:

YEAS: Staley, Matherly, Gatewood, Hilling, Anderson, Walley

NAYS: None

Mayor Eberhart declared the MOTION CARRIED.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADVANCE ORDINANCE NO. 5946, AS AMENDED, AS FOLLOWS:

YEAS: Walley, Matherly, Gatewood, Hilling, Anderson, Staley

NAYS: None

Mayor Eberhart declared the MOTION CARRIED.

DISCUSSION ITEMS

Committee Reports

FMATS Policy Committee – **Mr. Walley** stated that at the last meeting, the Committee directed FMATS staff to prepare amendments to the organizational agreement bylaws and the coordinator’s office agreement to bring back to the Committee for recommendation. He stated the Policy Committee forwarded comments to the Department of Transportation and Public Facilities (DOT/PF) headquarters regarding the planning fund distribution between FMATS and AMATS (the Anchorage equivalent). **Mr. Walley** stated that FMATS should be receiving at least 40% more than last year in planning funds. He stated that Committee also addressed the following items at the last meeting: reviewed the project scope for a freight plan and forwarded it to the Technical Committee for recommendation; forwarded comments on the Department of Environmental Conservation’s (DEC) proposed air quality and transportation conformity regulations; and performed a final review on the historical plaques. He stated that the South Cushman project is currently out to bid.

Public Safety Commission – **Ms. Staley** stated that the Commission received an update on the City’s Dispatch Department. She expressed excitement for the possibility of FPD providing a downtown foot patrol in the core area during the summer months.

Golden Heart Parking Services (GHPS) Board – **Ms. Staley** stated that numbers are down for parking tickets issued by GHPS. She shared that the gate arm to the parking garage is malfunctioning and is awaiting repair. **Ms. Staley** stated that there is a new administrative employee in the GHPS office. She happily reported that she has found a new member to fill the final vacancy on the Board. She cautioned the general public to be careful not to park in handicapped spots without a permit to do so.

COMMUNICATIONS TO COUNCIL

- a) Chena Riverfront Commission Meeting Minutes of February 12, 2014.

ACCEPTED on the CONSENT AGENDA

- b) Clay Street Cemetery Commission Meeting Minutes of March 5, 2014.

ACCEPTED on the CONSENT AGENDA

COUNCIL MEMBERS' COMMENTS

Mayor Eberhart reminded Council Members to give their thoughts on the Arbor Day Committee's request to plant a tree at City Hall.

Mr. Matherly stated that he is okay with having a tree planted in honor of the mayors and managers who have served the City of Fairbanks. He thanked Public Works Director Mike Schmetzer and his team for quickly responding to a call from one of his constituents regarding flooding in the street. **Mr. Matherly** expressed his desire to be a team player in labor negotiations and stated that he votes according to what he feels is right. He commented that he looks forward to meeting with Mayor Eberhart and the negotiating team in the future to continue to work towards an agreement.

Mr. Hilling spoke to his aversion to renaming a city hall after an individual stating that it is more appropriate to memorialize a building for an individual. He stated that he would prefer that the new Arbor Day tree be planted in honor of City mayors and managers. **Mr. Hilling** asked if the estimated \$6 million minimum General Fund balance could be placed in an interest-bearing account so that it could also benefit the City.

Ms. Randle stated that the City keeps about \$2 million dollars of the minimum balance in the bank account and the rest is invested in the Alaska Municipal League (AML). She explained that keeping some money in the bank helps lower the banking fees.

Mr. Hilling asked what kind of return the City receives on the money invested with AML.

Ms. Randle replied that the interest rate is less than one percent. She stated that Chief Financial Officer Jim Soileau has to move money around quite often to ensure that there are enough funds in the bank to pay the City's expenses and payroll.

Mr. Anderson stated his preference that the tree be planted in honor of mayors and managers. He commented that he enjoyed the evening's discussion.

Mr. Gatewood stated that he believes each Council Member should support the prevailing vote even if it was not the way they voted. He indicated that the Council may be a body that is still trying to find their identity and that they tend to vote on the conservative side as a whole. He expressed appreciation for the discussion during the meeting and to his fellow members. **Mr. Gatewood** commented that morale is overrated and that he was once told that the best way to

deal with low morale is to fire all the unhappy employees. **Mr. Gatewood** stated that he too would like to see the tree planted in honor of City mayors and managers.

Mr. Walley stated that he would like to see the Arbor Day tree planted for the City mayors and managers. He spoke with excitement about the possibility of a vodka distillery in downtown Fairbanks. He thanked Mayor Eberhart for reminding him of the upcoming Administrative Professionals' Day. **Mr. Walley** thanked the City's negotiating team for their hard work and time dedicated to union negotiations. He expressed hope that the Council could be more concise and specific when giving direction to the negotiating team in the future. He thanked Mike Schmetzer and his crew for responding quickly to a flooding issue he recently had on 5th Avenue.

Ms. Staley agreed that the tree should be named in honor of City mayors and managers. She expressed appreciation for the evening's discussion and fellow members of the Council. She indicated that the vote on the IBEW ordinance may have been one of the toughest issues she has ever had to vote on. **Ms. Staley** acknowledged the hard work of the City's negotiating team. She thanked the Council for their support of a vodka distillery in the core downtown area. She stated that she is always excited to learn about new ideas and ways to revitalize and rejuvenate downtown Fairbanks.

CITY CLERK'S REPORT

Clerk Hovenden advised that she provided a written report in each Council Member's packet.

ADJOURNMENT

Mr. Gatewood, seconded by **Mr. Matherly**, moved to ADJOURN the meeting.

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

Mayor Eberhart declared the Meeting adjourned at 9:40 P.M.

JOHN EBERHART, MAYOR

ATTEST:

JANEY HOVENDEN, MMC, CITY CLERK

Transcribed by: DS



FAIRBANKS CITY COUNCIL
REGULAR MEETING MINUTES, MAY 05, 2014
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

The City Council convened at 7:00 p.m. on the above date, to conduct a Regular Meeting of the Fairbanks City Council at the City Council Chambers, 800 Cushman Street, Fairbanks, Alaska, with Mayor John Eberhart presiding and with the following Council Members in attendance:

Council Members Present: Renee Staley, Seat A (Telephonic)
Perry Walley, Seat B
Bernard Gatewood, Seat C
Jim Matherly, Seat D
Lloyd Hilling, Seat E
Chris Anderson, Seat F

Absent: None

Also Present: Warren Cummings, Fire Chief
Margarita Bell, Grants Administrator
Paul Ewers, City Attorney
Janey Hovenden, City Clerk
Jim Williams, Chief of Staff
Stephanie Johnson, Dispatch Center Manager
Jim N. Soileau, Chief Financial Officer
Laren Zager, Police Chief

INVOCATION

The Invocation was given by City Clerk Janey Hovenden.

FLAG SALUTATION

Mayor Eberhart led the Flag Salutation.

CITIZEN'S COMMENTS

Bob Eley, 931 Fourth Avenue, Fairbanks – Mr. Eley provided an update on the Fairbanks Community Museum. He stated that more than 250 students recently toured the museum and that there are five more tours scheduled for the near future. He stated that museum staff is looking forward to the increase in visitors with the upcoming summer and tourist season. He stated that last year the museum was host to 6,112 visitors and has already had nearly 2,500 visitors this year. Mr. Eley stated that 5th Avenue between Cowles and Kellum Streets between 1st and 10th Avenues are deteriorating and crumbling. He requested that the City take a look at the streets to see what can be done.

Mr. Hilling asked Mr. Eley if he could speak to the reason for the projected increase in tourism in Fairbanks for the summer of 2014.

Mr. Eley stated that it could be due to an increase in highway-traveling visitors. He stated that the Fairbanks Community Museum is advertised in many of the visitor guides.

David van den Berg, 332 Slater Drive, Fairbanks – Mr. van den Berg stated that he is the Executive Director of the Downtown Association (DTA) of Fairbanks. He referenced the handout he distributed to the Council and provided an April report on the income and expenditures of the newly-expanded Community Service Patrol (CSP). Mr. van den Berg outlined the number of calls for service and the number of transports in the month of April and pointed out that there has been an approximate 100% increase in each since the expansion. He indicated that the organization may have to increase staffing from three to five officers. He explained page three of the handout which graphed the physical location of each CSP call within the City.

Mayor Eberhart stated that he receives a daily report from FPD of the previous day's calls. He asked if the increase to police calls on May 1 and 2 were due to CSP staff shortages.

Mr. van den Berg replied that staffing was short for the last few days of April and the first two days of May. He stated that the total staffing for April was an average of three, but announced that a new ambassador has been hired and will be fully trained within the next week. He indicated that the CSP may begin looking for a fifth ambassador.

Victor Buberger, PO Box 58192, Fairbanks – Mr. Buberger spoke to the poor road conditions in the City of Fairbanks. He suggested that the City seek grant funding to repair and maintain existing streets. He stated that union workers work slower and do not do as good a job as non-union workers. Mr. Buberger stated that the City has the means to repair the potholes and should stop taking on additional projects until the repairs are made.

Mr. Matherly stated that Public Works Director Mike Schmetzer stays on top of things and asked Mr. Buberger if he is saying that Mr. Schmetzer does a terrible job.

Mr. Buberger suggested that Mr. Matherly drive down on the south side of town to see the poor pothole repair jobs that he was referring to in his testimony. He stated that when the repairs have to be redone it costs the City double the money.

Frank Turney, 329 6th Avenue, Fairbanks – Mr. Turney stated that he is in the downtown area quite often and that he has seen a significant improvement in the performance of the CSP. He spoke to the City, Borough and State funding for the CSP and questioned whether the \$250,000 contribution from the state would be coming this year or next year. Mr. Turney stated that he attended the arraignment of the suspect in the recent killing of the two Alaska State Troopers and offered his condolences to the families and friends of the officers. He shared that there will be a public memorial service at the Carlson Center on Saturday at 4 P.M.

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

APPROVAL OF AGENDA AND CONSENT AGENDA

Mr. Anderson, seconded by **Mr. Matherly**, moved to APPROVE the Agenda and Consent Agenda.

Mr. Gatewood pulled Resolution No. 4627 from the Consent Agenda

Mr. Hilling pulled Resolution No. 4623 and Resolution No. 4625 from the Consent Agenda.

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

City Clerk Hovenden read the Consent Agenda, as Amended, into the record.

APPROVAL OF PREVIOUS MINUTES

a) Regular Meeting Minutes of February 10, 2014.

PASSED and APPROVED on the CONSENT AGENDA.

b) Regular Meeting Minutes of February 24, 2014.

PASSED and APPROVED on the CONSENT AGENDA.

SPECIAL ORDERS

a) The Fairbanks City Council, sitting as a Committee of the Whole, heard interested citizens concerned with the below-referenced Application for Commercial Refuse Collector Permit.

Applicant: Waste Connections of Alaska, Inc.
D/B/A: Alaska Waste-Interior, LLC
Address: 3941 Easy Street

NOTE: FGC Sec. 14-366 states that final action must be taken by the City Council on all applications for Commercial Refuse Collector Licenses.

Mr. Gatewood, seconded by **Mr. Anderson**, moved to APPROVE the Application for a Commercial Refuse Collector Permit.

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

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE THE APPLICATION FOR A COMMERCIAL REFUSE COLLECTOR PERMIT AS FOLLOWS:

YEAS: Matherly, Hilling, Walley, Gatewood, Anderson

NAYS: None
ABSENT: Staley (temporarily disconnected)
Mayor Eberhart declared the MOTION CARRIED.

MAYOR'S COMMENTS AND REPORT

Mayor Eberhart stated that the U.S. Supreme Court recently made a decision that giving an Invocation at a City Council Meeting is constitutional. He stated that the issue was brought about by a challenge against Invocations elsewhere in the U.S. **Mayor Eberhart** expressed his deepest sympathies for the killing of Alaska State Troopers Scott Johnson and Gabe Rich and encouraged everyone to attend the memorial on Saturday. He requested a staff report on the cabin lease to Explore Fairbanks (FCVB) for the Yukon Quest.

City Attorney Ewers stated that there has been some concern that the proposal from FCVB may violate the constitutional prohibition and a City Code provision that speaks to providing public property or money for a private purpose. He stated that the complication is due to FCVB's intent to sell their lease-hold interest to the Yukon Quest and recoup some of the money they paid to the Chamber of Commerce in 1998. Mr. Ewers expressed doubt that the proposed agreement would be sufficient and indicated that the Council may have to explore other options. He stated that the lease will end on May 31 allowing the City to sell, lease or occupy the cabin.

Mr. Matherly asked City Attorney Ewers if he plans to have discussions with FCVB President and CEO Deb Hickock regarding the lease. He asked about the legal limitations of discussing the lease directly with FCVB.

City Attorney Ewers stated that if no action is taken, the lease will end and it will fall back to a month-to-month basis under the current terms of the lease. He expressed his assumption that the Yukon Quest would want some degree of assurance and stated that it will be up to the Council to give direction on how to proceed with the property.

Mr. Walley, assuming the City would take on the role of a landlord for the cabin, asked if a new lease would have to go out to public bid.

City Attorney Ewers stated that there is a Code provision that states that the Council may sell or lease property to other governmental agencies or non-profit organizations for less than fair market value if it is determined to be advantageous to the City.

Mayor Eberhart stated that the Council may add the cabin lease to the next Finance Committee Meeting agenda if they choose. He thanked Council Member Staley and Chief of Staff Jim Williams for staffing the F-35 booth at the Outdoor Show. He thanked Police Chief Zager, Fire Chief Cummings, David van den Berg and other individuals from the hospitals who spoke in support of CSP funding at the last FNSB Assembly Meeting. He shared that the Assembly moved to amend the Borough Mayor's proposed budget by providing that \$75,000 go towards the CSP for the 2014-2015 fiscal year. **Mayor Eberhart**, in reference to Mr. Turney's question regarding state funding for the CSP, stated that the City revised its legislative requests to make CSP funding the number one priority. He stated that the legislature approved \$250,000 and that it is now before the Governor for consideration. He stated that he wrote a letter to the Governor

stressing the importance of the program and asking for the funding to be approved. **Mayor Eberhart** stated that he was invited to attend the Mayor's Institute on City Design in Louisville, Kentucky, the first week of June. He stated that each attendee has been asked to propose some problems in terms of design or development that their respective cities face. He stated that he and City Engineer Mike Schmetzer will meet with the Institute's Executive Director to discuss possible projects for the City of Fairbanks then narrow down the list to one project that will be presented in Louisville. He stated that a panel of architects, mayors and designers will analyze the project and offer feedback. **Mayor Eberhart** provided a report on the many meetings, events and activities the Mayor's Office has participated in since the last Regular Meeting. Mayor Eberhart shared that his office has been producing a monthly newsletter to keep staff and the public informed about what is happening at the City. He thanked Communications Director/Public Information Officer Amber Courtney for her efforts in keeping Fairbanks citizens informed through publications and social media. He stated that Ms. Courtney has been working closely with the Police and Fire Departments to ensure the accuracy and consistency of press releases. He also thanked Ms. Courtney for coordinating the First Friday event held at City Hall to showcase the Jean Lester paintings.

Mr. Hilling asked about the percent gain of the City's Permanent Fund in 2013.

Chief Financial Officer Jim Soileau replied that the gain was 10.08%.

Mayor Eberhart stated that there is an issue with future funding for the City's school resource officers (SRO's). He recommended that the Council discuss the issue during the consideration of Ordinance No. 5946, as Amended, because if Resolution No. 4627 is approved it may also require a budget amendment.

UNFINISHED BUSINESS

- a) Ordinance No. 5946, as Amended – An Ordinance Amending the 2014 Operating and Capital Budgets for the Second Time. Introduced by Mayor Eberhart. **SECOND READING AND PUBLIC HEARING.**

Mr. Matherly, seconded by **Mr. Anderson**, moved to ADOPT Ordinance No. 5946, as Amended.

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

Mr. Walley, seconded by **Mr. Hilling**, moved to AMEND Ordinance No. 5946, as Amended, by reducing the transfer from the General Fund to the Permanent Fund from \$3 million to \$2.5 million and by reducing the transfer from the General Fund to the Capital Fund from \$1 million to \$500,000.

Mr. Walley stated that after discussing the transfer with the Finance Department, he believes it may be wiser to place the additional money into the Capital and Permanent Funds at a later date in the year.

Mr. Gatewood asked if there are any known projects that must be forward-funded in 2014. He stated that he believes the City will be okay without reducing the transfer amounts. He stated that he does not intend to support the amendment.

Mr. Hilling asked Mr. Soileau to speak to the General Fund balance. He asked if a full transfer would make it difficult for the Finance Department.

Mr. Soileau stated that after the \$4 million transfer out of the General Fund, the unassigned balance would be \$8.6 million. He explained that the City's cash flow is dependent on property tax revenues, which come in September and November. He stated that grant-funded projects are funded up-front by the City then are reimbursed at a later date. Mr. Soileau commented that the City may be able to afford to transfer the full \$4 million, but added that there is always a possibility of unforeseen circumstances. He stated that he would feel more comfortable if the \$4 million transfer was split evenly between the Capital Fund and the Permanent Fund.

Mr. Matherly stated his opinion that the full transfer should be made, but indicated that Mr. Soileau's recommendation of splitting the transfer evenly between the two accounts is a good idea.

Mr. Walley stated that his intent for the amendment was not to reduce the total transfer amount. He clarified that he would still like to transfer the remainder of the funds at a later date. He asked Mr. Soileau what date would be ideal to transfer the rest of the money.

Mr. Soileau replied that the ideal date would be September 30.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO AMEND ORDINANCE NO. 5946, AS AMENDED, BY REDUCING THE TRANSFER FROM THE GENERAL FUND TO THE PERMANENT FUND FROM \$3 MILLION TO \$2.5 MILLION AND BY REDUCING THE TRANSFER FROM THE GENERAL FUND TO THE CAPITAL FUND FROM \$1 MILLION TO \$500,000. AS FOLLOWS:

YEAS: Staley, Hilling, Walley
NAYS: Matherly, Gatewood, Anderson, Eberhart
Mayor Eberhart declared the MOTION FAILED.

Mr. Matherly, seconded by **Mr. Hilling**, moved to AMEND Ordinance No. 5946, as Amended, by reducing the transfer from the General Fund to the Permanent Fund from \$3 million to \$2 million and by increasing the transfer from the General Fund to the Capital Fund from \$1 million to \$2 million.

Mr. Walley spoke to the good health of the City's Permanent Fund and stated that it is a good idea to plan ahead for future years.

Mr. Hilling asked Chief of Staff Jim Williams to speak to the future projects for the City.

Mr. Williams stated that the City is working on formulating a strategic plan to improve the efficiency of the City. He stated that nearly all strategic plans require some capital funding. He

stated that through the process they will learn what the City's goals, objectives and priorities are. He stated that from that they will then identify the projects needing to be done to accomplish those goals. Mr. Williams indicated that project possibilities might include new IT infrastructure, Public Works equipment or police vehicles.

Mr. Gatewood stated that he is inclined to stick with the original transfer amounts of \$3 million and \$1 million into the Permanent Fund and Capital Fund, respectively.

Ms. Staley echoed Mr. Gatewood's comments.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO AMEND ORDINANCE NO. 946, AS AMENDED, BY REDUCING THE TRANSFER FROM THE GENERAL FUND TO THE PERMANENT FUND FROM \$3 MILLION TO \$2 MILLION AND BY INCREASING THE TRANSFER FROM THE GENERAL FUND TO THE CAPITAL FUND FROM \$1 MILLION TO \$2 MILLION, AS FOLLOWS:

YEAS: Anderson, Matherly
NAYS: Hilling, Walley, Staley, Gatewood
Mayor Eberhart declared the MOTION FAILED.

Mr. Walley, seconded by **Mr. Hilling**, moved to AMEND Ordinance No. 5946, as Amended, by earmarking the \$1 million transfer to the Capital Fund exclusively to the Public Works Department for the construction and repair of roads within the City.

Mr. Matherly asked Mr. Walley to speak to the reasoning behind the proposed amendment.

Mr. Walley stated that after speaking with Mike Schmetzer, he feels as if the City needs the funds to improve City streets.

Mr. Matherly expressed hesitation in earmarking the dollars in the event that another project takes priority over the repair of City streets.

Mr. Hilling asked if the Council would have future say in how the \$1 million in Capital Funds is spent if it is not designated specifically to a certain project at this time.

Mr. Soileau replied that the \$1 million would sit in the Capital Fund account until the Council designates it for a future project. He stated that if Mr. Walley's amendment is approved, the money would go directly into an account specifically designated for road projects.

Mr. Hilling asked Mayor Eberhart to comment on Mr. Buberger's public testimony regarding the poor condition of City streets.

Mayor Eberhart stated that there tends to be many potholes in Fairbanks in the spring time. He commented that the Public Works Department is doing a great job at responding to citizens' reports on potholes. He recalled an argument from Mr. Schmetzer a few years ago that the City needs to put more money aside for road construction and repair.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO AMEND ORDINANCE NO. 5946, AS AMENDED, BY EARMARKING THE \$1 MILLION TRANSFER TO THE CAPITAL FUND TO THE PUBLIC WORKS DEPARTMENT FOR THE CONSTRUCTION AND REPAIR OF ROADS WITHIN THE CITY, AS FOLLOWS:

YEAS: Hilling, Walley

NAYS: Anderson, Gatewood, Staley, Matherly

Mayor Eberhart declared the MOTION FAILED.

Mayor Eberhart reminded the Council of the funding problem for the SRO's. He stated that it is his understanding that the FNSB School District has only agreed to provide funding through June 30, 2014. He stated that if the City would like to keep the two positions, the Council will need to discuss how to fund them and possibly introduce a budget amendment. He stated that Mr. Soileau and Police Chief Zager are available to speak to the issue if the Council so requests.

Mr. Anderson asked if the SRO issue is on the Finance Committee Agenda for the May 6 meeting.

Mayor Eberhart replied in the negative. He indicated that if the Council does not address the issue at the present time, there will not be an opportunity to resolve the problem for more than a month. He encouraged the Council to give direction to City staff.

Mr. Matherly requested a staff report.

Grants Administrator Margarita Bell stated that the FNSB funding will last until June 30, 2014. She stated that there is a possibility that the City may receive grant funding for the SRO's starting October 1. She stated that it would cost \$45,595 to retain the officers until September 30 and \$91,190 through the end of 2014. Ms. Bell stated that the original grant funded the SRO's for three years and the School District funded the final year. She explained that the final year ended in April but the School District extended their funding through June 30. She stated that the School District has expressed interest in continuing the program but that she is unsure whether their interest is dependent on grant funding.

Mr. Matherly asked Ms. Bell how it is that the City might obtain another grant to fund the officers.

Ms. Bell replied that she feels confident that the City would receive enough funding for one positions. She explained that if the Council agrees to apply for the grant, the City will start discussions with the School District on a new agreement.

Mr. Hilling asked Ms. Bell about the source of the grant funds.

Ms. Bell replied that the funds come from the U.S. Department of Justice.

Mayor Eberhart stated that if the Council chose not to fund the SRO positions, layoffs would have to occur. He explained that under the current labor agreement, the City would have to give the officers a 60-day notice of the layoffs. **Mayor Eberhart** stated that since there are senior

officers in the SRO positions, two lower-level officers would be laid off. He spoke to his understanding that the labor agreement would not allow for sworn officers to be laid off while other temporary positions are employed.

Police Chief Zager clarified that if temporary positions are performing the duties within a classification, those temporary employees must be laid off before sworn positions. He stated that Public Safety Assistants (PSA's) would be performing only the duties of patrol officers so they would have to be eliminated first.

Mayor Eberhart asked Chief Zager if he anticipates any vacancies within his department in the near future.

Chief Zager replied that there is a good chance of a vacancy in an officer position within the next month or two.

Mr. Gatewood asked Chief Zager if the SRO positions help man the downtown foot patrol during the summer months.

Chief Zager stated that if the SRO positions were eliminated, there would not be an officer available to perform the downtown foot patrol.

Mr. Gatewood stated that he would like to see the SRO's funded through the end of September.

Mayor Eberhart spoke to a recent phone call from a citizen who is greatly concerned with the chronic inebriate problem in the downtown area. He stated that the citizen indicated that she does not feel safe and commented that the problem is unacceptable for the Fairbanks community. He encouraged the Council to extend the funding for the SRO's.

Mr. Matherly echoed Mr. Gatewood's position on the issue and stated that he likes the idea of having a foot patrol throughout the tourist season in the downtown area. He indicated that he is considering funding the SRO's through the end of the year and asked fellow members to offer their thoughts.

Mr. Walley pointed out that if the Council agrees to fund the positions through September it would be the end of November before the layoffs would actually take place due to the 60-day notice requirement. He expressed his support for extending the funding through September 30.

Mr. Soileau stated that if the Council chooses to apply for the grant, they cannot fund the SRO's past September 30. He explained that the only way to fund the two positions for the remainder of 2014 is to not apply for the grant.

Mr. Hilling asked Chief Zager what effect a foot patrol might have on the chronic inebriate problem.

Chief Zager stated that past approaches to the problem have included a zero tolerance policy on open container and drinking in public violations. He spoke to the high jail costs associated with operating the foot patrol. He clarified that the foot patrol should not be confused with the task

force that was in place in years past. He stated that Lt. Eric Jewkes managed that task force and would be the best person to give more information about it.

Mr. Hilling stated that he feels it is prudent to have the foot patrol in place over the summer given the projected increase to tourism. He commented that the Council may decide by the end of July whether to continue funding the SRO's so that if they are not funded, layoffs could take place without going past September 30.

Mr. Matherly asked for more information on how the terms of the grant in Resolution No. 4627 would conflict if the City chose to fund the positions past September 30.

Ms. Bell explained the terms of the hiring grant. She stated that once the City applies for the grant, then all layoffs and notifications of layoff have to be identified in the application.

Chief Zager stated that there are always problems that come with grant-funded positions because there is never an exit strategy. He stated that because of that reason he does not support applying for grants to fund positions within his department. He advised the Council to find an alternative solution to funding the positions.

Mr. Anderson, seconded by **Mr. Matherly**, moved to AMEND Ordinance No. 5946, as Amended, by increasing the funding for the school resource officers by \$45,595 to fund them through September 30, 2014.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO AMEND ORDINANCE NO. 5946, AS AMENDED, BY FUNDING THE TWO SCHOOL RESOURCE OFFICER POSITIONS THROUGH SEPTEMBER 30, 2014 FOR A TOTAL AMOUNT OF \$45,595 AS FOLLOWS:

YEAS: Gatewood, Walley, Anderson, Matherly, Staley, Hilling

NAYS: None

Mayor Eberhart declared the MOTION CARRIED.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5946, AS AMENDED, AS FOLLOWS:

YEAS: Walley, Matherly, Gatewood, Hilling, Anderson, Staley

NAYS: None

Mayor Eberhart declared the MOTION CARRIED and Ordinance No. 5946, as Amended, ADOPTED.

NEW BUSINESS

- a) Resolution No. 4623 – A Resolution to Apply for and Accept a FFY2014 Bulletproof Vest Partnership Grant from the United States Department of Justice. Introduced by Mayor Eberhart.

Mr. Matherly, seconded by **Mr. Anderson**, moved to APPROVE Resolution No. 4623.

Mr. Hilling stated that he feels the City does not need to rely on the federal government for funding.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE RESOLUTION NO. 4623 AS FOLLOWS:

YEAS: Matherly, Walley, Staley, Anderson

NAYS: Hilling, Gatewood

Mayor Eberhart declared the MOTION CARRIED and Resolution No. 4623 APPROVED.

- b) Resolution No. 4624 – A Resolution to Apply for and Accept Funding from the Alaska Highway Safety Office for FFY2015 Traffic Safety Programs. Introduced by Mayor Eberhart.

PASSED and APPROVED on the CONSENT AGENDA.

- c) Resolution No. 4625 – A Resolution to Apply for and Accept Funding from the Bureau of Justice for the FFY2014 Edward Byrne Memorial Justice Assistance Grant (JAG). Introduced by Mayor Eberhart.

Mr. Anderson, seconded by **Mr. Matherly**, moved to APPROVE Resolution No. 4625.

Mr. Hilling again stated his position on the City's acceptance of federal grant dollars. He commented that Resolution No. 4625 should specify the entity from which the grant dollars will come.

Ms. Bell stated that the funds would come from the U.S. Department of Justice.

Mr. Hilling moved to AMEND Resolution No. 4625 by changing the title "Bureau of Justice" to "Department of Justice."

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

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE RESOLUTION NO. 4625, AS AMENDED, AS FOLLOWS:

YEAS: Walley, Matherly, Gatewood, Anderson, Staley

NAYS: Hilling

Mayor Eberhart declared the MOTION CARRIED and Resolution No. 4625, as Amended, APPROVED.

- d) Resolution No. 4626 – A Resolution to Apply for and Accept Funding from the Alaska Department of Public Safety for the SFY2015 Edward Byrne Memorial Justice Grant (JAG). Introduced by Mayor Eberhart.

PASSED and APPROVED on the CONSENT AGENDA.

- e) Resolution No. 4627 – A Resolution to Apply for a FFY2014 COPS Hiring Program Grant from the United States Department of Justice. Introduced by Mayor Eberhart.

Mr. Anderson, seconded by **Mr. Walley**, moved to APPROVE Resolution No. 4627.

Mr. Gatewood stated that he would like to ensure that the City has a good agreement in place with the FNSB School District before accepting the grant. He pointed out that the grant does not fully cover the costs for the two officers and that it should be explicitly laid out as to how much the City and the School District will each pay. **Mr. Gatewood** remarked that he hesitates to apply for the grant if Chief Zager does not support it.

Mayor Eberhart asked if the FNSB School District could contract with the City of Fairbanks for SRO services during the school year in the event that the application to apply for the grant is not approved.

Ms. Bell replied affirmatively.

Mr. Hilling spoke against burdening future generations with national debt by accepting federal grant dollars. He stated that he will not vote in favor of Resolution No. 4627.

Ms. Staley stated that the City would be required to hold the positions for four years and pointed out that grant does not fund the fourth year.

Mayor Eberhart asked if it is a possibility that the School District may request that the City pay more than the 25% required match for the grant.

Ms. Bell replied that the City would approach a cooperative agreement with the School District requesting that they pay the 25% match.

Mr. Walley asked if the current agreement with the School District specifies how much each entity will pay in accordance with the grant terms.

Ms. Bell stated that the agreement that is about to end is not very specific on what each entity would pay. She stated that the language states that the City would fund the officers in the fourth year and that the School District would cover paid wages and benefits.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE RESOLUTION NO. 4627 AS FOLLOWS:

YEAS: Staley, Anderson, Walley
NAYS: Matherly, Gatewood, Hilling, Eberhart
Mayor Eberhart declared the MOTION FAILED.

DISCUSSION ITEMS

Committee Reports

Permanent Fund Review Board – **Mr. Gatewood** stated that at the end of 2013 the value of the Permanent Fund was \$113,497,971. He stated that at the end of the first quarter of 2014, the fund balance was \$115,927,447. **Mr. Gatewood** announced that as of April 20, the updated balance is \$116,695,689. He reported that the fund manager projects that the fund should provide an annual return of approximately 5.5% over a seven year period based on the current allocation.

COMMUNICATIONS TO COUNCIL

a) Proposed Findings and Conclusions – Board of Adjustment Appeal

City Attorney Ewers explained that the process requires the Board of Adjustment to adopt specific Findings and Conclusions so that both sides understand the decision. He stated that he based the proposed Findings and Conclusions on the Council's discussion regarding the appeal and the facts that were presented in the packet. He stated that the Council may comment, ask questions or propose changes to the Findings and Conclusions prior to approval.

Mr. Anderson, seconded by **Mr. Matherly**, moved to APPROVE the Proposed Findings and Conclusions on the Kal Kennedy Board of Adjustment Appeal.

Mr. Gatewood asked for clarification on the number of units on the property.

Mr. Ewers stated that there were originally 24 units then 18 were added. He stated that when the first units were built, the foundation for the additional 18 units was put in. He stated that a variance was later granted to allow the completion of those 18 units.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE THE PROPOSED FINDINGS AND CONCLUSIONS ON THE KAL KENNEDY BOARD OF ADJUSTMENT APPEAL AS FOLLOWS:

YEAS: Hilling, Anderson, Walley, Staley, Matherly, Gatewood

NAYS: None

Mayor Eberhart declared the MOTION CARRIED.

b) Appointment to the Building Code Review and Appeals Commission

APPROVED on the CONSENT AGENDA

c) Permanent Fund Review Board Meeting Minutes of January 20, 2014

ACCEPTED on the CONSENT AGENDA

COUNCIL MEMBERS' COMMENTS

Mr. Walley expressed his satisfaction that the transfer to the Capital and Permanent Funds was adopted.

Mr. Gatewood echoed Mr. Walley's comments on the transfer. In reference to hiring grants, **Mr. Gatewood** stated that they have been problematic for the Council over the years. He stated that while he is not against grant funding altogether, he agrees with Mr. Hilling's position that the City of Fairbanks can afford to pay for some of those items without applying for grant funding. He urged fellow Council Members to carefully consider each grant proposal that comes before them in the future.

Mr. Anderson had no comments.

Mr. Hilling expressed his sympathies for the recent loss of the two Alaska State Troopers. He stated that he was surprised to hear Police Chief Zager speak against funding the two SRO positions with grant dollars. He stated that he would like to see the Council start turning down federal grant opportunities and fund the smaller dollar items through City funds.

Mr. Matherly thanked Mr. Walley for the thought put into the budget amendment. He spoke to the outpour of support in the Fairbanks community following the tragic death of the two Alaska State Troopers. **Mr. Matherly** apologized to Mr. Buberger for possibly coming across in an offensive manner at times. He expressed his opinion that Mr. Buberger could be a little more respectful when addressing the Mayor and City Council. He stated he was happy to hear about the U.S. Supreme Court's recent decision on allowing Invocations at City Council Meetings. **Mr. Matherly** stated that on Friday he spoke with Marc Marlow, owner of the Polaris Building. He stated that Mr. Marlow seemed confident that construction on the building will begin by June or July of 2015. **Mr. Matherly** encouraged everyone to participate in the upcoming clean-up day in the City. He asked Mayor Eberhart if he knows when the debris from the demolished Klondike Hotel will be hauled away. **Mr. Matherly** commended the Borough for waiving the tipping fees for the disposal of the remains of the Geraghty Street Apartments.

Mayor Eberhart replied that he was informed that the debris from the Klondike Hotel is currently being removed.

Ms. Staley expressed gratitude to the Council for extending the funding for the SRO's through September. She had no further comments.

Mr. Anderson, seconded by **Mr. Gatewood**, moved to go into Executive Session for the purpose of discussing IBEW and PSEA Labor Contract Negotiations.

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

Mayor Eberhart called for a five minute recess.

EXECUTIVE SESSION

- a) Labor Contract Negotiations – IBEW and PSEA

The City Council met in Executive Session to discuss IBEW and PSEA Labor Contract Negotiations. Direction was given to staff and no action was taken.

ADJOURNMENT

Mr. Matherly, seconded by **Mr. Anderson**, moved to ADJOURN the meeting.

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

Mayor Eberhart declared the Meeting adjourned at 10:40 P.M.

JOHN EBERHART, MAYOR

ATTEST:

JANEY HOVENDEN, MMC, CITY CLERK

Transcribed by: DS



FAIRBANKS CITY COUNCIL
REGULAR MEETING MINUTES, MAY 12, 2014
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

The City Council convened at 7:00 p.m. on the above date, to conduct a Regular Meeting of the Fairbanks City Council at the City Council Chambers, 800 Cushman Street, Fairbanks, Alaska, with Mayor John Eberhart presiding and with the following Council Members in attendance:

Council Members Present: Renee Staley, Seat A
Perry Walley, Seat B
Bernard Gatewood, Seat C
Jim Matherly, Seat D
Lloyd Hilling, Seat E
Chris Anderson, Seat F

Absent: None

Also Present: Warren Cummings, Fire Chief
Paul Ewers, City Attorney
Janey Hovenden, City Clerk
Jim Williams, Chief of Staff
Stephanie Johnson, Dispatch Center Manager
Carmen Randle, Controller
Michael J. Schmetzer, City Engineer
Jim N. Soileau, Chief Financial Officer
Brad Johnson, Deputy Police Chief

INVOCATION

The Invocation was given by City Clerk Janey Hovenden.

FLAG SALUTATION

Mayor Eberhart led the Flag Salutation.

CITIZEN'S COMMENTS

Frank Turney, 329 6th Avenue, Fairbanks – Mr. Turney spoke to the lovely spring weather. He stated that he missed the PSEA labor negotiations meetings where they discussed polygraph examinations for police officers. He spoke to the need for voice analysis examinations and polygraph testing for police officers who are being considered for employment. He stated that FPD had a voice analysis device in the past and asked why it was eliminated. Mr. Turney asked why it is taking so long for the crime lab to determine what flammable material contributed to the death of Johnny Wallace in 2013 in the Downtown Post Office. He stated that he will be spending a lot of time at the Clay Street Cemetery over the summer and encouraged anyone who observes problems at the cemetery to contact him at 457-2333. Mr. Turney stated that he took a

ride with Victor Buberger recently and commented that there are probably twice as many potholes in Fairbanks this year than there were last year. He encouraged the City Council to study the language in the labor contract for the City of Ketchikan Police Department regarding polygraph examinations.

Victor Buberger, PO Box 58192, Fairbanks – Mr. Buberger thanked those that do not like to hear what he has to say because it lets him know that they are listening. He thanked the Public Works Department and its Director Mike Schmetzer for being one of the hardest working employees in the City of Fairbanks. Mr. Buberger spoke to the problems that speed bumps cause in neighborhoods and stated that the speed bumps in Hamilton Acres and Shannon Park are disgusting and need better signage. He compared street conditions in the City of Fairbanks to those of a Third World country. Mr. Buberger suggested that the Mayor and Council work with the Native organizations to build a casino in downtown Fairbanks on the river.

Mr. Hilling asked Mr. Buberger what types of problems he has observed with speed bumps in neighborhoods.

Mr. Buberger replied that they can be so abrupt as to cause damage to vehicles, even if the driver is traveling at the posted speed limit. He added that speed bumps in Hamilton Acres and Shannon Park are not well-marked to warn drivers in advance.

Stephen Anderson, 302 Cowles Street, Fairbanks – Mr. Anderson stated that he is the Plans Examiner for the City's Building Department and an International Brotherhood of Electrical Workers (IBEW) Local 1547 Shop Steward for City Hall employees. He stated that he is taking the opportunity to speak on behalf of the IBEW because of the failures of the last two proposed contracts by the Council. Mr. Anderson urged the Council to act approvingly with the newly-proposed agreement which extends the current IBEW contract for another year with a 2.5% increase for 2014 only.

Jerry Cleworth, 907 Park Drive, Fairbanks – Mr. Cleworth stated that the most important thing the City Council can do is to do a good job on labor contract negotiations. He indicated that mistakes made during negotiations can have a long-lasting effect on future Councils. He stated that in order to be successful, the Council needs to be well-versed with each contract, to be consistent across all four bargaining units, to understand the goals of the City pertaining to labor and to be steadfast in the goals for collective bargaining. Mr. Cleworth stated that the problem with the proposed contract is that it is inconsistent with the AFL/CIO collective bargaining agreement (CBA) that was ratified last October and will likely cause problems for the City in negotiations with the PSEA. He read aloud a memorandum to the Council that he and the late Pat Cole had drafted which stressed the goal of the City to be consistent with the AFL/CIO contract during IBEW negotiations. He stated that he sees nothing in the proposed IBEW contract indicating that the City was successful in its goals for those negotiations.

Mr. Hilling asked Mr. Cleworth to speak to how the percentage increase of the AFL/CIO differs from that of the proposed contract for IBEW.

Mr. Cleworth explained that the AFL/CIO agreed to a 1.5% package rate increase in with a one-time "signing bonus" that equated to about 1% (a total increase valued approximately at 2.5%).

He stated that the 1.5% increase will become part of the employee rate and will carry forward in perpetuity. He continued by stating that the IBEW's proposed agreement offers employees a 2.5% increase in 2014 with no one-time payment which means that IBEW employees will realize the full 2.5% in years to come while AFL/CIO will only gain the 1.5% in perpetuity.

Mr. Hilling asked Mr. Cleworth to speak to IBEW's argument that with the rate of inflation, members are not really gaining anything with a 2.5% increase.

Mr. Cleworth stated that the small increases granted to larger bargaining units with other government agencies prove that organizations recognize their inability to keep up with the rate of inflation. He expressed his belief that City employees have done fairly well over the last three years, having gained a total of about 7.5%. He explained that the City cannot keep up with the rate of inflation partly due to the tax cap.

Mr. Hilling asked Mr. Cleworth if he would recommend that the City offer the IBEW an equivalent one-time increase as they did with the AFL/CIO and the exempt staff.

Mr. Cleworth replied affirmatively.

Mayor Eberhart asked Mr. Cleworth if he knows what the Fairbanks North Star Borough (FNSB) contributes towards healthcare premiums for its teachers belonging to the Fairbanks Education Association (FEA).

Mr. Cleworth stated that the healthcare premium for much of the Borough staff is about \$1800 per month and that the Borough pays the majority of that cost. He indicated that high healthcare costs are one of the problems that the Borough's Budget Review Committee brought to the Assembly this year. He commented that the City cannot compete with the Borough in healthcare contributions and longevity pay to employees.

Mayor Eberhart asked Mr. Cleworth if he knows what percentage the State of Alaska pays toward healthcare for State Troopers.

Mr. Cleworth replied that he does not know but commented that the State has a lot more money than the City.

John Ferree, 939 Smallwood Trail, Fairbanks – Mr. Ferree stated that he is the Assistant Business Manager for the IBEW Local 1547. He spoke in support of the ratification of the proposed contract and stated that if the Council would like to treat all unions the same, there are unique things that should be addressed in each contract. Mr. Ferree stated that the City's IBEW employees are paying significant costs out of their pocket for healthcare premiums. He stated that the 7.5% increase over a three-year period that Mr. Cleworth cited does not keep up with the rate of inflation. He expressed his belief that a 2.5% increase is not excessive and that the current financial health of the City of Fairbanks is in part due to the efforts of the IBEW employees. He stated that the IBEW has listened to the Council's discussion over the past few months and has presented a one-year agreement that will hopefully be agreeable. Mr. Ferree stated that the IBEW did not come to the negotiating table looking for exorbitant increases or drastic changes. He urged the City Council to advance Ordinance No. 5947.

Mr. Matherly asked Mr. Ferree to speak to the differences between the AFL/CIO contract and the IBEW contract.

Mr. Ferree replied that it would be difficult to speak to the intricacies within other union contracts, especially since some bargaining units negotiate healthcare and pension separately. He stated that the differences between contracts are why they are each negotiated separately.

Mr. Matherly stated that PSEA looks at its healthcare costs annually and asked Mr. Ferree how often the IBEW reviews its plan.

Mr. Ferree stated that he serves on the Alaska Electrical and Health Welfare Board of Trustees and that he is intricately familiar with the health plan. He stated that the plan is very efficient and cost-effective and that the administrative costs for the plan are under 3% which is very respectable industry-wide. Mr. Ferree stated that premium increases have been held at about 4-5% every year while most health providers have been faced with much larger increases.

Mayor Eberhart asked Mr. Ferree if the IBEW membership agreed to the internship program and job sharing agreement the City would like to implement.

Mr. Ferree replied affirmatively.

Mayor Eberhart asked if it would be fair to say that both sides asked for concessions but agreed that those items could wait until the next year to be negotiated.

Mr. Ferree replied that Mayor Eberhart was correct.

Mr. Hilling asked Mr. Ferree how he and the IBEW membership might react if they were in the position of the AFL/CIO members while another union was granted a higher CPI increase.

Mr. Ferree stated that he deals with those issues every day because of the nature of his job. He stated that in Fairbanks alone, the IBEW has about 30 bargaining units. He stated that economic and business conditions are unique at every juncture. He commented that he keeps the emotion out of negotiations and does his best to bargain with the City in good faith. He explained that by signing a contract, each party agrees that fairness has been achieved.

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

APPROVAL OF AGENDA AND CONSENT AGENDA

Mr. Gatewood, seconded by **Mr. Matherly**, moved to APPROVE the Agenda and Consent Agenda.

Mayor Eberhart stated that he has been advised by the City Attorney to clarify that Agenda Item 16(b) should be titled "Arbitration/Claim Settlement with PSEA."

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

Mayor Eberhart stated that he was just informed earlier in the day of the need to introduce Resolution No. 4630. He stated that the resolution is being hand-carried because the City's Engineering Department believes that if it is not expedited, it will delay the project by a month. He requested that the Council either agree to hold a Special Meeting to consider the resolution or unanimously vote to add it to the proposed agenda.

City Attorney Ewers explained that the Fairbanks General Code (FGC) states that the item must have unanimous consent to be added to the agenda and that another unanimous vote of the Council must take place to approve the resolution when the item comes up for consideration.

Mr. Hilling, seconded by **Mr. Matherly**, moved to ADD Hand-carried Resolution No. 4630 to the Agenda as item 10(e) of New Business.

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

Mr. Hilling pulled Ordinance No. 5947 from the Consent Agenda.

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

City Clerk Hovenden read the Consent Agenda, as Amended, into the record.

APPROVAL OF PREVIOUS MINUTES

a) Regular Meeting Minutes of March 10, 2014.

PASSED and APPROVED on the CONSENT AGENDA.

MAYOR'S COMMENTS AND REPORT

Mayor Eberhart expressed his hope that all mothers in the Fairbanks community had a good Mother's Day. He announced that PSEA Labor Negotiations would continue on May 13, 2014 from 8 A.M. to noon at City Hall and that random drug testing and polygraph examinations in administrative investigations will be discussed. **Mayor Eberhart** asked Garry Hutchison, CPA, to come forward and present the City's Annual Audit Report to the Council.

Mr. Hutchison distributed and reviewed the Auditor's Communication with Those Charged with Governance and the City's Annual Financial Report. He announced that the City received a clean opinion with no material weaknesses. He commended the City's Finance Department for their diligent work in managing the fiscal responsibilities of the City.

Mayor Eberhart, in response to Mr. Buberger's testimony, shared that Public Works Director Mike Schmetzer was going to provide an update on potholes and projects but was hurt earlier in the day and cannot make the presentation. He stated that Mr. Schmetzer will provide the update at the next Regular Meeting. **Mayor Eberhart** announced that at the last Borough Assembly Meeting, the Assembly agreed to give the City of Fairbanks \$50,000 towards the Community Service Patrol (CSP). He stated that he has written a letter to the Governor stressing the importance of emergency service patrol in Fairbanks. He spoke more about the operation of the

CSP and stated that Police Chief Zager has informed him that there will be one FPD officer on foot patrol downtown throughout the summer. He stated that he has asked FPD's Data Management Team to begin running statistics to show the impacts of the CSP. **Mayor Eberhart** summarized the activities of the Mayor's Office and the meetings he has attended since the last Regular Meeting. He stated that he, Mike Schmetzer and Environmental Manager Jackson Fox recently met with Trinity Simons, Director of the Mayor's Institute on City Design in Louisville, Kentucky, to discuss the list of project and design ideas for the City of Fairbanks. **Mayor Eberhart** spoke about the economic future of Fairbanks, mentioning the variety of new businesses that are opening and the possibility of more military personnel relocating to the area. He spoke highly of the City's first work-study student, Jada Anderson, and stated that she will be ending her temporary work with the City to join the U.S. Air Force. He stated that the City hopes to hire more students for summer work.

NEW BUSINESS

- a) Resolution No. 4628 – A Resolution to Accept Funding from the Alaska Division of Homeland Security and Emergency Management for SFY2015 Local Emergency Planning Committee (LEPC). Introduced by Mayor Eberhart.

PASSED and APPROVED on the CONSENT AGENDA.

- b) Resolution No. 4629 – A Resolution Authorizing the City of Fairbanks to Apply for and Accept Funds from the Alaska Division of Homeland Security for the FFY2014 Emergency Management Performance Grant. Introduced by Mayor Eberhart.

PASSED and APPROVED on the CONSENT AGENDA.

- c) Ordinance No. 5947 – An Ordinance Ratifying a Labor Agreement Between the City of Fairbanks and the International Brotherhood of Electrical Workers Local 1547. Introduced by Mayor Eberhart.

Mr. Anderson, seconded by **Ms. Staley**, moved to ADVANCE Ordinance No. 5947.

Mr. Hilling expressed that his concern with the proposed contract is the issue of equal treatment across the unions. He stated that wages should not be based on an employee's cost of living. He stated that tax payers' cost of living is also rising. **Mr. Hilling** spoke against giving one union a higher increase than another. He added, however, that he would support a one-year, 1.5% increase with a one-time "signing bonus" for IBEW employees.

Mayor Eberhart stated that this is the third time an IBEW contract has been proposed to the Council this year and advised against the rejection of Ordinance No. 5947. He expressed his belief that the proposed agreement is within the parameters of authority that the Council gave him during negotiations. He stated that it is disappointing to see a former City Mayor give public testimony discouraging the Council from advancing the proposal. **Mayor Eberhart** stated that IBEW members are not being offered a generous deal, given that the inflation rate in 2013 was 3.1%. He stated that while contracts should be as consistent as possible, they cannot

all be the same. He urged the Council to support City employees and advance Ordinance No. 5947.

Mr. Hilling asked Mayor Eberhart how he would justify not holding to the language of equal treatment among unions in the Code.

Mayor Eberhart replied that the Code states that the Mayor “shall look for a common policy on boiler plate language which will be consistent in each contract.” He stated that he has tried to do that with the contract negotiations that he has been involved with.

Mr. Hilling asked City Attorney Ewers if he could provide any other input as to Code specificity on consistency in labor negotiations.

City Attorney Ewers stated that there is more language regarding consistency between bargaining units in Section 42-1(n)(5).

Mr. Hilling stated that the one area the Council can be consistent in is remuneration and again spoke in support of a one-year, 1.5% increase with a one-time “signing bonus” for IBEW employees. He stated that he does not support the agreement as it is proposed.

Mr. Gatewood expressed appreciation for everyone’s input. He defended former Mayor Cleworth’s right to testify on the ordinance and stated that he did not feel that Mr. Cleworth undermined the Council. **Mr. Gatewood** stated that he has been a union member for nearly 30 years and has never begrudged another union for getting something that he did not get. He indicated that there is no real way to have four union contracts that look the same and shared that he has even seen employees within the same bargaining unit get different things. **Mr. Gatewood** expressed his intent to vote for advancement of the contract, but stated that he will not feel badly if the Council chooses not to advance it. He agreed that he believes Mayor Eberhart negotiated within the parameters set by the City Council but commented that the Council has a right to change their mind.

Mr. Anderson spoke in support of advancing Ordinance No. 5947 stating that he feels there is too much diversity among the unions to treat them all exactly the same. He spoke to treating them fairly and to bargaining in good faith to reach a mutual agreement.

Mr. Walley stated that while bargaining units may not be the same, the Council should still strive to be as consistent as possible. He expressed appreciation for Mr. Cleworth’s testimony and spoke to the long negotiation process that the IBEW contract has been through. **Mr. Walley** commented that moving forward in future negotiations, he would like to see the Council get it right the first time. He indicated that he would not support Ordinance No. 5947.

Mr. Matherly echoed Mr. Gatewood’s feelings toward Mr. Cleworth’s testimony. He agreed with Mr. Hilling’s statement that the Council can be consistent with how much of an increase they agree to give each union. He expressed appreciation for public testimony and for his peers’ comments and opinions. **Mr. Matherly** stated that he believes it would not look good for the City to reject the IBEW contract for a third time. He stated that the Council has been very

thoughtful and careful with union negotiations and indicated that he may vote to advance Ordinance No. 5947.

Ms. Staley stated that her issue with the IBEW contract has been the three-year agreement. She spoke to the individuality of the four different union contracts the City negotiates and expressed her intent to vote for the advancement of Ordinance No. 5947.

Mr. Gatewood expressed hope that each Council Member votes according to their conscience instead of being influenced to vote otherwise. He stated that he does not believe it will make the Council look bad if they were to reject the proposed agreement again. **Mr. Gatewood** stated that some inconsistencies across union contracts may originate from arbitration awards, but spoke to the Council's efforts to be as consistent as possible when dealing with all unions. He again encouraged fellow Council Members to vote according to their beliefs.

Mr. Matherly stated that if Ordinance No. 5947 is advanced, he intends to give the contract more thought and to research Mr. Cleworth's statement that none of the City's goals were met during IBEW negotiations.

Mr. Walley spoke to the difference between the AFL/CIO agreement and the proposed IBEW contract stating that it is an issue of the percentage increase amount and dictating to the bargaining unit how they may allocate that increase.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADVANCE ORDINANCE NO. 5947 AS FOLLOWS:

YEAS: Gatewood, Anderson, Matherly, Staley
NAYS: Walley, Hilling
Mayor Eberhart declared the MOTION CARRIED.

d) Ordinance No. 5948 – An Ordinance Amending the 2014 Operating and Capital Budgets for the Third Time. Introduced by Mayor Eberhart.

ADVANCED on the CONSENT AGENDA.

e) Hand-carried Resolution No. 4630 – A Resolution Awarding a Contract to Exclusive Paving, Inc. for the Arctic Park & Council Subdivision Improvements Project FB-14-21 in the Amount of \$1,197,991.00. Introduced by Mayor Eberhart.

Mr. Anderson, seconded by **Mr. Hilling**, moved to APPROVE Hand-carried Resolution No. 4630.

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

Ms. Staley asked what the term “Additive Alternate #1” means in the Bid Tabulation attached to Resolution No. 4630.

Public Works Director and City Engineer Mike Schmetzer apologized for the poor planning that brought about the hand-carrying of Resolution No. 4630. He explained that the “Additive Alternate #1” serves as a sort of contingency line item to ensure that there is enough money to complete the project. He stated that when money is leftover after completion of a main project, they will use those funds to improve the extra roads.

Mr. Hilling asked Mr. Schmetzer to give his thoughts on the fast-tracking of Resolution No. 4630 and the fairness of the contract award.

Mr. Schmetzer admitted that he is responsible for the mistake that caused the resolution to be hand-carried. He stated that the same four companies that bid on nearly every job for the Engineering Department bid on the Arctic Park and Council Subdivision project. He stated that the next lowest bid was roughly \$100,000 more.

City Attorney Ewers clarified that there were no shortcuts taken in the bid process and that the rush for the resolution was due in part to the back-to-back Regular Meetings of the City Council.

Mr. Gatewood asked if cost overruns within the base bid are absorbed by the contract.

Mr. Schmetzer replied that they could be, but indicated that in his time with the City he does not believe that an overrun has occurred. He stated that there have been instances when the City has added or changed the work under contract. He stated that he expects that the bid amount will cover the entire project.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE HAND-CARRIED RESOLUTION NO. 4630 AS FOLLOWS:

YEAS: Matherly, Hilling, Walley, Staley, Gatewood, Anderson

NAYS: None

Mayor Eberhart declared the MOTION CARRIED and Hand-carried Resolution No. 4630 APPROVED.

COMMUNICATIONS TO COUNCIL

- a) Clay Street Cemetery Commission Meeting Minutes of April 2, 2014.

ACCEPTED on the CONSENT AGENDA

COUNCIL MEMBERS' COMMENTS

Mr. Matherly stated that it was nice to attend the Senior Citizens Luncheon recently where he was able to visit with FNSB Mayor Hopkins and the Governor. He stated that it was fun to see two individuals receive awards for being the oldest senior citizens present. **Mr. Matherly** expressed his regret for not having been able to attend the memorial for the State Troopers over the weekend due to work.

Mr. Hilling expressed appreciation for Mr. Gatewood's earlier comments encouraging the Council to vote according to their conscience. He stated that the tragedy involving the State Troopers was sobering and that he heard that the memorial was an extraordinary event.

Mr. Anderson, in response to Mr. Buberger's earlier suggestion, stated that a casino may indeed help the local economy. He stated that he was exploring that idea 15 – 20 years ago and then the State of Alaska passed a law that prohibited any casino-type gambling in the state. **Mr. Anderson** stated that the only hope for a casino in Fairbanks would be by using tribal land. He indicated that it would require a long, expensive legal process that no one seems to want to deal with. **Mr. Anderson** spoke to Mr. Turney's testimony regarding the death of Johnny Wallis and stated that he intends to follow up on the issue with the Chief of Police.

Mr. Gatewood offered his congratulations to all the high school and college graduates and to the parents and families who have supported their students. He spoke to the nature of labor negotiations and commented that issues will be worked out eventually.

Mr. Walley echoed Mr. Gatewood's comments regarding labor contract. He stated that he has no problem continuing negotiations until he feels that it is the right deal for the citizens of Fairbanks. He commended those in the community who participated in the Fairbanks clean-up day and stated that it makes a big difference.

Ms. Staley spoke to the history of how speed bumps came about in the Shannon Park and Hamilton Acres area. She congratulated all the graduates in the community and expressed her excitement that so many new businesses are coming to Fairbanks. She stated that it is inspiring to see individuals who are educated locally stay in the community and work locally. **Ms. Staley** expressed excitement to see what will happen with the IBEW labor contract proposal at the next meeting and stated that she looks forward to the Council's discussion and teamwork on the issue.

Mr. Hilling requested that Mayor Eberhart look into Mr. Buberger's complaint that there is a lack of signage for speed bumps in the Hamilton Acres and Shannon Park subdivisions.

Mayor Eberhart agreed to look into the issue.

Mr. Walley, seconded by **Ms. Staley**, moved to go into Executive Session for the purpose of discussing Public Safety Employees Association (PSEA) Labor Negotiations and the Arbitration/Claim Settlement with PSEA.

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

Mayor Eberhart called for a five minute recess.

EXECUTIVE SESSION

- a) Labor Contract Negotiations - PSEA
- b) Arbitration/Claim Settlement with PSEA

The City Council met in Executive Session to discuss PSEA Labor Contract Negotiations and the Arbitration/Claim Settlement. Direction was given to staff and no action was taken.

The Council reconvened in Regular Session.

Mr. Matherly, seconded by **Mr. Gatewood**, moved to APPROVE a \$25,000 payment to PSEA for Arbitration/Claim Settlement.

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

ADJOURNMENT

Mr. Matherly, seconded by **Mr. Walley**, moved to ADJOURN the meeting.

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

Mayor Eberhart declared the meeting adjourned at 10:30 P.M.

JOHN EBERHART, MAYOR

ATTEST:

JANEY HOVENDEN, MMC, CITY CLERK

Transcribed by: DS



FAIRBANKS CITY COUNCIL
REGULAR MEETING MINUTES, JUNE 09, 2014
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

The City Council convened at 7:00 p.m. on the above date, to conduct a Regular Meeting of the Fairbanks City Council at the City Council Chambers, 800 Cushman Street, Fairbanks, Alaska, with Mayor John Eberhart presiding and with the following Council Members in attendance:

Council Members Present: Renee Staley, Seat A
Perry Walley, Seat B
Bernard Gatewood, Seat C
Jim Matherly, Seat D
Lloyd Hilling, Seat E
Chris Anderson, Seat F

Absent: None

Also Present: Warren Cummings, Fire Chief
Paul Ewers, City Attorney
Janey Hovenden, City Clerk
Jim Williams, Chief of Staff
Stephanie Johnson, Dispatch Center Manager
Michael J. Schmetzer, City Engineer
Barbara Sunday, Director HR/Risk Management/Purchasing
Pat Smith, Development Manager
Jim N. Soileau, Chief Financial Officer
Laren Zager, Police Chief
Keith Anderson, Interim IT Director

INVOCATION

The Invocation was given by City Clerk Janey Hovenden.

FLAG SALUTATION

Mayor Eberhart led the Flag Salutation.

CITIZEN'S COMMENTS

David van den Berg, 332 Slater Drive, Fairbanks – Mr. van den Berg stated that he is the Executive Director of the Downtown Association (DTA) of Fairbanks. He provided the Council with an update on the Community Service Patrol (CSP) expansion, the Downtown Market and the storm drains artwork project on Cushman Street. He invited everyone to check out the market in Golden Heart Plaza every Monday from 4 – 8 P.M. throughout the summer. He commended the City's Environmental Manager Jackson Fox for heading up the storm drains artwork project. Mr. van den Berg provided CSP statistics for last two months since its

expansion City-wide and stated that in May of 2014 there was a 64% increase in transports compared to May of 2013.

Mr. Hilling asked if the 64% increase should be attributed to the service area expansion of the CSP.

Mr. van den Berg replied affirmatively.

Mayor Eberhart requested that Mr. van den Berg send him the CSP statistic information in writing.

Victor Buberge, PO Box 58192, Fairbanks – Mr. Buberge spoke to the huge pothole on 7th Avenue between Cushman and Noble Streets and asked the Council to comment on the problem. He spoke to the poor condition of the streets within the City of Fairbanks. He stated that some of the repairs that have been done are a joke at best. He commented that it is time the Council looked at the quality of service Fairbanks taxpayers are getting for their money. Mr. Buberge stated that he has also heard tourists ask where the crosswalks are on some of the intersections. He stated that he recently observed three police vehicles on the Wendell Street Bridge dealing with what he assumed to be one intoxicated individual and questioned the need for three patrol officers at one incident.

Mr. Hilling referenced Mr. Buberge's comments regarding the lack of signage on speed humps in Shannon Park and Hamilton Acres at the last meeting. He stated that he did not notice any missing signage when he drove through the subdivisions and asked Mr. Buberge to clarify the locations where proper signage is missing.

Mr. Buberge replied that there are signs right at the crest of the speed humps. He mentioned the humps in front of Nordale Elementary School specifically.

Frank Turney, 329 6th Avenue, Fairbanks – Mr. Turney stated that it is Hemp History Week and referenced the pocket guide to hemp food that he distributed to Council Members. He stated that the U.S. market for hemp products is currently over \$500 million in annual sales. He stated that SB 359 and HB 315 are signs of the growing support to legalize industrial hemp as a U.S. crop. Mr. Turney stated that a non-partisan congressional research service issued a positive report on industrial hemp in December. He stated that the Co-op Market Grocery and Deli now carries many hemp products. Mr. Turney shared that Memorial Day at the Clay Street Cemetery was well-attended with many veterans of war and friends and families. He acknowledged that Mayor Eberhart is the first City Mayor to make a presentation at the Cemetery and thanked him for doing so. He spoke to the dandelion problem at the Cemetery and mentioned the many uses for the flower. Mr. Turney spoke to the need for public restrooms in downtown Fairbanks and stated that he witnessed two inebriates using the newly-painted storm drains as a toilet. Mr. Turney related a message to Mayor Eberhart from a man he recently spoke with who was pulled over by a Fairbanks Police Officer. He stated that the man was experiencing low blood sugar and was trying to get to the store. He commented that the officer did not cite the man for a violation but detained him for 45 minutes. Mr. Turney stated that he encouraged the man to contact Mayor Eberhart.

Diane Fleeks, 202 10th Avenue, Fairbanks – Ms. Fleeks read aloud a letter from Bob Eley, President of the Fairbanks Community Museum (FCM), opposing the sale of Old City Hall. The letter questioned whether an engineer’s report on the building had been done and suggested that the City may carry liability if all the problems with the structure were not disclosed prior to the sale. In the letter, Mr. Eley also questioned if the buyer would have sufficient finances to successfully convert the old structure into a craft distillery and if the distillery business would benefit in the revitalization of downtown Fairbanks. Mr. Eley expressed doubt that a distillery would be the best use of Historic City Hall and stated that the museum has had a difficult time finding an alternate location that is both affordable and large enough for its exhibits. The letter provided statistics on the museum’s visitor traffic and spoke to the Mr. Eley’s disappointment that he was left out of the discussions regarding the potential sale.

Mr. Matherly stated that he received the letter from Mr. Eley. He asked Ms. Fleeks if Mr. Eley or any of the museum staff has sat down with the potential new owner, Patrick Levy, to discuss his plans for the structure.

Ms. Fleeks stated that she sits on the Board for the museum and that they have not met with Mr. Levy.

Mr. Anderson asked Ms. Fleeks if there is a possibility of asbestos being present in the building.

Ms. Fleeks stated that it is her understanding that there may be asbestos in the building. She stated that she has worked in the building for over 10 years and indicated that they have dealt with asbestos in the past.

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

APPROVAL OF AGENDA AND CONSENT AGENDA

Mr. Gatewood, seconded by **Mr. Matherly**, moved to APPROVE the Agenda and Consent Agenda.

Mr. Gatewood pulled Resolution No. 4633 and the Appointments to the Fairbanks Diversity Council from the Consent Agenda.

Mr. Hilling pulled Ordinance No. 5947 from the Consent Agenda.

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

City Clerk Hovenden read the Consent Agenda, as Amended, into the record.

APPROVAL OF PREVIOUS MINUTES

a) Regular Meeting Minutes of March 24, 2014.

APPROVED on the CONSENT AGENDA.

SPECIAL ORDERS

- a) The Fairbanks City Council, sitting as a Committee of the Whole, heard interested citizens concerned with the following Liquor License Application for Transfer of Ownership and Name Change.

Type: Beverage Dispensary, License #4530

From: Barracuda's Beach Bar / Xavier's, Inc.
1288 Sadler Way, Fairbanks

To: Regency Fairbanks Hotel / Pacific Rim Associates, Inc.
Same Location

Mr. Anderson, seconded by **Mr. Gatewood**, moved to WAIVE PROTEST on the Liquor License Application for Transfer of Ownership and Name Change.

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

Mr. Gatewood stated that he sees no departmental protests in the agenda packet for the transfer. He stated that when the license was up for renewal the last time, he recalls a recommendation to protest from the Fire Department until a physical inspection of the premises passed all necessary requirements. He stated that since there is no protest from the Fire Department this time, he will assume that the premises passed inspection.

Fire Chief Cummings stated that he would have to check the file to see when the last inspection was. He indicated that the location will be inspected prior to opening for business.

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

YEAS: Anderson, Gatewood, Staley, Hilling, Matherly, Walley

NAYS: None

Mayor Eberhart declared the MOTION CARRIED.

MAYOR'S COMMENTS AND REPORT

Mayor Eberhart introduced the City's new HR Director, Barbara Sunday. He provided the Council with information about Ms. Sunday's professional background. He stated that nominations for the Fairbanks Diversity Council (FDC) are up for approval later in the meeting. He informed the Council that the City has sent the remainder of the applications to the Fairbanks North Star Borough (FNSB) for consideration in their three appointments to the FDC. He stated that he hopes to hold the first meeting of the FDC in June or July. **Mayor Eberhart** provided a report to the Council on his recent visit to the Mayor's Institute on City Design in Louisville,

Kentucky. He stated that the list of potential projects was narrowed down to the core downtown area of Fairbanks. He explained that he made a 15-minute presentation to a resource team made up of architects, designers, property developers and mayors who volunteer their time to the Institute. He stated that he expects to receive the report within the next few weeks. **Mayor Eberhart** spoke to the many activities and meetings that he and others in his office have been involved in since the last meeting. He stated that the next PSEA Labor Negotiations meeting is scheduled for June 11 at 9 A.M. in the Council Chambers. **Mayor Eberhart** shared that Chief of Staff Jim Williams held the first-ever strategic planning session with Council Members and Department Heads to discuss the vision and objectives for the City of Fairbanks over the next few years. **Mayor Eberhart** recognized Assistant Fire Chief Ernie Misewicz for having received a Certificate of Appreciation for his outstanding support to the U.S. Northcom's Vigilant Guard Program during the planning and execution of the Vigilant Guard Alaska exercise. **Mayor Eberhart** announced that property values went up 3.11% from 2013 according to the latest valuation from the Borough. He stated that as a result, the City will recognize additional revenue of approximately \$140,000. He shared that the City also received the final payoff on the note for the Weeks Field property of \$192,000.

UNFINISHED BUSINESS

a) Ordinance No. 5947 – An Ordinance Ratifying a Labor Agreement Between the City of Fairbanks and the International Brotherhood of Electrical Workers Local 1547. Introduced by Mayor Eberhart. SECOND READING AND PUBLIC HEARING.

Mr. Anderson, seconded by **Mr. Gatewood**, moved to ADOPT Ordinance No. 5947.

Mayor Eberhart called for Public Testimony.

Jeff Whipple, 441 Keeling Road, North Pole – Mr. Whipple spoke in support of Ordinance No. 5947 stating that the City is in good financial condition, partly due to the leadership and wise management of the City Council and partly due to the dedication of City employees. He stated that he works in the Engineering Department and is involved with right-of-way acquisition and construction management. Mr. Whipple stated that he has a good relationship with property and business owners throughout the community and listed the many recent and current projects the City's Engineering Department is involved in. He expressed his concern with the rising costs of healthcare, food and energy. He commented that it would be a wise decision to take care of the employees that make the City operate.

Lake Williams, 945 Senate Loop, Fairbanks – Mr. Williams stated that he is the President of the AFL/CIO Crafts Council. He spoke in favor of Ordinance No. 5947 and stated that he has heard the Council's concern with keeping the increase to IBEW employees the same as that of the AFL/CIO. He stated that the AFL/CIO bargaining unit supports the IBEW contract and will not begrudge another group for getting more. He added, however, that the AFL/CIO will use it as a tool in the next round of labor negotiations. Mr. Williams stated that AFL/CIO employees are fortunate to have fairly stable healthcare costs. He spoke to the instability of healthcare and expressed empathy for IBEW employees who are seeing significant increases to their health premiums.

Mr. Hilling asked Mr. Williams to clarify his statement that he will not begrudge another group for getting a larger increase.

Mr. Williams spoke to the individuality of each bargaining unit the City deals with, stating that it presents a problem when the Council tries to treat them all the same. He indicated that he does not want the IBEW bargaining unit to settle for less than what they believe they should receive. He stated that when he bargained on behalf of the AFL/CIO, he felt that his group got the best deal that they could get from the City at that time. Mr. Williams stated that he trusted the numbers that were presented to him during negotiations and acknowledged that things change. He stated that he will not testify against the IBEW bargaining unit receiving a 2.5% increase.

Sam Carlson, 2029 Red Berry Road, Fairbanks – Mr. Carlson thanked the Mayor and Council for their service to the Fairbanks community and for allowing him the opportunity to speak. He requested the Council's support of Ordinance No. 5947.

Shannon Kumpula, PO Box 82277, Fairbanks – Ms. Kumpula thanked the Council for taking the time to hear and consider Public Testimony. She stated that she is an Accounting Specialist in the City's Finance Department and helps manage the City's payroll. She stated that while consistency among bargaining units is a great goal, the reality is that the four union contracts held with the City are growing further apart each year. Ms. Kumpula stated that the contracts vary in nearly every area: workers' compensation, acting pay, compensation for working out-of-class, temporary hiring to cover employee leave, and the out-of-pocket healthcare cost to employees. She pled with the Council to adopt Ordinance No. 5947.

Mr. Gatewood asked Ms. Kumpula if she believes that the 2014 increase given to the AFL/CIO is the same as the proposed 2.5% increase to the IBEW.

Ms. Kumpula replied that while she understands that the increases may be applied differently and that the 1% to IBEW will be carried forward in future years, the increase amount for both bargaining units for 2014 is still 2.5%.

Dominic Lozano, 2980 North Point Court, Fairbanks – Mr. Lozano stated that he is the President of the Fairbanks Firefighters Union (FFU). He spoke in support of the IBEW contract and pointed out that the four unions that bargain with the City do not bargain against each other. He stated that each unit has its own priorities and cannot be treated the same by the City. He stated that each has its own unique holidays, leave system, workers' compensation, health care and retirement system. Mr. Lozano stated that the City's negotiating team works very hard under the directives of the City Council to come up with an agreement that is fair to both sides. He stated that it is not the job of the City Council to renegotiate the contract or pick and choose which parts they like; rather it is the Council's job to fund the negotiated contract. Mr. Lozano commented on the large amount of money that was transferred out of the City's General Fund at the last meeting and stated that the City can afford to fund the IBEW contract. He stated that he and the FFU supports the proposed contract.

Denise Kendrick, 892 Runamuck Avenue, North Pole – Ms. Kendrick stated that she is a City of Fairbanks employee and an IBEW member. She asked every IBEW member in the audience to stand. Ms. Kendrick spoke to the hard work and dedication of City employees. She stated that

FNSB School District employees received a 1.4% increase to wages but pointed out that 85% of their health care is covered by the employer. She stated that by having a percentage of the costs covered by the employer, the employee and the employer share in annual increases to health care. She stated that a 1.4% increase would be a fair increase if the City shared more in employee health care costs. Ms. Kendrick indicated that the Council cannot compare the IBEW bargaining unit to other groups until they have considered all the finite details. She spoke to the remarkable improvements within the Finance Department since she began working for the City of Fairbanks 15 years ago and again spoke to the dedication and hard work of City staff.

Janice Wagner, 557 Long Spur Loop, Fairbanks – Ms. Wagner stated that while she has received wage increases over the years, she does not believe that those increases have kept up with the rate of inflation. She stated that her standard of living is not the same as it was 10 years ago and that she views the increase to health care each year as a cut in pay. Ms. Wagner stated that other City employees she has talked to have been amazed at how much IBEW employees pay in health care. She urged the Council to give strong consideration to adopting Ordinance No. 5947 and thanked the Council for their service to the community.

Mr. Hilling asked Ms. Wagner to speak to how her increasing health care costs are different than that of most City taxpayers.

Ms. Wagner acknowledged that everyone's health care costs are increasing. She clarified her point that the City's share vs. the IBEW employees' share is disproportionate to that of other agencies.

John Ferree, 939 Smallwood Trail, Fairbanks – Mr. Ferree stated that he is the Assistant Business Manager for the IBEW Local 1547 and has been involved in negotiations with the City for this contract since December of 2013. He stated that both his bargaining team and the City's bargaining team have worked hard to arrive at the proposed agreement. He expressed appreciation to the IBEW members who testified and informed the Council that IBEW employees pay more than \$800 per month in health premiums out of their own pockets. He stated that on April 1 an increase of 5% to the IBEW health costs was implemented. Mr. Ferree stated that the City's IBEW employees are paying the highest percentage of health care costs of any bargaining unit he deals with, including those in the private sector. He stated that the employees need some help and indicated that the proposed agreement does not necessarily provide all the relief that they need. He stated that his bargaining team feels that they have bargained hard with the City but have not reached equity for the members' standard of living. He clarified that he believes bargaining was done in good faith and that the IBEW bargaining unit will stand by the proposed agreement. Mr. Ferree expressed appreciation for the role of the City Council and commended them for dealing responsibly with the City of Fairbanks taxpayers' dollars. He spoke in favor of the adoption of Ordinance No. 5947.

Mr. Matherly asked Mr. Ferree what he believes is a good percentage for an employer to contribute towards employee health care, based on his experience.

Mr. Ferree stated that being a Trustee on the IBEW's health plan, he is aware of the dilemma with health care. In response to Mr. Matherly's question, he stated that it is logical that an employer wants to see its employees contribute towards their own health care. He stated that the

highest employee-paid contribution he has seen outside of this contract is about \$250 per month for the exact same health plan. Mr. Ferree stated that in many of the agreements he deals with, the employee pays \$120 - \$140 per month out of their own pocket and added that some are completely covered by the employer.

Mr. Gatewood asked Mr. Ferree to speak to the increase to IBEW health care rates versus the proposed 2.5% increase.

Mr. Ferree stated that under the current agreement, increases are calculated against wages, pension and health care as a package. He stated that the 2.5% proposed increase would only cover about 1/2 of the 5% increase to the IBEW employees' health care costs.

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

Mayor Eberhart pointed out that in the second whereas of the ordinance, the number should read 5948 instead of 5848. He asked if any Council Members objected to correcting the typo.

No Members objected.

Mr. Walley thanked all those who testified on Ordinance No. 5947 and sympathized with employees on the health care issue. He spoke to the Council's discussion surrounding the AFL/CIO labor contract last October and stated that he is in support of granting IBEW employees a 2.5% increase if it mirrors the increase granted to the AFL/CIO. **Mr. Walley** spoke to the need to be fair to not only City employees, but also to Fairbanks taxpayers. He stated that he is not inclined to support Ordinance No. 5947.

Mr. Hilling asked if Ordinance No. 5947 or its attachment had changed since the last Regular Meeting.

Mayor Eberhart replied that nothing had changed since the last meeting.

Mr. Hilling stated that he is having difficulty grasping any inconsistency between the AFL/CIO increase and the proposed IBEW increase. He spoke to the only minor difference being that the IBEW is proposing a one-year, 2.5% increase while the AFL/CIO agreed to a one-year, 1.5% increase with an equivalent one-time payout equivalent to 1%. **Mr. Hilling** stated that if the IBEW contract is up for negotiation again later in the year, he does not understand the presumption that the City would be locked into the full increase in perpetuity.

Mr. Walley clarified that the percentage wage increase granted in the current year will become part of the employees' wage and will continue on in years to come.

Ms. Staley commented that she believes the individuality of each bargaining unit is what drove the Council to negotiate a one-year contract.

Mayor Eberhart stated that there have been cases in other municipalities where employees have had to take wage cuts because of an economic downturn. He reminded the Council that all parts

of the contract would be reopened to negotiation in October and that there is no guarantee that union employees will receive a wage increase each year.

Mr. Anderson expressed his support for Ordinance No. 5947 stating that the City and the IBEW reached the agreement through good faith bargaining. He spoke to the issue of trust between employees and the Council.

Mr. Hilling stated that he can see how the Council has been inconsistent in a certain sense, but expressed his belief that a change in the consensus of the Council does not equate to a breach in good faith bargaining. He spoke to his own struggles with the health care issue and sympathized with union members. **Mr. Hilling** stated that the consistency issue is of utmost importance to him and expressed his intent to vote against Ordinance No. 5947.

Mr. Matherly stated that these types of issues are never easy to deal with. Speaking to IBEW employees, he stated that the Council's decision on the contract should in no way speak for how they believe City employees perform. **Mr. Matherly** stated that Council Members must consider both the taxpayers and City employees while attempting to be as fair as possible. He stated that he is torn on the issue.

Mr. Gatewood stated that he believes the Council gave the City's negotiating team the go-ahead for the 2.5% for the IBEW agreement. He acknowledged the difference between the AFL/CIO increase and the proposed IBEW increase for 2014. **Mr. Gatewood** stated that it is virtually impossible to treat every union the same and expressed his belief that the City has accomplished fairness to the best of its ability. He stated that he will vote in support of Ordinance No. 5947 because he believes the 2.5% increase is fair for the IBEW employees.

Mr. Matherly emphasized the importance of morale in the workplace and stated that a lack of it can cause severe damage to a business or organization. He stated that while it is the prerogative of City employees to request an increase to offset the rising cost of living, it is also their responsibility review their own personal budgets and identify areas where they may save money. **Mr. Matherly** stated that he respects the testimony of the IBEW members and commented that the Council does not take the issue lightly.

Mr. Walley expressed his respect for City employees and acknowledged their hard work. He stated that he does not see a problem with rejecting the proposed contract and going back to the negotiating table with IBEW to propose the same increase that the AFL/CIO received.

Mr. Hilling agreed that morale is a huge issue and that City employees are of top quality. He stated that with respect to increases, it is definitely possible for the City to treat all unions the same. He mirrored Mr. Walley's suggestion on how to proceed with IBEW labor negotiations.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5947 AS FOLLOWS:

YEAS:	Gatewood, Anderson, Matherly, Staley
NAYS:	Walley, Hilling

Mayor Eberhart declared the MOTION CARRIED and Ordinance No. 5947 ADOPTED.

- b) Ordinance No. 5948 – An Ordinance Amending the 2014 Operating and Capital Budgets for the Third Time. Introduced by Mayor Eberhart. SECOND READING AND PUBLIC HEARING.

Mr. Walley, seconded by **Mr. Matherly**, moved to ADOPT Ordinance No. 5948.

Ms. Staley, seconded by **Mr. Matherly**, moved to SUBSTITUTE Ordinance No. 5948, as Amended, for Ordinance No. 5948.

Mayor Eberhart called for a brief recess.

The City Council reconvened after an eight minute recess.

Mayor Eberhart called for objection to the motion to SUBSTITUTE Ordinance No. 5948, as Amended, for Ordinance No. 5948 and, hearing none, so ORDERED.

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

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5948, AS AMENDED, AS FOLLOWS:

YEAS: Matherly, Hilling, Walley, Staley, Gatewood, Anderson

NAYS: None

Mayor Eberhart declared the MOTION CARRIED and Ordinance No. 5948, as Amended, ADOPTED.

NEW BUSINESS

- a) Resolution No. 4631 – A Resolution Awarding a Contract to Exclusive Paving, Inc. for the Lemeta Subdivision Improvements Project FB-14-23 in the Amount of \$1,893,911. Introduced by Mayor Eberhart.

PASSED and APPROVED on the CONSENT AGENDA.

- b) Resolution No. 4632 – A Resolution Fixing the Rate of Tax Levy for Municipal Purposes for the 2014 Real Property Tax of the City of Fairbanks, Alaska. Introduced by Mayor Eberhart.

PASSED and APPROVED on the CONSENT AGENDA.

- c) Resolution No. 4633 – A Resolution Approving the Sale of Old City Hall for the Amount of \$180,000.00. Introduced by Mayor Eberhart.

Mr. Matherly, seconded by **Mr. Hilling**, moved to APPROVE Resolution No. 4633.

Mr. Gatewood stated that he pulled the item for discussion because of the public opposition to the sale. He stated that he believes the Council gave the City's Property Manager, Patrick Smith, the go ahead to seek buyers for the property. **Mr. Gatewood** stated that the Council indicated in the past that they would like the City to get out of the landlord business. He spoke to the historical significance of the structure and to the prospective owners' desire to purchase the property and renovate it into a distillery.

Mr. Matherly stated that there are many older buildings of significance in Fairbanks. In response to Diane Fleeks' testimony and Bob Eley's letter, he stated that he is confident that no one would purchase the property without an engineer's inspection. He stated that it will be up to the bank to determine whether the property is eligible for a loan. **Mr. Matherly** commented that he does not begrudge Mr. Levy's idea of opening a distillery and that he does not place a bar and a distillery in the same category. He stated that the Council did not place limitations on who may purchase the property based on its historical value and spoke in favor of Resolution No. 4633.

Ms. Staley stated that many years ago that section of downtown Fairbanks was a fashion center. She spoke in support of a distillery stating that it would bring a new attraction to the area.

Mr. Anderson spoke against Resolution No. 4633. He recalled things that stood out in his mind about the historical structure. He stated that he is not against the distillery business but that he enjoys the historical and cultural value of the type of property under consideration for sale. He stated that he does not believe a distillery in the downtown area would be much of a tourist attraction and that a museum is better suited for the location. **Mr. Anderson** pointed out that the Borough has not taken any action in regard to the distillery and that he is unsure whether the Governor will sign the bill concerning distillery operations in the State of Alaska. He spoke to the problems with the Old City Hall structure. He expressed his surprise that the resolution is being introduced at such an early date and suggested that a distillery may be better suited for a different location.

Mr. Matherly expressed appreciation for Mr. Anderson's comments. He stated that there are many locations downtown that celebrate the history and culture of Fairbanks and that he is hesitant to hold onto the property for too long for fear that there may not be another selling opportunity in the future.

Mayor Eberhart spoke to how the sale of Old City Hall had come about over the past couple years. He stated that the current tenants were given about a year to try to come up with a plan to purchase the building or present an offer to the City. He stated that he has not seen a solid business plan from the tenants and that the Council gave the direction to sell the property. **Mayor Eberhart** stated that Mr. Levy made has offered the appraised value of the property which is contingent upon a zoning allowance from the Borough. He shared that he recently had the opportunity of touring a bourbon distillery in Louisville, Kentucky and spoke to how professional and historically informative the experience was.

Mr. Hilling expressed his belief that Mr. Levy will do whatever he can to maximize his profits from the distillery. He stated that both Mr. Eley's and Mr. Anderson's points were very well-made but that he believes the building will always be known as Historic City Hall. He spoke to his hope that the museum could find a new location. **Mr. Hilling** stated that he believes the distillery will be a hotspot for local residents to visit, regardless if it turns out to be a tourist attraction.

Mr. Walley spoke to the need to reinvest in and revitalize downtown Fairbanks and stated that that is what Mr. Levy is trying to do. In regard to possible asbestos and other issues with the structure, he stated that he is sure all matters would be addressed in the disclosure statements prior to the sale. **Mr. Walley** stated that he is in favor of Resolution No. 4633.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE RESOLUTION NO. 4633 AS FOLLOWS:

YEAS: Staley, Matherly, Gatewood, Hilling, Walley

NAYS: Anderson

Mayor Eberhart declared the MOTION CARRIED and Resolution No. 4633 APPROVED.

- d) Ordinance No. 5949 – An Ordinance Authorizing Public Sale of Surplus City-Owned Property. Introduced by Mayor Eberhart.

Mr. Matherly, seconded by **Ms. Staley**, moved to ADVANCE Ordinance No. 5949.

Mr. Hilling stated that he would like to hear a report from Patrick Smith.

Property Manager Patrick Smith stated that most of the properties referenced in Ordinance No. 5949 were acquired through foreclosure. He provided a brief explanation of the reasons for foreclosure either by the City or the Borough. He stated that he is interested in seeing the properties back on the tax rolls and that by selling the properties, the City will recover some public funds. He stated that pursuant to City Code, the properties must first go through the sealed bid auction process, and if that is not successful, they may be sold "over the counter." He stated that the attachments to Ordinance No. 5949 show the locations of all the properties.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADVANCE ORDINANCE NO. 5949 AS FOLLOWS:

YEAS: Hilling, Anderson, Walley, Staley, Matherly, Gatewood

NAYS: None

Mayor Eberhart declared the MOTION CARRIED.

DISCUSSION ITEMS

Committee Reports

FMATS Policy Committee – **Mr. Walley** stated that the Committee has met a couple of times since the last City Council Meeting. He provided an update regarding an amendment to the Transportation Improvement Program (TIP) for the College Road Rehabilitation Project. He reported that the Committee approved the scope of services for the preparation of the FMATS Freight Mobility Plan and increased design funding for the South Cushman Project by \$92,000. **Mr. Walley** stated that the FMATS Technical Committee was tasked with developing an initial recommendation for fund allocations for the Unified Planning Work Program (UPWP). He stated that there is a budgetary document that outlines the planning efforts of FMATS over the next two years beginning in October of 2014. **Mr. Walley** stated that the historical plaques have arrived and should be installed in the coming week. He announced the good news that FMATS MPO Coordinator, Donna Gardino, has agreed to stay in her current position.

COMMUNICATIONS TO COUNCIL

- a) Deferred Compensation Committee Update

ACCEPTED on the CONSENT AGENDA

- b) Clay Street Cemetery Commission Meeting Minutes of April 3, 2013

ACCEPTED on the CONSENT AGENDA

- c) Clay Street Cemetery Commission Meeting Minutes of September 4, 2013

ACCEPTED on the CONSENT AGENDA

- d) Clay Street Cemetery Commission Meeting Minutes of February 5, 2014

ACCEPTED on the CONSENT AGENDA

- e) Appointment to the Clay Street Cemetery Commission

APPROVED on the CONSENT AGENDA

- f) Appointments to the Fairbanks Diversity Council

Mr. Anderson, seconded by **Mr. Hilling**, moved to APPROVE the Appointments to the Fairbanks Diversity Council.

Mr. Gatewood stated that he recalled the number of appointees to the Fairbanks Diversity Council to total 15, of which 12 would be appointed and confirmed by the City of Fairbanks and 3 by the Borough. He stated that he did not recall participation from the Council as being part of the original ordinance.

Mayor Eberhart stated that the original ordinance provided that the City Mayor would nominate 12 public members and the Borough Mayor would nominate 3 public members. He stated that the ordinance also provides that three non-voting members will be made up of the

City Mayor (who shall also serve as the Chair), the City HR Director, and a City Council Member.

Mr. Gatewood stated that Mayor Eberhart's list of nominees represents a great amount of diversity and that he supports the nominations.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE THE APPOINTMENTS TO THE FAIRBANKS DIVERSITY COUNCIL AS FOLLOWS:

YEAS: Anderson, Gatewood, Staley, Hilling, Matherly, Walley

NAYS: None

Mayor Eberhart declared the MOTION CARRIED.

COUNCIL MEMBERS' COMMENTS

Mr. Anderson stated that he had no comments.

Mr. Hilling requested that City Engineer and Public Works Director Mike Schmetzer come forward to address Mr. Buberger's complaints regarding poor street conditions in Fairbanks.

Mr. Schmetzer stated that he has been with the City of Fairbanks for eight years and provided information about his education and background. He stated that he has been involved engineering and designing projects in 15 other U.S. states and in several other countries and expressed his belief that engineering in Fairbanks is especially difficult because of the extreme climate. Mr. Schmetzer spoke to the "Three W's" which are the three major complications with road construction and repair in Alaska: water, wicking and winter. He stated that his departments are doing the best that they can to build and maintain roads in the City of Fairbanks. Mr. Schmetzer commented that with an Engineering staff of six, the City has rebuilt an estimated \$50 million in roads throughout the community. He spoke to the major improvements that have taken place and to projects slated in the coming years. Mr. Schmetzer stated that on January 2, 2009, he started keeping a detailed log of every complaint/request/problem that comes into the Public Works Department. He informed the Council that the log is now on entry number 5,631. He stated that in 2013 and 2014, there were a total of 83 calls regarding potholes, of which 24% were reported by him, the Public Works Director.

Mr. Hilling asked Mr. Schmetzer to address the quality of pothole patching by his crew.

Mr. Schmetzer explained that his pothole crews are limited to when the asphalt plants open, which is very dependent on the weather. He stated that in order to patch holes properly, the holes must be dry. He expressed his belief that the quality of road repair in Fairbanks has not declined and that he actively tries to improve the pothole repair process. Mr. Schmetzer stated that he is in regular contact with the Public Works Director in Whitehorse who experiences similar challenges in maintaining roads in an extreme climate. He stated that in 2012, the City put about 320 tons of asphalt into potholes and that there were about 40 complaints that year. He stated that the numbers have been consistent and equates to 1,200 – 1,400 potholes a year.

Mr. Hilling asked Mr. Schmetzer to speak to the lack of crosswalks in Fairbanks.

Mr. Schmetzer stated that crosswalks are not required by law wherever there is a signal. He explained that the signal itself is what dictates pedestrian traffic, not the crosswalk. He stated that as streets are rebuilt, crosswalks are being added. He spoke to the materials and process that is currently being used to prolong the life of the street paint.

Mr. Hilling asked if there is any law or rule that speaks to how long an individual may be detained for a traffic stop.

City Attorney Ewers replied that the law references a “reasonable” amount of time.

Mr. Hilling stated that he will be out of town for most of July. He asked to be excused for the Regular City Council Meetings of July 7 and 21, 2014. He stated that he will attend telephonically, if possible.

Mayor Eberhart called for objection to Mr. Hilling’s request to be excused on July 7 and 21, 2014, and hearing none, so ORDERED.

Mr. Hilling spoke to the revitalization of downtown Fairbanks and to the possibility that the Polaris Building could be renovated into high-rise housing. He commented that sometimes the Council must set aside sentiment and emotions when dealing with City property in order to allow for change and growth. **Mr. Hilling** asked when the issue of the Explore Fairbanks log cabin lease would come before the Council.

Mr. Ewers stated that the lease is currently on month-to-month terms through Explore Fairbanks with the Yukon Quest. He stated that there has not been another time scheduled to discuss the issue.

Mr. Matherly offered his condolences to the family of Elizabeth Schack, a recent high school graduate who was killed in a vehicle accident. He commended Mr. Schmetzer for his good work and for being very accessible and approachable. He spoke briefly to the parking issue in downtown Fairbanks and stated that he does not want to see people avoid visiting the area because of Golden Heart Parking Services (GHPS). **Mr. Matherly** stated that his son recently attended “The Color Run” and spoke to other great events in Fairbanks. He spoke to the discussion surrounding the IBEW contract and expressed appreciation for everyone’s comments on the matter.

Ms. Staley stated that the GHPS Board will be meeting on June 11 and that the Public Safety Commission will meet on June 10 at the Fairbanks Police Department at 11:30 A.M. She stated that she will be out of town for the next Regular Council Meeting of June 23 and asked to be excused. She stated that she is very excited to learn more about the City’s strategic planning. **Ms. Staley** commented that Marc Marlow, owner of the Polaris Building, recently contacted her. She stated that he is having some problems with financing. She stated that the financing is complex partly because Mr. Marlow is pursuing a variety of avenues to finance the revitalization of the structure.

There was no objection to Ms. Staley's request to be excused on June 23, 2014.

Mr. Walley expressed appreciation to fellow members of the Council for their discussion and debate on issues. He stated that he is looking forward to the next strategic planning meeting on June 19 at 9 A.M.

Mr. Gatewood stated that he had no comments.

Mr. Matherly, seconded by **Mr. Anderson**, moved to go into Executive Session for the purpose of discussing PSEA Labor Contract Negotiations.

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

Mayor Eberhart called for a five minute recess.

EXECUTIVE SESSION

a) Labor Contract Negotiations – PSEA

The City Council met in Executive Session to discuss PSEA Labor Contract Negotiations. Direction was given to staff and no action was taken.

ADJOURNMENT

Mr. Anderson, seconded by **Ms. Staley**, moved to ADJOURN the meeting.

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

Mayor Eberhart declared the meeting adjourned at 11:40 P.M.

JOHN EBERHART, MAYOR

ATTEST:

JANEY HOVENDEN, MMC, CITY CLERK

Transcribed by: DS

RESOLUTION NO. 4641

**A RESOLUTION TO EXCLUDE PART-TIME EMPLOYEES FROM
PARTICIPATION IN THE PUBLIC EMPLOYEES' RETIREMENT
SYSTEM**

WHEREAS, the State of Alaska Statue 39.35.590 allows municipalities to designate which departments or class of employees participate in the Public Employees' Retirement System (PERS); and

WHEREAS, the City of Fairbanks and the Public Safety Employees Association, Fairbanks Police Department Chapter have collectively bargained and agreed to exclude part-time employees from PERS; and

WHEREAS, part-time employees are defined as employees who are regularly scheduled to work less than 30-hours per week; and

WHEREAS, it is in the best interest of the City of Fairbanks to exclude part-time employees from participation in PERS;

NOW, THEREFORE, BE IT RESOLVED by the City Council that the City of Fairbanks and Public Employees' Retirement System participation agreement shall be amended to exclude part-time employees scheduled to work less than 30 hours per week, effective August 1, 2014.

PASSED and APPROVED this 11th day of August 2014.

JOHN EBERHART, MAYOR

AYES:
NAYS:
ABSENT:
APPROVED:

ATTEST:

APPROVED AS TO FORM:

JANEY HOVENDEN, MMC, City Clerk

PAUL J. EWERS, City Attorney

August 12, 2014

State of Alaska
Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, Alaska 99811-0203

City of Fairbanks and Public Employees' Retirement System Participation
Agreement
Amendment No. 9

The Public Employees Retirement System Participation Agreement entered into between the State of Alaska (hereinafter referred to as the State) and the City of Fairbanks (hereinafter referred to as the political subdivision) on December 11, 1970, and approved by the State on January 1, 1971, is amended effective no later than August 1, 2014, by changing subparagraph 2 on page 2 to read as follows:

(2) The political subdivision agrees that all eligible employees except employees in the following designated categories will participate in the Retirement:

- employees hired pursuant to union contract with the City of Fairbanks Municipal Utilities System and classified as manual employees [original Agreement];

- the AFL-CIO Joint Crafts Council at the City's Public Works and Engineering Departments [Amendment No. 3];

- the City's Operating Engineers, Local 302, unit [Amendment No. 3];

- the International Brotherhood of Electrical Workers, Local 1547, unit [Amendment No. 4];

- employees hired pursuant to union contract with the City of Fairbanks [Amendment No. 5];

- Teamsters Union Local Number 959 of the International Brotherhood of Teamsters [Amendment No. 5];

- employees designated as non-represented classified positions [Amendment No. 6];

- elected officials [Amendment No. 7];

- part-time employees scheduled to work less than 30-hours per week [Amendment No. 9].

This amendment shall continue in effect for the duration of the original agreement cited above and can only be terminated as provided therein.

John M. Eberhart, Mayor

APPROVED:

Administrator

Date

RESOLUTION NO. 4642

**A RESOLUTION AWARDING A CONTRACT TO
_____ FOR THE POLICE STATION ROOF
REPLACEMENT PROJECT FB-14-26 IN THE AMOUNT OF \$XXX,XXX.00**

WHEREAS, in accordance with FGC Chapter 54, Article IV, Competitive Bidding, bids were solicited for the Lemeta Subdivision Improvements project; and

WHEREAS, due to the short construction season, awarding of this contract is time sensitive; and

WHEREAS, the successful responsive bidder for the project is _____ of Fairbanks, Alaska; and

WHEREAS, funding for this project is provided to the City of Fairbanks Public Works Capital Budget; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Fairbanks,

SECTION 1. That the Bid by _____ in the amount of _____ Dollars and Zero Cents (\$XXX,XXX.00) is hereby approved for award.

SECTION 2. That the Mayor is hereby authorized to execute a contract and such other documents in a form approved by the City Attorney as may be necessary to effect award of the contract.

PASSED, APPROVED and EFFECTIVE this 11th day of August 2014.

John Eberhart, City Mayor

AYES:
NAYS:
ABSENT:
APPROVED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, MMC, City Clerk

Paul Ewers, City Attorney

Sponsored by: Mayor Eberhart
Introduced: August 11, 2014

ORDINANCE NO. 5953

**AN ORDINANCE RATIFYING A LABOR AGREEMENT BETWEEN
THE CITY OF FAIRBANKS AND THE PUBLIC SAFETY
EMPLOYEES ASSOCIATION, FAIRBANKS POLICE
DEPARTMENT CHAPTER**

WHEREAS, the Collective Bargaining Agreement between the City and the PSEA, Fairbanks Police Department Chapter, expired on December 31, 2013; and

WHEREAS, the PSEA and City Administration have reached a tentative agreement for a new three-year agreement which incorporates the labor goals of the City Council.

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

SECTION 1. That the attached three-year collective bargaining agreement is hereby ratified.

SECTION 2. That this ordinance becomes effective upon ratification of the agreement by PSEA.

SECTION 3. That once ratified, the collective bargaining agreement shall be effective from January 1, 2014, through December 31, 2016.

John Eberhart, City Mayor

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, MMC, City Clerk

Paul J. Ewers, City Attorney

FISCAL NOTE PSEA ORDINANCE 5953

	Description	Estimated Costs			
		Year 1 (2014)	Year 2 (2015)	Year 3 (2016)	Total
Retro Pay	1-time Payment (\$1,750) in lieu of retro pay (difficult to go back and pay 10% wage increase on 4/10 schedule)	\$ 119,000	\$ -	\$ -	\$ 119,000
Health Benefits	Increase Health Contribution per member by \$250 per month	\$ 51,000	\$ 204,000	\$ 204,000	\$ 459,000
3/12 Wages and Overhead	Reduce PSEA membership working hours from 40 hours per week to 36 hours per week. Increase base wages by 10% & factor in overhead changes)	\$ (8,180)	\$ (32,719)	\$ (32,719)	\$ (73,618)
3/12 shift Diff	Swing Shift (from 5% to 4%), Mid Shift (10% to 8%)	\$ (12,934)	\$ (51,736)	\$ (51,736)	\$ (116,406)
3/12 Leave Bank Adjustment	10% increase in wages will result in 1-time adjustment to accrued leave values	\$ 74,846	\$ -	\$ -	\$ 74,846
3/12 Overtime	10% increase in wages will result in adjustment to OT and associated benefits	\$ 20,801	\$ 83,205	\$ 83,205	\$ 187,211
Earned Leave	Members with over 10 years of service will earn 300 hours per year (increase of 60 hours per year)	\$ 35,676	\$ 105,282	\$ 99,333	\$ 240,291

TOTAL: \$ 280,209 \$ 308,032 \$ 302,083 \$ 890,324

% Total Package Incr (Dcr) year to year: 3.44% 0.33% -0.07% 3.65%

Adjusted (as proposed) FY Budgets: \$ 8,421,965 \$ 8,449,788 \$ 8,443,839 \$ 25,315,592

Original PSEA 2014 Personnel Budget (Police) \$ 6,273,955 \$ 6,273,955 \$ 6,273,955 \$ 18,821,865

Original PSEA 2014 Personnel Budget (Dispatch) \$ 1,867,801 \$ 1,867,801 \$ 1,867,801 \$ 5,603,403

Original 2014 PSEA Labor Budget (Total) \$ 8,141,756 \$ 8,141,756 \$ 8,141,756 \$ 24,425,268

COLLECTIVE BARGAINING AGREEMENT
BETWEEN
THE CITY OF FAIRBANKS
AND
THE PUBLIC SAFETY EMPLOYEES ASSOCIATION
FAIRBANKS POLICE DEPARTMENT CHAPTER
2014 - 2016

This Agreement is reached between the City of Fairbanks (Employer or City) and the Public Safety Employees Association (the Association or PSEA) for the uses and purposes herein mentioned.

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ARTICLE 1
POLICY AND PURPOSE

Section 1.1 It is the policy of the City and PSEA to continue harmonious and cooperative relationships between City Employees and the Employer to ensure orderly and uninterrupted operations of government.

Section 1.2 The welfare of the City and its Employees is dependent largely upon the service the City renders the public. Improvements in this service and economy in operating and maintaining expenses are promoted by willing cooperation between the City management, Employee organizations and each Employee to render honest, efficient and economical service.

Section 1.3 The purposes of this Agreement are:

- A. To promote the settlement of labor disagreements by conference, to prevent strikes and lockouts, to stabilize conditions in work in the areas affected by this Agreement, to prevent avoidable delays and expense, and generally to encourage a spirit of helpful cooperation between the Employer and Employee groups to their mutual advantage.
- B. To recognize the legitimate interest of the Employees of the City to participate through collective bargaining in the determination of terms and conditions of their employment.
- C. To promote fair and reasonable working conditions.
- D. To promote individual efficiency and service to the citizens of the City.
- E. To avoid interruption or interference with the efficient operation of City Government.
- F. To provide a basis for the adjustment of matters of mutual interest by means of amicable discussion.
- G. To pay wages, benefits and other compensation to the members in accord with the provisions of this Agreement, and not based upon personal favoritism or discrimination.

ARTICLE 2 **DURATION**

Section 2.1 This Agreement shall become effective the first day of the pay period following mutual ratification by the City Council and the Membership of the Association in accord with an election and shall remain in effect until December 31, 2016.

Section 2.2 Either party desiring to commence such negotiations shall give written notice to the other at least sixty (60) days prior to December 31, 2016, but not sooner than one hundred twenty (120) days prior to the expiration date of this Agreement. Upon receipt of such notice, negotiations shall begin within fifteen (15) days. Unless otherwise agreed, no modification or change shall become effective prior to the expiration date without the mutual written consent of the parties.

Section 2.3 In the event that the termination date on this Agreement shall occur during the course of negotiations for a renewal of the Agreement, the terms and conditions of this Agreement shall be extended until such time as a new agreement is reached.

Section 2.4 This Agreement shall be binding upon the successors and assigns of the parties, and no provision, term or obligation herein contained shall be changed in any respect by any change in ownership, management, location, or bargaining unit.

ARTICLE 3
RECOGNITION

Section 3.1 Recognition. The City recognizes PSEA as the exclusive representative of all PSEA positions designated in this Agreement for part-time, permanent, seasonal and temporary Employees in the City for collective bargaining with respect to salaries, wages, hours and other terms and conditions of employment.

Section 3.2 Classifications.

- A. Additional classifications or reclassification shall be included within the Bargaining Unit or exempt from on the basis of the Alaska Labor Relations Agency criteria.
- B. Should irresolvable differences as to inclusion or exclusion of additional classifications or reclassification to the Bargaining Unit occur, either party may request that the jurisdiction be determined in accordance with Alaska Statutes.

ARTICLE 4
NEGOTIATIONS

Not more than three (3) Employee negotiators shall be permitted to attend and participate in negotiations during their normal workday without loss of compensation. All negotiators shall be assigned to day shift duty (Monday through Friday) during the period of negotiations. Due to the nature of prolonged negotiations members may be required to participate during off duty hours. Off-duty members will not be compensated for their time while required to attend such meetings, but shall be given hour for hour time off in lieu of time so spent for negotiations. The parties will meet at mutually agreeable times. It is not the intent of the parties for the negotiators to receive overtime pay while performing negotiation duties in excess of the workday. Said designated negotiators shall be permitted to use duty time or administrative time to participate in preparation and actual negotiations (and caucuses on negotiation days) should scheduled negotiations occur on members' regular duty days. Nothing prohibits other members from attending negotiations using scheduled leave or off-duty time. Should designated negotiators become unavailable PSEA may substitute negotiators.

ARTICLE 5
CITY – ASSOCIATION RELATIONS

Section 5.1 Recognizing the mutual benefits derived from the process of democratic collective bargaining, the City will not discourage new employees from joining the Fairbanks Police Department Employees' Association/PSEA. It is hereby agreed by the Association and the City that there shall be no discrimination against any employee because of membership in or lawful activity on behalf of the Association.

Section 5.2 The Association agrees that its members, who are employees of the City, will individually and collectively perform loyal and efficient service and that they will use their influence and best efforts to protect the property and interest of the City and to cooperate with the City to this end at all times.

- A. The Association agrees that during the life of this Agreement, the Association, its agents or its members will not authorize, instigate, aid, engage in or condone any work stoppage or concerted slowdown, mass illness, refusal to work or strike against the Employer.
- B. The City agrees that during the life of this Agreement, there shall be no lockout.
- C. The Association further agrees that its members shall, in each and every instance, cross the picket line of any other organization in order to perform assigned duties.

Section 5.3 Any provision of this Agreement judicially found to be in violation of applicable City, State or Federal law and subsequent amendments thereto shall be null and void, but all other provisions of this Agreement shall remain in full force and effect. In the event any provision of this Agreement is declared unlawful, in a manner described above, the parties hereto agree to meet within fifteen (15) days and for a reasonable period thereafter until final negotiations or appropriate substitute clauses have been satisfied.

Section 5.4 The Association agrees that it will actively combat absenteeism and other practices which may hamper the City's operation and that the Association will vigorously support the City in efforts to improve efficiency and the quality of law enforcement and further to promote good will between the City and the Bargaining Unit members.

ARTICLE 6
MANAGEMENT RIGHTS

The City under this Agreement has and will retain the right to represent and manage the City and the City's property and to direct its working forces, including the right to hire, to set staffing levels, to promote and demote, to reclassify, and to discipline or discharge any personnel in its employ for good and just cause in the interest of the City, provided it does not conflict with the provisions of this Agreement. Nothing in this Agreement is intended to, or is to be construed in any way, to interfere with the recognized prerogative of the City to manage and control its business.

ARTICLE 7
PSEA SECURITY

Section 7.1 Agency Shop.

- A. It is recognized that PSEA owes the same responsibilities to all Employees and is to provide benefits and services to all Bargaining Unit members whether or not they are members of PSEA. All Employees shall, as a condition of continued employment, either become a member of PSEA and pay PSEA dues or pay an agency fee to PSEA equal to the amount of PSEA dues assessed uniformly against all PSEA members in this Bargaining Unit. Payment of PSEA dues or agency fee shall commence within thirty (30) days after the date of hire, or the date the position becomes covered by this Agreement.

- B. Upon the written request by PSEA to the City, a Bargaining Unit member employed for more than thirty (30) days who is not complying with the membership or agency shop provisions of this Agreement shall be terminated upon notification to the City by PSEA.

- C. Persons hired in a Bargaining Unit position shall be informed, at the time of the employment offer of the PSEA membership obligation under this Agreement. The Employee shall be allowed up to a maximum of one hour, during normal working hours, to perform the PSEA enrollment activity and shall report to the PSEA office for membership discussion within ten (10) working days after reporting to work.

Section 7.2 Check off and Payroll Deductions.

- A. The City agrees to deduct on a regular basis from the payroll check of all Association members, the regular monthly dues, assessments and fees, and voluntary contributions of members of the Association.

- B. The Business Manager of PSEA shall notify the City Finance Department in writing of a decrease or increase in authorized dues or fees deducted. The City shall then make the appropriate changes in payroll deductions. The City shall remit the Employee's authorized PSEA deductions to the duly authorized representative of PSEA, together with a list of the names of the Employees from whose pay deductions are made. All changes in address of Employees shall be transmitted to PSEA immediately.

- C. PSEA, or their designee, shall have a right to receipts from deductions of PSEA and PAC dues, initiation fees or agency fees, PSEA-sponsored insurance premiums and PSEA-sponsored Employee benefits as previously authorized or

as may be authorized by the Bargaining Unit Member. No other Employee organization shall be accorded payroll deduction privileges with regard to the Bargaining Unit.

Section 7.3 Payroll Deductions/Direct Deposit. Employees shall be accorded payroll deduction and direct payroll deposit privileges to the financial institution of the employee's choice on pay day, limited to two specified deductions and one deposit for the balance of the payment.

Section 7.4 Meeting Space and Bulletin Boards.

- A. When not previously reserved, appropriate meeting space in the buildings owned or leased by the City, shall be available for meetings of PSEA.
- B. The City shall furnish adequate bulletin boards for use by PSEA. The City shall not unreasonably restrict or interfere with material posted on these boards.
- C. The City shall, if available at the Police Station or City Hall, provide the FPDEA President private office space, as needed, to conduct PSEA business.

Section 7.5 List of Bargaining Unit Members. The City agrees to furnish PSEA each month with a roster of all Employees working under the jurisdiction of PSEA.

Section 7.6 No member shall be discriminated against or penalized for the upholding of the Association's principles due to service on a committee, nor shall the City interfere in the relations between any member and the Association, nor will the City attempt to restrain any member from Association membership or activities.

Section 7.7 The Association assumes all obligations and responsibilities for this Bargaining Unit. The Association agrees that this Agreement is binding on each and every member of this Bargaining Unit and that its members, individually or collectively, accept full responsibility for carrying out all of the provisions of this Agreement.

Section 7.8 It shall be a condition of employment that all members presently employed in a position covered by this Agreement shall be and remain a member of the Association for the life of this Agreement. Members of the Association in good standing on the effective date of this Agreement shall remain members in good standing for the life of this Agreement. Employees hired on or after its effective date, within thirty (30) days following the beginning of employment, must become and remain members in good standing for the life of this Agreement or

pay to the Association an agency fee in an amount equal to the Association's uniform dues and fees in lieu thereof. "Good standing" is to be deemed as paying the Association's uniform dues and fees as required.

Section 7.9 Upon the failure of any member to comply with the provisions of Section 7.1.A, the Association shall notify the City in writing of such failure, and thereupon the member shall not be continued in employment. Termination shall become effective ten (10) days after receipt of notice to the City by the Association. If the member pays the Association uniform dues and fees before the expiration of the ten (10) days, the member shall be considered in good standing and not be discharged for that reason.

Section 7.10 The Association agrees to provide representation to all Bargaining Unit employees, whether or not they are members of the chapter as defined by State law.

Section 7.11 The City of Fairbanks recognizes PSEA as the sole representative of all designated positions listed in Article 19 for collective bargaining with respect to salaries, wages, hours and other terms and conditions of employment and shall not negotiate or handle grievances with any employee, organization or individual other than PSEA

Section 7.12

A. The Chapter Chair and Vice-Chair of the Fairbanks Police Department Employees Association Chapter of PSEA as well as two other employees, hereinafter called "Employee Representatives" will be designated by PSEA. They shall be employees of the Fairbanks Police Department or the Fairbanks Emergency Communications Center and members of the Association. The Employee Representatives shall be permitted during regular working hours to perform their official representative duties handling requests, complaints and grievances arising under this Agreement. There may be occasions when workload will prevent the granting of such time until a later date. In the absence of compelling circumstances to the contrary, the employee will be made available. Normal protocol will be observed with their respective supervisors prior to engaging in their duties as an Employee Representative. It is agreed that the Employee Representative conducting the representative duties shall whenever possible, meet outside the presence of other employees. When it is mandatory to conduct grievances or other matters during day shift hours, the Employee Representative and affected grievant(s) may be re-assigned by the Department Head to the day shift duty time to handle these matters, provided that this does not interfere with Department operations.

- B. The Employee Representatives shall not receive overtime pay while performing Employee Representative duties in excess of the work day, nor shall an Employee Representative extend his/her work day in such a manner as to receive overtime because part of the work day was used to perform Employee Representative duties with approval of the Department Head. An Employee Representative shall not be entitled to special privileges as a result of holding such office, except as provided in sub-section (C).

- C. Notwithstanding any other provision of this Agreement, in the event of layoffs, the Chapter Chair and Vice-Chair shall be the last person(s) within his/her classification to be laid off. Should it come to pass that the entire classification containing a Chapter Chair or Vice-Chair is eliminated by layoff or reclassification, the Chair or Vice-Chair has no greater seniority rights within a lower classification for which he/she is eligible to "bump down" into (if any exists) than is otherwise conferred by this Agreement. If both the Chair and Vice-Chair work in the same classification, the Chapter Chair shall be the last person laid off.

Section 7.13 PSEA staff shall be permitted to visit work areas at reasonable times consistent with workload and operational needs. Such representatives shall be recognized by the City as having the final authority to speak for the Association in all matters covered by this Agreement.

ARTICLE 8

GRIEVANCE PROCEDURE

Section 8.1 It is the mutual desire of the City and the Association to provide for the prompt adjustment of grievances in a fair and reasonable manner, with a minimum amount of interruption of the work schedules. Every reasonable effort shall be made by both the City and the Association to resolve grievances at the earliest step possible. In the furtherance of this objective, the City and the Association have adopted the following procedure.

Section 8.2 A grievance is defined as any dispute arising from the interpretation, application or alleged violation of a provision of this Agreement. However, any dispute involving the commencement date or termination of this Agreement shall not be considered a grievance and shall not be submitted to the grievance-arbitration procedure set forth herein, but instead any such questions concerning commencement or termination of this Agreement shall be specifically reserved for judicial review. Any written resolution of a grievance (at any level of the grievance procedure) shall be binding upon both parties.

Section 8.3 Step One. When an employee has a grievance, the employee (accompanied by an Association representative if the employee chooses) shall verbally discuss the matter with his/her immediate supervisor and attempt to resolve the problem. The grievance must be brought to the attention of the immediate supervisor within thirty (30) calendar days of the employee having, through the exercise of reasonable diligence, knowledge of the grievance. If the grievance cannot be resolved through verbal discussion, the grievance shall be formalized in writing, signed by the member, and presented to the immediate supervisor within seven (7) calendar days of the oral discussion. The grievance shall state the article and section number of this Agreement allegedly violated and the manner in which the member believes that section has been violated. The immediate supervisor shall investigate the grievance and shall indicate in writing a response to the grievance within seven (7) calendar days following the day on which the written grievance was presented. The written grievance and the response of the immediate supervisor shall then be delivered to the next level of supervision, with a copy to the grievant(s), and the Association for further handling at the next step of this procedure. The seven (7) calendar day time frame shall apply for each level within this step and delivery of the grievance to the Department Head.

Section 8.4 Step Two. Grievances not settled in the first step may be delivered to the Department Head who shall attempt to settle the grievance within ten (10) calendar days after the submission of the grievance to him/her. Within this time frame, the Department Head shall meet together with the grievant, PSEA

Representative and other witnesses as appropriate and attempt to resolve the issue(s). The Department Head shall mail or deliver a written decision to PSEA within this ten (10) day time frame. If the written decision of the Department Head is not satisfactory to the grievant, he/she shall have seven (7) calendar days to decide if he/she wishes to appeal the grievance to Step Three of this procedure.

Section 8.5 Step Three. After receipt of a grievance the City Mayor shall have fourteen (14) calendar days to meet with all involved parties and to issue a written decision to PSEA. If the response states that the nature of the grievance and/or the portion of this Agreement allegedly violated is not stated or cannot be determined from the documentation submitted, the party submitting the grievance may, within seven (7) calendar days, amend or augment the documentation submitted. If amended or augmented, the City Mayor or the Association, as the case may be, shall have seven (7) additional calendar days to submit a final written response. If the decision of the City Mayor is unsatisfactory to the grievant, PSEA may, within fifteen (15) calendar days of the delivery of the decision, demand that the matter be submitted to binding arbitration.

Section 8.6 Arbitration.

- A. The arbitration notice shall include the nature of the matter to be arbitrated and the Agreement provision(s) allegedly violated. When the demand to submit a grievance to binding arbitration is made, PSEA and the City shall meet at a date and time mutually agreeable within fourteen (14) calendar days to select an arbitrator. Upon the failure of the two parties to agree upon an arbitrator, both parties agree to request the Federal Mediation and Conciliation Service to submit a list of nine (9) names of persons, with prior service as a neutral arbitrator involving the interpretation of collective bargaining agreements who are available for service within six months of request. Within 14 days of receipt of the list, the City and Association representatives shall alternately strike one name from the list until one name remains. The side to strike the first name shall be chosen by lot.

- B. Arbitration of the grievance shall commence as soon as agreeable. The Arbitrator shall make a written report of his/her findings to PSEA and the City within thirty (30) calendar days of the conclusion of the hearing or thirty (30) calendar days following submission of any post-hearing briefs. The Arbitrator will be governed by Labor Arbitration Rules of the American Arbitration Association (AAA) as amended and in effect at the time the grievance is filed. The decision of the Arbitrator shall be final and binding on both parties

to this Agreement and enforceable under the provisions of AS 09.43.010-180, as may be amended.

- C. The authority of the Arbitrator shall be limited to the application and interpretation of this Agreement. The Arbitrator shall consider and decide only the specific issue or issues submitted in writing and shall have no authority to decide other issues. He/she shall have no authority to amend, alter, modify or otherwise change the terms or scope of this Agreement. The final decision of the Arbitrator shall be implemented as soon as possible, but not later than thirty (30) days after the final decision is rendered.

Section 8.7 Each grievance or dispute will be submitted to a separately convened arbitration proceeding, except where the City and PSEA mutually agree to have more than one grievance or dispute submitted to the same arbitrator. Multiple grievances relating to a single issue shall be consolidated into one proceeding heard by a single arbitrator. Any dispute as to consolidation will be resolved by written motion without testimony by the first arbitrator chosen to resolve a series of grievances where consolidation is sought.

Section 8.8 The City and PSEA shall bear the expense of their respective representatives and witnesses. The other expenses involved in such arbitration proceeding shall be paid by the non-prevailing party, as determined by the Arbitrator.

Section 8.9 Any member called as a witness by either side will continue to receive his/her regular rate of pay while attending the hearing but not to exceed the member's regular working hours. Should the meetings be scheduled outside of the member's regular working hours, or extended beyond the regular working hours, no compensation shall be paid by the City for the time outside regular hours. Off-duty members will not be compensated for their time while required to attend such hearings, but shall be given hour for hour time off in lieu of time so spent at arbitration hearings.

Section 8.10 Except for appeals of disciplinary actions in accordance with Article 8, when any matter in dispute has been referred to the Grievance Procedure set forth above, the conditions and provisions prevailing prior to the time the dispute arose shall not be changed until the decision is rendered. If the Arbitrator so rules, the decision shall be made retroactive to the time the dispute began.

Section 8.11 In the event either party, after notice, fails to answer a grievance within the time required at any step of the Grievance Procedure, or either party fails to appeal the answer given to the next step of the Grievance Procedure within the time allowed, the grievance shall be considered settled against the

side which has defaulted. However, any of the time limits or required steps of the grievance arbitration procedure may be extended or waived by written mutual agreement of PSEA and the City. Before either party claims a default, it will give a courtesy call to the other party. Grievances settled by default will not be the basis of establishing the precedent for the settlement of any other grievance.

Section 8.12 Any grievance that originates from a level above Step One of the Grievance Procedure shall be submitted directly to the step or level from which it originates.

Section 8.13 Grievances filed by PSEA on behalf of itself or as a class action, and grievances filed by the City, shall be filed at Step Three.

Section 8.14 Demotion/Discharge. [moved to 18.9]

ARTICLE 9
EMPLOYEE BENEFITS AND RIGHTS

Section 9.1 Retirement. The City and all employees covered under this Agreement will participate in the Public Employee's Retirement System of Alaska administered by the Public Employee's Retirement Board of the State of Alaska, and any other mutually agreeable plan or plans.

Section 9.2 Health Benefits.

- A. For each member, the City shall contribute \$1,290 per month to PSEA's Health and Welfare Trust Plan effective the first full month after this agreement is ratified.
- B. The City agrees to maintain a pre-tax deduction account at the election of each employee as allowed under federal law for the purpose of setting aside monies for the purpose of subsidizing uncovered costs of medical insurance. The City will contribute \$1200.00 per year per employee, pro-rated monthly, to a pre-tax IRS section 125 plan to be used for qualified expenses (un-reimbursed health care, employee premium costs, child care, etc.).

Section 9.3 Injured Employee Rights & Responsibilities (Non-work related injury)

- A. Temporary Incapacity. When a member becomes injured and temporarily cannot perform his/her normal duties and has an evaluation from an appropriate medical professional indicating light duty would be appropriate, the City will endeavor to assign the member to light duty.
- B. Permanent Incapacity . If a member is determined by an appropriate medical professional to be permanently unable to perform his or her normal job functions, the Association and the City agree that the member may be terminated, subject to grievance/arbitration procedures.
 - 1. For a period of twelve (12) months following the finding of permanent incapacity, if a position exists within the PSEA Unit that the permanently incapacitated member qualifies for and can perform they will be given preference in the hiring process for that position. It will be the responsibility of the member to monitor potential job openings and apply.
- C. Nothing in this section abrogates any provision of Workers' Compensation law or rules or any requirements of state or federal law.

Section 9.4 Work Related Injuries.

- A. Members who suffer an injury or disability which is covered under the provisions of state Workers' Compensation shall be entitled to the protections and provisions of those laws, as such apply at the time of the injury/disability. In the event that competent medical authority deems that an employee will not ever be able to perform their regular assigned tasks, they shall be separated on the same basis as a layoff due to a reduction in force; subject to recall to a position which is within their ability to perform without job modification, and at the appropriate pay rate generally accorded the new position.
- B. A paid administrative leave of absence for up to twelve (12) consecutive months from the date of the discovery of an initial injury/illness shall be provided for a member who has suffered an illness or injury in the line of duty that would normally qualify them for Workers' Compensation. In such instances, the member may be assigned work at the discretion of the department providing such work assignment does not adversely affect the nature of the illness or injury. Should it be determined the member shall not be eligible to return to full duty and applies for retirement, and retirement is granted prior to the twelve (12) months expiration of administrative leave, the department's obligation under this provision shall then be nullified. It is the intent of this provision that a member would be fully compensated for that period of time covered by administrative leave. Members will retain their Workers Compensation check and notify Payroll of any change in status or compensation. When the member returns to duty, to insure the member's PERS contributions are made whole, the member will complete the PERS Workers Compensation and LWOP Claim and Verification form and submit to the PERS Administrator. When the PERS Administrator determines the member's indebtedness the member will submit a copy of the memo from the PERS Administrator with the indebtedness amount to Payroll. Payroll will work with the member to set up a payroll deduction for repayment or lump sum payment. In the event a lump sum payment is issued it is incumbent upon the member to pay the PERS indebtedness amount directly to the PERS Administrator.

In extraordinary circumstances, the parties may mutually agree to modify the provisions of this section. This provision does not apply to probationary recruit employees in training at the academy. These employees, however, shall be subject to eligibility of the Alaska Workers' Compensation Act.

- C. When, due to a work related injury, a member becomes injured and cannot perform his/her normal duties and has an evaluation by an appropriate

medical professional indicating the employee may perform light duty, the City shall endeavor to assign the member to light duty in regular pay status.

D. Nothing in this section abrogates any provision of Workers' Compensation law and rules or any provision of federal law regarding employment of the disabled, to include the Americans with Disabilities Act.

Section 9.5 Physical Examination. Each member will be provided the opportunity to have a biennial physical examination, beginning during their second year of employment, by an appropriate medical professional. The examination will consist of a list of specific items to be determined by a joint labor-management committee solely to determine fitness for duty. The City will pay all costs of this examination, without the consideration of the member's health insurance. The City shall not receive or maintain any report of the employee's examination, other than to be notified if the member is not fit for duty.

Section 9.6 "For Cause" Examinations. When, in the opinion of the City, there arises a documented incident or incidents which raise specific questions as to the physical, mental or psychological ability of an employee to perform their normal work assignments, an examination, including all relevant controlled substance test procedures, by an appropriate medical professional may be ordered by the City.

If the examination demonstrates, in the opinion of the appropriate medical professional conducting the examination, that the employee is physically, mentally or psychologically incapable of performing their normal work assignments, the employee will be allowed to seek a second opinion from an appropriate medical professional of their choice. If the results of these two examinations are not in agreement, then a third opinion will be solicited from an appropriate medical professional mutually agreeable to the City and employee. The results of the third examination shall be final and binding. The City shall pay for all examinations and connected expenses involved with this section. In the event the physical, mental or psychological condition of any employee prevents them from adequately performing their normal work assignments, the City may place them in a classification they can perform within the Department. Should no classification be vacant, the employee will be laid off or terminated subject to any applicable procedures within this Agreement regarding lay-offs and seniority.

For the purposes of Sections 9.4, 9.5 and 9.6, an "appropriate medical professional" means a licensed physician or a licensed physician's assistant if the employee's physical ability to perform normal work assignments is in question, or a licensed psychiatrist or licensed psychologist if the employee's mental or psychological ability to perform normal work assignments is in question.

Section 9.7 Indemnification.

- A. In the event any claim or claims are made by a person or persons against any employee for actions done while in the scope of employment covered by the terms of this Agreement, the claim shall be defended by the City and any liability which is incurred by an employee covered by this Agreement as a result of the claim or claims shall be paid by the City. Any claim or claims, or liability resulting there from, shall not be paid by the City if the claim or claims are based upon acts or omissions of any employee resulting from recklessness, gross negligence or intentional misconduct.
- B. In the event the City resolves an action or claim involving a member for purely pragmatic reasons not involving any misbehavior by the member, the City will issue a letter to the member stating the reasons for the settlement, with a copy placed in the member's personnel file.
- C. This section shall be read in conjunction with the terms of any City ordinance providing for indemnification of City employees and the protection of both this section and the ordinance shall apply, provided that, in the event of any conflict, the provisions providing the maximum protection to the employee shall prevail.

Section 9.8 Training. The City will endeavor to provide commissioned officers and dispatch personnel with forty (40) hours per year of APSC Certified Training or the functional equivalent, excluding firearms qualifications, and state or federally mandated training such as Haz-mat and Blood Borne Pathogen training that are not discretionary and will be provided.

Absent an unforeseen emergency, active canine (K-9) teams shall be afforded a minimum of four (4) hours of training time each week during regular duty hours.

Section 9.9 The City shall make every effort to provide adequate parking facilities and electrical connections for head bolt heaters for employees' personal vehicles at existing installations. Parking and electrical connections for head bolt heaters shall be provided at no charge to employees at any newly constructed facility. The City shall make every effort to provide adequate parking facilities and electrical connections for head bolt heaters at any facility leased hereafter.

Section 9.10 Conduct Based Investigations.

- A. The City and the Association agree that it is imperative that all investigations of claims of member misconduct are conducted by the City in a manner which

upholds the highest standards of the Department, preserves the faith of the public in the integrity of the department and its members, and also protects and safeguards the rights of the members. In order to ensure that any such investigations are conducted in a manner that is conducive to good order and discipline, the parties agree to the following provisions:

B. Investigation of conduct subject to criminal action only.

- 1) If a member is under investigation by the City, whether instituted by the City or as a result of a complaint being filed against the member, and the member is interrogated or interviewed by the City agents for conduct that may subject the member to criminal prosecution, the member shall be given the same "Rights Warning" that is then currently in use by police officers of the City when conducting interviews of criminal suspects.
- 2) A member's position with this Department shall not afford him/her any greater or lesser rights than are enjoyed by other citizens of this City and State when subject to criminal investigations or proceedings.
- 3) Any such investigation and interview/interrogation shall be conducted in accordance with existing criminal law and procedures then currently in effect in this State.

C. Investigation of conduct subject to both criminal and administrative actions.

- 1) If a member is under investigation, instituted by the Department or as a result of a complaint being filed against the member for alleged conduct that may result in both administrative actions (disciplinary or punitive) and criminal prosecution, the City shall not "merge" the criminal investigation and the administrative, but shall instead conduct separate and distinct investigations, each conducted by a different person. Prior to a criminal interview/interrogation the member shall be advised of the "Rights Warning" that is then currently in use by police officers of the City when conducting interviews of criminal suspects. The member will also be informed when it is contemplated that the matter may be referred to a criminal prosecutor for review.
- 2) In the course of the administrative investigation of the allegation(s), a member refusing to respond to questions or submit to interview/interrogation shall be informed that failure to answer questions which are specifically directed and narrowly related to the performance of his/her official duties, including cooperation with other agencies involved in criminal investigations,

may subject the member to disciplinary charges, including insubordination, which may result in his/her dismissal from the Department. Compelled statements so given in an administrative investigation will not be used against the member in any criminal prosecution, nor will the City provide any form of such statements to any other person or agency unless so ordered by a court of competent jurisdiction. In the event of demand for production of the contents of such statements, the City will notify the member of the demand, and will assert the privilege on behalf of the member.

- 3) All compelled statements given in the course of an administrative investigation may be used against the member in relation to any subsequent departmental administrative charges which may result in disciplinary or punitive actions against the member.
- 4) If the member so requests, any interview/interrogation will be suspended for a reasonable period of time to allow the Association representative or counsel to attend. The representative shall not be a person subject to the same or related investigation.
- 5) Any interview will be held at a mutually agreeable location provided by the City.
- 6) The interview shall be recorded and a transcript and copy of the recording shall be provided to PSEA.

D. Investigation of conduct subject to disciplinary or punitive action only.

- 1) If a member is under administrative (noncriminal) investigation instituted by the Department or as a result of a complaint being filed against the member for conduct that may subject the member to administrative disciplinary or punitive action only, the investigation will be conducted in accordance with the safeguards listed below.
- 2) When available the member shall be notified of the investigation in a timely fashion not to exceed one week (7 calendar days) from the time that the complaint is discovered by the Department Head, except for investigations of "on-going" type of conduct.
- 3) The member shall be informed of his/her rights as specified in this section as well as the name and authority of the officer in charge of the investigation. The member shall also be informed of the name of all persons who will be present during the interview/interrogation and questions shall be asked by no more than two (2) interviewers at any meeting.

- 4) Before an interrogation/interview is commenced, the member shall be informed of the nature of the investigation and provided a list of all known allegations. Except for anonymous complaints, the member shall be informed of the name(s) of all complainants.
- 5) The member shall not be subjected to offensive language or threatened with punitive actions, except that a member refusing to respond to questions or submit to interview-interrogation shall be informed that failure to answer questions which are specifically directed and narrowly related to the performance of his/her official duties, including cooperation with other agencies involved in criminal investigations, may subject the member to disciplinary charges, including insubordination, which may result in his/her dismissal from the Department.
- 6) The member is entitled to have present at an interview/interrogation an Association representative or counsel selected by PSEA. The Association representative may question the member as well as offer rebuttal as necessary. The representative shall not be a person subject to the same or related investigation.
- 7) If, prior to or during the interview/interrogation of a member, it is deemed that he/she will be charged with a criminal offense, the member will be immediately informed of the "Rights Warning" that is then currently in use by police officers of this City when conducting custodial criminal interviews of suspects and a separate criminal investigation shall be initiated in accord with Article 9, Section 12.
- 8) In the event that the City chooses to proceed criminally against the member for a violation of the law and the member so requests, the interview/interrogation will be suspended for a reasonable period of time to allow the Association representative or counsel to attend. The representative shall not be a person subject to the same or related investigation.
- 9) The member or the City may record the interview/interrogation after advising that a recording will be made and each shall have access to other's recording, if any are made.
- 10) The member is entitled to a copy of the completed investigative report including any related existing transcripts of interviews/interrogations prior to the imposition of disciplinary or punitive action against the member.

E. General Administrative Investigations Guidelines.

- 1) All administrative investigations conducted by the Department involving allegations against its members shall adhere to these general guidelines.
- 2) All administrative investigations and their outcomes shall be treated as personnel matters and as such shall be confidential provided that a generic notice of the outcome of disciplinary actions shall be made available for review by Department employees without identifying information.
- 3) Investigation of conduct shall be conducted in a timely manner without unnecessary delay.
- 4) Nothing in this Agreement shall abridge the right of a supervisor at any level to counsel with, advise or admonish a member under his/her command in private.
- 5) No promise of reward shall be made as an inducement to answering any question.
- 6) Any interrogation/interview must be conducted at a reasonable hour, preferably at a time when the member is on duty, or during the normal waking hour of the member, unless the seriousness of the investigation requires otherwise.
- 7) The interview shall only be voice recorded; video recording will only be used upon prior "case by case" written approval of the Department Head. A transcript and copy of the interview shall be provided by the City to PSEA.
- 8) The interview shall be held at a location provided by the City that is mutually agreeable to both PSEA and the City.
- 9) No PSEA elected official shall be compelled to testify about any knowledge that he or she has gained as a result of his or her office.
- 10) The interview/interrogation shall allow the member to attend to bodily functions as necessary.
- 11) The member shall be compensated at the overtime rate if the interview/interrogation is conducted at a time other than the employee's working hours. However, the City may, at the discretion of the Department Head, reassign a member under investigation to administrative duties, Monday through Friday, 0800 to 1700 hours for the duration of the

investigation.

12) The Association is entitled to a copy of the completed investigation report including any related existing transcripts of interviews/interrogations prior to the impositions of disciplinary or punitive action against the member. Materials shall be provided to PSEA upon completion of any investigation.

13) All administrative investigations will include one of the following dispositions for each allegation:

- a) **SUBSTANTIATED (or "Sustained")**: Means that the act of misconduct or violation complained of occurred. The standard of proof is a preponderance of the evidence.
- b) **UNSUBSTANTIATED (or "Not Sustained")**: Means that there was insufficient evidence to prove or disprove the allegation.
- c) **EXONERATED**: Means that the act alleged did occur but the member's actions were lawful and proper.
- d) **UNFOUNDED**: Means that the act alleged did not occur.
- e) **OTHER MISCONDUCT NOTED**: Means the investigation revealed an act of misconduct or violation not alleged in the complaint.

Section 9.11 Reserved.

Section 9.12 Reserved.

Section 9.13 Use of Lie Detector Devices. No member may be compelled to submit to a Lie Detector exam against his/her will. The exercise of this right may not in any way be used against the member in any disciplinary action nor will testimony or evidence of the refusal be admissible at a subsequent hearing, trial or other proceeding. This does not preclude the use of a Lie Detector Device where the member and the Department mutually agree to its use nor does it mandate that a member has a right to demand a Lie Detector Examiner investigation.

Section 9.14 Financial Disclosure. No member may be required to disclose personal information, including but not limited to property possessed, sources and amounts of income, debts, and personal or domestic expenditures (including those of any member of his/her family or immediate household), unless any of the

following conditions exist:

- A. Such information is obtained under proper legal procedure; or
- B. Probable cause to suspect a conflict of interest with respect to the performance of his/her official duties; or
- C. It is necessary for the Department to ascertain the desirability of assigning the member to a specialized unit assignment in which there is a strong possibility that bribes or other inducements may be offered.

Section 9.15 Searches. No member shall be subject to unreasonable search and seizure. Members shall enjoy the right to privacy in their individual work areas, lockers, electronic devices maintained by the employee for work purposes or other space provided by the Department except that searches of these areas may be conducted in the member's presence; or with the member's consent; or with a valid search warrant; or when the member has been notified in advance (at least 24 hours) that a search will be conducted. This provision shall not prevent the Department from conducting routine inspections of work areas, break areas, locker rooms, vehicles, and other Department owned or leased facilities and equipment, for cleanliness, neatness, serviceability, compliance with directives and other needs of the Department for the welfare of its members and successful completion of its mission. Nothing in this section shall prevent the Department from retrieving equipment, reports or other items needed for the continuance of operation from a member's locker or other secured space when the member is not available.

Section 9.16 Political Activities.

- A. All members are prohibited from engaging in political activities at any time while in uniform.
- B. All members are prohibited from engaging in political activity while on duty.
- C. The Department may prohibit or restrict members from using the Department's premises for political activities without permission of the Department Head.
- D. All employees are prohibited from soliciting political contributions from fellow employees or those on eligibility list(s), other than in connection with ballot measures affecting their wages, hours and working conditions, except that they may make appeals for any kind of political contributions to the public generally, even though this may include fellow employees.

Section 9.17 Revocation of Driver's License. No Employee may be deprived of pay or seniority based upon the revocation of his or her driver's license for a violation or violations of the law which result from the direct orders of his or her superior to specifically commit such violation or violations.

Section 9.18 Break Areas. The parties agree that the Employer shall provide areas designated as non-smoking "Employee Break Areas" which shall be large enough to accommodate the Employees using such areas. Association members are encouraged to make suggestions to the Employer as to the location of acceptable areas.

Section 9.19 Work Environment. The City shall provide adequate ventilation, temperature controls, sanitary facilities, space and privacy.

Section 9.20 Political Pressure. In accordance with Section 4.4 of the City Charter, except for the purpose of inquiry, the Council and its members shall deal with the administrative service solely through the City Mayor and neither the Council nor any member thereof shall give orders to any subordinates of the City Mayor. No Employee shall be subjected to any disciplinary action by the City Council or its members.

Section 9.21 Deferred Compensation. Employees covered by this Agreement shall continue to be eligible to participate in the City's deferred compensation programs.

ARTICLE 10
SCHEDULE AND PAY RULES - POLICE

Section 10.1 – GENERAL RULES.

- A. WORK WEEK - The work week in this Agreement shall consist of a thirty – six (36) to forty (40) hours minimum in pay status from the start of the employee’s regularly scheduled duty day unless a mutually agreed alternative schedule is in place.
- B. REPORTING LATE FOR DUTY - When members report for work later than the scheduled starting time, they shall be placed on leave without pay for the period of their absence and their finishing time will not be extended to make up for the lost time. Periods of less than one-quarter (1/4) hour shall be deducted in quarter hour (1/4) increments.
- C. CONSECUTIVE DAYS OFF - Regardless of schedule worked, each member shall be entitled to regularly scheduled days off each week. The numbers of days off are defined by the schedule the employee works.
- D. SPECIAL ASSIGNMENT SCHEDULES - Members volunteering for special assignments may be assigned a work week by the City, consistent with the mission of that specific assignment.
- E. SHIFT SWAPS - Shift swaps, to be used as a judicious management tool, are allowed under this Agreement if approved by the Department Head.
- F. TIME OFF BETWEEN SHIFTS – Each member shall have a minimum of eight (8) hours off duty from the time their last shift ends until the next scheduled shift begins. An exception to this rule is Court Duty.
- G. MAXIMUM CONSECUTIVE HOURS WORKED - Except for work performed in an emergency or life-threatening situation, no member may routinely work more than fourteen (14) consecutive hours if other employees are available. The parties further agree that there are situations, such as shift change day and certain days for the relief dispatcher and sergeant, where a member will occasionally be required to work more than 12 non-consecutive hours in a day.
- H. SHIFT BIDDING - Shift preference will be bid by classification seniority by assignment within the department. In the event a member would be forced into a situation where they were required to work the same tour beyond two tour rotations, that member may be bumped up in seniority for that one tour bid. Shift preference shall be used to bid each shift as provided in this section

and subsections. There will be quarterly shift rotations.

1. SUPERVISION BY A FAMILY MEMBER - Employees may not bid a shift which would require them to be evaluated or evaluate a spouse, parent, child, sibling or any member of that employee's household. This provision applies to shift, not overtime bidding. However, the Department Head shall have the ability to require either to move to a different shift.
 2. SHIFT BID POSTING REQUIREMENTS - Shift schedules and tour assignments shall be posted no later than six (6) months prior to the commencement of the applicable tour of duty. Leave shall not be denied should the department be unable to meet this deadline.
- I. HARDSHIP REQUEST - Upon application of a member to the Department Head, a member may be reassigned to any shift/assignment due to personal hardship or other approved reason.
- J. PERSONNEL ASSIGNMENTS –
1. DISCIPLINARY REASSIGNMENT - Members who are demoted or reassigned as the result of a disciplinary action shall be reassigned a shift until the next regularly scheduled preference bid.
 2. TEMPORARY ASSIGNMENTS - Temporary assignments, except for training duties or operational necessity, shall not exceed three years.
 - a. VOLUNTARY VACANCY OF TEMPORARY ASSIGNMENT - Members voluntarily electing to leave a temporary assignment early shall be assigned a shift until the next regularly scheduled preference bid.
 - b. INVOLUNTARY VACANCY OF TEMPORARY ASSIGNMENT - A member leaving such a position other than for the reasons stated above (i.e., non-disciplinary forced transfer) will be allowed to bid for a rotation which is more than thirty (30) days from its start date.
 3. NEW HIRES SHIFT ASSIGNMENT - Newly hired probationary employees shall be assigned a duty schedule by the City.
 4. PLAN FOR INDIVIDUAL IMPROVEMENT SCHEDULING - Employees placed on a "Plan for Individual Improvement" shall be assigned a duty schedule by the City. Upon successful completion of the Plan, the employee's right to bid shift preference shall be restored at the next shift bidding.

5. TRAFFIC UNIT ASSIGNMENT - The department may assign officers, on a non-temporary basis, to the traffic unit, so long as those assigned positions do not exceed more than one-half (1/2) of the overall unit strength.

Section 10.2 COURT ATTENDANCE.

- A. ON-DUTY ATTENDANCE: Members required to appear for court as a result of actions performed in the line of duty shall suffer no loss in regular earnings, but shall be compensated during service at the member's rate of pay if on duty. Any witness fees shall be turned over to the City.
- B. OFF-DUTY ATTENDANCE: If members are off-duty, they shall receive pay at the appropriate overtime rate with a two (2) hour minimum pay. The appearance requirement of the off-duty employee shall be limited to what is necessary to appear and attend at court.
- C. JURY DUTY: Any member who is required to serve on jury duty during a normally scheduled work day will be reassigned to dayshift for that day. Any payment for jury service will be signed over to the City and the member will receive their normal wage for that day. Should the member be excused from service, they are expected to report to their supervisor and complete the remaining hours of their work day.

Section 10.3 SHIFT DEFINITIONS AND SHIFT DIFFERENTIAL PAY.

- A. DAY SHIFT - The "day" shift is any shift beginning between 0500 hours and 1159 hours. Shifts beginning during the "day" shift hours are paid no shift differential.
- B. SWING SHIFT - The "swing" shift is any shift beginning between 1200 hours and 1859 hours. Shifts beginning during the "swing" shift hours are paid a 4% shift differential.
- C. MIDNIGHT SHIFT - The "midnight" shift is any shift beginning between 1900 hours and 0459 hours. Shifts beginning during the "midnight" shift hours are paid an 8% shift differential.

Section 10.4 OVERTIME / PREMIUM PAY.

(See also, Article 4 and sections 7.12(B) and 8.9)

- A. PAYMENT INCREMENTS - Overtime shall be measured in one-quarter (1/4) hour

increments.

- B. FIRST DAY OF THE WEEK - For purposes of this section, the employee's first duty day establishes the first day of the week.
- C. EMPLOYEE'S TWENTY-FOUR HOUR DAY - For purposes of determining overtime, the employee's twenty-four (24) hour period begins at the commencement of the employee's duty assignment start time.
- D. PERSONAL LEAVE USED - Personal Leave, other than for injury or illness, taken during a day does qualify as work time for purposes of computing overtime worked beyond scheduled shift hours on a single day.
- E. SHIFT DIFFERENTIAL APPLIED TO OVERTIME - When a member works overtime hours on a shift that qualifies for shift differential pay, the City shall compute overtime pay on the basis of the following formula: Basic hourly rate plus shift differential, if any, multiplied by 1.5.
- F. WORK GREATER THAN 12 HOURS IN A 24 HOUR PERIOD - Those hours of work over twelve (12) hours (13 consecutive hours for those working 12 hour shifts) in any employee's 24 hour day will be paid at the basic rate plus shift differential multiplied by two (2).
- G. WORK GREATER THAN 12 CONSECUTIVE HOURS - Those hours of work over twelve (12) consecutive hours (13 consecutive hours for those working 12 hour shifts) will be paid at the basic rate plus shift differential multiplied by two (2).
- H. VOLUNTEERED OVERTIME - All volunteered overtime is paid at the basic rate, plus any shift differential, multiplied by 1.5.
- I. SHORT NOTICE VACANCIES - For purposes of this section, "short notice" means less than eight hours' notice from time of notification until the start time of the shift needing to be filled.
 - 1. FILLING VACANCY WITH ON-DUTY STAFF - When members are needed to meet personnel requirements on short notice, overtime will first be offered on a seniority basis to on-duty members in the needed classification, and then to members in the needed classification who are scheduled to work the next shift. If neither of said classification members volunteer by seniority, the Department may require that the on-duty member with least seniority in the needed classification remain on duty until other personnel can be located and report for duty.

2. FILLING VACANCY WITH OFF-DUTY STAFF - The member called on short notice to work overtime from off duty status shall be paid for actual overtime worked, with a minimum of two hours of overtime.
 3. FILLING VACANCY FOR 12 HOUR SHIFT SCHEDULE- When filling vacancies on a 12 hour schedule follow the medium notice procedure.
- J. MEDIUM NOTICE OVERTIME – (MORE THAN 8 HOURS BUT LESS THAN 72 HOURS) – When members are needed to meet personnel requirements known more than 8 hours but less than 72 hours prior to actual assignment.
1. POSTING OF OVERTIME - Overtime will be offered in accordance with Long Notice. Overtime will be offered by posting and/or individual solicitation, in a manner agreed upon by both parties.
- K. LONG NOTICE OVERTIME - (GREATER THAN 72 HOURS NOTICE) - When members are needed to meet shift staffing requirements known at least seventy-two (72) hours prior to the actual assignment.
1. POSTING OF STAFFING OVERTIME - Overtime will be determined by posting a volunteer overtime list. Overtime will be offered to employees bidding, based upon departmental needs, giving preference to classification seniority within the needed classifications.
 - a) Order of Officer Staffing:
 - (1) Police Officer
 - (2) Sergeants
 - (3) Lieutenants
 - (4) Detectives
 - b) Order of Supervising Staffing:
 - (1) Lieutenants
 - (2) Sergeants
- L. SPECIAL MISSION OVERTIME - The Department may assign overtime for specific missions of limited duration based upon the qualifications of the member and/or the specific needs of the assignment; i.e., polygraph, prior drug training, prostitution cases, etc.
- M. OTHER OVERTIME – All other overtime shall be bid out based upon departmental seniority.
- N. NO VOLUNTEERS / FORCED OVERTIME - In the event no volunteers are obtained

in the above processes, then overtime shall be assigned in order of inverse order of seniority. However, absent an emergency or life-threatening situation and to avoid employee "burnout", no member will routinely work more than fourteen (14) consecutive hours nor be forced to work overtime on all of their off duty days. In such instances, the next least senior member may be assigned to work.

- O. ERRORS IN AWARDING OVERTIME - Should the City, by error or omission, violate the provisions of this section by failing to offer overtime work to a senior eligible member who could have worked the overtime, then the overtime work shall be offered to senior member(s) at a mutually agreeable time, for the same number of hours originally worked. An overtime situation need not exist for this time to be worked.
- P. MINIMUM CALL BACK RATE - Members reporting to work and not put to work shall receive two (2) hours pay at their regular rate unless notified not to report at the end of their previous work day or two (2) hours prior to the start of the shift.

Section 10.5 SPECIAL MISSION ASSIGNMENTS. The Department Head shall designate members and determine the call-out of special elements of the department, i.e., Tactical Team, Sexual Assault Unit, Traffic Units, Canine Units. Flexible scheduling is an essential element of these units.

Section 10.6 COMPENSATORY TIME OFF. Except for grant funded positions or assignments where compensatory time is not reimbursed, compensatory time off in lieu of overtime may be accrued, at the member's discretion, at the appropriate overtime rate. Compensatory time off shall be taken at mutually agreeable times.

- A. COMPENSATORY TIME CASH OUT - Any compensatory time earned must be taken during the calendar year in which it is earned or paid at the end of that calendar year.
- B. COMPENSATORY TIME CARRY OVER FOR NEW MEMBERS - Members, during their first three years of employment, with notice to Payroll will be allowed to carry over up to 80 hours of compensatory time, but they will be required to either take or cash out all accumulated compensatory time by December 31 of the year following the third anniversary of their date of hire.
- C. REQUESTING TO CARRY OVER COMPENSATORY TIME - Members may be allowed to carry over compensatory time into the following year with approval from the Mayor.

D. PAYMENT ON SEPARATION FROM SERVICE - Should a member separate from service for any reason, the member's compensatory time shall be paid at termination at the dollar value in effect at the date of termination.

Section 10.7 MEAL BREAK. A meal break of thirty (30) minutes shall be allowed on each shift. Those employees who are subject to recall to work on their meal break shall be considered in on-duty pay status during the meal break. In the event of either denial of meal break or recall from the meal break, the member shall be given the chance or opportunity to eat as time permits.

A. MEAL BREAK COMPENSATION - Members shall be paid fifteen dollars (\$15.00) in meal compensation if they worked two (2) hours beyond their scheduled shift.

Section 10.8 RELIEF BREAKS. All members shall be allowed one (1) relief break not to exceed fifteen (15) minutes in duration during the first (1st) half of the shift, and fifteen (15) minutes during the second (2nd) half of the shift. When working overtime, paid relief breaks of fifteen (15) minutes shall be taken every two (2) hours. When working other than a regular shift, fifteen (15) minute relief breaks may be taken every two (2) hours. Personnel working a 12 hour shift schedule will be afforded a third relief break.

Section 10.9 TIME CHANGES. When time changes to or from Alaska Standard Time, members shall be paid only for actual hours worked.

Section 10.10 TRAINING REQUIREMENT. Any person hired to perform the duties of any position covered by this Agreement shall successfully complete training and be capable of performing all required duties of the position prior to working in solo capacity. Solo capacity shall mean working independently without direct supervision as determined by the Department Head.

Section 10.11 OFFICER VEHICLE PROGRAM. The parties agree to continue an officer vehicle availability program. The parties agree that the operation, continuation and guidelines of this program are at the City's discretion, after due regard to Association input.

Section 10.12 POLICE PATROL SUPERVISION. The City may continue the current practice of utilizing Sergeants as Shift Commanders on the assigned Lieutenant's RDOs and periods of leave.

A. SERGEANTS WORKING AS WATCH COMMANDER - Sergeants may not work shift commander overtime unless the overtime has been offered to and refused by all patrol shift Lieutenants first.

1. Pay Calculation - A Sergeant shall be paid at a 5% premium above his/her current base wage rate while working as acting Shift Commander.
- B. ACTING LIEUTENANTS - Acting Lieutenants may be utilized on a continuing basis for a period up to twelve (12) months, which may be extended by mutual consent. Acting Lieutenants shall enjoy all emoluments of a regular Lieutenant during the period he/she is in acting capacity.

Section 10.13 POLICE ADMINISTRATION.

- A. DEPUTY CHIEF ASSIGNMENT - The Department Head may assign a Deputy Chief/s from the ranks of Lieutenants. Selection and term of service is based on criteria established by the Department Head. The Deputy Chief/s remains in the Bargaining Unit.
1. The Deputy Chief will be supervised by the Department Head and will perform the duties assigned to him/her by the Department Head. Except for any disciplinary action based upon just cause, the Deputy Chief maintains his/her normal classification of Lieutenant. The Deputy Chief will receive performance pay at ten percent (10%) above the base pay of a top step Lieutenant. The Deputy Chief will not be eligible for shift differential and will not retain patrol seniority for bidding purposes while in that assignment. All time accrued in that position will be credited upon their reassignment to another assignment. Reassignment of the Deputy Chief to another assignment will not reflect negatively against his/her personnel file and will not be considered a discredit on his service record.
- B. LIEUTENANT ASSIGNMENTS - Lieutenants assigned to positions other than Shifts (such as Investigations and Special Operations) shall serve a minimum two (2) year assignment. If mutually agreed upon by the City and the incumbent, the assignment may be extended up to a maximum of five (5) years. Except for just cause, Lieutenants in these assignments may not be removed prior to completion of a two (2) year assignment.

Section 10.14 SUPERVISOR COMPENSATORY TIME. The nature of the work in Patrol requires Lieutenants or Sergeants working as watch commanders to report in prior to their scheduled shift for briefing, and to routinely work beyond their shift to complete necessary duties. The Department agrees to credit each member referenced above with one-half (.5) hour comp per week if the member works up to 24 hours per work week in that capacity, or one (1) hour comp per week if the member works in excess of 24 hours in that capacity per week.

Section 10.15 STANDBY. Members may be required to periodically report their whereabouts in order to be available for work on short notice. In such instances, the member's names shall be placed on a standby roster for the designated period of time of such a requirement. Assignments to a standby roster as well as the direct callouts from such an assignment shall be equitably rotated among members normally required to perform the anticipated duties.

If a member is required to be on call for immediate recall to work, the member shall be paid one hour of pay at the overtime rate for each time period of twelve (12) hours or less of standby. When assigned to standby on a non-floating holiday, the member shall receive two hours of overtime for each time period of twelve (12) hours or less of standby.

Standby pay is for the purpose of compensating the member for being available for work. Standby pay is not intended as compensation for any work performed by the member, and will be paid in addition to any applicable compensation in the event the member is recalled to duty. Members on standby status shall remain available by telephone and shall remain physically and mentally fit for immediate duty. Standby shall not be used to avoid maintaining minimum staffing levels as set by the Department.

Section 10.16 SCHEDULES.

A. Implementation of the below schedules requires unanimous individual participation in the specific units for which it is intended to cover, i.e. patrol, investigations, and others. This agreement does not, however, require collective participation of all Department units.

B. FORTY HOUR WORK WEEK:

1. FIVE DAYS, EIGHT HOUR SHIFTS.

a) For members who work a five/eight shift, all work performed in excess of forty (40) hours within a week or eight (8) hours within a twenty-four hour period shall be paid at one and one-half (1.5) times the basic rate of pay.

b) Any required overtime that deprives the member working 5/8s of 24 consecutive hours off shall be paid at the basic rate plus shift differential times two.

2. FOUR DAY, 10 HOUR SHIFTS.

- a) A mutually agreeable alternative to the normal five (5) day, eight (8) hour work week shall be four (4) work days preceded or followed by three (3) consecutive days off. The member is guaranteed four (4) ten (10) hour days within the work week provided he/she is ready, willing and able to work, unless suspended, on lay-off or on leave without pay. The four-day work week shall consist of four (4) ten (10) hour work days. Hours worked on a normal workday shall be paid in accordance with the Agreement, based on a ten (10) hour work day. Accordingly, members shall receive overtime compensation for all hours exceeding ten (10) hours in work status per day.
- b) A designated holiday will be observed on the calendar day for which it falls for all shift assigned employees. For routine work week employees assigned to the 4/10 alternative, if the holiday falls on the employee's first or second regularly scheduled day off, it will be observed on the last regular scheduled day of work in that week. If the holiday falls on the employee's third regularly scheduled day off, it shall be observed on the following day.
- c) Restrictions: Scheduling shall be arranged so that each member is normally afforded a minimum of sixty (60) consecutive hours of off-duty time during days off. Except for emergencies or life-threatening circumstances, no member may routinely work more than fourteen (14) consecutive hours if other employees are available.
- d) A member who works a 4/10 schedule shall be paid overtime for all hours worked in excess of ten (10) hours in a day.
- e) Any member who is required to work any hours which prevents them from having forty-eight (48) consecutive hours off will be paid at the basic rate plus shift differential, if any, multiplied by 2.

C. 36 HOUR WORK WEEK:

- 1. Overall Description: In its simplest form, the program is intended to merely redefine the work week down from 40 hours to 36 hours leaving all other provisions of the Agreement intact. Specifically:
 - a) Leave accrual remains as provided in the Agreement.

- b) PERS time-in-service accrual remains unaffected, and the City would continue to make contributions as normal (though perhaps based on a smaller reported income).
 - c) All seniority provisions and accrual remains as currently specified, to include all applicable bidding processes.
2. Other mutually agreed upon schedules are permitted in addition to those below on a limited basis for operational necessity.
3. FOUR DAY, 9 HOUR SHIFTS.
- a) The member is guaranteed four (4) nine (9) hour days within the work week provided he/she is ready, willing and able to work, unless suspended, on lay-off or on leave without pay. The four-day work week shall consist of four (4) nine (9) hour work days. Hours worked on a normal workday shall be paid in accordance with the Agreement, based on a nine (9) hour work day. Accordingly, members shall receive overtime compensation for all hours exceeding nine (9) hours in work status per day.
 - b) A designated holiday will be observed on the calendar day for which it falls for all shift assigned employees. For routine work week employees assigned to the 4/9 alternative, if the holiday falls on the employee's first or second regularly scheduled day off, it will be observed on the last regular scheduled day of work in that week. If the holiday falls on the employee's third regularly scheduled day off, it shall be observed on the following day.
 - c) Restrictions: Scheduling shall be arranged so that each member is normally afforded a minimum of sixty (60) consecutive hours of off-duty time during days off. Except for emergencies or life-threatening circumstances, no member may routinely work more than fourteen (14) consecutive hours if other employees are available.
4. THREE (3) DAY TWELVE (12) HOUR SHIFT
- a) The member is guaranteed three (3) twelve (12) hour days within the work week provided he/she is ready, willing and able to work, unless suspended, on lay-off or on leave without pay. The three-day work week shall consist of three (3) twelve (12) hour work days. Hours worked on a normal workday shall be paid in accordance

with the Agreement, based on a twelve (12) hour work day. Accordingly, members shall receive overtime compensation for all hours exceeding twelve (12) hours in work status per day.

- b) A designated holiday will be observed on the calendar day for which it falls for all shift assigned employees. For routine work week employees assigned to the 3/12 alternative, if the holiday falls on the employee's first or second regularly scheduled day off, it will be observed on the last regular scheduled day of work in that week. If the holiday falls on the employee's third or fourth regularly scheduled day off, it shall be observed on the following day.
 - c) Restrictions: Scheduling shall be arranged so that each member is normally afforded a minimum of eighty-four (84) consecutive hours of off-duty time during days off. Except for emergencies or life-threatening circumstances, no member may routinely work more than fourteen (14) consecutive hours if other employees are available.
5. Overtime: The nature of the 36 hour work week brings with it some modifications to how overtime can be administered. The following list describes specific overtime provisions that are unique to the 36 hour work week.
- a) FOUR DAY NINE HOUR SHIFTS
 - (1) When measured **weekly**, overtime will accrue after a full 40 hours of duty have been performed; however rules governing overtime in a day and/or consecutively will apply.
 - (2) When measured **daily**, overtime accrues at this rate: Those hours of work (a) over 9 consecutive hours up to 12 hours, or (b) up to 12 hours in any day will be paid at the basic rate plus shift differential multiplied by one and a half. Those hours of work (a) over 12 hours in any day, or (b) those hours of work over 12 consecutive hours, will be paid at the basic rate plus shift differential multiplied by two.
 - (3) Any hours which a member is required to work during their weekend which prevents the employee from having forty-eight consecutive hours off will be paid at the base rate plus shift differential times two. Where this provision may conflict with other straight time/overtime language, this provision shall prevail

(in favor of the employee).

b) THREE DAY TWELVE HOUR SHIFT

(1) When measured **weekly**, overtime will accrue after a full 40 hours of duty have been performed; however rules governing overtime in a day and/or consecutively will apply.

(2) When measured **daily**, overtime accrues at this rate: Those hours of work (a) over 12 consecutive hours up to 13 hours, or (b) over 12 hours in any day up to 13 hours, will be paid at the basic rate plus shift differential multiplied by one and a half. Those hours of work (a) over 13 hours in any day, or (b) those hours of work over 13 consecutive hours, will be paid at the basic rate plus shift differential multiplied by two.

(3) Any hours which a member is required to work during their weekend which prevents the employee from having forty-eight consecutive hours off will be paid at the base rate plus shift differential times two. Where this provision may conflict with other straight time/overtime language, this provision shall prevail (in favor of the employee).

6. Miscellaneous Provisions:

a) The 36-hour work week will be in place for a minimum of one year from the signing of this Agreement. With 90-days' notice, either party can choose to end the 36-hour shift schedule. If the City ends the new shift schedule, PSEA will return to a 4/10 shift schedule retaining a 0.28% wage increase for each month the 36 hour shift schedule was in place. If PSEA ends the new shift schedule, PSEA will return to a 4/10 shift schedule retaining a 0.20% wage increase for each month the 36 hour shift schedule was in place. Moreover, if this happens and there is one or more years remaining on this Agreement, the parties agree to re-open negotiations on wages for the remaining year(s) of this Agreement.

b) Field Training: The 3/12 schedule is an inappropriate schedule for any type of field training. It is the department's resolute policy to provide recruits with the best training possible, which includes matching up the most appropriate FTO with the individual recruit. This requires that the department reserve the right to remove an FTO

from the 3/12s schedule temporarily, and only for the amount of time necessary, to properly train new employees. All effort will be made to minimize this disruption.

ARTICLE 11
SCHEDULE AND PAY RULES - DISPATCH

Section 11.1 – GENERAL RULES.

- A. WORK WEEK - The work week in this Agreement shall consist of a thirty – six (36) to forty-eight (48) hours minimum in pay status from the start of the employees regularly scheduled duty day unless a mutually agreed alternative schedule is in place.
- B. REPORTING LATE FOR DUTY - When members report for work later than the scheduled starting time, they shall be placed on leave without pay for the period of their absence and their finishing time will not be extended to make up for the lost time. Periods of less than one-quarter (1/4) hour shall be deducted in quarter hour (1/4) increments.
- C. CONSECUTIVE DAYS OFF - Regardless of schedule worked, each member shall be entitled to regularly scheduled days off each week. The numbers of days off are defined by the schedule the employee works.
- D. SPECIAL ASSIGNMENT SCHEDULES - Members volunteering for special assignments may be assigned a work week by the City, consistent with the mission of that specific assignment.
- E. SHIFT SWAPS - Shift swaps, to be used as a judicious management tool, are allowed under this Agreement if approved by the Department Head.
- F. TIME OFF BETWEEN SHIFTS – Each member shall have a minimum of eight (8) hours off duty from the time their last shift ends until the next scheduled shift begins. An exception to this rule is Court Duty.
- G. MAXIMUM CONSECUTIVE HOURS WORKED - Except for work performed in an emergency or life-threatening situation, no member may routinely work more than fourteen (14) consecutive hours if other employees are available. The parties further agree that there are situations, such as shift change day and certain days for the relief dispatcher and sergeant, where a member will occasionally be required to work more than 12 non-consecutive hours in a day.
- H. SHIFT BIDDING - Shift preference will be bid by classification seniority by assignment within the department. In the event a member would be forced into a situation where they were required to work the same tour beyond three tour rotations, that member may be bumped up in seniority for that one tour bid. Shift preference shall be used to bid each shift as provided in this section

and subsections. There will be quarterly shift rotations. No member shall remain on the same shift more than three consecutive rotations.

1. SUPERVISION BY A FAMILY MEMBER - Employees may not bid a shift which would require them to be evaluated or evaluate a spouse, parent, child, sibling or any member of that employee's household. This provision applies to shift, not overtime, bidding. However, the Department Head shall have the ability to require either to move to a different shift.
 2. SHIFT BID POSTING REQUIREMENTS - Shift schedules and tour assignments shall be posted no later than six (6) months prior to the commencement of the applicable tour of duty. Leave shall not be denied should the department be unable to meet this deadline.
- I. HARDSHIP REQUEST - Upon application of a member to the Department Head, a member may be reassigned to any shift/assignment due to personal hardship or other approved reason.
- J. PERSONNEL ASSIGNMENTS –
1. DISCIPLINARY REASSIGNMENT - Members who are demoted or reassigned as the result of a disciplinary action shall be reassigned a shift until the next regularly scheduled preference bid.
 2. TEMPORARY ASSIGNMENTS - Temporary assignments, except for training duties or operational necessity, shall not exceed three years.
 - a. VOLUNTARY VACANCY OF TEMPORARY ASSIGNMENT - Members voluntarily electing to leave a temporary assignment early shall be assigned a shift until the next regularly scheduled preference bid.
 - b. INVOLUNTARY VACANCY OF TEMPORARY ASSIGNMENT - A member leaving such a position other than for the reasons stated above (i.e. non-disciplinary forced transfer) will be allowed to bid for a rotation which is more than thirty (30) days from its start date.
 3. NEW HIRES SHIFT ASSIGNMENT - Newly hired probationary employees shall be assigned a duty schedule by the City.
 4. PLAN FOR INDIVIDUAL IMPROVEMENT SCHEDULING - Employees placed on a "Plan for Individual Improvement" shall be assigned a duty schedule by the City. Upon successful completion of the Plan, the employee's

right to bid shift preference shall be restored at the next shift bidding.

Section 11.2 COURT ATTENDANCE.

- A. ON-DUTY ATTENDANCE: Members required to appear for court as a result of actions performed in the line of duty shall suffer no loss in regular earnings, but shall be compensated during service at the member's rate of pay if on duty. Any witness fees shall be turned over to the City.
- B. OFF-DUTY ATTENDANCE: If members are off-duty, they shall receive pay at the appropriate overtime rate with a two (2) hour minimum pay. The appearance requirement of the off-duty employee shall be limited to what is necessary to appear and attend at court.
- C. JURY DUTY: Any member who is required to serve on jury duty during a normally scheduled work day will be reassigned to dayshift for that day. Any payment for jury service will be signed over to the City and the member will receive their normal wage for that day. Should the member be excused from service, they are expected to report to their supervisor and complete the remaining hours of their work day.

Section 11.3 SHIFT DEFINITIONS AND SHIFT DIFFERENTIAL PAY.

- A. DAY SHIFT - The "day" shift is any shift beginning between 0500 hours and 1159 hours.
- B. SWING SHIFT - The "swing" shift is any shift beginning between 1200 hours and 1859 hours.
- C. MIDNIGHT SHIFT - The "midnight" shift is any shift beginning between 1900 hours and 0459 hours

Section 11.4 OVERTIME / PREMIUM PAY.

(See *also*, Article 4 and sections 7.12(B) and 8.9)

- A. PAYMENT INCREMENTS - Overtime shall be measured in one-quarter (1/4) hour increments.
- B. FIRST DAY OF THE WEEK - For purposes of this section, the employee's first duty day establishes the first day of the week.
- C. EMPLOYEE'S TWENTY-FOUR HOUR DAY - For purposes of determining overtime,

the employee's twenty-four (24) hour period begins at the beginning of the employee's scheduled normal duty start time.

- D. PERSONAL LEAVE USED - Personal Leave, other than for injury or illness, taken during a day does qualify as work time for purposes of computing overtime worked beyond scheduled shift hours on a single day.
- E. SHIFT DIFFERENTIAL APPLIED TO OVERTIME - When a member works overtime hours on a shift that qualifies for shift differential pay, the employee will be paid the overtime rate plus applicable shift differential.
- F. WORK GREATER THAN 12 HOURS IN A 24 HOUR PERIOD - Those hours of work over twelve (12) hours (13 hours for those working in 12 hour shifts) in any employee's 24 hour day will be paid at the basic rate plus shift differential multiplied by two (2).
- G. WORK GREATER THAN 12 CONSECUTIVE HOURS - Those hours of work over twelve (12) consecutive hours (13 consecutive hours for those working 12 hour shifts) will be paid at the basic rate plus shift differential multiplied by two (2).
- H. VOLUNTEERED OVERTIME - All volunteered overtime is paid at the basic rate, plus any shift differential, multiplied by 1.5
- I. SHORT NOTICE VACANCIES - For purposes of this section, "short notice" means less than twenty-four hours' notice from time of notification until the start time of the shift needing to be filled.
 - 1. FILLING VACANCY WITH ON-DUTY STAFF - When members are needed to meet personnel requirements on short notice, overtime will first be offered on a seniority basis to on-duty members in the needed classification, and then to members in the needed classification who are scheduled to work the next shift. If neither of said classification members volunteer by seniority, the Department may require that the on-duty member with least seniority in the needed classification remain on duty until other personnel can be located and report for duty.
 - 2. FILLING VACANCY WITH OFF-DUTY STAFF - The member called on short notice to work overtime from off duty status shall be paid for actual overtime worked, with a minimum of two hours of overtime.
- J. LONG NOTICE VACANCIES – For purposes of this section, "long notice" means greater than twenty-four hours notice from the time of notification until the start time of the shift needing filled.

1. OVERTIME BIDDING-VOLUNTARY – Will be available for bidding known vacancies through the Auctions module of Telestaff. Auctions will be opened for bid as needed to fill vacancies
 - a) SIGN UP ALL – The Telestaff “Sign Up All” feature will be utilized for awarding any additional long term overtime after the initial monthly auction has been awarded. The senior member who has signed up for the available shift will be awarded the overtime.

 2. FORCED OVERTIME – For long notice overtime where no volunteers are obtained, the Telestaff “buckets” feature will be used to determine the appropriate employee to force for the vacancy.
 - a) QUALIFYING TIME FOR BUCKETS – For purposes of this Agreement, overtime of all types will be tallied in the employee’s time bucket. If either party desires to change the type of time used to calculate the time bucket, a change can be made on mutual agreement.

 - b) TIME PERIOD FOR BUCKETS – For purposes of this Agreement the time bucket will be reset to zero at the beginning of each rotation.

 3. SYSTEM OUTAGE – In the event Telestaff is unavailable for bidding auctions or forced fill through the time bucket feature, all overtime bidding will revert to a manual paper process. Volunteered overtime will be awarded by seniority and forced overtime will be assigned in order of inverse seniority and applicable working rules.
- K. SPECIAL MISSION OVERTIME - The Department may assign overtime for specific missions of limited duration based upon the qualifications of the member and/or the specific needs of the assignment .
- L. ERRORS IN AWARDING OVERTIME - Should the City, by error or omission, violate the provisions of this section by failing to offer overtime work to a senior eligible member who could have worked the overtime, then the overtime work shall be offered to senior member(s) at a mutually agreeable time, for the same number of hours originally worked. An overtime situation need not exist for this time to be worked.
- M. MINIMUM CALL BACK RATE - Members reporting to work and not put to work shall receive two (2) hours pay at their regular rate unless notified not to report at the end of their previous work day or two (2) hours prior to the start of the shift.

Section 11.5 COMPENSATORY TIME OFF. Except for grant funded positions or assignments where compensatory time is not reimbursed, compensatory time off in lieu of overtime may be accrued, at the member's discretion, at the appropriate overtime rate. Compensatory time off shall be taken at mutually agreeable times.

- A. COMPENSATORY TIME CASH OUT - Any compensatory time earned must be taken during the calendar year in which it is earned or paid at the end of that calendar year.
- B. COMPENSATORY TIME CARRY OVER FOR NEW MEMBERS - Members, during their first three years of employment, with notice to Payroll will be allowed to carry over up to 80 hours of compensatory time, but they will be required to either take or cash out all accumulated compensatory time by December 31 of the year following the third anniversary of their date of hire.
- C. REQUESTING TO CARRY OVER COMPENSATORY TIME - Members may be allowed to carry over compensatory time into the following year with approval from the Mayor.
- D. PAYMENT ON SEPARATION FROM SERVICE - Should a member separate from service for any reason, the member's compensatory time shall be paid at termination at the dollar value in effect at the date of termination.

Section 11.6 MEAL BREAK. A meal break of thirty (30) minutes shall be allowed on each shift of eight (8) hours or greater in duration. Those employees who are subject to recall to work on their meal break shall be considered in on-duty pay status during the meal break. In the event of either denial of meal break or recall from the meal break, the member shall be given the chance or opportunity to eat as time permits.

A. MEAL BREAK COMPENSATION - Members shall be paid fifteen dollars (\$15.00) in meal compensation if they worked two (2) hours beyond their scheduled shift.

Section 11.7 RELIEF BREAKS. All members shall be allowed two (2) fifteen (15) minute breaks for every eight (8) hours worked and one (1) additional fifteen (15) minute break for each additional four (4) hour increment.

Section 11.8 TIME CHANGES. During Daylight Savings Time changes, members shall be paid only for actual hours worked.

Section 11.9 TRAINING REQUIREMENT. Any person hired to perform the duties of any position covered by this Agreement shall successfully complete training and be capable of performing all required duties of the position prior to working in solo capacity. Solo capacity shall mean working independently without direct supervision as determined by the Department Head.

Section 11.10 SHIFT LEADS ACTING AS DEPARTMENT HEAD. Recognizing the FECC provides services well beyond the City of Fairbanks and the critical mission of the Communications center, the parties agree to continue the use of Shift Leads acting as the Department Head during absences.

- A. When the Department Head is unavailable for more than twelve (12) hours to physically respond to the Center if needed, one of the Shift Leads will be recommended by the Department Head for appointment by the Mayor as Acting Department Head. The added duties of this assignment include performance of all duties of the Department Head, including appearance at interagency meetings and taking responsibility for overall operations of the Center, including staffing a dispatch console when needed.
- B. During normal work hours, the Acting Dispatch Center Department Head will receive a premium equal to 5% of their normal hourly wage. This premium shall be included in the calculation of applicable overtime at the Agreement rate during periods acting as the Department Head.
- C. Standby provisions as outlined in section 11.13 shall apply to times when the Acting Dispatch Center Department Head is not on duty but available to report to work as needed.

Section 11.11 ACTING SHIFT LEADS. Acting Shift Leads may be utilized on a continuing basis for a period up to twelve (12) months, which may be extended by mutual consent. Acting Shift Leads shall enjoy all emoluments of regular Shift Leads during the period he/she is in acting capacity.

Section 11.12 SUPERVISOR COMPENSATORY TIME. The nature of the work in Dispatch requires Shift Leads to routinely work beyond their shift to complete necessary duties. The department agrees to credit each Shift Lead with one-half (.5) hour comp per week if the member works up to 24 hours per work week, or one (1) hour comp per week if the member works in excess of 24 hours per week.

Section 11.13 STANDBY. Members may be required to periodically report their whereabouts in order to be available for work on short notice. In such instances, the member's names shall be placed on a standby roster for the designated

period of time of such a requirement. Assignments to a standby roster as well as the direct callouts from such an assignment shall be equitably rotated among members normally required to perform the anticipated duties.

- A. If a member is required to be on call for immediate recall to work, the member shall be paid one hour of pay at the overtime rate for each time period of twelve (12) hours or less of standby. When assigned to standby on a non-floating holiday, the member shall receive two hours of overtime for each time period of twelve (12) hours or less of standby.
- B. Standby pay is for the purpose of compensating the member for being available for work. Standby pay is not intended as compensation for any work performed by the member, and will be paid in addition to any applicable compensation in the event the member is recalled to duty. Members on standby status shall remain available by telephone and shall remain physically and mentally fit for immediate duty. Standby shall not be used to avoid maintaining minimum staffing levels as set by the Department.

Section 11.14 SCHEDULES.

A. Management reserves the right to implement blended schedules within units.

B. FORTY HOUR WORK WEEK SCHEDULES:

1. FIVE DAYS, EIGHT HOUR SHIFTS.

- a) For members who work a five/eight shift, all work performed in excess of forty (40) hours within a week or eight (8) hours within a twenty-four hour period shall be paid at one and one-half (1.5) times the basic rate of pay.
- b) Any required overtime that deprives the member working 5/8s of 24 consecutive hours off shall be paid at the basic rate plus shift differential times two.

2. FOUR DAY, 10 HOUR SHIFTS.

- a) A mutually agreeable alternative to the normal five (5) day, eight (8) hour work week shall be four (4) work days preceded or followed by three (3) consecutive days off. The member is guaranteed four (4) ten (10) hour days within the work week provided he/she is ready, willing and able to work, unless suspended, on lay-off or on leave without pay. The four-day work week shall consist of four (4) ten (10) hour

work days. Hours worked on a normal workday shall be paid in accordance with the Agreement, based on a ten (10) hour work day. Accordingly, members shall receive overtime compensation for all hours exceeding ten (10) hours in work status per day.

- b) A member who works a 4/10 schedule shall be paid overtime for all hours worked in excess of ten (10) hours in a day.
- c) Any member who is required to work any hours which prevents them from having forty-eight (48) consecutive hours off will be paid at the basic rate plus shift differential, if any, multiplied by 2.

C. FECC 12-HOUR SCHEDULE WORK RULES.

- 1. A mutually agreeable alternative for FECC to the normal forty hour work week schedules (five (5) day, eight hour work week or four (4) day, 10 hour work week) shall consist of a work week of an alternating schedule of three (3) 12 hour consecutive work days, followed by four (4) consecutive days off, and four (4) 12 hour work days followed by three (3) consecutive days off.
- 2. Any member who is required to work any hours which prevents them from having forty-eight (48) consecutive hours off will be paid at the basic rate plus shift differential, if any, multiplied by 2.
- 3. There will be a total of 4 Shift Leads, with one being assigned to each shift.
- 4. Because the 12 hour work schedule has members working 36 hours one week and 48 hours the next. Hours worked after the members regularly scheduled hours for the week will be paid at the appropriate overtime rate plus applicable shift differential.

D. 36 HOUR WORK WEEK SCHEDULES:

- 1. Overall Description: In its simplest form, the program is intended to merely redefine the work week down from 40 hours to 36 hours leaving all other provisions of the Agreement intact. Specifically:
 - a) Leave accrual remains as provided in the Agreement.
 - b) PERS time-in-service accrual remains unaffected, and the City would continue to make contributions as normal (though perhaps based on a

smaller reported income).

- c) All seniority provisions and accrual remains as currently specified, to include all applicable bidding processes.
2. Other mutually agreed upon schedules are permitted in addition to those below on a limited basis for operational necessity.
 3. FOUR (4) DAY, NINE (9) HOUR SHIFTS.
 - a) The four-day work week shall consist of four (4) nine (9) hour work days. Hours worked on a normal workday shall be paid in accordance with the Agreement, based on a nine (9) hour work day. Accordingly, members shall receive overtime compensation for all hours exceeding nine (9) hours in work status per day.
 - b) A designated holiday will be observed on the calendar day for which it falls for all shift assigned employees.
 - c) Restrictions: Scheduling shall be arranged so that each member is normally afforded a minimum of sixty (60) consecutive hours of off-duty time during days off. Except for emergencies or life-threatening circumstances, no member may routinely work more than fourteen (14) consecutive hours if other employees are available.
 4. THREE (3) DAY, TWELVE (12) HOUR SHIFT
 - a) The member is guaranteed three (3) twelve (12) hour days within the work week provided he/she is ready, willing and able to work, unless suspended, on lay-off or on leave without pay. The three-day work week shall consist of three (3) twelve (12) hour work days. Hours worked on a normal workday shall be paid in accordance with the Agreement, based on a twelve (12) hour work day. Accordingly, members shall receive overtime compensation for all hours exceeding twelve (12) hours in work status per day.
 - b) A designated holiday will be observed on the calendar day for which it falls for all shift assigned employees.
 - c) Restrictions: Scheduling shall be arranged so that each member is normally afforded a minimum of eighty-four (84) consecutive hours of off-duty time. Except for emergencies or life-threatening circumstances, no member may routinely work more than fourteen

(14) consecutive hours if other employees are available.

5. Overtime: The nature of the 36 hour work week brings with it some modifications to how overtime can be administered. The following list describes specific overtime provisions that are unique to 12-hour shifts:

a) FOUR DAY NINE HOUR SHIFTS

1. When measured **weekly**, overtime will accrue after a full 40 hours of duty have been performed; however rules governing overtime in a day and/or consecutively will apply.
2. When measured **daily**, overtime accrues at this rate: Those hours of work (a) over 9 consecutive hours up to 12 hours, or (b) up to 12 hours in any day will be paid at the basic rate plus shift differential multiplied by one and a half. Those hours of work (a) over 12 hours in any day, or (b) those hours of work over 12 consecutive hours, will be paid at the basic rate plus shift differential multiplied by two.
3. Any hours which a member is required to work during his or her four-day weekend which prevents the employee from having forty-eight consecutive hours off will be paid at the base rate plus shift differential times two. Where this provision may conflict with other straight time/overtime language, this provision shall prevail (in favor of the employee).

b) THREE DAY TWELVE HOUR SHIFT

1. When measured **weekly**, overtime will accrue after a full 40 hours of duty have been performed; however rules governing overtime in a day and/or consecutively will apply.
2. When measured **daily**, overtime accrues at this rate: Those hours of work (a) over 12 consecutive hours up to 13 hours, or (b) over 12 hours in any day up to 13 hours, will be paid at the basic rate plus shift differential multiplied by one and a half. Those hours of work (a) over 13 hours in any day, or (b) those hours of work over 13 consecutive hours, will be paid at the basic rate plus shift differential multiplied by two.
3. Any hours which a member is required to work during his or her four-day weekend which prevents the employee from having

forty-eight consecutive hours off will be paid at the base rate plus shift differential times two. Where this provision may conflict with other straight time/overtime language, this provision shall prevail (in favor of the employee).

E. Miscellaneous Provisions:

1. The 36-hour work week will be in place for a minimum of one year from the signing of this Agreement. With 90-days' notice, either party can choose to end the 36-hour shift schedule. If the City ends the new shift schedule, PSEA will return to a 4/10 shift schedule retaining a 0.28% wage increase for each month the 36 hour shift schedule was in place. If PSEA ends the new shift schedule, PSEA will return to a 4/10 shift schedule retaining a 0.20% wage increase for each month the 36 hour shift schedule was in place. Moreover, if this happens and there is one or more years remaining on this Agreement, the parties agree to re-open negotiations on wages for the remaining year(s) of this Agreement.
2. Field Training: The 36 hour work week schedule is an inappropriate schedule for any type of field training. It is the Department's resolute policy to provide recruits with the best training possible, which includes matching up the most appropriate FTO with the individual recruit. This requires that the Department reserve the right to remove an FTO from the 36 hour work week schedule temporarily, and only for the amount of time necessary, to properly train new employees. All effort will be made to minimize this disruption.

ARTICLE 12
HOLIDAYS

Section 12.1. The following days shall be considered holidays with no deductions in pay:

New Year's Day	-	January 1
Dr. Martin Luther King, Jr. Day	-	3rd Monday in January
Memorial Day	-	Last Monday in May
Independence Day	-	July 4
Labor Day	-	1st Monday in September
Veteran's Day	-	November 11
Thanksgiving Day	-	4th Thursday in November
Christmas Day	-	December 25

And such other days as the City Council, by Resolution, may fix as holidays for all City employees. Should any other City employees be awarded any holidays in addition to the above, such additional holidays shall be holidays for the members of this Bargaining Unit as well. In addition, each member shall receive two (2) paid personal days of leave each year, to be scheduled at the mutual consent of the parties. A personal holiday does not carry over to successive years and has no monetary value: if not taken each year it is lost.

Section 12.2 Members will be paid for the scheduled holiday benefit, regardless of duty status, at the base hourly rate times the number of regularly scheduled hours. In addition, if a member works on a holiday, then the member will be paid at a Holiday Premium rate which is equal to the 1.5 times the base hourly rate of pay (plus shift differential, if applicable) for the number of regularly scheduled hours worked. After regular scheduled shift hours, normal overtime rules apply.

Section 12.3 A designated holiday will normally be observed on the calendar day on which it falls, except that members who are regularly scheduled to work on Monday through Friday will observe the preceding Friday when the holiday falls on Saturday, and will observe the following Monday when the holiday falls on Sunday. Normally only those members designated in advance by the appropriate supervisor will be required to work on a designated holiday.

Section 12.4 If a holiday falls during an employee's vacation or extended leave due to illness/injury, the employee shall receive holiday pay equal to that employee's regular scheduled shift for the holiday and shall not be charged leave time for that day. Regular employees on lay-off shall be paid holidays if they have worked or received compensation for any part of the month in which the holiday occurs.

Section 12.5 Holiday Compensatory Time. A member who works a holiday under this Article may elect to accrue compensatory time off at the appropriate rate in lieu of receipt of monetary payments pursuant to this Article.

ARTICLE 13
LEAVE

Section 13.1

A. Personal Leave shall accumulate at the rate shown below. Employment for eight (8) or more days shall be considered employment for a full pay period for the purpose of computing personal leave.

1. One - Two Years: 160 hours per calendar year;
2. Three – Five Years: 200 hours per calendar year;
3. Over Five Years: 240 hours per calendar year.
4. Over 120 months: 300 hours per calendar year.

B. Members who have an annual leave balance that exceeds seven hundred fifty (750) hours as of the effective date of the Agreement shall be exempt from this provision until such time as their annual leave balance falls below seven hundred fifty (750) hours. Cash value of leave will not exceed seven hundred fifty (750) hours except for members exempt under this provision.

Section 13.2 Leave Requests. Scheduled personal leave may be taken at any time mutually agreeable to the Department Head, or designee, and the employee. When Personal Leave is used for illness the employee shall notify the supervisor not later than one (1) hour prior to the employee's scheduled reporting time. Such use of Personal Leave shall not be denied. The parties agree to work together to prevent the misuse of Personal Leave as sick leave.

Section 13.3 Scheduled Personal Leave.

A. Except in emergency situations, members' scheduled Personal Leave may be taken at a time agreeable with the employee and consistent with operational requirements. Vacation schedules shall be bid, and be awarded, by the amount of unused personal leave. The employee with the most Personal Leave on the date of a request, less any previously approved leave but unused, shall be number one for bid purposes. If Personal Leave is equal, classification seniority will determine priority. An employee shall notify the Department Head through his/her supervisor at least one (1) day in advance when not more than two (2) days of leave are desired, or at least one (1) week in advance when longer periods of leave are desired. Leave requests for periods of leave in excess of two (2) days shall be considered confirmed if not denied to the employee by the appropriate authority within five (5) working days of the request. The written denial shall be given to the employee.

- B. An employee's scheduled leave may be denied, canceled, or terminated by the Department Head when the leave is not consistent with operational requirements. In case of such denial, the leave will accrue until taken.
- C. Only earned leave may be requested or taken. Employees may not take scheduled Personal Leave until completing six months of service with the Department.
- D. Employees serving a probationary period on their original appointment leaving the City service without satisfactorily completing their probationary period shall not be entitled or compensated for any accrued leave.

Section 13.4 Termination.

Upon termination of any employee covered by this Agreement, accrued Personal Leave shall be cashed out at 105% of then current value.

Section 13.5 Draw down of Personal Leave. Employees may elect to "cash out" leave hours at 105% of then current value, provided that members may not "cash out" below 80 hours. The "cashed out" hours will be included with the employee's next regular paycheck or directed to be deposited into the employee's Deferred Compensation account. Cash outs are not considered compensable hours for pension benefit payments, which will not be included in the cash out payment.

Section 13.6 Exceptions Regarding Leave Cash Outs.

- A. Employees electing to utilize their leave bank cash out for Deferred Compensation catch up shall be exempt from the hour limit on Personal Leave draw down.
- B. In the event of a financial, medical, or personal hardship affecting the Employee or his or her spouse and/or dependents, or other special circumstances as approved by the Mayor, the Employee shall upon request to the Employer receive payment for all accrued Personal Leave. If a dispute arises as to what constitutes a hardship, a Labor-Management Committee with two representatives from each party will convene. If the Committee's decision results in a tie, the Mayor will decide the issue. The Employee shall receive payment within ten (10) working days of the request for payment.

- C. A laid off or reclassified Employee who has bumped or moved into a lower paying job classification shall be credited with Personal Leave at the value it accrued on the day prior to reclassification.

Section 13.7 Leave Without Pay.

- A. At the request of the employee, the Mayor may grant an employee leave without pay when it is in the best interest of the City to do so.
- B. The employee request may be considered when the employee has shown by his or her record to be of more than average value to the City and where it is desirable to retain the employee even at some sacrifice. During the employee's approved leave of absence at the discretion of the Department Head and with the prior written approval of the Mayor, the employee's position may be filled by limited-term appointment, temporary promotion or temporary reassignment of any employee. At the expiration of the leave without pay the employee has the right to, and shall be reinstated to, the position vacated if the position still exists; or, if not, to any other vacant position in the same class. Approved leave without pay shall not constitute a break in service, but any period in excess of ten (10) days in any calendar year may not be creditable for vesting or retirement under the State of Alaska Public Employees Retirement System. Longevity credits for purposes of completing probation, pay anniversary date and accumulation of leave benefits shall be suspended during the period of leave without pay. City medical benefits shall continue during any period of leave without pay.
- C. At the request of the employee, the Mayor may grant an employee a voluntary reduction in hours if and when the Mayor determines it is in the best interest of the City to do so.
- D. Seniority rights shall remain unchanged for an employee during any period of leave without pay taken in accordance with the provisions of this section.

Section 13.8 Military Leave. An Employee who has completed his/her probationary period and who is a member of any reserve component of the United States Armed Forces will be allowed leave of absence for required training or duty for a period not exceeding twenty (20) working days per calendar year. Such military leave shall be with basic rate if all military pay, not to include reimbursements for lodging, food, etc., the Employee receives for the duties performed on such leave is paid to the City. The Mayor may grant additional periods of military leave in the event of hardship due to an extended involuntary employee call up in conformity with federal and state law.

Section 13.9 The City will comply with the Family Medical Leave Act and the Alaska Family Leave Act.

Section 13.10 Funeral Leave. Any employee's Personal Leave or Leave Without Pay may be used for illness or bereavement.

Section 13.11 Donated Leave. Employees may assist other Employees in time of need, with Department Head approval. The following shall be the vehicle for that purpose.

- A. Each Employee wishing to donate Personal Leave will fill out, date and sign a leave slip showing the amount of leave the Employee wishes to donate in increments of not less than four (4) hours and deliver said leave slip to the Finance Department.
- B. The leave will be converted to the cash value of the donating employee's leave and paid to the receiving employee at his/her equivalent hourly rate.
- C. Each leave slip will have written or typed along the bottom "Leave donated to (Employee name)."

Section 13.12 Business Leave.

- A. There is hereby created a chapter business leave bank which shall be administered by the City with a monthly report of the balance and withdrawals provided to the Chapter Chair. The Chapter Chair reserves the right to require employees to transfer up to four (4) hours of annual leave into the chapter leave bank. Such request shall only be made upon approval of the Executive Board and only if the balance in the bank is not sufficient to cover withdrawal requests.
- B. In addition, any employee at the employee's option may transfer additional annual leave to the Bank. Transfers may be made at any time during the duration of this Agreement with no maximum limit of the number of days except that any employee may not transfer more leave than is posted on the employee's annual leave balance at the time of the authorization. The employee's leave balance will then be reduced by the amount of leave transferred to the Bank.
- C. Withdrawal requests from the Bank will be for purposes designated by the Chapter Chair and the Finance Director shall be notified. The release of employees for chapter leave shall be handled on the same basis and release from duty for annual leave, except that such release shall not be unreasonably

withheld by their supervisor.

ARTICLE 14 **PAY PERIODS**

Section 14.1 Pay periods covering days worked from the first (1st) to the fifteenth (15th) and from the sixteenth (16th) to the last day of the month shall be established. Pay days shall normally be on the fifteenth (15th) and the last day of each month. If pay day falls on Saturday, Sunday, or a holiday, then pay day shall be the last scheduled work day before the break period.

Section 14.2 The City reserves the right to establish a bi-weekly pay period upon thirty (30) calendar days' notice to the Association. If established, pay day shall fall on every other Friday. If pay day falls on a holiday, then pay day shall be the last scheduled work day before the holiday break period. If the City Finance Department changes any member's time sheet, the City Finance Department shall notify the member and the Administrative Assistant as soon as possible and prior to the next scheduled pay day.

Section 14.3 Employee Time Sheets.

- A. The City shall furnish each member with an itemized statement of earnings and deductions specifying hours paid, straight time, overtime, personal leave pay, holiday pay and other compensation payable to the member which is included in the check. Pay checks shall be available no later than 1200 hours on each pay day, except for circumstances beyond the control of the City.

- B. Time Sheets shall be made available by the Employer for inspection by the Employee or PSEA Representative upon twenty-four (24) hours' notice by the Association.

Section 14.4 The City shall make available during regular business hours to each member an itemized accounting specifying both the Employer's and Employee's contributions to the PERS system for that employee.

ARTICLE 15 **PROBATION**

Section 15.1 All Department employees shall serve a probationary period effective from the date of hire and extending six (6) months beyond completion of mandatory training. The time period of six (6) months means actual time worked including regular days off, but does not include leave without pay. Such time must be satisfactorily made up before probationary periods will be considered completed. Based upon performance evaluations, the probationary period may be extended in lieu of termination at the discretion of the Department Head for a period not to exceed one-half (1/2) of the original probationary time. This extension is in addition to any time being made up as noted above.

Section 15.2

- A. The probationary, or working test period, is an integral part of the promotional process. It shall be utilized to observe closely the member's work, to secure the most effective adjustment of a new or promoted employee to their position, and to dismiss a probationary member whose performance does not meet required work standards.

- B. Employees who are promoted or transferred at their own initiative shall complete a probationary period of six (6) months for all positions, however, the employee may be demoted to their former position at any time during this probationary period without the right to file a grievance.

Section 15.3 Employees who accept a promotion out of the Bargaining Unit are entitled to bump back to their former position in the Bargaining Unit if they do not successfully complete probation in the promoted position. Employees who bump back are entitled to regain their Bargaining Unit seniority as of the date they accepted promotion. If the employee's former position is not available, the promoted employee shall have first preference to occupy any vacant Bargaining Unit position for which the employee is otherwise qualified, but in no event shall a promoted employee be permitted to bump a Bargaining Unit employee into a lower rank or layoff status.

ARTICLE 16
LAYOFF & RECALL

Section 16.1 The Department Head, upon approval of the Mayor, or designee, may lay off an employee when deemed necessary by reason of shortage of funds or work, the abolition of the position, or other material changes which are outside the employee's control and which do not reflect discredit upon the service of the employee. The City will meet with the Association to consider any alternatives to layoffs. The duties performed by any laid off employee may be re-assigned to other employees within that classification who are already working. A layoff of less than twenty-four (24) months, after which the employee returns to work at the first available opportunity, shall not be considered a separation. Longevity credits for purposes of completing probation, pay anniversary date, and the accumulation of leave benefits shall be suspended during the period of layoff.

Section 16.2 In case of layoff the sequence of downward bumping will be in accordance with the following classifications. Regular full time employees will take precedence over part time or temporary employees:

Lieutenant
Sergeant
Detective
Police Officer/Investigator
Administrative Assistant
Lead Dispatcher
Dispatcher
Evidence Custodian
Call Taker / Public Safety Assistant
Clerk

Section 16.3

A. Layoffs shall be made in inverse order of seniority within the affected classification, except as provided elsewhere in this Agreement for Chapter Chair and Vice-Chair. Except when moving into the Police Officer classification, a laid off member will be allowed to move into any parallel or lower classification where the laid off employee has more overall Department seniority than the least senior person in that classification. In the case where a laid off member seeks to move into the Police Officer classification, departmental seniority alone shall govern.

- B. The member shall have five (5) working days from the date he/she receives the layoff notice and a layoff list of all positions in the classification seniority group in which to exercise an election. Each member displaced by this procedure shall, in turn, have the right to use this procedure.
- C. If two or more members have identical classification group seniority or departmental seniority, the order of layoff shall be determined by the following:
 - 1. A veteran shall be given preference over a non-veteran in accord with Alaska Statutes.
 - 2. In any case that cannot be determined by the application of veteran's preference, seniority shall be determined alphabetically by last name at the time of hire.
- D. No regular or probationary member shall be laid off while there are emergency, temporary, provisional, seasonal or volunteer members serving in the same classification group performing work which could reasonably be assigned to regular or probationary members, based upon the minimum qualifications for the classification.
- E. No permanent Bargaining Unit employee shall be laid off because a non-Bargaining Unit employee wishes to return from his/her position to a Bargaining Unit position.
- F. No temporary, provisional or seasonal members shall be hired while regular or probationary member(s) are on layoff status unless no laid off member offered the position accepts. A laid off member may reject a non-permanent job without losing layoff recall rights. Notice to the laid off member shall include the estimated duration of the job if the City reasonably expects the position to be less than full-time regular.
- G. If the City hires a recalled member for a position which lasts thirty (30) days or less, the recalled member shall receive fifteen percent (15%) above base wage in lieu of benefits.
- H. If the position lasts over thirty (30) days, the recalled member shall be given regular status during the period of recall. In such event, the recalled member shall not be entitled to the fifteen percent (15%) in lieu of benefits.

Section 16.4 In every case of layoff, or proposed layoff of any regular or probationary member, the City shall give the member at least sixty (60) days'

written notice in advance of the effective date. Concurrently, all members on the layoff list from which the laid off member may exercise an election shall receive notice of the layoff, its effective date and the possibility of being displaced. The member laid off through the displacement process shall receive notice in advance of the potential layoff and at least ten (10) working days' written notice in advance of the effective date of actual layoff.

Section 16.5

A. Procedure. Upon layoff, the laid off member shall be placed on the layoff list for that classification group from which the member was laid off, and for the Bargaining Unit. Recall rights exist for five (5) years from the effective date of the layoff.

1. The classification layoff list shall be ranked in inverse order of layoff. The recalled position shall be offered to the first member on the classification layoff list.
2. If the seniority group layoff list is exhausted and eligible member(s) decline appointment or are not available, then the position shall be offered to the qualified member with the most City seniority of those members on the Bargaining Unit layoff list. In order to receive recall notice from the bargaining unit layoff list, the member shall provide written notice to the City at the time of lay-off of interest and possession of skills and abilities to perform the available jobs. The City shall exhaust the Bargaining Unit layoff list.
3. The laid off member who is offered a recall must have the skills and abilities to perform the position for which recalled. Vacant positions which are to be filled may be filled through promotion provided no member is on layoff from the classification. However, if later again vacated, the position may subsequently be filled only in accordance with this article.
4. Upon recall to the original position, the member's salary shall be adjusted upward, step for step, to the appropriate range.
5. If a member is recalled to a position in which he/she has attained regular status, the recalled member shall be appointed to that position as a permanent member. If a member is recalled to a position in which he/she has not attained regular status, the recalled member shall be appointed to that position as a probationary member.

B. Notice of Recall. Notice of recall shall be sent to all eligible laid off members by Certified Mail to the last address provided the City Personnel Office by the member and to the Association office in writing. The members on the recall list shall within fourteen (14) days after receipt of the recall notice notify the City in writing as to his/her decision regarding the recall offer. The member at the top of the recall list shall have the first opportunity to accept the position provided he/she possesses the qualifications for the position being recalled. If the City does not receive notice as required above from the member first eligible for recall within fourteen (14) days of when the recall notice was postmarked, then that member goes to the bottom of the recall list, and the next individual on the list who responded to the notice of recall and who possesses the qualifications for the position will be offered the position.

ARTICLE 17 **SENIORITY**

Section 17.1 Termination of Seniority. Department Seniority shall be terminated upon:

- A. Discharge
- B. Resignation
- C. Layoff for a period of five (5) years or more, or inability to return to work from a job-incurred injury or illness of five (5) years or more.
- D. Willful abandonment of position (Failure to report for duty within three days following approved absence).

Section 17.2 Seniority Preserved. Department Seniority shall not be interrupted by:

- A. Periods of approved leave, including Workers' Compensation absences;
- B. Military leave for Reserve Training;
- C. Active military duty when recall for such duty is beyond the control of the member;
- D. Promotion out of the Bargaining Unit during the first six (6) months; or
- E. Retirement disability up to five (5) years.

Section 17.3 The member with the longest term of credited service with the Department shall be number one (1) on the Department Seniority list and all other members shall be listed accordingly. The Department shall yearly prepare and prominently post a Department Seniority roster in each work area of the Department. Seniority, as defined in this Agreement, shall in no way conflict or interfere with the designation of any member as senior for command purposes on a detail or case. If a senior officer is not selected for promotion, it shall be the responsibility of the person making the selection, if requested by the member, to issue an explanation to the member why such member was not selected to command.

Section 17.4

- A. If a member is promoted into a classification in the Fairbanks Police Department outside this Bargaining Unit, his/her classification seniority shall continue to accrue in his/her former position for up to (6) six months after promotion. Thereafter, the Bargaining Unit and classification seniority of the member promoted outside the Bargaining Unit shall terminate.
- B. Employees promoted out of this Bargaining Unit who are involuntarily demoted or whose positions are eliminated shall be returned with departmental seniority and shall have their classification seniority restored for the classification they occupy, if any. If the seniority of the returning member is sufficient, this may necessitate the layoff of a less senior Bargaining Unit member in accordance with the seniority provisions of this Agreement.

Section 17.5

- A. If a member transfers to a different classification within the Bargaining Unit, his/her former classification is frozen at the time of occupancy of the new classification.
- B. If a member is involuntarily returned from a Bargaining Unit position to his/her former classification due to disciplinary action, his/her classification seniority within the departing position will not accrue toward his/her classification seniority in the former position.
- C. If a member is involuntarily returned from a Bargaining Unit position to his/her former classification due to non-disciplinary reasons, the time spent in his/her involuntary classification will accrue toward his/her classification seniority in his/her former position upon return to his/her former position.
- D. If a member accepts a promotion to another position within the Bargaining Unit, the member will continue to accrue classification seniority in his/her former position for up to eight (8) months. If the promoted member remains in his/her current position beyond eight (8) months, his/her former classification seniority will be frozen at the time reflecting the date of his/her promotion.

ARTICLE 18
DISCIPLINARY ACTION

Section 18.1 Whenever employee performance, attitude, work habits or personal conduct at any time falls to a level unsatisfactory to their supervisor, the supervisor shall inform the employee promptly and specifically of such lapses and give counsel and guidance. A letter or departmental form of counseling, as distinguished from a letter of reprimand, shall not be considered disciplinary action and shall not be subject to the grievance procedure, nor shall it be placed in the employee's personnel file. If appropriate and justified, a reasonable period of time for improvement may be allowed before initiating disciplinary action. In some instances a specific incident may justify severe disciplinary action in and of itself; however, the action to be taken depends on the seriousness of the incident and the records contained in the employee's personnel file.

Section 18.2 In situations where an oral or written counseling/warning has not resulted in the expected improvement, or where a more severe initial action is warranted, a written reprimand will be sent to the member, a copy shall be placed in the member's personnel file and a copy will be sent to PSEA.

Section 18.3 An employee may be suspended without pay and/or demoted by his/her Department Head with approval of the Mayor, or designee, for reasons of misconduct, negligence, inefficiency, insubordination, disloyalty, unauthorized absence, or other justifiable reason when alternate personnel actions are not appropriate. Employees shall be furnished an advance written notice at least twenty-four (24) hours prior to the effective date containing the nature of the proposed action. Said employee shall be advised that he/she is entitled to have a PSEA Staff representative present at any meeting where disciplinary actions are contemplated or possible. If a member is suspended for a period of days, rather than a term of consecutive hours, the term "day" shall be deemed to mean that the member is suspended for the full twenty-four (24) hours of such day.

Section 18.4 The Mayor or designee may dismiss any member for just cause. Reasons for dismissal may include but shall not be limited to:

- A. Failure to meet prescribed standards of work, morality and ethics to an extent that makes a member unsuitable for employment in the Department;
- B. Theft or unjustified destruction of City property;
- C. Incompetence, inefficiency or negligence in the performance of duty;

- D. Insubordination;
- E. Conviction of a felony, or a misdemeanor involving moral turpitude;
- F. Notoriously disgraceful personal conduct;
- G. Unauthorized absence;
- H. Acceptance of any consideration which was given or accepted with the expectation of influencing the member in the performance of his/her duties;
- I. Falsification of records or use of official position for personal advantage;
- J. Threatening or intimidating action against another member.

Section 18.5 When a member is terminated, or effects a separation, the member shall be paid all accrued earnings in accordance with State law and the provisions of this Agreement.

Section 18.6 An employee may appeal disciplinary action under this section pursuant to the grievance procedure as set forth under Article 8 of this Agreement. If the employee fails to appeal the suspension and/or demotion, the action shall become effective on the date specified. During the appeals procedure of any discipline less than termination, the employee shall be retained in duty status, or placed on leave with pay, at the discretion of the Mayor or designee.

Section 18.7 The City agrees all permanent Employees who have completed probationary requirements shall be given thirty (30) days' notice of separation, or thirty (30) days' pay, computed at the base hourly rate, in lieu of notice.

Section 18.8 All Employees who have been in employment thirty (30) days or more shall give the City two (2) weeks' notice before leaving his or her employment unless mutually agreed beforehand between the City and the Employee. Notation of failure to give notice will be placed in the Employee's personnel file.

Section 18.9 Standards for Demotion/Discharge. No member shall be disciplined, demoted or discharged except for "just cause."

Section 18.10 Controlled Substance & Alcohol Testing. The parties agree to a random drug / alcohol testing procedure administered by the City Human

Resources department.

ARTICLE 19
CLASSIFICATION AND HOURLY WAGE RATES

Section 19.1 Special Duty Pay: FTOs performing department-sanctioned on-the-job training, Lieutenants and Sergeants assigned to Investigations, and K-9 officers will receive a five percent (5%) allowance for the performance of these duties. This allowance will be calculated on the base wage of the employee.

Section 19.2 Differential: All members assigned to shift work will receive a shift differential for the hardship which the shift work causes of four percent (4%) for swing shift and eight percent (8%) for mid-shift for all hours worked. When a member is assigned to a relief duty tour which involves working multiple shifts during a work week, he/she shall receive the higher differential for which the member is eligible for all hours worked during such periods of the tour.

Section 19.3 Pay Scale.

Classification	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Sergeant - 2012	34.2026	35.8687	37.6780	38.6049	39.5316	39.9068	40.2708
2014 @ 10%	37.6229	39.4556	41.4458	42.4654	43.4848	43.8975	44.2979
Detective - 2012	33.5296	34.5336	36.2106	37.1374	38.0091	38.3622	38.7262
2014 @ 10%	36.8826	37.9870	39.8317	40.8511	41.8100	42.1984	42.5988
Police Officer - 2012	29.2377	30.7162	32.2387	34.5115	35.8576	36.1886	36.5306
2014 @ 10%	32.1615	33.7878	35.4626	37.9627	39.4434	39.8075	40.1837
P.O. Recruit I - 2012	24.8577	-	-	-	-	-	-
2014 @ 10%	27.3435	-	-	-	-	-	-
P.O. Recruit II - 2012	26.3250	-	-	-	-	-	-
2014 @ 10%	28.9575	-	-	-	-	-	-
P.O. Recruit III - 2012	27.7813	-	-	-	-	-	-
2014 @ 10%	30.5594	-	-	-	-	-	-
Dispatcher - 2012	21.6469	22.7282	23.8536	25.5306	26.5347	26.7774	27.0311
2014 @ 10%	23.8116	25.0010	26.2390	28.0837	29.1882	29.4551	29.7342
Lead Dispatcher - 2012	22.7393	23.8536	25.0672	26.8104	27.8696	28.1123	28.3771
2014 @ 10%	25.0132	26.2390	27.5739	29.4914	30.6566	30.9235	31.2148
Front Desk Call Taker - 2012	19.4735	20.4554	21.4704	22.9821	23.8977	24.0963	24.3390
2014 @ 10%	21.4209	22.5009	23.6174	25.2803	26.2875	26.5059	26.7729
Admin. Assistant - 2012	21.6469	22.7282	23.8536	25.5306	26.5347	26.7774	27.0311
2014 @ 10%	23.8116	25.0010	26.2390	28.0837	29.1882	29.4551	29.7342
Evidence Custodian - 2012	22.7393	23.8536	25.0672	26.8104	27.8696	28.1123	28.3771
2014 @ 10%	25.0132	26.2390	27.5739	29.4914	30.6566	30.9235	31.2148
Evidence Custodian II - 2012	21.6469	22.7282	23.8536	25.5306	26.5347	26.7774	27.0311
2014 @ 10%	23.8116	25.0010	26.2390	28.0837	29.1882	29.4551	29.7342
Clerk - 2012	17.5426	18.4694	19.3852	20.3450	21.1505	21.3601	21.5587
2014 @ 10%	19.2969	20.3163	21.3237	22.3795	23.2656	23.4961	23.7146
Clerk PT - 2012	20.1685	21.2410	22.2934	23.3938	24.3266	24.5658	24.7931
2014 @ 10%	22.1854	23.3651	24.5227	25.7332	26.7593	27.0224	27.2724
Lieutenant - 2012	39.0351	40.1054	41.1866	42.2788	43.4042	43.8125	44.2096
2014 @ 10%	42.9386	44.1159	45.3053	46.5067	47.7446	48.1938	48.6306

- A. The pay scale will be increased by 10% on <<October 1st, 2014>>, subject to Work Rules provisions in sections 10 and 11 of this Agreement.
- B. No employee shall experience a reduction in pay as a result of this newly negotiated schedule, but shall be moved to the next step which results in a pay increase.
- C. The terms and steps of Recruit Officer pay are specified in the Definitions section of this agreement, paragraph "S."
- D. PSEA will agree to a one-time payment of \$1,750.00 per member in lieu of retroactive pay.

Section 19.4 Lateral Hires. Newly hired officers who have at least three (3) years of experience as a sworn law enforcement officer or dispatcher with a qualified

police agency may be paid at the appropriate step of the Police Officer or dispatcher Pay Scale, not to exceed the fourth (4th) year step.

Section 19.5

- A. An employee who involuntarily changes classification, for other than disciplinary reasons will begin at the "Start Step" within that classification, unless that would result in a pay decrease. In that case the employee will continue to earn his/her current wage until qualified for the next step increase within the new classification which will result in a pay increase. Employees receiving a promotion to a higher classification will move to a step which results in a higher wage.
- B. If the change to a lower classification is voluntary, the employee will move to the step that corresponds to the step held in the higher classification at the time of voluntary demotion. Two examples:
 - 1. A top step Sergeant elects to move to Detective. Pay shall be top step Detective, even if this is a pay reduction.
 - 2. A step 1 Sergeant elects to move to Detective. Pay will be at step 1 Detective.
- C. In the event of a disciplinary demotion, the employee will be paid at the step appropriate to the previous time in the lower classification.

Section 19.6 If the City creates new or changed job classifications or duties not set forth in current job descriptions, the City and Chapter shall negotiate on the appropriate rates for such classifications or new duties before the implementation of any changes. If the parties are unable to agree upon a rate for a new or changed classification, interest arbitration will be used.

Section 19.7 Where new types of equipment or procedures are instituted resulting in new or changed job classifications not established by this Agreement, the City and Chapter shall meet and confer on the appropriate rates for such classifications.

ARTICLE 20 **EDUCATION PAY**

Section 20.1 Education and Certification Pay.

- A. All costs to obtain and maintain required licensing or certification shall be paid by the City. All training conducted in accordance with this section shall be considered as duty time.

- B. Commissioned employees through the rank of sergeant who obtain an Alaska Police Standards Council (APSC) certificate shall receive an adjustment of \$1,250.00 for an Intermediate Certificate and \$2,750.00 for an Advanced Certificate, added to the employee's base wage starting on the next following paycheck, after issuance by APSC.

- C. Lieutenants shall receive compensation for advanced certification pay in the amount of \$3,000.00 annually, paid the second payroll of the year.

Section 20.2 With prior approval of the Department Head, employees who are continuing their education by attending college on their off-duty time where they majored in criminal justice, administration of justice, or related approved fields of study, will be reimbursed by the City for tuition, books, and other costs of education upon the successful completion of the course and upon the presentation of a documented expense account. Successful completion of the course shall mean the conclusion of any quarterly or semester course in any subject directly related to the obtaining of the degree in the major above stated or the equivalent thereof with a grade of "C" or better.

Section 20.3 Members, with prior approval from the Department Head, may be reimbursed for tuition and books for successful completion of courses or seminars which relate directly to the member's current job classification.

Section 20.4 It is the objective of the City to keep Lieutenants up to date on current practices of their profession. Each Lieutenant may choose to attend, at City expense up to a maximum of \$1,500.00 direct cost (airfare, hotel, per diem, and course material), at least one work-related seminar or training course of the employee's choice every calendar year.

Section 20.5 Commitment to Professional Development. The parties recognize that the City operates in a constrained fiscal environment. The City and the Association will continue working together to identify training opportunities for employee professional development.

ARTICLE 21
ADMINISTRATION OF PAY

Section 21.1 Pay for Working in a Higher Classification. Temporarily Working Out of Class and Acting Appointments.

- A. Any Employee who is assigned by the Department Head the responsibilities and the duties of a classification for more than (1) one hour, other than that in which the Employee normally holds, shall be paid at the highest classification's rate when filling said position. Any Employee who is assigned duties of a position below the classification which the Employee normally holds, shall continue to be paid at the rate the Employee normally receives. Members will not be required to work outside their classification for a consecutive period beyond six (6) months in a calendar year unless otherwise agreed between the City and the Association.

- B. Compensation for Service as Acting Department Head. When a Department Head is on personal leave and unavailable for more than 12 hours to physically respond to the work if needed, another employee may be appointed by the Mayor or designee as Acting Department Head. The added duties of this assignment include performance of all duties of the Department Head, including appearance at interagency meetings and taking responsibility for overall operations of the Department including performing normal duties and, if needed, performing duties of other Department employees. While serving as Acting Department Head, the employee shall receive the higher rate of pay. Any leave cash out will be at the regular rate, not the higher rate.

Section 21.2 Show Up Pay.

- A. Employees reporting to work on overtime and not assigned to work shall receive two (2) hours pay at their regular rate unless notified not to report at the end of their previous work day.

- B. Nothing in this agreement bars the City and the Association from agreeing upon a "flex" schedule.

Section 21.3 Schedule Changes. When making Employee schedule changes, the Employer shall notify the Employee of any contemplated change in writing or electronic notification at least seven (7) calendar days prior to the same taking effect. If the Employee is not given at least seven (7) calendar days' notice of the change, the Employee will be paid at the rate of time and one-half (1-1/2) for all hours worked on the first day of the new schedule.

Additional hours scheduled prior to an Employee's regular starting time are not schedule changes when the regular work day is also worked. This provision shall not apply to temporary deviations to an Employee's schedule caused by unforeseen circumstances outside the control of the Employer.

ARTICLE 22

EQUIPMENT AND CLOTHING

Section 22.1 City Issued. Employees who are issued equipment for City use shall have that equipment receipted to them and shall be responsible for its proper use. When the equipment issued becomes damaged, broken, unsafe or unserviceable, it shall be turned in to the City to be repaired or replaced. Employees shall use all reasonable means to protect and secure all City property, equipment and supplies. Upon termination of employment, each Employee shall return to the City any property of any kind belonging to the City

Section 22.2 Special Clothing. The City agrees to provide work gloves, rubber boots, coveralls, and such other protective clothing for use by members as duties require.

Section 22.3 Equipment and Clothing Property. Employees shall not be responsible for lost, damaged or stolen property or cargo in cases when the Employee followed Department policy in securing, operating, or handling said property or cargo.

Section 22.4 Personal Property. In the event the Department Head approves the use of the Employee's personal property during such Employee's normal duties, the City shall reimburse the Employee for the repair or replacement of said personal property in the event it is stolen or damaged all in accordance with Section 22.3, provided that the City will not be responsible for damage to employee property that is inappropriate for on duty use.

Section 22.5 Improved Equipment. The City shall make an effort to provide Employees with equipment that will allow the Employee to work efficiently and improve productivity, i.e., computers, word processors, vehicles, and all other equipment and instruments necessary to perform the work.

- A. No employee shall be required to operate any unsafe equipment. No disciplinary action or other form of discrimination shall be instituted against any employee for questioning whether a piece of equipment is safe.
- B. No non-sworn employee shall drive a patrol car unless it is prominently marked "out of service".

Section 22.6 Cleaning Allowance. Police Department members covered by this Agreement shall receive a cleaning allowance in the amount of sixty-five dollars (\$65.00) per month, except for those complete months when the member is on Worker's Compensation leave or leave without pay, for the life of

this Agreement. If the Employee resigns or is terminated, the Employee shall surrender all issued items or the cost of such items not surrendered shall be deducted from the Employee's final check.

Section 22.7 Initial Issue Uniforms.

A. Each commissioned member shall be issued the following City owned property for use:

Police Department

Badges	(1 shirt & 1 flat)
Shirts (Short Sleeve)	3
Shirts (Long Sleeve)	3
Trousers	3
Ties	3
Hat (Summer) w/Rain Cover	1
Hat (Winter)	1
Parka	1
Utility Jacket	1
Raincoat	1
Gloves	1 pair per year
Bullet Proof Vest (Level 2A minimum)	1
Dept. Approved Duty Footwear	\$125/yr. For summer footwear \$150/yr. For winter footwear
	Both footwear allowances to be paid in a single disbursement of \$275 in January of each year.
Gun belt set with Weapon	1
Coveralls*	1 set

All the above items will be replaced by the City on an "as needed" basis to ensure each member has a full complement of issued items in good serviceable condition.

*As required by the Department.

B. The City shall provide each Commissioned Officer with an approved side arm for use on and off duty. Upon retirement, the Commissioned Officer will be presented with his/her sidearm and badge.

- C. All non-uniformed commissioned officers and uniformed civilian employees shall be given up to \$500.00 reimbursement per year to maintain/replace approved clothing for their on duty use.
- D. The Department will pay each commissioned officer \$150.00 in January of each year for incidental purchases of duty equipment.

ARTICLE 23
FILLING OF VACANCIES

Section 23.1

- A. Promotion/transfer - When a vacancy occurs or a new position is established within the Bargaining Unit for which there is no one on the layoff list, the parties agree that the vacancy shall be filled from among Bargaining Unit members if a qualified member applies.
- B. The parties understand and agree that all City employees shall be engaged and promoted solely on the basis of merit and fitness. The City shall maintain an equitable examination process to assist in determining applicant qualifications. Applicants will be required to pass a professionally prepared examination. Examinations shall be practical in character and shall relate to the duties and responsibilities of the position for which the applicant is being examined and shall fairly test the relative merit and fitness of persons examined to perform the duties of the position to which they seek appointment. Examinations may be composed of written examinations, assessment centers, oral examinations, physical examinations, psychological evaluations, training and experience, or any combination thereof, provided that any component of the examination process shall be applied uniformly among applicants at each stage of the evaluation process. The applicant's training, experience and previous work experience shall be considered.

Section 23.2 Vacancy announcements shall specify the position's opening date, the date the notice was posted, the job description and title, and other pertinent information concerning the closing date. A copy of all such notices relative to positions within the coverage of this Agreement shall be posted on the Association bulletin board.

Section 23.3 Applications are to be accepted for vacant or newly created positions within the Bargaining Unit. They shall be made in writing on regular application forms. The announcement from the Personnel Office will state instructions for their acceptance.

Section 23.4 When a vacancy occurs or a new position is established, the Department Head shall give first preference to the promotion or transfer of any member from within the Police Department. The announcement shall be circulated and members shall indicate, in writing, their desire to apply for the position. All interested employees who possess the requisite qualifications, as listed in the job description, will receive an interview prior to the commencement of further recruitment. Employees offered and accepting a

promotional opportunity will be placed at the entry-level step or such other step of the higher range that will provide an increase in salary. The length of service will remain unbroken and all accrued benefits shall remain unchanged. A new classification seniority date shall apply from the date of entry into the new position.

Section 23.5 Bargaining Unit members who have completed their initial probationary period shall have the right to compete for any vacancy within the Bargaining Unit for which they may be qualified. All accrued benefits and length of service shall remain unbroken.

Section 23.6 Consistent with Section 19.4, regular Bargaining Unit employees seeking promotional or lateral transfer or transfers to a different a class within the same salary range or a voluntary demotion to class with a lower salary range may apply and compete for open or vacant positions in the Bargaining Unit.

Section 23.7 Open or vacant positions shall be filled on merit and fitness. In the exercise of the City's discretion in making a promotion, the following guidelines will be observed:

- A. Applicants must meet minimum qualifications in recruitment announcements.
- B. Applicants must satisfactorily pass competitive examinations when applicable.
- C. Performance evaluation reports, if available, will be considered.
- D. Attendance is relevant, and will be considered.
- E. Seniority will govern only when qualifications are equal.
- F. Pre-test qualifications required for the rank of Detective and Sergeant shall be an APSC Intermediate Certificate and two (2) years of continuous duty as a certified law enforcement officer.
- G. Pre-test qualifications required for the rank of Lieutenant shall include an advanced certification from the APSC, and an equivalent of time-in-rank and/or college education as presently required by City promotional standards.

In the event no employee applies or meets the qualifications as set forth above, the City may recruit and select from other agencies.

Section 23.8 Promotions within or between all sworn classifications shall be probationary for a six (6) month period during which an employee may be demoted to his previous position.

Section 23.9

- A. Employees in the Bargaining Unit on probationary status shall receive written performance evaluations at least monthly and at the completion of the probationary period. Regular employees, upon request, shall have an evaluation at least annually.
- B. Any employee dissatisfied with a written evaluation may make a written rebuttal to it which shall become a part of the evaluation record.

ARTICLE 24

PERSONNEL RECORDS

Section 24.1 The Mayor shall provide for the maintenance of a personnel file which includes those documents which reflect an individual's complete status as an employee from date of hire to termination. Only one such file shall be maintained by the City.

Section 24.2 The personnel file includes employee's employment application, reports of medical examinations, reports of results of employment investigations, reports of work performance, progress and disciplinary actions, personnel actions and survivor benefits forms

Section 24.3

A. An individual employee shall have access to his/her personnel file, or to any closed Administrative Investigation(AI) file or to any information pertaining to the employee which is maintained in the personnel file, at any reasonable time. A member shall have the opportunity to comment upon any adverse materials in the member's personnel file. Personnel Files are confidential. They may be inspected by the Department Head or those authorized by the Department Head.

B. An employee may review all files pertaining to the employee with the exception of the Pre-Employment File.

Section 24.4 Except for oral reprimands and written counseling forms, a record of disciplinary actions must be contained in the employee's personnel file.

Section 24.5 Nothing in this Agreement shall prevent supervisors from maintaining and utilizing Supervisor Files. Specifically, these files may contain prior evaluations, notes of observations and information including favorable and unfavorable remarks reflecting on the employee's duty performance during the reporting period under evaluation.

Section 24.6 A record of the following disciplinary actions shall be placed in the employee's personnel file:

- A. Written reprimands;
- B. Suspension without pay;
- C. Involuntary transfer;

D. Demotion;

E. All administrative and criminal investigations, formal or informal which result in disciplinary action against the employee;

F. Last Chance Agreement; and

G. Termination.

Section 24.7 Except for Supervisor Files maintained by the Department, no other disciplinary, personnel, or private files shall be maintained by the City without permission from the employee and the Association.

Section 24.8 Documents reflecting disciplinary action contained within a member's personnel file which are dated five (5) years or older, shall not be examined nor considered for use at subsequent disciplinary or promotional proceedings. Access to such documents shall be limited as provided for in Section 24.3 of this Article.

Section 24.9 Documents reflecting citizen complaints shall not be maintained in the personnel file unless investigated and sustained.

Section 24.10 Any item removed from the personnel files shall be forwarded to the employee.

ARTICLE 25
POLICIES AND PROCEDURES

Section 25.1 A manual of policies and procedures shall be maintained and made accessible to each employee of the Department.

Section 25.2 The Department shall issue proposed policies and procedures thirty (30) days in advance of their effective date. Any changes that affect a mandatory subject of bargaining shall be held in abeyance unless the right to negotiate is waived by the Association in writing or inaction after a reasonable period of time, or the negotiations do not result in an agreement between the parties.

ARTICLE 26
TRAVEL AND PER DIEM

Section 26.1 Official Travel Outside City of Fairbanks. It is the intent of this section to provide reimbursement for actual and necessary expenses incurred by Bargaining Unit members because of travel on City business/duty. The per diem rate shall be forty (\$40.00) per day, and shall be adjusted upward to match any higher amount set by the City Code. In addition to per diem and hotel reimbursement, members shall be reimbursed for ground travel expenses and other incidental expenses upon the presentation of receipts. Employees may receive travel advances for anticipated travel expenses, when requested in advance. Per diem rates shall be based on eight (8) hour days. Time less than four (4) hours shall be considered half days and the member shall receive \$25.00. Time shall begin when the employee leaves his/her home on City business/ duty and shall end when returning home. Per Diem shall not apply to periods of annual leave.

Section 26.2 Use of Personal Vehicles. Employees are not authorized or obligated to use their privately owned vehicles for City business unless expressly authorized to do so by the Department Head or designee for official business; reimbursement for such use shall be at the IRS mileage reimbursement rate in effect on the date of travel. The City will repay the member for reasonable loss, including damages, resulting from such use so long as the loss was not the result of gross negligence, recklessness or intentional misconduct.

Section 26.3 Travel for Shift Employees. Unless agreed upon by the City and employee, there shall be at least 12 hours between the conclusion of a regular scheduled on duty work shift and departure for travel. Administrative leave shall be granted to the employee if needed to provide this 12 hours of rest time.

ARTICLE 27
ORAL OR WRITTEN AGREEMENT

Section 27.1 No member covered by this Agreement shall be asked or required by the City to make any written or oral agreement which may in any way conflict with this Agreement.

Section 27.2 No member covered by this Agreement shall ask or require the City to make any written or oral agreement which may in any way conflict with this Agreement.

ARTICLE 28

TEMPORARY HIRES

Section 28.1 "Non-permanent employee" in this Agreement is defined as a temporary hire not to exceed six (6) months.

Section 28.2 It is recognized that the need exists to hire temporaries in positions similar in duties and requirements to regular positions in the Association. The City and the Association now agree that all determinations concerning the terms and conditions of temporary employment shall be made independently by the City except as provided for in this section or as specifically provided for in subsequent sections of this Agreement. The parties agree that there will not be a concerted effort to abuse the hiring and utilization of temporaries.

Section 28.3 An employee may be employed in a temporary position for a maximum of 1,040 hours per each twelve-month period; however, a temporary period of employment may be extended by mutual written agreement of the parties to this Agreement. All City records relating to hours worked of temporary employees shall be open for Association inspection. The City shall state in writing at the time of initial hiring whether the employee is a regular or temporary employee.

Section 28.4 Temporary employees shall not be entitled to paid personal leave, holiday pay or other benefits enjoyed by regular employees. All temporary employees shall be compensated on an hourly basis for actual work performed. In lieu of benefits, temporary employees shall receive an additional compensation of fifteen percent (15%) above the starting wage rate. Seniority will accrue pro-rata based on hours of service. Breaks will be pro-rated dependent on the number of hours in a shift.

Section 28.5 Temporary hires will only be assigned overtime after the City offered the overtime to regular Association members of the same classification.

Section 28.6 The City may utilize temporary hires as needed in accordance with Article 10 and 11.

Section 28.7 All hours worked over forty (40) hours per week by temporary employees shall be considered overtime and payable at one and one-half (1.5) times the rate of pay as set forth in Article 19, Section 3.

ARTICLE 29

PART-TIME EMPLOYEES

Section 29.1 A "Part-Time employee" is a permanent employee who works fewer than thirty (30) hours a week, including the employment of two (2) persons to fill one (1) regular full-time position.

Section 29.2 The City and the Association recognize the need to hire part-time employees in positions similar in duties and requirements to regular positions in the Association. The City and the Association agree that all determinations concerning the terms and conditions of part-time employment shall be made independently by the City except as provided in this Agreement. The City will not abuse the hiring and utilization of part-time employees.

Section 29.3 All employer records relating to hours worked of part-time employees shall be open for Association inspection.

Section 29.4 Part-time employees shall not be entitled to paid personal leave, holiday pay or other benefits enjoyed by regular employees. All part-time employees shall be compensated on an hourly basis for actual work performed. In lieu of benefits, part-time employees shall receive an additional compensation of fifteen percent (15%) above the starting wage rate. Seniority will accrue pro-rata based on hours of service. Breaks will be pro-rated dependent on hours of service.

Section 29.5 Part-time hires will only be assigned overtime after the City has offered overtime to regular Association members of the comparable Association classification.

Section 29.6 The City may utilize part-time hires as needed in accordance with Article 10 and 11.

Section 29.7 All hours worked by part-time employees over forty (40) hours per week shall be considered overtime and payable at one and one-half (1.5) times the rate of pay as set forth in Article 19.3, above.

ARTICLE 30
MISCELLANEOUS

Section 30.1 All prior letters of agreement and understanding to the prior agreements shall be deleted unless again signed after the effective date of this Agreement or unless incorporated specifically within this Agreement.

Section 30.2 In the case of any difference or conflict between the provisions of this Agreement and the provisions of the Fairbanks Personnel Ordinance or the provisions of any City imposed policy or rules, the provisions of this Agreement shall govern. In the event that any portion of this Agreement is found by a court to be invalid, the provisions of Section 5.3, shall apply. Only during any interim period between such finding of invalidity and subsequent Agreement shall the Fairbanks Personnel Ordinance Code govern.

Section 30.3 No individual from outside the Fairbanks Police Department will be used to perform duties that consist of part of, or all of the duties of Association members, without prior approval of the Association. This section does not prohibit shared operations with City Departments, Volunteers in Policing, Emergency Services Patrol, law enforcement agencies, police reserves, and contractual employment of temporary staff for background checks, police topic instructors, and consultants. Reserve members shall meet the pre-employment requirements of a non-commissioned member.

Section 30.4 Notwithstanding any other Agreements previously in effect, this Agreement constitutes the entire agreement between the City and the Association, and no verbal statements shall supersede any of its provisions. This Agreement constitutes the sole and complete agreement between the City and the Association, and embodies all the terms and conditions governing the employment of the members of the Association. Any proposed changes affecting the employee's wages, hours, or other terms and conditions of employment shall be negotiated prior to implementation. Both sides have had the opportunity to raise other issues, but have chosen not to do so. In addition, both sides have abandoned issues that were discussed but not incorporated into this Agreement. Topics that were raised but not incorporated, abandoned, overlooked, or not addressed in this Agreement have no legal effect on the parties.

Section 30.5 Work-Study Job Training Program. Recognizing the value of the High School Work Based Learning programs, the parties agree to a partnership program by the City with local high schools for the purpose of work-study job training. Students participating in work-study opportunities, whereby they work with City employees covered by this Agreement, will be exempted from

membership in the Union and will not be eligible for wages and benefits as provided under this Agreement. The City may establish compensation for participants in this program so long as it does not negatively impact wages and benefits for City employees covered by this Agreement. Participation in this program is viewed as a learning opportunity and is not intended to displace staffing levels.

ARTICLE 31
DEFINITION OF TERMS

Words used within this Agreement shall have their ordinary meaning unless they are recognized "terms of art" or fall within the express definitions hereinafter described:

- A. "Anniversary Date" of hire shall mean the date at which an employee has completed a service year of fifty-two (52) weeks of paid service. Unless otherwise provided for herein, anniversary dates will be delayed to reflect non-paid absences.
- B. "Bargaining Unit" in this Agreement means all employees represented by the PSEA working in classifications listed at Article 19.
- C. "Base rate" shall mean the minimum contract rate for a classification.
- D. (reserved)
- E. "City" means the City of Fairbanks, Alaska.
- F. "Classification" (verb) is the act of grouping positions in classes with regard to:
 - 1. duties and responsibilities;
 - 2. requirements as to education, knowledge, experience and ability;
 - 3. tests and fitness; and,
 - 4. ranges of pay.
- G. "Classification" or "class" (noun) is the resulting designation of one or more positions into a single grouping.
- H. "Day(s)" as used in this Agreement providing time constraints on the parties means calendar days, exclusive of holidays unless otherwise specified herein.
- I. "Department" means the Fairbanks Police Department or Fairbanks Emergency Communications Center, or any subsequently formed department which includes Police/Dispatch functions, likewise, "Department Head" shall refer to the person designated to have administrative authority over the Police/Dispatch functions, whether that person be denominated as "Department Head" or otherwise .

- J. "Duty Day" means any day on which a member is assigned to work a shift.
- K. "Emergency Situation"; The normal and accepted meaning, however, this does not include routine manpower shortages.
- L. "Employee" has the same meaning as "member," *infra*.
- M. "Employer" means the City of Fairbanks, Alaska.
- N. "FGC" means the Fairbanks General Code.
- O. "Holiday Rate" means two and one half times basic rate of pay plus applicable shift differential.
- P. "Member" in this Agreement means an employee who holds probationary or permanent status working in a job class that has been designated by the City and who holds membership in the Association; except where the circumstances so indicate, "member" and "employee" are used interchangeably in this Agreement.
- Q. "Non-permanent Employee" in this Agreement is defined as a temporary hire not to exceed six (6) months.
- R. "Personnel File" in this Agreement means all those documents, reports, written or otherwise recorded evaluations of a person's performance while performing duties on behalf of the Employer, and any other work-related material pertaining to that person that is kept in that file.
- S. "Police Officer Recruit" refers to employees hired within the entry level position that is divided into three components for pay purpose as follows: the compensation rate for "Police Officer Recruit I" is paid from the date of hire through completion of the Police Academy; "Recruit II" pay is paid from the date of completion of the academy through successful completion of Training; and, "Recruit III" pay is paid from the successful completion of Training until 6 months later.
- T. "Promotion" shall be the change of an employee from one class to another which will provide an increase in salary or which has a higher maximum base rate of pay.
- U. "Shift" means the normally scheduled work hours on a duty day.

V. "Tour" is a four month shift assignment.

W. "Transfer" in this Agreement means the voluntary or involuntary assignment or reassignment of a member's work area or duty assignment.

ARTICLE 32
EXECUTION OF AGREEMENT

THIS AGREEMENT, CONSISTING OF ____ PAGES, WAS RATIFIED BY THE CITY OF FAIRBANKS CITY COUNCIL ON ____ AND BY THE MEMBERSHIP OF THE ASSOCIATION ON _____.

CITY OF FAIRBANKS

PUBLIC SAFETY EMPLOYEES
ASSOCIATION

John Eberhart, Date
Mayor, City of Fairbanks

Jake Metcalfe, Date
Executive Director, PSEA

James Williams Date
Chief of Staff

Ron Dupee Date
Chapter Chair

Brad Johnson, Date
Chief of Police (Interim)

Dave Duncan Date
Negotiator

Stephanie Johnson Date
FECC Manager

Doug Welborn Date
Negotiator

Brenda Geier Date
Negotiator

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City of Fairbanks
Permanent Fund Review Board
(Quarterly Meeting Minutes)
April 30, 2014

The Permanent Fund Review Board (PFRB) convened at 1:30 P.M. on the above date, to conduct a quarterly meeting with the following board members in attendance.

Board Members Present: Ron Woolf
Council Member Bernard Gatewood
Patty Mongold
Kara Moore
Jennifer Imus

Board Members Absent: None

Also Present: Paul Ewers, City Attorney
Jim Soileau, Chief Financial Officer
Carmen Randle, Controller
Bert Wagnon, Senior Vice President, Investments - APCM
Brandy Niclai, Senior Investment Analyst - APCM

The board approved the minutes from the January 20, 2014 meeting.

Jim Soileau reviewed the account's performance through March 31, 2014:

- \$115,927,447 - Year end value
- \$ 817,873 - Dividend and interest earnings
- \$ 443,841 - Realized gains
- \$ 791,107 - Unrealized gains
- \$ 410,176 - City deposits
- \$ 33,520 - Management and custodial fees
- \$ 2,019,301 - 1st quarter earnings - net of expenses

Jim reviewed the 2014 appropriation calculation and drawn down schedule.
(See attached)

Council Member Gatewood asked for an update of the accounts value. Bert reported the approximate value was \$116.7 million on April 29, 2014.

APCM presented the portfolio's performance; allocation and selection effect, and reviewed the compliance report. (See attached – APCM investment review for the period ending March 31, 2014).

Reported Performance							
1st Quarter		Year to Date		Last 12 Months		Inception to Date	
Account	Benchmark	Account	Benchmark	Account	Benchmark	Account	Benchmark
1.80%	2.12%	1.80%	2.12%	8.05%	7.07%	5.44%	5.01%
	0.13% ¹		0.13% ¹		0.50% ²		
1.80%	2.25%	1.80%	2.25%	8.05%	7.57%	5.44%	5.01%

¹ 12.5 bps - per quarter rounded

² 50 bps hurdle -annual

³ 50 bps hurdle codified in March, 2009. Inception performance begins January 31, 1998.

The Board set the next quarterly meeting for Wednesday July 23, 2014 at 1:30 P.M.

The meeting adjourned at approximately 2:25 P.M.

Minutes approved July 23, 2014.

Minutes prepared by Jim Soileau

INVESTMENT REVIEW

for period ending March 31, 2014

Fairbanks Permanent Fund



ALASKA PERMANENT
CAPITAL MANAGEMENT

Registered Investment Adviser

2014 Asset Allocation Review and Secular Outlook

Portfolio Review

Market Value

\$115,933,080

as of March 31, 2014

Performance

+8.05%

prior year ending March 31, 2014

Current Allocation

**45% Equity /
55% Fixed Income**

Annual Asset Review

Do I own the correct ETFs and mutual funds?

Is my portfolio appropriately diversified across the necessary asset classes?

Has the outlook for a particular asset class changed substantially?

Strategic Asset Allocation

Based upon APCM's 2014 assumptions the current allocation is expected to provide an annual return of

+5.5% over a 7-year horizon.

Is the return sufficient to meet the account's goals or objectives?

Secular Outlook

U.S. GDP Growth
Slow But Steady

Monetary Policy
"Normalization"

Emerging Markets
Remain Positioned
for Growth

Portfolio Review

as of March 31, 2014

Historical Market Value as of March 31, 2014

Fairbanks Permanent Fund

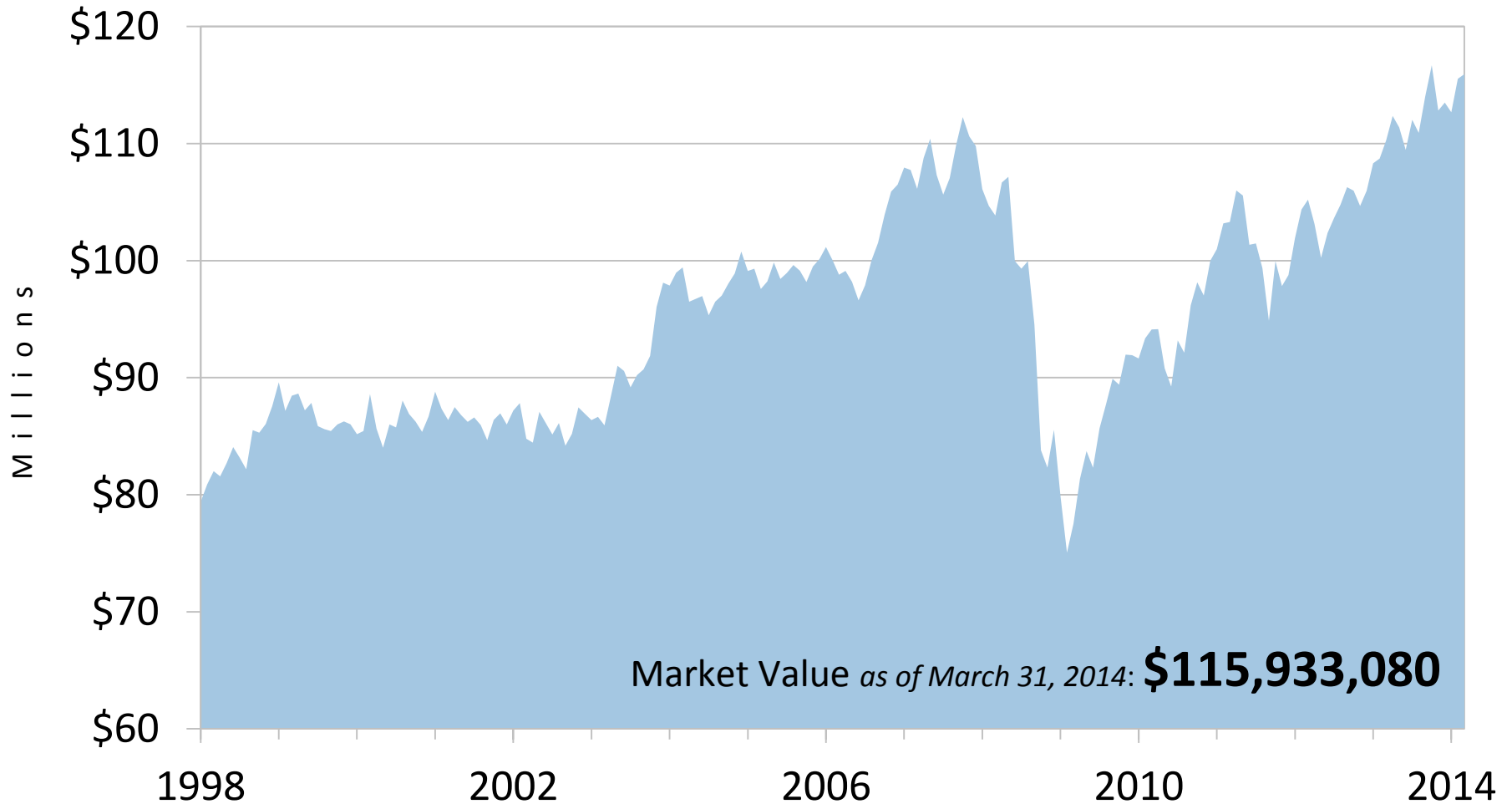
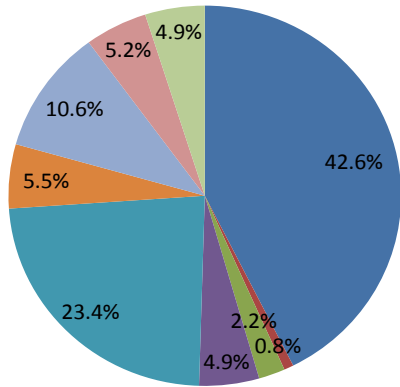


Chart shows month-end portfolio market value from January 1998 to March 2014.

**PORTFOLIO
REVIEW**

Asset Allocation as of March 31, 2014

Fairbanks Permanent Fund



- U.S. Fixed Income
- U.S. TIPS
- International Bonds
- Cash
- Large Cap
- Mid/Small Cap
- International
- Emerging Markets
- Real Estate
- Commodities

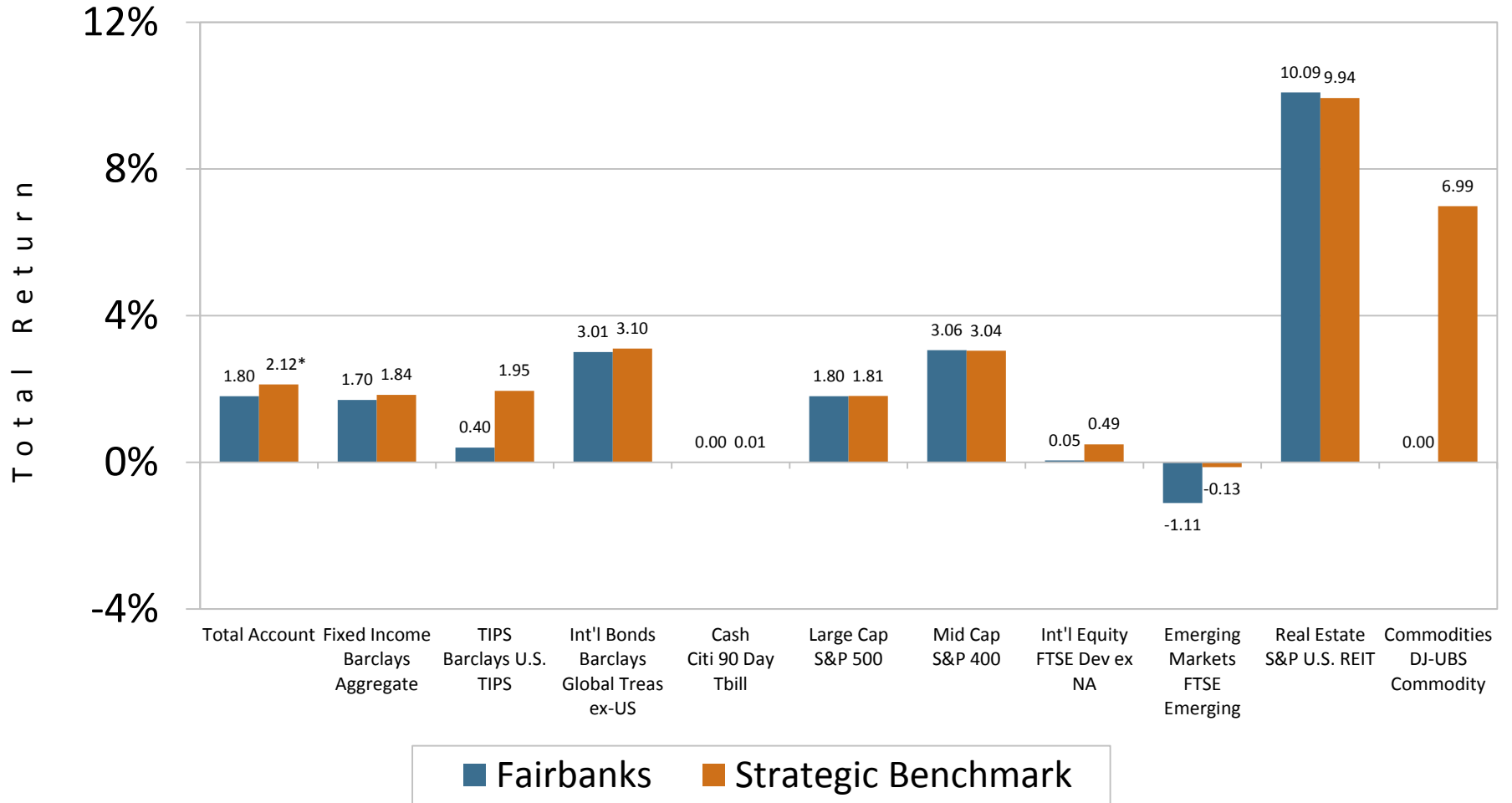
Asset Class	% Assets	Strategic Benchmark	Range	Market Value
Fixed Income	50.5%	55%	40-70%	\$58,513,348
U.S. Fixed Income	42.6%	40	30-70	\$49,354,051
U.S. TIPS	0.8%	5	0-10	\$911,879
International Bonds	2.2%	5	0-10	\$2,522,759
Cash	4.9%	5	0-10	\$5,724,659
Equities	49.5%	45%	30-60%	\$57,419,732
Large Cap	23.4%	22	15-50	\$27,184,876
Mid/Small Cap	5.5%	5	0-10	\$6,319,358
International	10.6%	9	0-15	\$12,241,879
Emerging Markets	5.2%	4	0-10	\$5,976,704
Real Estate	4.9%	5	0-10	\$5,696,915
Commodities	0.0%	0%	0-10	\$0

Total

\$115,933,080

Account Performance First Quarter 2014

Fairbanks Permanent Fund



* 50 bps hurdle 2.25%. Performance is gross of fees.

- **Q1 portfolio return of +1.80%** vs. blended benchmark return of **+2.12%**. An overweight to U.S. and developed Int'l equities and an underweight to Int'l bonds were negative contributors.
- **Actively managed fixed income Q1 return of +1.70%** vs. Barclays Aggregate return of **+1.84%**. Shorter duration detracted from relative performance as interest rates fell during Q1.

**PORTFOLIO
REVIEW**

Performance Attribution First Quarter 2014

Fairbanks Permanent Fund

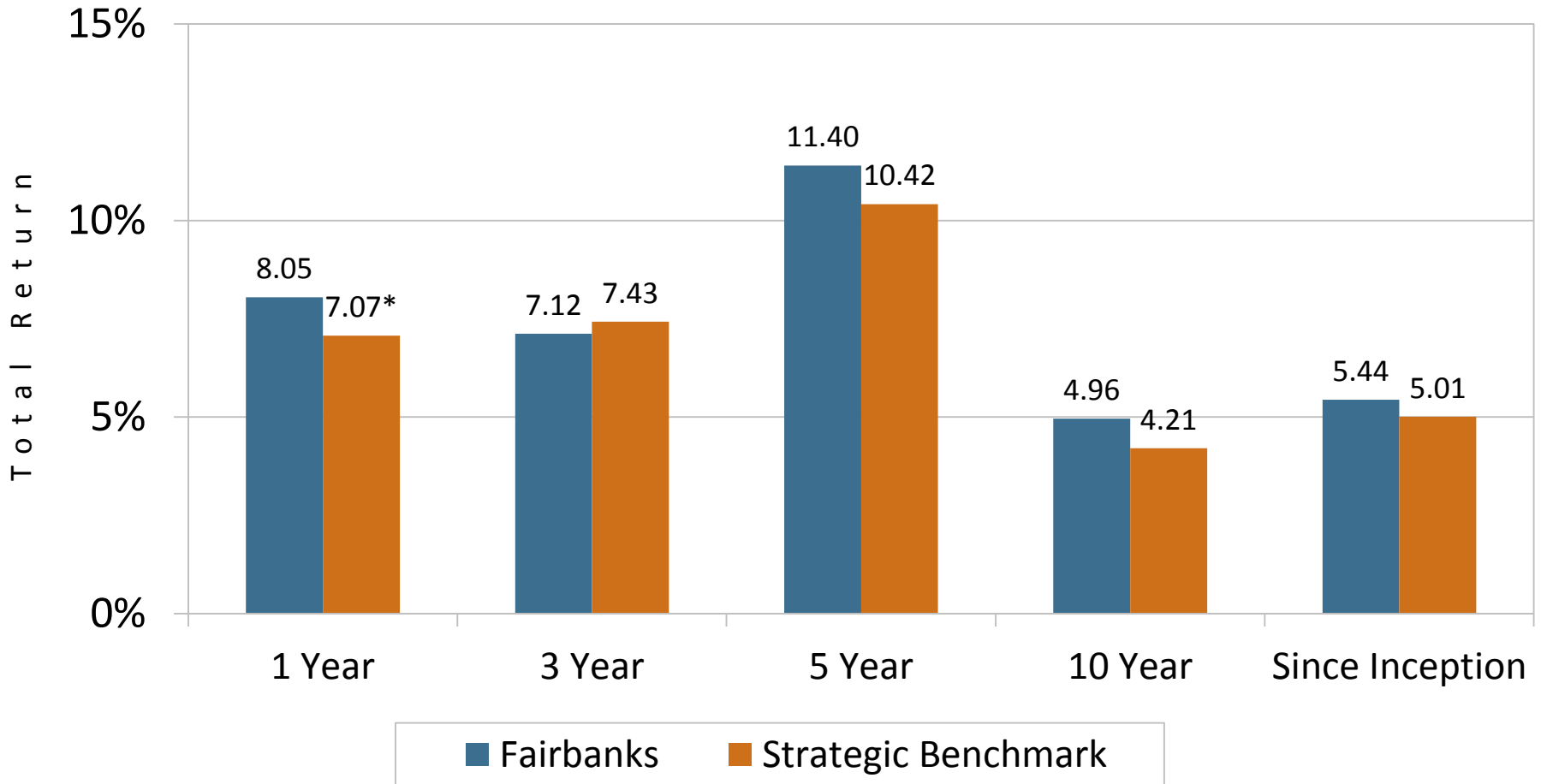
	January 14	February 14	March 14	Q1 2014
Allocation Effect				
Aggregate Bonds	0.10	(0.10)	(0.02)	(0.02)
Domestic Large Cap	(0.02)	(0.00)	0.00	(0.02)
Domestic Mid Cap	(0.01)	0.01	0.00	0.00
Domestic Small Cap	0.00	0.00	0.00	0.00
International Equity	(0.07)	0.04	(0.01)	(0.04)
Emerging Market Equity	(0.08)	0.01	0.03	(0.04)
Real Estate	(0.02)	(0.00)	(0.00)	(0.02)
TIPS	(0.11)	0.08	0.03	0.01
International Bonds	(0.03)	0.00	(0.00)	(0.03)
Commodities	0.00	0.00	0.00	0.00
Cash	(0.01)	0.02	0.00	0.01
Total	(0.24)	0.05	0.04	(0.15)
Selection Effect				
Aggregate Bonds	(0.04)	(0.04)	0.01	(0.07)
Domestic Large Cap	0.00	0.00	(0.00)	0.00
Domestic Mid Cap	(0.00)	0.01	0.00	0.00
Domestic Small Cap	0.00	0.00	0.00	0.00
International Equity	(0.13)	0.07	0.02	(0.04)
Emerging Market Equity	(0.09)	0.01	0.04	(0.05)
Real Estate	0.01	0.00	(0.00)	0.01
TIPS	(0.01)	(0.00)	(0.00)	(0.01)
International Bonds	0.00	(0.00)	(0.00)	(0.00)
Commodities	0.00	0.00	0.00	0.00
Cash	0.00	0.00	0.00	0.00
Total	(0.25)	0.04	0.05	(0.16)
Total Attribution	(0.49)	0.09	0.09	
Bench Return	(0.59)	2.45	0.26	
Account Return	(1.08)	2.55	0.35	
Difference	(0.49)	0.09	0.09	

Portfolio Return = Allocation Effect + Selection/Interaction Effect

$(\text{Weight}_{\text{Port Sector}} - \text{Weight}_{\text{Bench}}) (\text{Return}_{\text{Sector Bench}} - \text{Return}_{\text{Port Bench}}) + (\text{Weight}_{\text{Port Sector}}) (\text{Return}_{\text{Port Sector}} - \text{Return}_{\text{Sector Bench}})$

Account Performance as of March 31, 2014

Fairbanks Permanent Fund



* 50 bps hurdle 7.57%.

Performance is annualized for periods greater than one year. Inception performance begins on January 31, 1998.

Strategic benchmark is a blended return of the account's target allocation.

■ **Bonds** (*Underweight*)

- **Treasuries overvalued**; yields at historic lows; held as insurance against flight to quality/deflation
- Maintain below index duration
- Overweight **spread product** (corporate bonds)

■ **Equities** (*Overweight*)

- Maintain overweight to **emerging markets**
 - ◆ EM's long term growth prospects remain intact
 - ◆ Better fiscal situation than developed countries
- Small overweight to **international developed**
 - ◆ Valuations are attractive as economies exit recession

Actual Historical Asset Allocation as of March 31, 2014

Fairbanks Permanent Fund

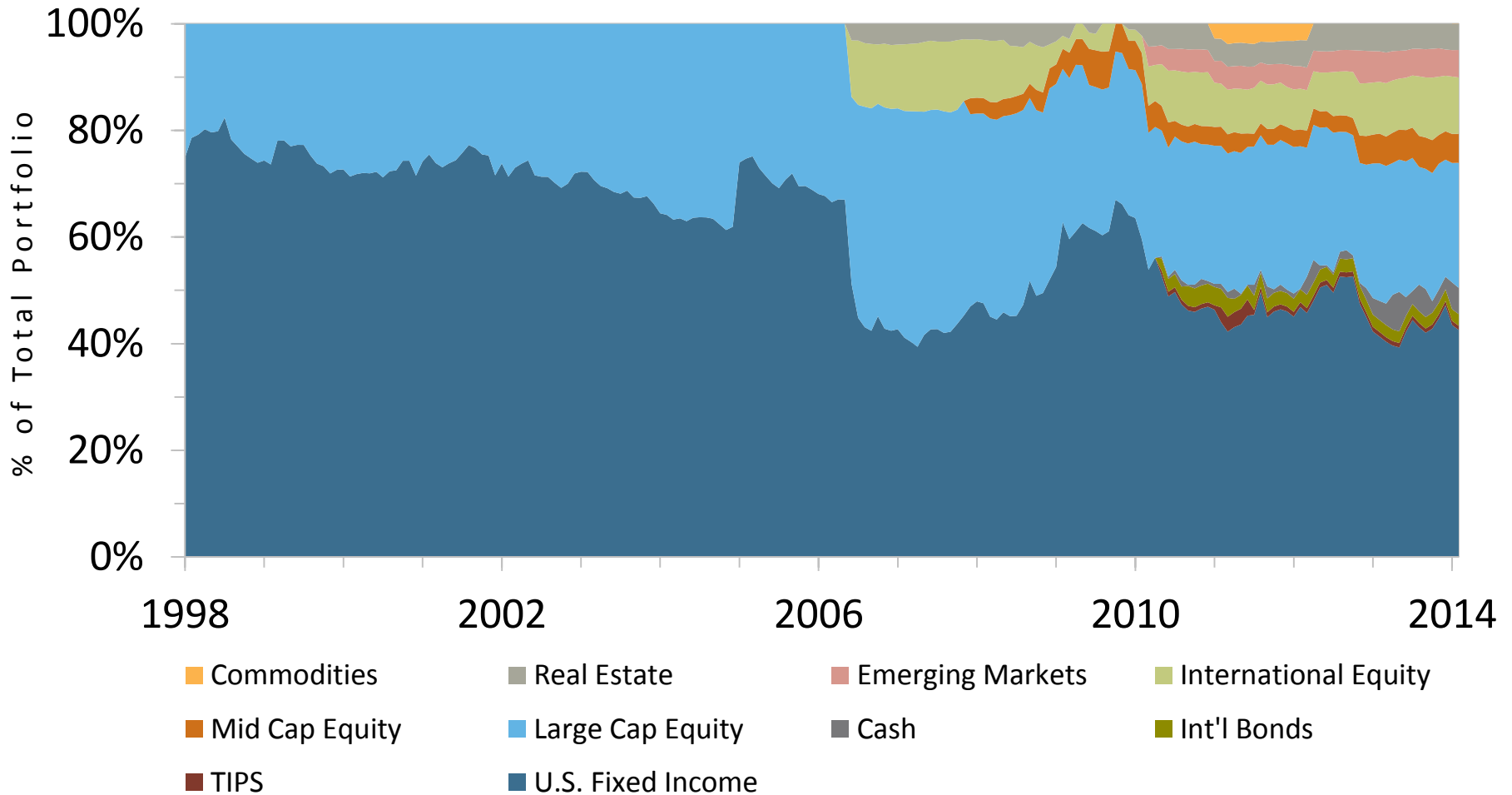


Chart shows month-end portfolio data from February 1998 to March 2014.

Annual Asset Review

Prudent Investment Management Process

Annual Review

1 ETF/Mutual Fund Review

2 Consider additions to or a reduction in the currently invested asset classes

3 Update capital market return and risk projections

Review w/ client and affirm or change allocation as necessary

Determine investment goals and objectives; Approve an appropriate asset allocation strategy

Policy Statement

Develop optimal portfolios that capitalize on investment philosophy

Analysis

APCM Investment Committee Led Process

Review

*Regular reporting and communication with client;
Annual review of asset allocation and capital market assumptions*

Implement

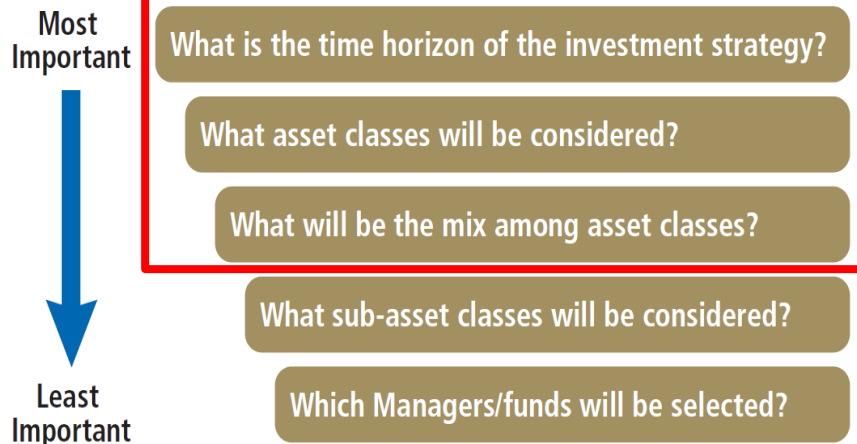
Invest funds and manage based on client needs with modest tilts given market environment

Why is This Important?

Fiduciary360

APCM Investment Philosophy

The Hierarchy of Decisions



*Focus on what you
can control.*

**Asset
Allocation** **Fees and
Expenses**

Source: *Prudent Practices for Investment Stewards* by Fiduciary360 (2011)

ETF/Mutual Fund Review

E FFICIENCY	Efficiency describes both how well a fund delivers on the promises its issuers have made to investors, and how well the fund conforms to industry best practices.	Can I trust it?
T RADABILITY	Tradability accounts for the expense and uncertainty that an investor might encounter in buying or selling a fund in the open market	Can I trade it?
F IT	While Efficiency measures how well a fund tracks its own index, Fit signals how closely a fund resembles the broader asset class segment as a whole.	Can I do better?

There are currently over **1,500 ETFs available to investors.**

Over 1,000 are currently **in registration** with the SEC.

APCM has no proposed fund changes at this time.

Available Asset Classes

Bonds	Stocks	Alternatives
U.S. Investment Grade U.S. TIPS Foreign Government Cash	U.S. Large, Medium, & Small Cap Developed Int'l Emerging Markets	Real Estate Commodities
Emerging Markets [†] High Yield [†] International Corporate [†]	Foreign Small Cap [†]	Private Equity* Hedge Funds*

No changes are recommended at this time.

Topics of Additional Research

Currency hedged international bonds

Optimal TIPS allocation

ETF/benchmark mismatches

* APCM believes PE & HFs are strategies, not asset classes

† Opportunistic asset classes – not in strategic benchmark

Update Capital Market Projections

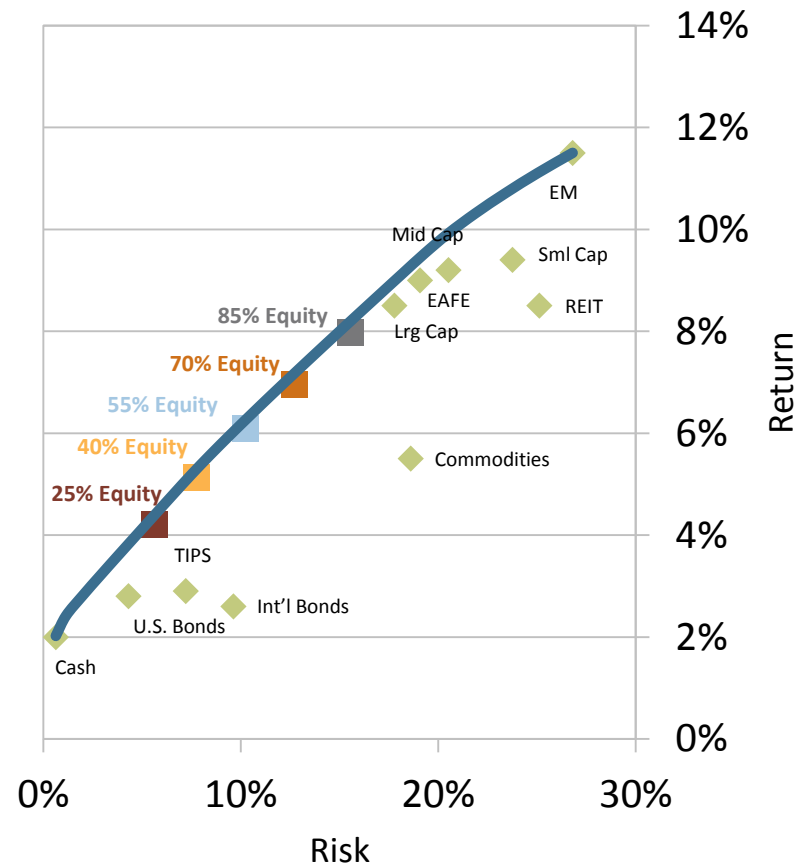
Create reasonable expectations of risk and return for each asset class over a period of seven years.

- Why make capital market projections?
 - Connect investment policy with real-world views
 - Cornerstone of strategic planning
 - ◆ Do expected returns meet required returns?
 - ◆ Does the portfolio maximize return for a given level of risk?
 - ◆ Is the client comfortable with the level of risk?
 - Combine both quantitative and “common sense” perspectives

Assumptions and Efficient Frontier

APCM Annualized Return and Risk Assumptions		
7 Year Horizon	Return	Risk
U.S. Large Cap Equities	8.5%	17.8%
U.S. Mid Cap Equities	9.2%	20.5%
U.S. Small Cap Equities	9.4%	23.8%
Int'l Developed Equities	9.0%	19.1%
Emerging Market Equities	11.5%	26.8%
REITs	8.5%	25.1%
U.S. Fixed Income	2.8%	4.3%
U.S. TIPS	2.9%	7.2%
International Bonds	2.6%	9.6%
Commodities	5.5%	18.6%
Cash	2.0%	0.6%

Efficient Frontier



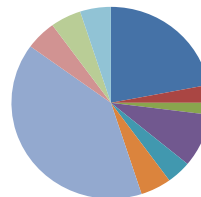
Shaded color in the table above represents the direction of change from APCM's 2013 assumptions.

Red = Lower, Green = Higher, Gray = Unchanged

Strategic Asset Allocation

Asset Allocation

Fairbanks Permanent Fund



Asset Class		Current / 45% Equity
Large Cap Equity		22.0%
Mid Cap Equity		3.0%
Small Cap Equity		2.0%
International Equity		9.0%
Emerging Markets Equity		4.0%
REITs		5.0%
U.S. Fixed Income		40.0%
TIPS		5.0%
International Bonds		5.0%
Commodities		0.0%
Cash		5.0%
APCM's Forward Looking Assumptions	Return	5.5%
	Risk	8.7%
	Ratio	0.64
Annualized Historical Returns 3/1997 - 12/2013	Return	7.3%
	Risk	8.0%
	Ratio	0.91
Best 12 Month Period		33.8%
Worst 12 Month Period		-21.0%

Risk and return data from Windham Portfolio Advisor.

AGENDA PACKET - August 11, 2014

Asset Allocation Considerations

Factors

Fairbanks Permanent Fund

T	Time Horizon	Perpetual
R	Risk Tolerance	Commensurate with Return Objective
E	Expected Return	4.5% Annual Distribution (5 Year Average)
A	Asset Class Preference	Domestic Equity (lg/mid/sml), International Equity (developed/emerging), REITs, Commodities, Bonds (Agg, Int'l Treasury, TIPS, Cash)
T	Tax Status	Tax Exempt

Compliance Report

Background

April 21, 2010

To: Permanent Fund Review Board

From: City of Fairbanks, Finance Department and APCM

Subject: Compliance

During this year's audit of the Permanent Fund the question was raised as to exactly how does the Finance Department know the Fund was in compliance with the various restrictions contained in the authorizing ordinances and resolutions. While the auditor's questions were answered it became apparent that a more formalized compliance system would make this question mute.

Nine specific compliance questions have been identified and it is recommended that a compliance appendix be included at each quarterly meeting illustrating that the Fund meets all of the respective criteria. The identified nine items are as follows:

1. Equity and Fixed-income limitations as well as range limitations within the two categories.
2. Corporate debt limitation of 30% of total portfolio market value.
3. Limitation on the purchase of any bond in excess of 600 basis points above a comparable duration US treasury.
4. Limitation on the purchase of any CMBS after January 1, 2009.
5. Ratings and downgrade limitations on corporate securities.
6. Five percent limitation on any one security (total portfolio).
7. Ten percent limitation on Baa rated securities (fixed income portfolio).
8. Duration constraint of between 80-120 percent of the Barclays Aggregate.
9. Twenty-Five percent industry limitation (total portfolio).

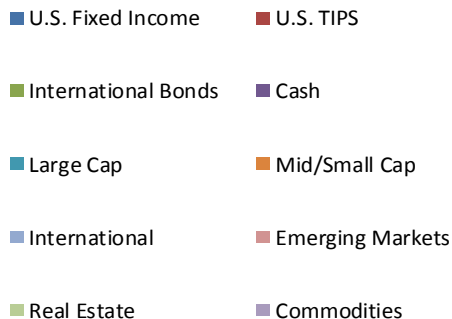
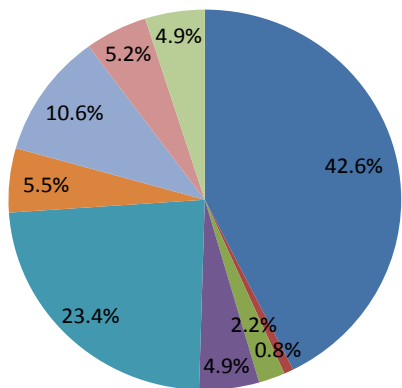
In the attached packet each of the nine limitations are addressed by either a specific report or calculation based upon an enclosed report to illustrate compliance. Should the Board approve of the format, the Compliance Report will become a regular appendix presented at each quarterly meeting.

Item 1

- Equity and fixed-income limitations as well as range limitations within the two categories
 - Copy of quarterly chart illustrating targets & ranges vs. actual
 - Portfolio Appraisal report (Appendix)

Asset Allocation as of March 31, 2014

Fairbanks Permanent Fund



Asset Class	% Assets	Strategic Benchmark	Range	Market Value
Fixed Income	50.5%	55%	40-70%	\$58,513,348
U.S. Fixed Income	42.6%	40	30-70	\$49,354,051
U.S. TIPS	0.8%	5	0-10	\$911,879
International Bonds	2.2%	5	0-10	\$2,522,759
Cash	4.9%	5	0-10	\$5,724,659
Equities	49.5%	45%	30-60%	\$57,419,732
Large Cap	23.4%	22	15-50	\$27,184,876
Mid/Small Cap	5.5%	5	0-10	\$6,319,358
International	10.6%	9	0-15	\$12,241,879
Emerging Markets	5.2%	4	0-10	\$5,976,704
Real Estate	4.9%	5	0-10	\$5,696,915
Commodities	0.0%	0%	0-10	\$0

Total

\$115,933,080

Item 2

- Corporate debt limitations of 30% of the total portfolio market value
 - See attached Portfolio Appraisal report

Portfolio Appraisal as of March 31, 2014

Fairbanks Permanent Fund

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
CORPORATE BONDS									
500,000	CREDIT SUISSE NEW YORK 5.500% Due 05-01-14	99.90	499,485	100.41	502,045	0.43	27,500	11,458	0.56
600,000	CITIGROUP INC 5.500% Due 10-15-14	101.14	606,826	102.63	615,810	0.53	33,000	15,217	0.59
500,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	98.36	491,795	103.78	518,885	0.45	23,750	1,979	0.61
500,000	MORGAN STANLEY 6.000% Due 04-28-15	99.88	499,380	105.56	527,795	0.46	30,000	12,750	0.79
500,000	CITIGROUP INC 4.750% Due 05-19-15	104.97	524,875	104.41	522,065	0.45	23,750	8,708	0.83
500,000	BANK OF MONTREAL 2.850% Due 06-09-15	100.59	502,930	102.95	514,730	0.44	14,250	4,433	0.36
250,000	HSBC FINANCE CORP 5.500% Due 01-19-16	106.89	267,235	108.00	270,000	0.23	13,750	2,750	1.00
350,000	UNITED HEALTH GROUP INC 5.375% Due 03-15-16	114.09	399,322	108.83	380,919	0.33	18,812	836	0.81
500,000	AT&T INC 2.950% Due 05-15-16	104.33	521,670	104.14	520,690	0.45	14,750	5,572	0.97
500,000	JOHNSON & JOHNSON 2.150% Due 05-15-16	104.26	521,320	103.19	515,955	0.45	10,750	4,061	0.63
1,250,000	TORONTO-DOMINION BANK (144A) 1.625% Due 09-14-16	99.93	1,249,162	101.91	1,273,937	1.10	20,312	959	0.83
500,000	BANK AMER CORP 5.625% Due 10-14-16	99.93	499,670	110.49	552,470	0.48	28,125	13,047	1.40
675,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	104.71	706,819	111.67	753,799	0.65	37,969	17,508	0.96
1,000,000	UBS AG LONDON PRIV PLACEMENT (144A) 2.250% Due 03-30-17	100.93	1,009,300	102.90	1,029,050	0.89	22,500	62	1.26
500,000	VERIZON COMMUNICATIONS 5.500% Due 04-01-17	118.36	591,795	112.68	563,385	0.49	27,500	13,750	1.18
750,000	BANK OF NEW YORK MELLON 1.969% Due 06-20-17	102.60	769,522	102.01	765,052	0.66	14,767	4,143	1.33
500,000	CAMPBELL SOUP CO. 3.050% Due 07-15-17	106.83	534,130	104.79	523,930	0.45	15,250	3,219	1.55

Portfolio Appraisal as of March 31, 2014

Fairbanks Permanent Fund

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
500,000	INTERNATIONAL BUSINESS MACHS 5.700% Due 09-14-17	106.27	531,328	114.42	572,125	0.49	28,500	1,346	1.40
750,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	105.77	793,260	112.99	847,432	0.73	46,500	23,250	2.31
500,000	WELLS FARGO & CO 5.625% Due 12-11-17	99.58	497,920	114.06	570,315	0.49	28,125	8,594	1.68
500,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	497,860	114.50	572,495	0.49	28,750	4,792	1.82
575,000	MCDONALDS CORP M/T/N 5.350% Due 03-01-18	107.54	618,377	113.26	651,245	0.56	30,762	2,564	1.82
1,000,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	101.74	1,017,425	114.29	1,142,880	0.99	56,250	23,437	1.96
500,000	GLAXOSMITHKLINE CAP INC 5.650% Due 05-15-18	104.59	522,950	114.73	573,650	0.49	28,250	10,672	1.91
1,000,000	US BANCORP 1.950% Due 11-15-18	100.30	1,003,040	99.64	996,410	0.86	19,500	7,800	2.03
500,000	CATERPILLAR FINANCIAL 7.150% Due 02-15-19	99.16	495,805	122.25	611,250	0.53	35,750	4,568	2.29
600,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	101.40	608,421	120.98	725,874	0.63	45,000	5,750	2.85
600,000	PROCTER & GAMBLE CO. 4.700% Due 02-15-19	102.81	616,886	112.11	672,642	0.58	28,200	3,603	2.07
500,000	JP MORGAN CHASE & CO 6.300% Due 04-23-19	118.62	593,085	117.57	587,840	0.51	31,500	13,825	2.57
600,000	MICROSOFT CORP 4.200% Due 06-01-19	102.24	613,416	110.31	661,884	0.57	25,200	8,400	2.08
750,000	ADOBE SYSTEMS INC 4.750% Due 02-01-20	112.47	843,502	109.95	824,655	0.71	35,625	5,937	2.88
775,000	COMCAST CORP 5.150% Due 03-01-20	116.47	902,635	113.23	877,556	0.76	39,912	3,326	2.71
500,000	NBCUNIVERSAL MEDIA LLC 5.150% Due 04-30-20	114.02	570,115	112.97	564,870	0.49	25,750	10,801	2.81
500,000	PEPSICO INC 3.125% Due 11-01-20	108.06	540,290	101.99	509,950	0.44	15,625	6,510	2.79

Portfolio Appraisal as of March 31, 2014

Fairbanks Permanent Fund

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
750,000	DOW CHEMICAL CO* 4.250% Due 11-15-20	108.13	810,952	105.78	793,320	0.68	31,875	12,042	3.27
1,000,000	CAMPBELL SOUP CO 8.875% Due 05-01-21	129.52	1,295,200	129.25	1,292,550	1.11	88,750	36,979	4.08
786,000	CARGILL INC. (144a) 4.307% Due 05-14-21	98.06	770,763	106.83	839,684	0.72	33,853	12,883	3.22
750,000	GENERAL MILLS INC 3.150% Due 12-15-21	102.88	771,577	100.50	753,742	0.65	23,625	6,956	3.08
500,000	BELLSOUTH CORP 6.000% Due 11-15-34	97.52	487,595	109.69	548,450	0.47	30,000	11,333	5.22
	Accrued Interest				345,823	0.30			
			25,597,641		26,887,161	23.19		345,823	

Items 3 & 4

- Limitation on the purchase of any bond in excess of 600 basis points above a comparable duration U.S. Treasury
- Limitation on the purchase of any CMBS after January 1, 2009
 - See attached Purchase and Sale report

Purchases and Sales from December 31, 2013 to March 31, 2014

Fairbanks Permanent Fund

Portfolio Name	Trade Date	Settle Date	Quantity	Security	Unit Price	Amount	Yield On Cost	Spread Over TSY	Sector	Sec Type Code
PURCHASES										
FAIRBANKS PERMANENT	01-23-14	01-28-14	1,000,000	CAMPBELL SOUP CO 8.875% Due 05-01-21	129.52	1,295,200.00	4.13	184	Corporate Bonds	cbus
FAIRBANKS PERMANENT	01-27-14	01-30-14	1,000,000	US BANCORP 1.950% Due 11-15-18	100.30	1,003,040.00	1.88	36	Corporate Bonds	cbus
FAIRBANKS PERMANENT	02-07-14	02-10-14	2,500,000	US TREASURY NOTES 2.500% Due 08-15-23	98.83	2,470,703.13	2.64		US Treasury Notes	tnus
FAIRBANKS PERMANENT	03-06-14	03-11-14	500,000	NBCUNIVERSAL MEDIA LLC 5.150% Due 04-30-20	114.02	570,115.00	2.66	68	Corporate Bonds	cbus
FAIRBANKS PERMANENT	03-06-14	03-11-14	500,000	JP MORGAN CHASE & CO 6.300% Due 04-23-19	118.62	593,085.00	2.41	78	Corporate Bonds	cbus
FAIRBANKS PERMANENT	03-20-14	03-21-14	6,387.1790	VANGUARD INST'L S&P500 IN	172.22	<u>1,100,000.00</u>	?		Domestic Large Cap E	mfus
						7,032,143.13	1.82			
SALES										
FAIRBANKS PERMANENT	01-09-14	01-10-14	6,739.1050	VANGUARD INST'L S&P500 IN	168.42	1,135,000.00	?		Domestic Large Cap E	mfus
FAIRBANKS PERMANENT	01-27-14	01-30-14	450,000	US BANCORP 4.200% Due 05-15-14	101.12	455,035.50	0.36		Corporate Bonds	cbus
FAIRBANKS PERMANENT	02-07-14	02-10-14	2,500,000	US TREASURY NOTES 1.750% Due 07-31-15	102.27	2,556,640.63	0.21		US Treasury Notes	tnus
FAIRBANKS PERMANENT	02-11-14	02-12-14	2,750,000	US TREASURY NOTES 1.250% Due 08-31-15	101.55	2,792,646.48	0.25		US Treasury Notes	tnus
FAIRBANKS PERMANENT	03-06-14	03-07-14	250,000	US TREASURY NOTES 1.250% Due 08-31-15	101.54	253,847.66	0.21		US Treasury Notes	tnus
FAIRBANKS PERMANENT	03-24-14	03-25-14	500,000	FHLMC 5.125% Due 11-17-17	113.55	567,765.00	1.30	4	Agencies	agus
FAIRBANKS PERMANENT	03-24-14	03-25-14	900,000	US TREASURY NOTES 2.750% Due 02-15-19	104.88	943,945.31	1.71		US Treasury Notes	tnus
						<u>8,704,880.58</u>	<u>0.44</u>			
							0.44			

Item 5

- Ratings and downgrade limitations on corporate securities
 - See attached Portfolio Holdings (Expanded) report

COMPLIANCE
REPORT

Portfolio Holdings (Expanded) as of March 31, 2014

Fairbanks Permanent Fund

3/31/2014													Port				
	Pos	Moody's	S&P	Cpn	Px Close	Mkt Val	Wgt	YTW	Mod Dur	OAD	OAC	Group	Sector	CUSIP	Issuer	Mty	
FAIRBANK (019)		Aa3	AA-	3.956		55,972,158	100.00	1.93	4.47	4.62	4.01						
ADBE 4 ¼ 02/01/20	750,000.00	Baa1	A-	4.750	109.99	830,831	1.48	2.88	5.09	5.19	0.315	Software	Technology	00724FAB7	ADOBE SYSTEMS INC	02/01/2020	
BAC 5 ¼ 10/14/16	500,000.00	Baa2	A-	5.625	110.47	565,412	1.01	1.41	2.33	2.34	0.073	Banks	Financial	060505CS1	BANK OF AMERICA CORP	10/14/2016	
BK 1.969 06/20/17	750,000.00	A1	A+	1.969	101.94	768,702	1.37	1.35	3.10	3.12	0.116	Banks	Financial	064058AA8	BANK OF NEW YORK MELLON	06/20/2017	
BMO 2.85 06/09/15	500,000.00	Aaa		2.850	102.94	519,156	0.93	0.37	1.17	1.17	0.022	Banks	Financial	063679BV5	BANK OF MONTREAL	06/09/2015	
BSCMS 2005-PWR8 A4	500,000.00	Aaa		4.674	103.22	501,680	0.90	1.24	0.96	1.00	0.016	Commercial MBS	Mortgage Securities	07383F7W2	BEAR STEARNS COMMERCIAL MORTG	06/11/2041	
C 4 ¼ 05/19/15	500,000.00	Baa2	A-	4.750	104.41	530,754	0.95	0.83	1.10	1.10	0.023	Banks	Financial	172967FD8	CITIGROUP INC	05/19/2015	
C 5 ¼ 10/15/14	600,000.00	Baa2	A-	5.500	102.62	630,926	1.13	0.63	0.52	0.53	0.009	Banks	Financial	172967E20	CITIGROUP INC	10/15/2014	
CARGIL 4.307 05/14/21	786,000.00	A2	A	4.307	106.58	850,572	1.52	3.26	6.05	6.19	0.454	Agriculture	Consumer Non-cyclical	141781AY0	CARGILL INC	05/14/2021	
CAT 7.15 02/15/19	500,000.00	A2	A	7.150	122.35	616,313	1.10	2.28	4.20	4.25	0.218	Machinery-Constr&Mining	Industrial	14912L4E8	CATERPILLAR FINANCIAL SE	02/15/2019	
CD 2005-CD1 A4	1,000,000.00	Aaa	AAA	5.402	105.04	1,052,118	1.88	1.06	1.21	1.28	0.024	Commercial MBS	Mortgage Securities	12513EAG9	CD COMMERCIAL MORTGAGE TRUST	07/15/2044	
CMCSA 5.15 03/01/20	775,000.00	A3	A-	5.150	113.47	882,705	1.58	2.67	5.14	5.23	0.321	Media	Communications	20030NBA8	COMCAST CORP	03/01/2020	
CMCSA 5.15 04/30/20	500,000.00	A3	A-	5.150	113.54	578,407	1.03	2.72	5.19	5.28	0.337	Media	Communications	63946BAD2	NBCUNIVERSAL MEDIA LLC	04/30/2020	
COP 5 ¼ 10/15/16	675,000.00	A1	A	5.625	111.91	772,893	1.38	0.87	2.35	2.36	0.073	Oil&Gas	Energy	20825TAA5	CONOCOPHILLIPS CANADA	10/15/2016	
CPB 3.05 07/15/17	500,000.00	A2	BBB+	3.050	104.67	526,578	0.94	1.59	3.11	3.14	0.117	Food	Consumer Non-cyclical	134429AV1	CAMPBELL SOUP CO	07/15/2017	
CPB 8 ¼ 05/01/21	1,000,000.00	A2	BBB+	8.875	129.28	1,329,745	2.38	4.07	5.37	5.47	0.385	Food	Consumer Non-cyclical	134429AG4	CAMPBELL SOUP CO	05/01/2021	
CS 5 ¼ 05/01/14	500,000.00	A1	A	5.500	100.41	513,507	0.92	0.57	0.08	0.08	0.213	Banks	Financial	22546QAA5	CREDIT SUISSE NEW YORK	05/01/2014	
CSFB 2005-C2 A3	500,000.00	Aaa	AAA	4.691	100.09	326,300	0.58	4.27	0.61	0.65	0.008	Commercial MBS	Mortgage Securities	225458RR1	CREDIT SUISSE FIRST BOSTON MOR	04/13/2037	
DOW 4 ¼ 11/15/20	750,000.00	Baa2	BBB	4.250	106.19	808,445	1.44	3.17	5.50	5.76	0.368	Chemicals	Basic Materials	260543CC5	DOW CHEMICAL CO/THE	11/15/2020	
EXC 6.2 10/01/17	750,000.00	Baa2	BBB	6.200	113.30	873,012	1.56	2.23	3.10	3.13	0.121	Electric	Utilities	30161MAE3	EXELON GENERATION CO LLC	10/01/2017	
FG A16590	1,063,778.00			6.000	112.74	85,697	0.15	2.25	3.40	3.18	-0.447	FGLMC Collateral	Mortgage Securities	31296RKB3	Freddie Mac	12/01/2033	
FG A36703	750,000.00			4.500	107.15	106,818	0.19	2.78	4.15	4.37	-1.213	FGLMC Collateral	Mortgage Securities	31297SNU5	Freddie Mac	08/01/2035	
FG A77796	2,925,873.00			5.500	110.01	181,231	0.32	2.42	3.30	2.84	-1.153	FGLMC Collateral	Mortgage Securities	3128BLUV8	Freddie Mac	05/01/2038	
FG B17355	1,012,036.00			5.000	108.02	166,585	0.30	0.70	1.87	1.76	-0.072	FGLMC Collateral	Mortgage Securities	312970E44	Freddie Mac	12/01/2019	
FG B17982	1,000,000.00			4.000	105.68	161,014	0.29	1.43	2.22	2.16	-0.227	FGLMC Collateral	Mortgage Securities	3129702P0	Freddie Mac	03/01/2020	
FG C01403	1,000,000.00			6.000	112.82	30,180	0.05	-0.44	3.45	3.17	-0.457	FGLMC Collateral	Mortgage Securities	31292HRY2	Freddie Mac	09/01/2032	
FG E01136	2,000,000.00			5.500	105.69	34,089	0.06	0.02	1.06	1.09	0.021	FGLMC Collateral	Mortgage Securities	31294KHM0	Freddie Mac	03/01/2017	
FG G05253	2,016,834.00			5.000	108.75	230,235	0.41	2.64	3.73	3.46	-2.011	FGLMC Collateral	Mortgage Securities	3128M7E28	Freddie Mac	02/01/2039	
FG G08264	1,500,000.00			6.000	111.24	198,601	0.35	2.38	3.16	2.74	-0.561	FGLMC Collateral	Mortgage Securities	3128MJJ0	Freddie Mac	04/01/2038	
FH 1G2124	1,000,000.00			5.883	106.57	140,996	0.25	2.35	1.96	1.97	-0.163	FGLMC Collateral	Mortgage Securities	3128QSLD6	Freddie Mac	08/01/2037	
FH 847740	500,000.00			2.994	104.32	19,185	0.03	1.44	1.16	1.35	-0.379	FHLMC Collateral	Mortgage Securities	3128JRS56	Freddie Mac	04/01/2037	
FHLB 4 ¼ 03/13/20	200,000.00	Aaa	AA+	4.125	110.51	221,432	0.40	2.23	5.30	5.40	0.337	Sovereign	Government	3133XXP50	FEDERAL HOME LOAN BANK	03/13/2020	
FHLMC 6 ¼ 07/15/32	500,000.00	Aaa	AA+	6.250	132.76	670,412	1.20	3.76	11.81	12.16	1.950	Sovereign	Government	3134A4KX1	FREDDIE MAC	07/15/2032	
FN 254195	2,008,126.00			5.500	103.36	36,470	0.07	2.07	1.07	1.13	0.014	FNMA Collateral	Mortgage Securities	31371KKG5	Fannie Mae	02/01/2017	
FN 745552	800,000.00			2.131	105.26	88,511	0.16	1.05	1.14	1.99	-0.512	FNMA Collateral	Mortgage Securities	31403DH51	Fannie Mae	02/01/2036	
FN 814349	1,000,000.00			4.500	106.09	133,756	0.24	-0.17	2.00	1.85	-0.265	FNMA Collateral	Mortgage Securities	31406MWJ1	Fannie Mae	03/01/2020	
FN 819922	1,000,001.00			5.500	108.13	107,575	0.19	1.39	2.02	1.92	-0.018	FNMA Collateral	Mortgage Securities	31406T4F5	Fannie Mae	04/01/2020	
FN 819924	1,000,000.00			4.500	106.09	93,232	0.17	0.09	2.02	1.90	-0.244	FNMA Collateral	Mortgage Securities	31406T4H1	Fannie Mae	04/01/2020	
FN 820607	733,971.00			1.946	104.76	120,358	0.22	0.95	1.00	0.79	-0.167	FNMA Collateral	Mortgage Securities	31406UU89	Fannie Mae	03/01/2035	
FN 826090	990,000.00			2.251	103.23	69,092	0.12	1.59	0.84	1.04	-0.295	FNMA Collateral	Mortgage Securities	31407BXT1	Fannie Mae	07/01/2035	
FN 838293	1,500,000.00			2.232	104.55	179,733	0.32	1.28	1.05	0.92	-0.315	FNMA Collateral	Mortgage Securities	31407RKE3	Fannie Mae	08/01/2035	
FN 888348	1,425,707.00			5.000	106.52	131,577	0.24	2.12	2.32	2.30	-0.036	FNMA Collateral	Mortgage Securities	31410F5H4	Fannie Mae	05/01/2022	
FN 943054	1,000,000.00			2.397	106.21	77,248	0.14	1.00	1.85	0.83	-0.120	FNMA Collateral	Mortgage Securities	31413EE35	Fannie Mae	08/01/2037	
FN 968813	2,957,641.00			6.000	112.32	227,440	0.41	1.97	3.17	2.86	-0.107	FNMA Collateral	Mortgage Securities	31414KYJ3	Fannie Mae	01/01/2038	

Portfolio Holdings (Expanded) as of March 31, 2014

Fairbanks Permanent Fund

3/31/2014		Port														
	Pos	Moody's	S&P	Cpn	Px Close	Mkt Val	Wgt	YTW	Mod Dur	OAD	OAC	Group	Sector	CUSIP	Issuer	Mty
FAIRBANK (019)		Aa3	AA-	3.956		55,972,158	100.00	1.93	4.47	4.62	0.401					
FN AA6013	1,135,102.00	4.500	106.98	240,305	0.43	2.97	4.63	4.99	-1.327	FNMA Collateral	Mortgage Securities	31416PVF1	Fannie Mae	05/01/2039		
FN AD2331	922,796.00	4.000	105.93	251,857	0.45	2.10	3.20	3.05	-0.911	FNMA Collateral	Mortgage Securities	31418PSV8	Fannie Mae	03/01/2025		
FN AD7073	577,378.00	4.000	105.93	139,216	0.25	-1.12	3.23	3.12	-0.913	FNMA Collateral	Mortgage Securities	31418U2F0	Fannie Mae	06/01/2025		
FNMA 6 1/4 05/15/29	2,250,000.00	Aaa	AA+	6.250	131.35	3,008,457	5.37	3.55	10.34	10.66	1.470	Sovereign	Government	31359MEU3	FANNIE MAE	05/15/2029
G2 2563	2,545,290.00	6.500	113.18	33,275	0.06	-12.20	0.74	3.68	0.064	GNMA2 Collateral	Mortgage Securities	36202CZ48	Government National Mortgage A	03/20/2028		
GE 5 1/2 05/01/18	1,000,000.00	A1	AA+	5.625	114.39	1,167,324	2.09	1.94	3.62	3.66	0.167	Diversified Finan Serv	Financial	36962G3U6	GENERAL ELEC CAP CORP	05/01/2018
GEMNT 2009-4 A	1,000,000.00	Aaa		3.800	102.01	1,021,762	1.83	0.57	0.62	0.61	0.007	Credit Card ABS	Asset Backed Securities	36159JBT7	GE CAPITAL CREDIT CARD MASTER	11/15/2017
GIS 3.15 12/15/21	750,000.00	A3	BBB+	3.150	100.77	762,751	1.36	3.03	6.55	6.89	0.526	Food	Consumer Non-cyclical	370334BM5	GENERAL MILLS INC	12/15/2021
GN 587075	2,000,000.00	6.500	115.49	36,360	0.06	2.60	3.91	3.99	0.070	GNMA Collateral	Mortgage Securities	36201MFQ0	Government National Mortgage A	05/15/2032		
GN 617115	1,500,000.00	5.500	110.87	204,957	0.37	2.56	3.70	3.92	-0.167	GNMA Collateral	Mortgage Securities	36290TSC4	Government National Mortgage A	06/15/2036		
GS 7 1/2 02/15/19	600,000.00	Baa1	A-	7.500	121.00	731,734	1.31	2.85	4.15	4.21	0.214	Banks	Financial	38141EA25	GOLDMAN SACHS GROUP INC	02/15/2019
GSK 5.65 05/15/18	500,000.00	A1	A+	5.650	114.86	584,991	1.05	1.88	3.66	3.70	0.171	Pharmaceuticals	Consumer Non-cyclical	377372AD9	GLAXOSMITHKLINE CAP INC	05/15/2018
HSBC 5 1/2 01/19/16	250,000.00	Baa1	A	5.500	107.96	272,642	0.49	1.03	1.72	1.72	0.039	Diversified Finan Serv	Financial	40429CFN7	HSBC FINANCE CORP	01/19/2016
IBM 5.7 09/14/17	500,000.00	Aa3	AA-	5.700	114.51	573,884	1.03	1.38	3.17	3.20	0.123	Computers	Technology	459200GJ4	IBM CORP	09/14/2017
JNJ 2.15 05/15/16	500,000.00	Aaa	AAA	2.150	103.32	520,683	0.93	0.57	2.06	2.07	0.056	Pharmaceuticals	Consumer Non-cyclical	478160AY0	JOHNSON & JOHNSON	05/15/2016
JPM 4 3/4 03/01/15	500,000.00	A3	A	4.750	103.81	521,011	0.93	0.58	0.90	0.90	0.013	Banks	Financial	46625HCE8	JPMORGAN CHASE & CO	03/01/2015
JPM 6.3 04/23/19	500,000.00	A3	A	6.300	117.65	602,093	1.08	2.56	4.31	4.37	0.237	Banks	Financial	46625HHL7	JPMORGAN CHASE & CO	04/23/2019
JPMCC 2007-CB19 A4	500,000.00	Aa2	A+	5.895	110.84	556,646	0.99	1.96	2.71	3.73	0.182	Commercial MBS	Mortgage Securities	46630VAD4	JP MORGAN CHASE COMMERCIAL MOF	02/12/2049
JPMCC 2007-LD12 A4	500,000.00	Aaa	A-	5.882	111.51	559,990	1.00	2.05	2.88	3.04	0.112	Commercial MBS	Mortgage Securities	46632HAD3	JP MORGAN CHASE COMMERCIAL MOF	02/15/2051
LBUS 2006-C7 A2	700,000.00	Aaa	AAA	5.300	96.59	318,272	0.57	7.71	1.42	2.20	0.062	Commercial MBS	Mortgage Securities	50180CAB6	LB-US COMMERCIAL MORTGAGE TRU	11/15/2038
MCD 5.35 03/01/18	575,000.00	A2	A	5.350	113.55	655,487	1.17	1.75	3.56	3.60	0.154	Retail	Consumer Cyclical	58013MEE0	MCDONALD'S CORP	03/01/2018
MS 6 04/28/15	500,000.00	Baa2	A-	6.000	105.56	540,550	0.97	0.79	1.03	1.03	0.022	Banks	Financial	61747YCE3	MORGAN STANLEY	04/28/2015
MSFT 4.2 06/01/19	600,000.00	Aaa	AAA	4.200	110.81	673,246	1.20	1.99	4.62	4.69	0.262	Software	Technology	594918AC8	MICROSOFT CORP	06/01/2019
PEP 3 1/2 11/01/20	500,000.00	A1	A-	3.125	102.35	518,250	0.93	2.73	5.85	5.99	0.415	Beverages	Consumer Non-cyclical	713448BR8	PEPSICO INC	11/01/2020
PG 4.7 02/15/19	600,000.00	Aa3	AA-	4.700	112.45	678,316	1.21	2.00	4.38	4.44	0.231	Cosmetics/Personal Care	Consumer Non-cyclical	742718DN6	PROCTER & GAMBLE CO/THE	02/15/2019
T 1 1/2 08/15/22	1,000,000.00			1.625	93.00	931,936	1.66	2.56	7.73	7.96	0.696	Sovereign	Government	912828TJ9	US TREASURY N/B	08/15/2022
T 1 1/2 06/30/20	2,600,000.00			1.875	98.53	2,573,831	4.60	2.13	5.84	5.96	0.396	Sovereign	Government	912828VJ6	US TREASURY N/B	06/30/2020
T 2 1/2 08/15/23	3,500,000.00			2.500	98.58	3,461,006	6.18	2.67	8.27	8.54	0.818	Sovereign	Government	912828V56	US TREASURY N/B	08/15/2023
T 2 3/4 02/15/19	500,000.00			2.750	105.02	526,768	0.94	1.67	4.55	4.62	0.244	Sovereign	Government	912828KD1	US TREASURY N/B	02/15/2019
T 2.95 05/15/16	500,000.00	A3	A-	2.950	104.16	526,372	0.94	0.96	2.04	2.05	0.056	Telecommunications	Communications	00206RAW2	AT&T INC	05/15/2016
T 3 1/2 02/15/39	1,375,000.00			3.500	100.30	1,385,038	2.47	3.48	16.47	17.05	3.770	Sovereign	Government	912810QA9	US TREASURY N/B	02/15/2039
T 3 3/4 05/15/21	500,000.00			3.125	105.35	532,627	0.95	2.31	6.32	6.47	0.482	Sovereign	Government	912828QN3	US TREASURY N/B	05/15/2021
T 5 1/4 02/15/29	1,000,000.00			5.250	125.08	1,257,162	2.25	3.13	10.80	11.17	1.547	Sovereign	Government	912810FG8	US TREASURY N/B	02/15/2029
T 6 11/15/34	500,000.00		A-	6.000	109.69	559,785	1.00	5.23	11.93	12.23	2.111	Telecommunications	Communications	079860AK8	BELLSOUTH CORP	11/15/2034
TD 1 1/2 09/14/16	1,250,000.00	Aaa		1.625	101.90	1,274,724	2.28	0.84	2.40	2.41	0.071	Banks	Financial	891145RB2	TORONTO-DOMINION BANK	09/14/2016
TII 1 1/2 01/15/18	750,000.00			1.625	108.59	912,098	1.63	-0.61	1.85	3.95	0.172	Sovereign	Government	912828HN3	TSY INFL IX N/B	01/15/2018
UBS 2 1/4 03/30/17	1,000,000.00	Aaa		2.250	102.96	1,029,591	1.84	1.24	2.90	2.91	0.101	Banks	Financial	90349CAA2	UBS AG LONDON	03/30/2017
UNH 5 1/2 03/15/16	350,000.00	A3	A	5.375	108.94	382,115	0.68	0.76	1.88	1.88	0.046	Healthcare-Services	Consumer Non-cyclical	91324PAQ5	UNITEDHEALTH GROUP INC	03/15/2016
USB 1.95 11/15/18	1,000,000.00	A1	A+	1.950	99.67	1,004,478	1.79	2.03	4.36	4.42	0.221	Banks	Financial	91159HHE3	US BANCORP	11/15/2018
USD	5,724,658.80	Aaa	AAA	0.000	1.00	5,724,658	10.23	0.00	0.00	0.00	0.000					
VZ 5 1/2 04/01/17	500,000.00	Baa1	BBB+	5.500	111.41	570,819	1.02	1.59	2.73	2.74	0.094	Telecommunications	Communications	92343VAG9	VERIZON COMMUNICATIONS	04/01/2017
WFC 5 3/4 02/01/18	500,000.00	A2	A+	5.750	114.42	576,911	1.03	1.84	3.46	3.50	0.147	Banks	Financial	92976WBH8	WACHOVIA CORP	02/01/2018
WFC 5 1/2 12/11/17	500,000.00	A2	A+	5.625	114.00	578,612	1.03	1.70	3.33	3.36	0.140	Banks	Financial	949746NX5	WELLS FARGO & COMPANY	12/11/2017

Item 6

- Five percent limitations on any one security within the entire portfolio
 - See Portfolio Appraisal report (Appendix)

Items 7 & 8

- Ten percent limitation on Baa rated securities within the fixed income portfolio
- Duration constraint between 80-120 percent of the Barclays Aggregate Index
 - See attached Duration-Weighted Distribution by Quality report

Distribution by Quality as of March 31, 2014

Fairbanks Permanent Fund

Detail

3/31/2014	Port						Bench				
	Mkt Val	Wgt	OAD	CTD	%TD	Mkt Val	Wgt	OAD	CTD	%TD	
FAIRBANK (019)	\$ 55,963,739	100.00	4.62	4.62	100.00	\$ 20,929,089,473	100.00	5.80	5.80	100.00	
AAA	\$ 31,752,145	56.74	5.15	2.92	63.14	\$ 14,897,426,309	71.18	5.49	3.91	67.41	
AA	\$ 2,800,208	5.00	3.60	0.18	3.92	\$ 1,055,777,429	5.04	5.55	0.28	4.83	
A	\$ 16,287,156	29.10	3.64	1.06	22.97	\$ 2,308,610,053	11.03	6.62	0.73	12.59	
BBB	\$ 5,124,230	9.16	5.02	0.46	9.98	\$ 2,585,411,270	12.35	6.88	0.85	14.66	
BB						\$ 47,535,767	0.23	4.40	0.01	0.17	
B						\$ 1,717,449	0.01	1.49	0.00	0.00	
Not Rated						\$ 32,611,196	0.16	6.42	0.01	0.17	

Portfolio Duration as a % of Benchmark **80%**

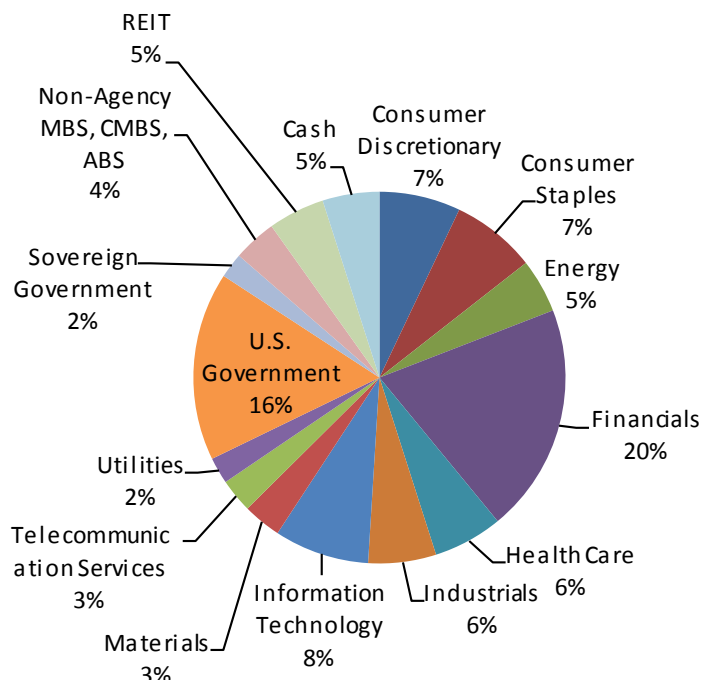
Duration gauges price sensitivity of fixed income securities and represents the expected percentage change in market value when interest rates change by 1%.

Item 9

- Twenty-five percent industry limitation within the entire portfolio
 - See attached GICS Sector Concentration report

GICS Sector Concentration* as of March 31, 2014

Fairbanks Permanent Fund



Sector	Market Value	% of Portfolio
Consumer Discretionary	8,182,171	7%
Consumer Staples	8,535,781	7%
Energy	5,442,114	5%
Financials	23,102,857	20%
Health Care	6,996,992	6%
Industrials	6,838,204	6%
Information Technology	9,563,078	8%
Materials	3,860,078	3%
Telecommunication Services	3,419,265	3%
Utilities	2,669,439	2%
<hr/>		
U.S. Government - Treasury/Agency/Agency MBS	19,015,910	16%
Sovereign Government	2,522,759	2%
Non-Agency MBS, CMBS, ABS	4,362,859	4%
REIT	5,696,915	5%
Commodities	-	0%
Cash	5,724,659	5%
<hr/>		
Total Portfolio	\$ 115,933,080	100%

Includes Individual Bond and ETF Holdings

* As defined by the Global Industry Classification Standard (GICS) provided by Standard & Poor's/MSCI Barra

Secular Economic and Capital Market Outlook

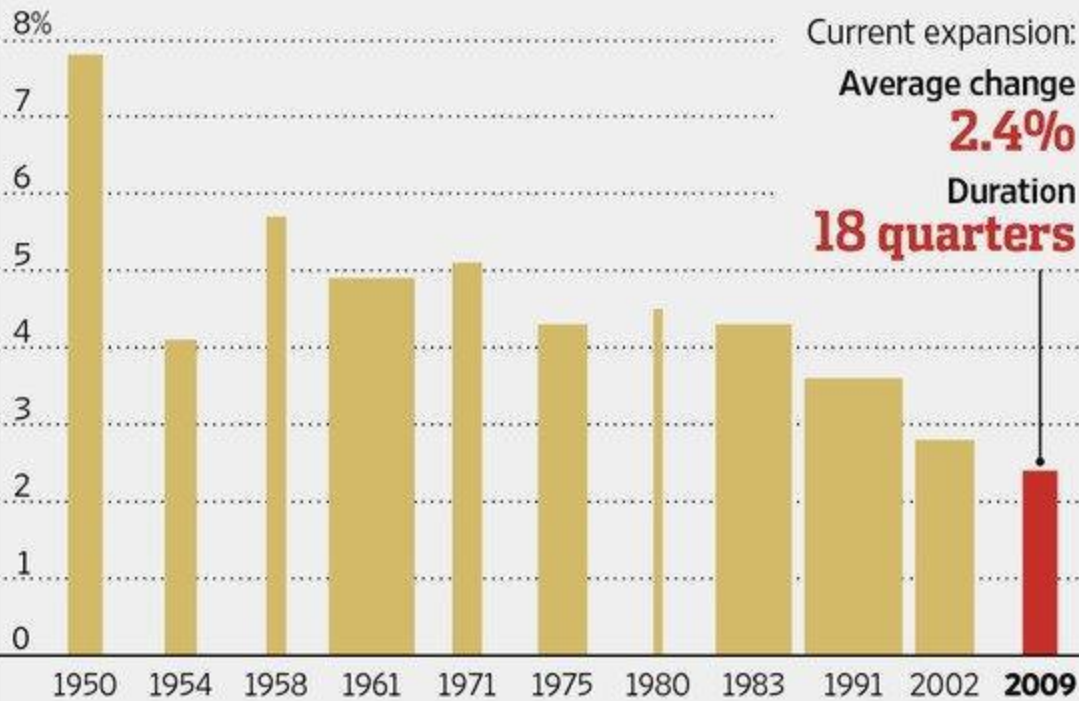
Market Themes Over The Next 7 Years

- **U.S. GDP: Slow But Steady.**
 - Expansion entering fifth year, but growth rate subpar
 - Improving productivity, but demographic headwinds
 - Federal budget deficits improving, but long-term entitlement problems persist
- **“Normalization” of Monetary Policy**
 - Rates can rise steadily without tanking the U.S. economy (inflation low)
 - Other central banks are behind the Fed
- **Emerging Market Growth to Continue**
 - Europe and Japan have debt, demographic, and structural problems
 - Developing economies are still catching up with favorable demographics

Recovery Has Been Modest

Weaker Than Before

Average quarterly change in inflation-adjusted GDP during expansions since 1950 (bar height); bar width shows the expansion's duration



Notes: Change at a seasonally adjusted annual rate; label gives year each recovery began

Source: Commerce Department

The Wall Street Journal

U.S. Equity Market Perspective

2011 return: +2.1%

2012 return: +16.0%

2010 return: +15.1%

2009 return: +26.5%

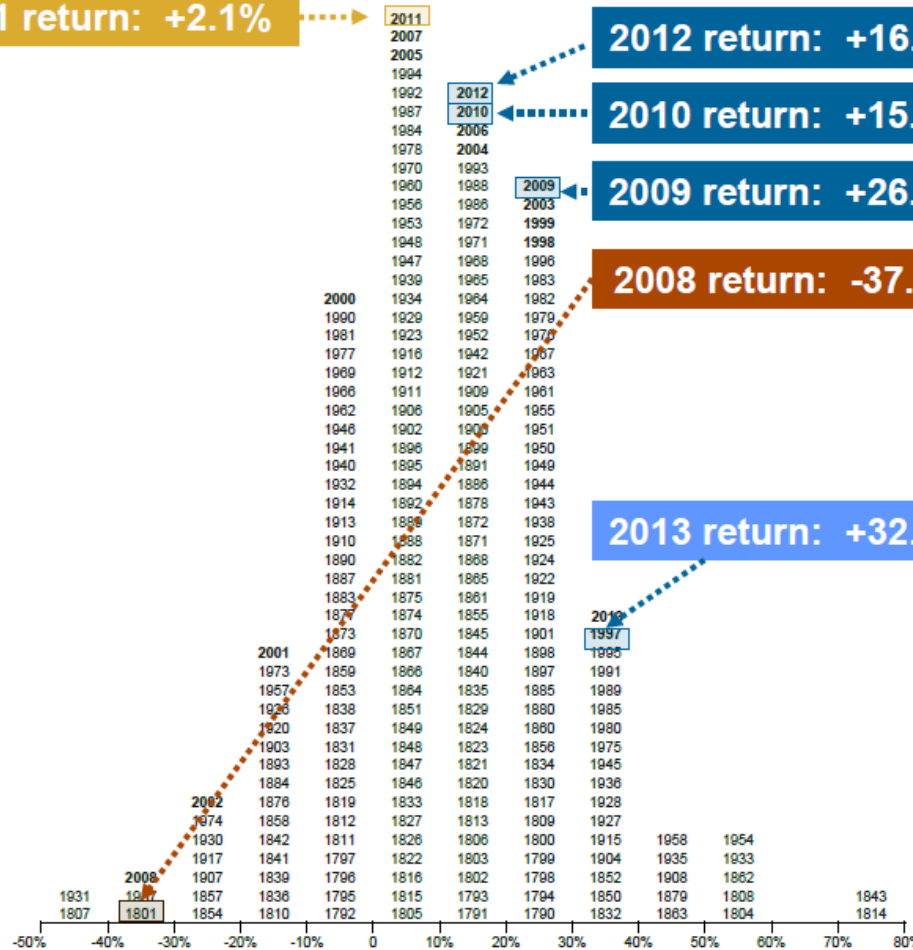
2008 return: -37.0%

Very Unusual

Five-year return for
S&P 500: +17.9%

2013 return: +32.4%

Unusual

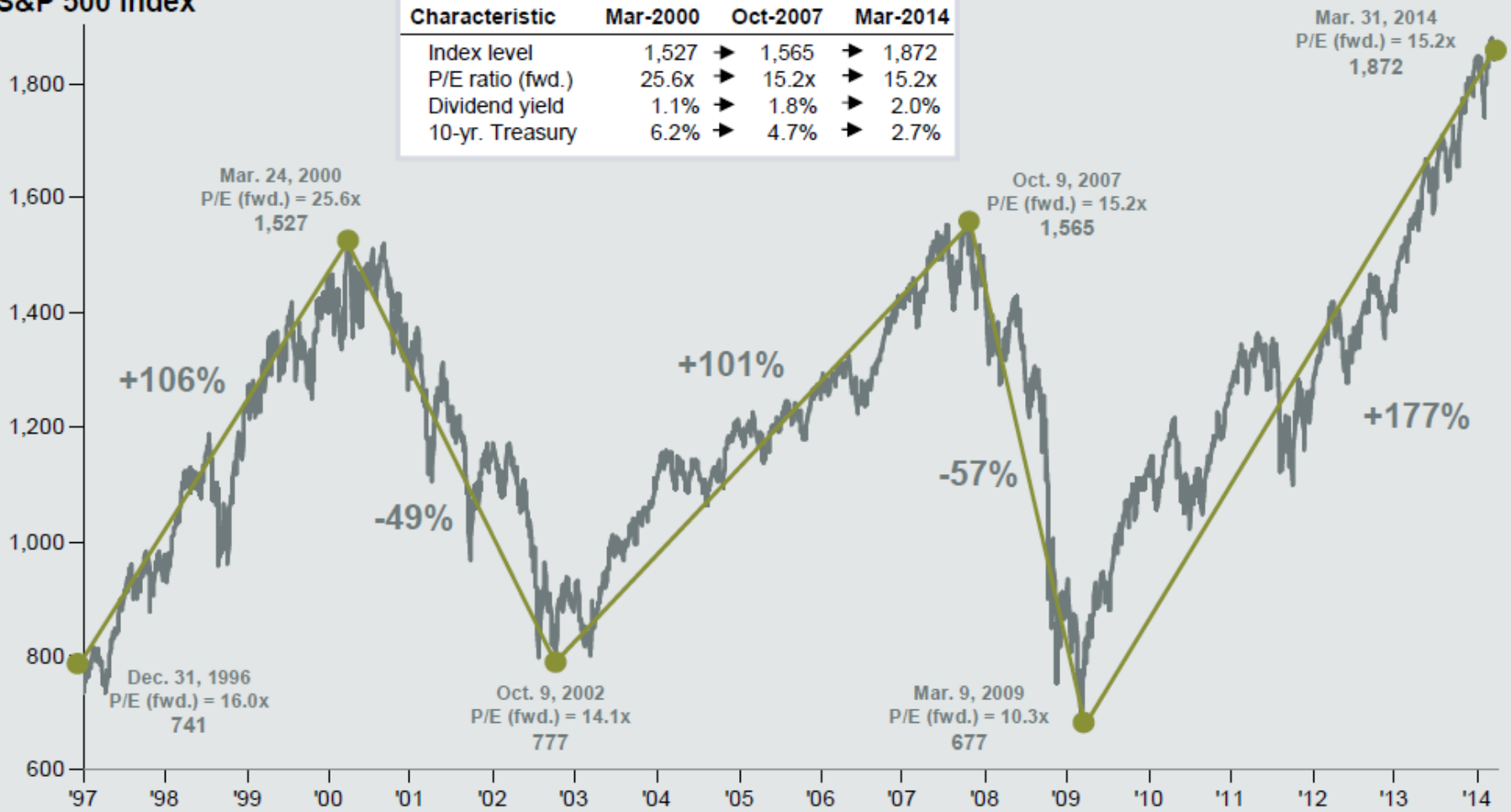


Source: Callan

New Highs for U.S. Equities

S&P 500 Index

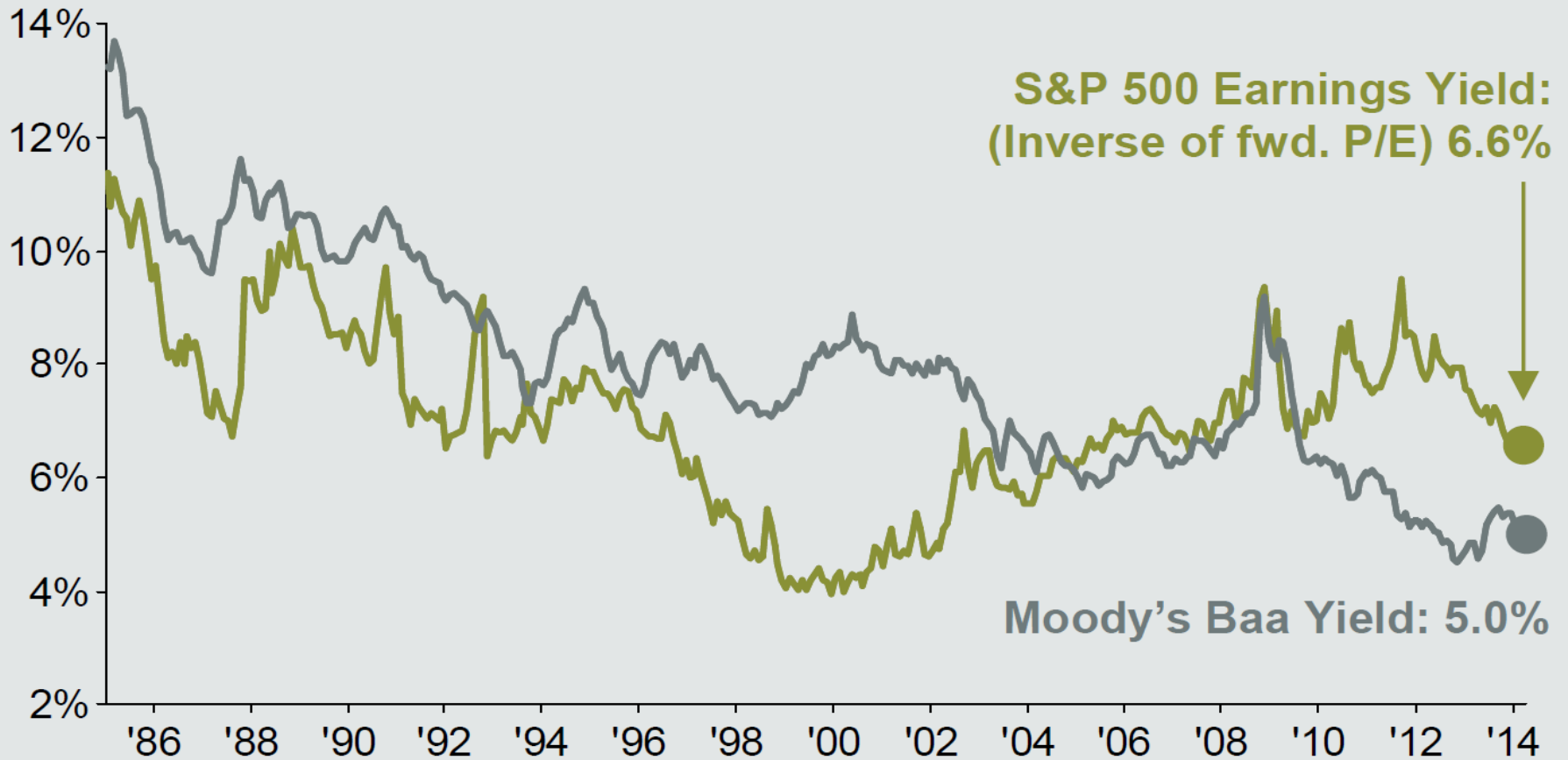
Characteristic	Mar-2000	Oct-2007	Mar-2014
Index level	1,527	1,565	1,872
P/E ratio (fwd.)	25.6x	15.2x	15.2x
Dividend yield	1.1%	1.8%	2.0%
10-yr. Treasury	6.2%	4.7%	2.7%



Source: J.P. Morgan Asset Management

Stocks Still Attractive vs. Bonds

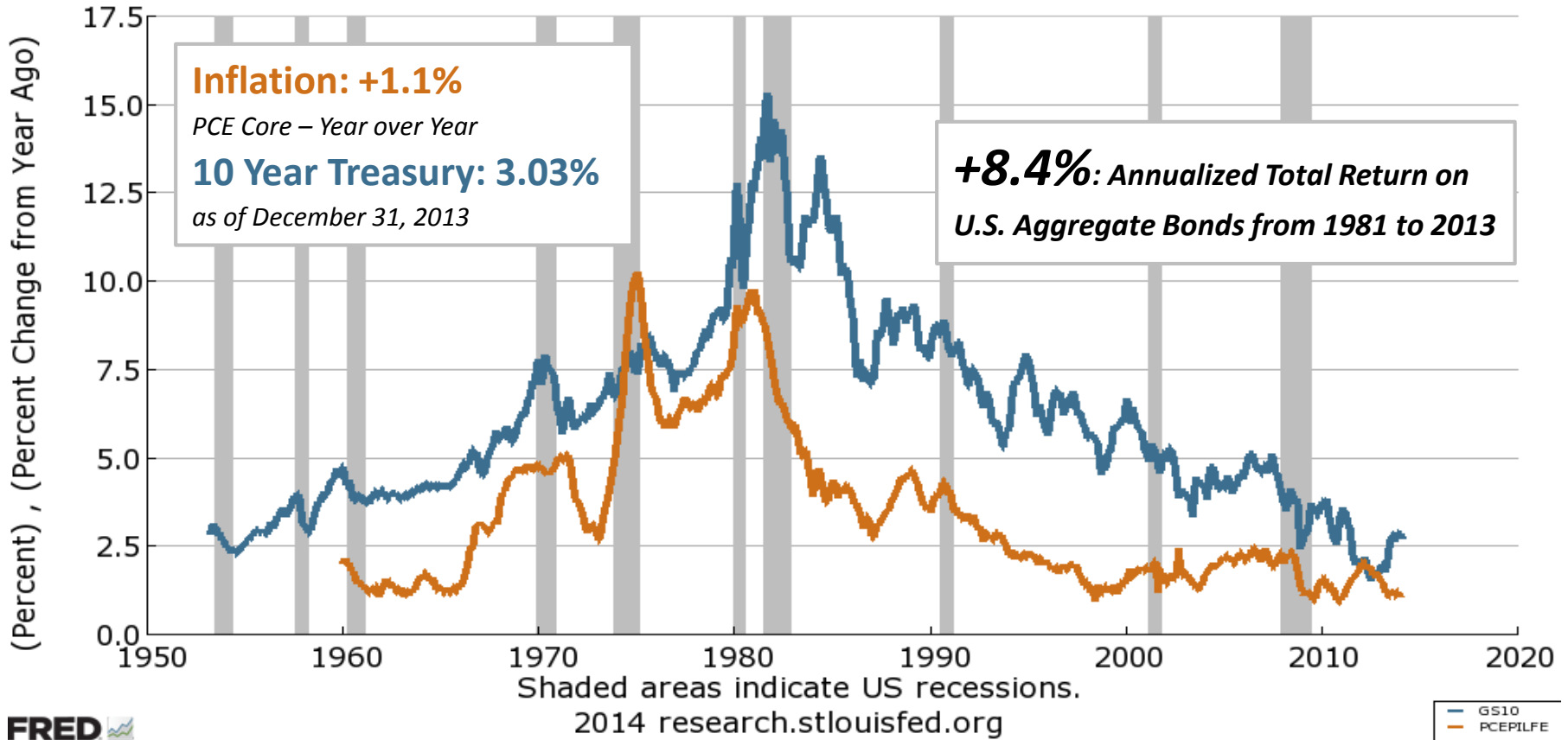
S&P 500 Earnings Yield vs. Baa Bond Yield



Source: J.P. Morgan Asset Management. Data as of March 31, 2014.

AGENDA PACKET - August 11, 2014

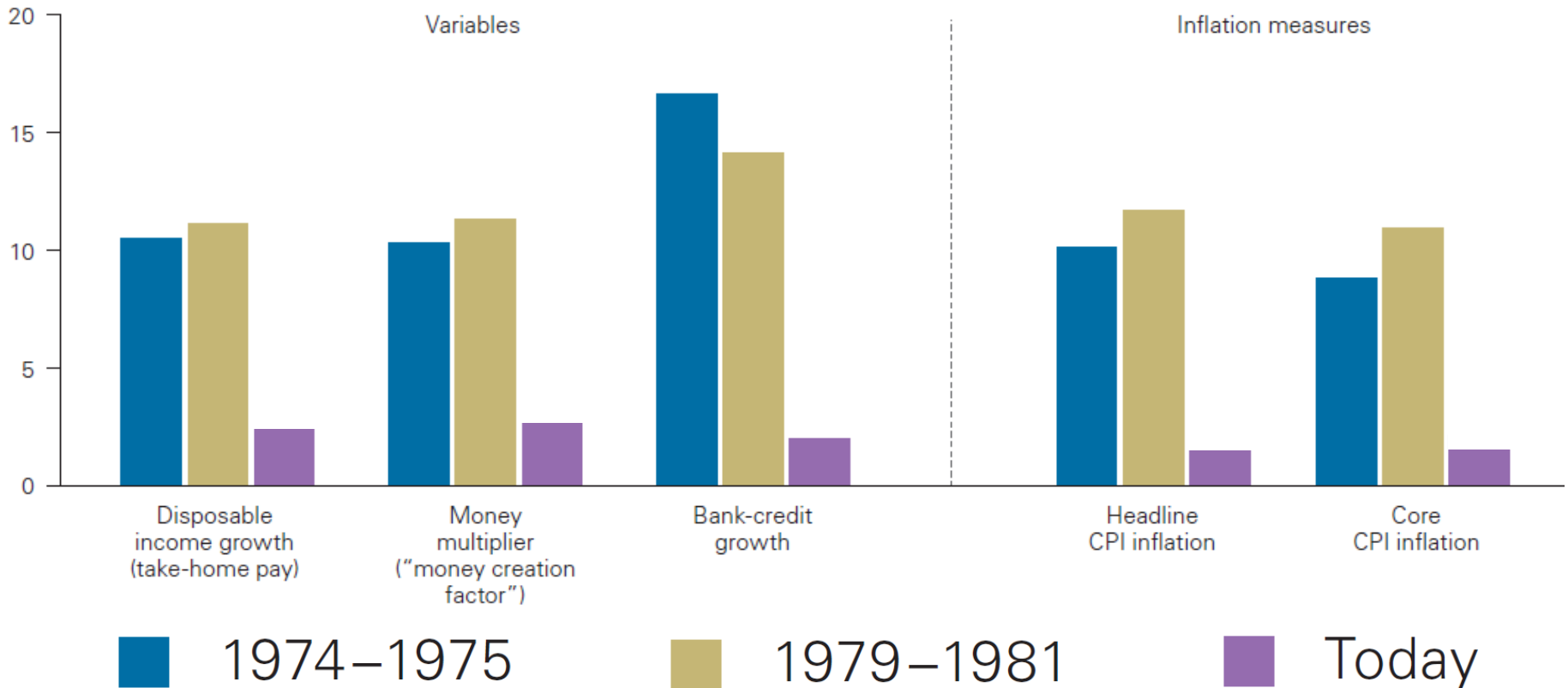
Interest Rates and Inflation Near Historic Lows in the U.S. and Throughout the World



Source: FRB of St. Louis

Inflation Should Stay Low

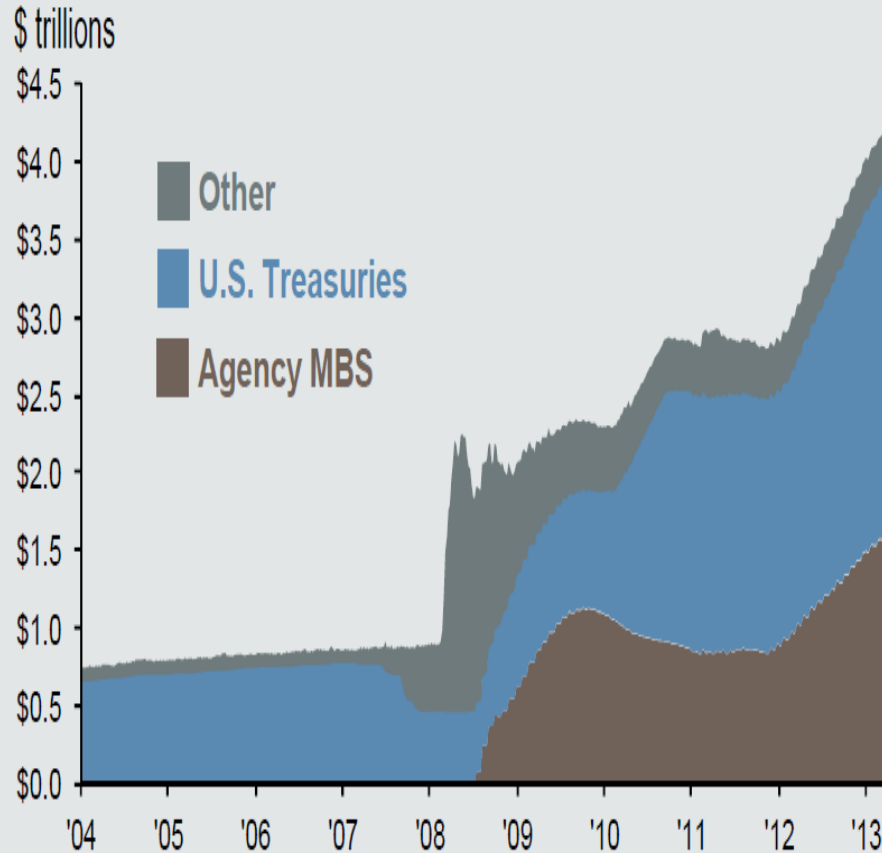
Comparing High-Inflation Environments of 1970s and Early 1980s with That of Today



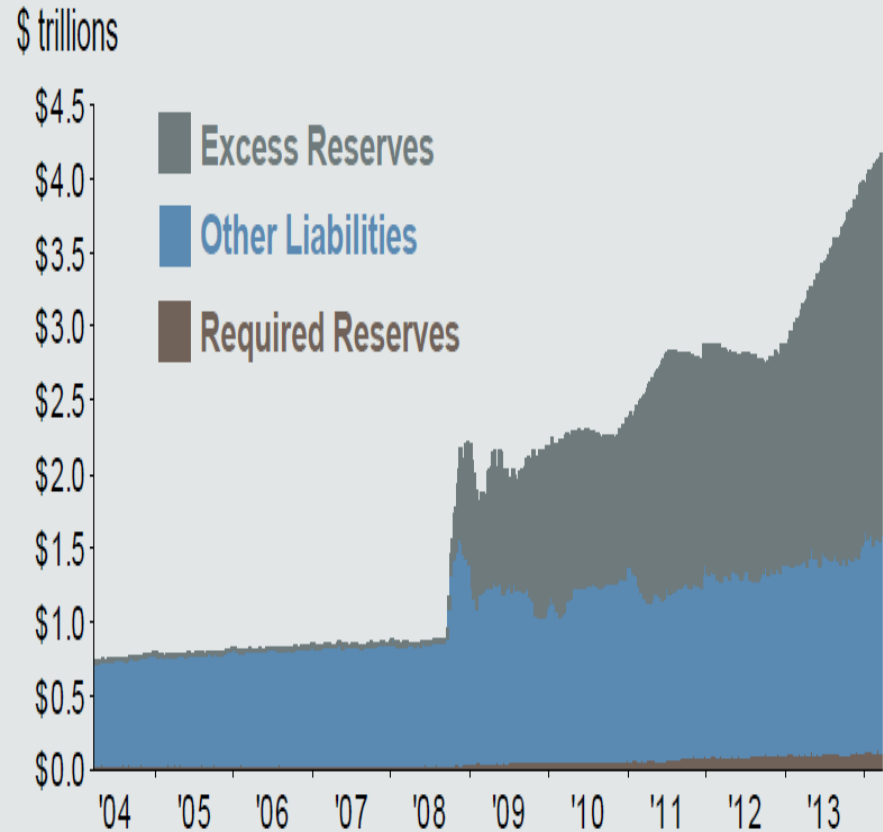
Source: Vanguard, based on data from Moody's DataBuffet. Notes: The "money multiplier" is the ratio of the broad money supply (i.e., M2) to the monetary base. Data for "Today" as of April 2014.

Federal Reserve Balance Sheet Likely to Remain Enlarged for Some Time

Fed's Balance Sheet: Assets



Fed's Balance Sheet: Liabilities

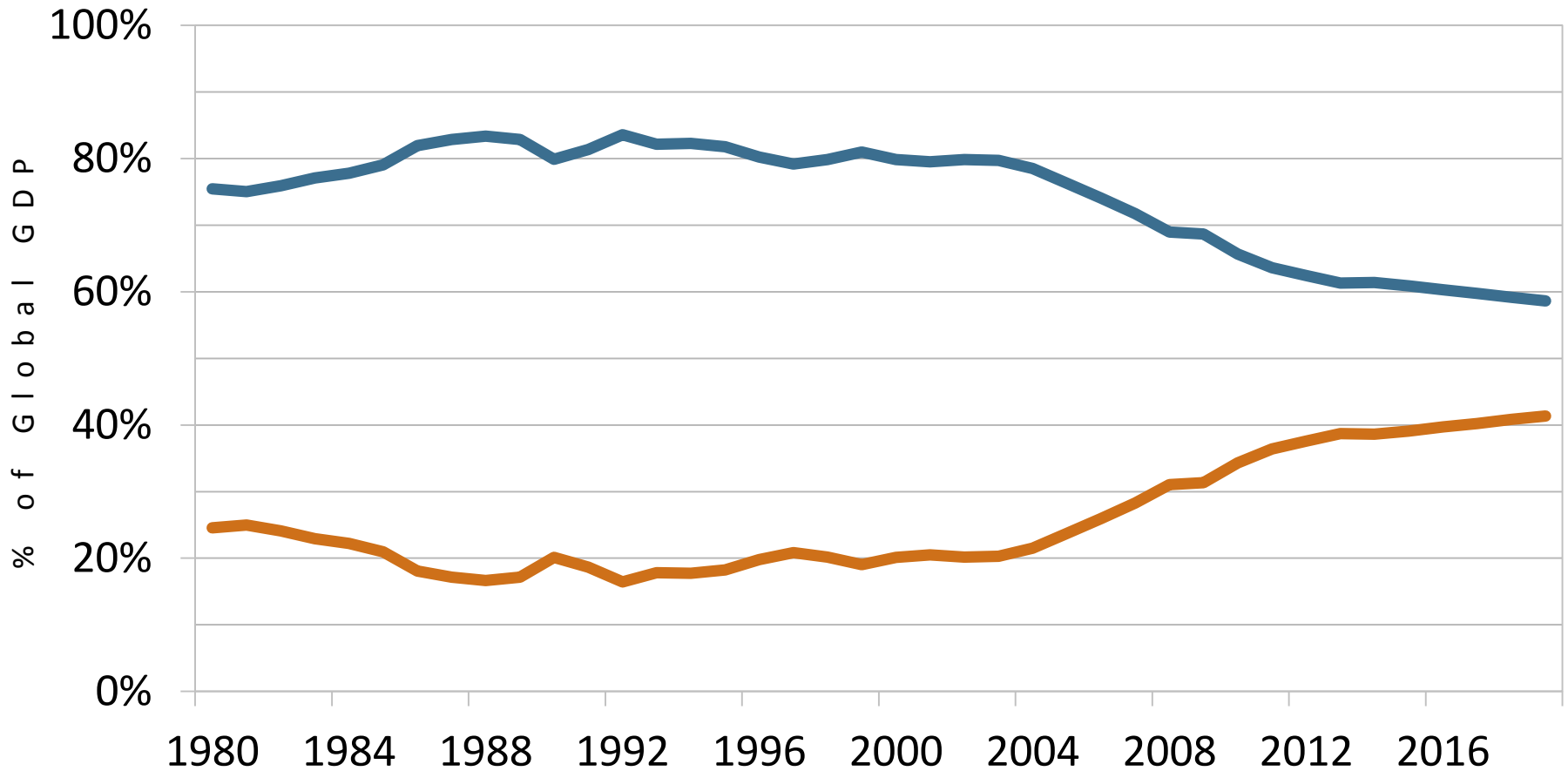


Source: J.P. Morgan Asset Management

AGENDA PACKET - August 11, 2014

Developing Countries Gaining Share (GDP)

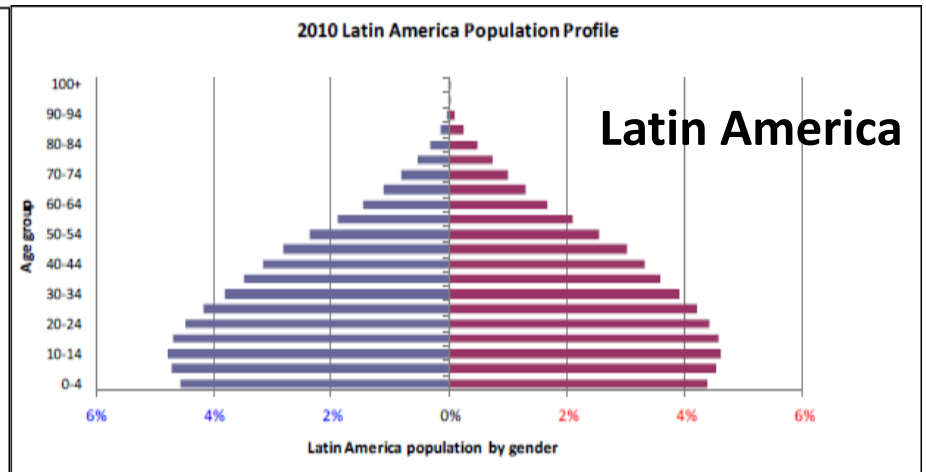
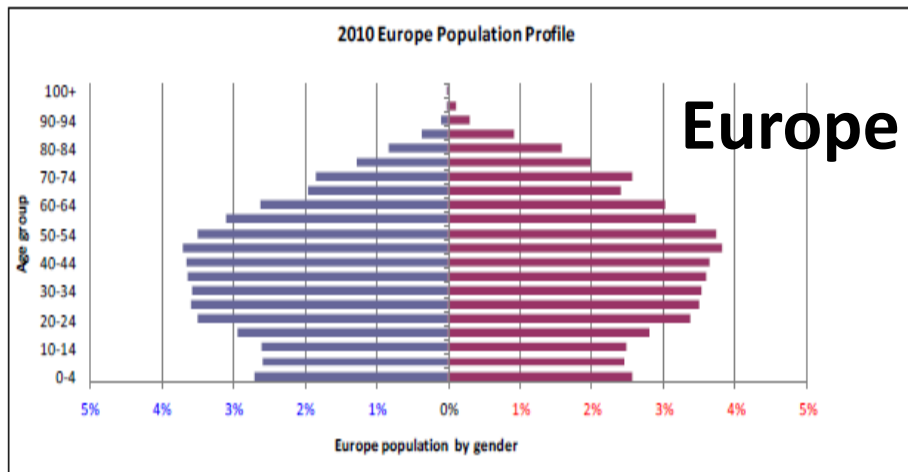
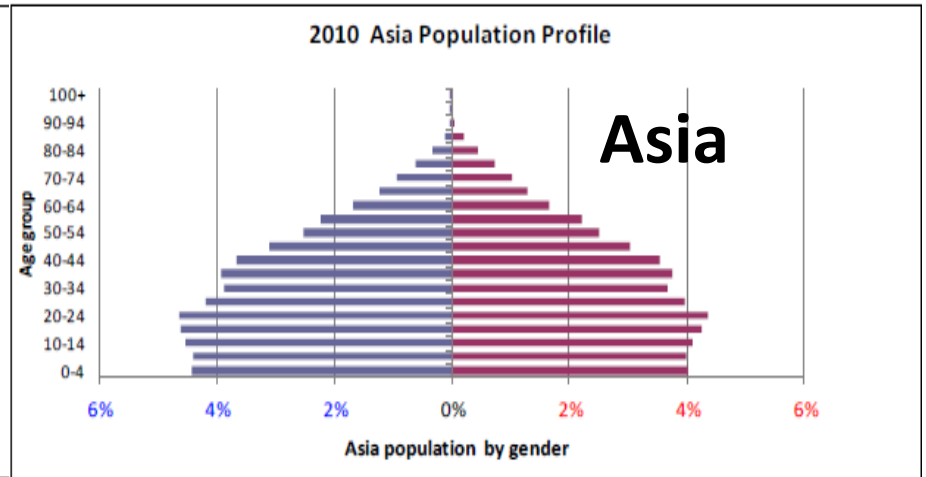
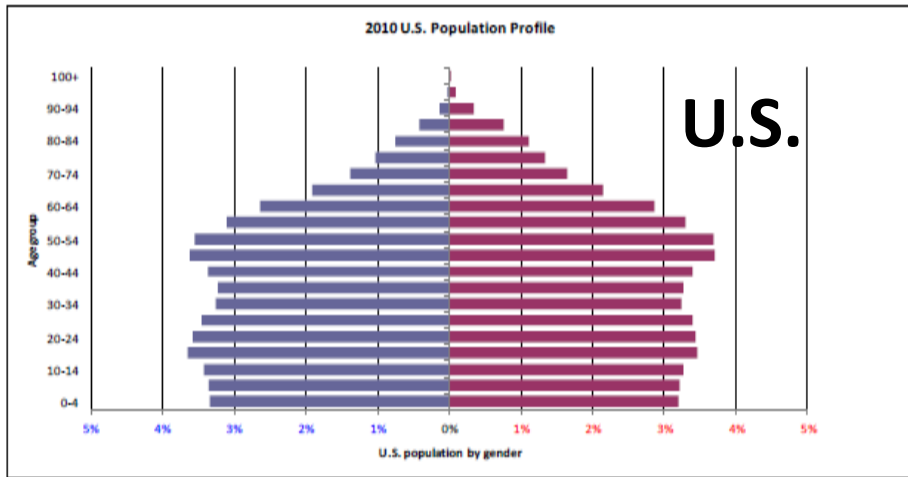
Advanced and Developing Economies as a % of Global GDP



Data: IMF as of April 2014

AGENDA PACKET - August 11, 2014

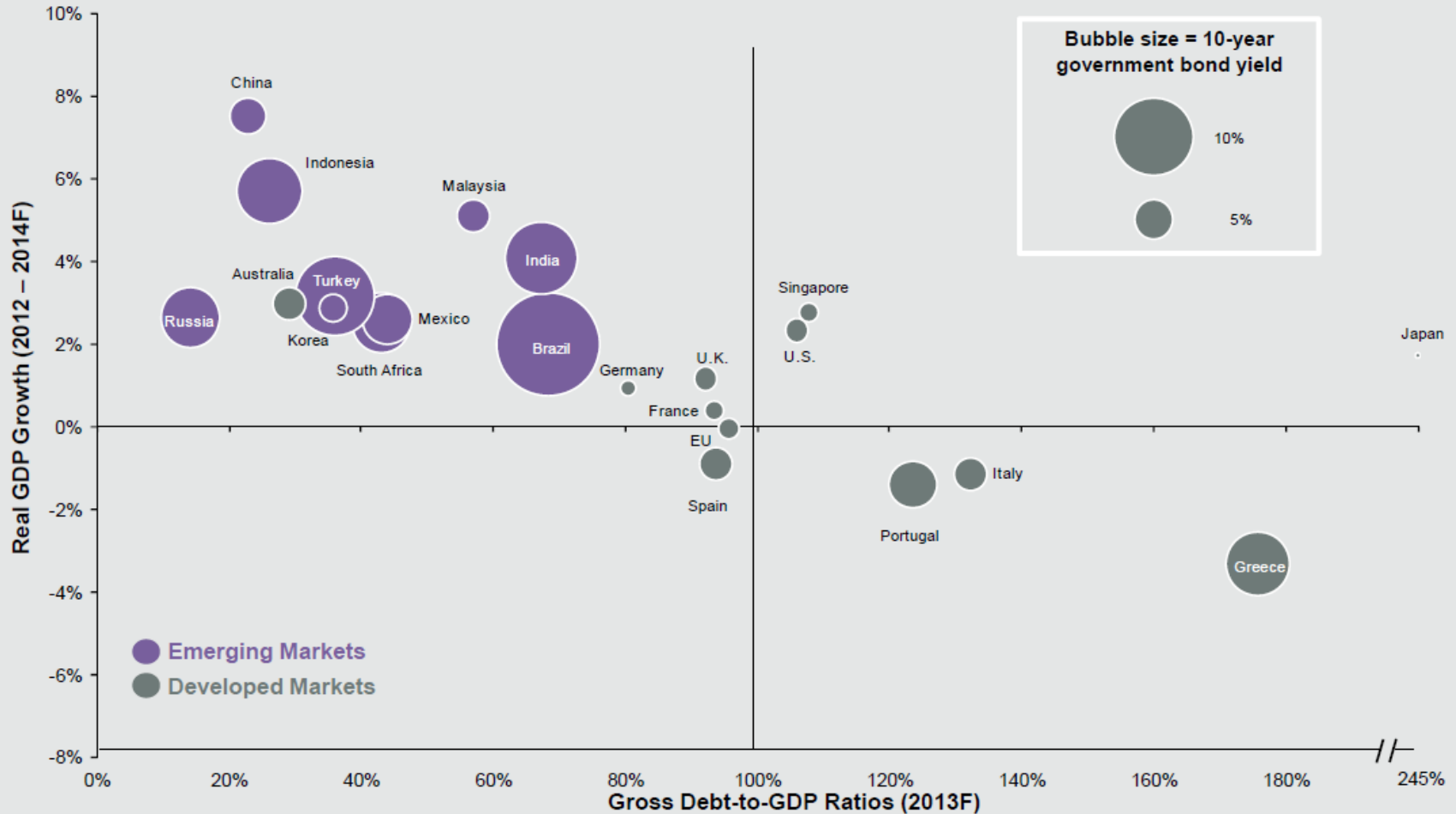
Demographics Favor Developing World



Source: U.S. Census Bureau

EM in Better Fiscal Shape

GDP Growth, Gross Debt to GDP and Borrowing Costs



Source: J.P. Morgan Asset Management

AGENDA PACKET - August 11, 2014

Asset Allocation Smooths the Ride

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	1Q14	10-yr. '04 - '13 Cum.	Ann.
REITs 31.6%	MSCI EME 34.5%	REITs 35.1%	MSCI EME 39.8%	Barclays Agg 5.2%	MSCI EME 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Russell 2000 38.8%	REITs 8.5%	MSCI EME 197.7%	MSCI EME 11.5%
MSCI EME 26.0%	DJ UBS Cmdty 21.4%	MSCI EME 32.6%	DJ UBS Cmdty 16.2%	Cash 1.8%	MSCI EAFE 32.5%	Russell 2000 26.9%	Barclays Agg 7.8%	MSCI EME 18.6%	S&P 500 32.4%	DJ UBS Cmdty 7.0%	Russell 2000 138.3%	Russell 2000 9.1%
MSCI EAFE 20.7%	MSCI EAFE 14.0%	MSCI EAFE 26.9%	MSCI EAFE 11.6%	Market Neutral 1.1%	REITs 28.0%	MSCI EME 19.2%	Market Neutral 4.5%	MSCI EAFE 17.9%	MSCI EAFE 23.3%	Asset Alloc. 1.9%	REITs 128.5%	REITs 8.6%
Russell 2000 18.3%	REITs 12.2%	Russell 2000 18.4%	Market Neutral 9.3%	Asset Alloc. -24.0%	Russell 2000 27.2%	DJ UBS Cmdty 16.8%	S&P 500 2.1%	Russell 2000 16.3%	Asset Alloc. 14.9%	Barclays Agg 1.8%	S&P 500 104.3%	S&P 500 7.4%
Asset Alloc. 12.5%	Asset Alloc. 8.3%	S&P 500 15.8%	Asset Alloc. 7.4%	Russell 2000 -33.8%	S&P 500 26.5%	S&P 500 15.1%	Cash 0.1%	S&P 500 16.0%	Market Neutral 7.9%	S&P 500 1.8%	MSCI EAFE 104.1%	MSCI EAFE 7.4%
S&P 500 10.9%	Market Neutral 6.1%	Asset Alloc. 15.2%	Barclays Agg 7.0%	DJ UBS Cmdty -35.6%	Asset Alloc. 22.2%	Asset Alloc. 12.5%	Asset Alloc. -0.6%	Asset Alloc. 11.3%	REITs 2.9%	Russell 2000 1.1%	Asset Alloc. 100.1%	Asset Alloc. 7.2%
DJ UBS Cmdty 9.1%	S&P 500 4.9%	Market Neutral 11.2%	S&P 500 5.5%	S&P 500 -37.0%	DJ UBS Cmdty 18.9%	MSCI EAFE 8.2%	Russell 2000 -4.2%	Barclays Agg 4.2%	Cash 0.0%	MSCI EAFE 0.8%	Market Neutral 62.7%	Market Neutral 5.0%
Market Neutral 6.5%	Russell 2000 4.6%	Cash 4.8%	Cash 4.8%	REITs -37.7%	Barclays Agg 5.9%	Barclays Agg 6.5%	MSCI EAFE -11.7%	Market Neutral 0.9%	Barclays Agg -2.0%	Market Neutral 0.3%	Barclays Agg 56.0%	Barclays Agg 4.5%
Barclays Agg 4.3%	Cash 3.0%	Barclays Agg 4.3%	Russell 2000 -1.6%	MSCI EAFE -43.1%	Market Neutral 4.1%	Cash 0.1%	DJ UBS Cmdty -13.3%	Cash 0.1%	MSCI EME -2.3%	Cash 0.0%	Cash 17.1%	Cash 1.6%
Cash 1.2%	Barclays Agg 2.4%	DJ UBS Cmdty 2.1%	REITs -15.7%	MSCI EME -53.2%	Cash 0.1%	Market Neutral -0.8%	MSCI EME -18.2%	DJ UBS Cmdty -1.1%	DJ UBS Cmdty -9.5%	MSCI EME -0.4%	DJ UBS Cmdty 9.0%	DJ UBS Cmdty 0.9%

Source: J.P. Morgan Asset Management. Data as of March 31, 2014.
Balanced portfolio assumes 70% equity allocation and annual rebalancing.

Appendix

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
FAIRBANKS PERMANENT FUND
March 31, 2014

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
U.S. TREASURY									
500,000	US TREASURY NOTES 2.750% Due 02-15-19	104.27	521,374	104.98	524,885	0.45	13,750	1,709	1.68
2,600,000	US TREASURY NOTES 1.875% Due 06-30-20	98.02	2,548,609	98.49	2,560,792	2.21	48,750	12,255	2.13
500,000	US TREASURY NOTES 3.125% Due 05-15-21	104.06	520,312	105.33	526,640	0.45	15,625	5,913	2.31
1,000,000	US TREASURY NOTES 1.625% Due 08-15-22	90.36	903,555	92.98	929,840	0.80	16,250	2,020	2.56
3,500,000	US TREASURY NOTES 2.500% Due 08-15-23	98.19	3,436,641	98.57	3,449,950	2.98	87,500	10,877	2.67
1,000,000	U S TREASURY NOTES 5.250% Due 02-15-29	110.42	1,104,150	125.11	1,251,090	1.08	52,500	6,526	3.13
1,375,000	US Treasury Note 3.500% Due 02-15-39	86.77	1,193,038	100.31	1,379,304	1.19	48,125	5,982	3.48
	Accrued Interest				45,283	0.04			
			10,227,679		10,667,784	9.20		45,283	
U.S. TREASURY INFLATION									
837,322	US TREASURY INFLATION PROTECTED SECURITIES 1.625% Due 01-15-18	98.24	822,572	108.56	909,022	0.78	13,606	2,857	NA
	Accrued Interest				2,857	0.00			
			822,572		911,879	0.79		2,857	
AGENCIES									
200,000	FHLB 4.125% Due 03-13-20	111.21	222,430	110.47	220,942	0.19	8,250	412	2.23
2,250,000	FNMA 6.250% Due 05-15-29	128.42	2,889,495	131.49	2,958,637	2.55	140,625	53,125	3.54
500,000	FHLMC 6.250% Due 07-15-32	120.42	602,104	133.48	667,385	0.58	31,250	6,597	3.71
	Accrued Interest				60,135	0.05			
			3,714,029		3,907,099	3.37		60,135	
FNMA & FHLMC									
35,128	FNMA POOL # 254195 5.500% Due 02-01-17	99.33	34,892	106.41	37,378	0.03	1,932	161	0.00
32,115	FGLMC POOL E01136 5.500% Due 03-01-17	99.55	31,970	106.31	34,143	0.03	1,766	147	0.00
153,621	FGLMC POOL B17355 5.000% Due 12-01-19	101.34	155,680	106.09	162,983	0.14	7,681	640	1.77

**CMBS Note - No further purchases after 12/31/08

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
FAIRBANKS PERMANENT FUND
March 31, 2014

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
151,882	FGLMC POOL B17982 4.000% Due 03-01-20	97.59	148,227	105.87	160,805	0.14	6,075	506	1.18
125,637	FNMA POOL 814349 4.500% Due 03-01-20	98.62	123,905	106.09	133,293	0.11	5,654	471	1.50
99,067	FNMA POOL 819922 5.500% Due 04-01-20	102.41	101,458	108.75	107,735	0.09	5,449	454	1.29
87,572	FNMA POOL 819924 4.500% Due 04-01-20	99.55	87,182	106.09	92,909	0.08	3,941	328	1.50
123,047	FNCI 5.00% POOL 888348 5.000% Due 05-01-22	103.55	127,411	107.87	132,737	0.11	6,152	513	1.76
237,010	FNMA 4.00% POOL AD2331 4.000% Due 03-01-25	102.73	243,490	105.91	251,008	0.22	9,480	790	2.18
131,009	FNCI 4% POOL AD7073 4.000% Due 06-01-25	103.15	135,133	105.89	138,726	0.12	5,240	437	2.21
26,634	FGLMC POOL C01403 6.000% Due 09-01-32	101.81	27,117	112.48	29,960	0.03	1,598	133	2.60
75,680	FGLMC POOL A16590 6.000% Due 12-01-33	103.27	78,151	112.59	85,211	0.07	4,541	378	2.69
114,711	FRN - FNMA POOL 820607 1.946% Due 03-01-35	102.47	117,541	106.34	121,988	0.11	2,232	186	0.42
66,807	FNMA POOL 826090 4.737% Due 07-01-35	99.47	66,452	106.66	71,254	0.06	3,165	264	0.40
99,345	FHLMC # A36703 4.500% Due 08-01-35	95.69	95,061	106.75	106,051	0.09	4,471	373	2.80
171,600	FRN - FNMA POOL # 838293 2.232% Due 08-01-35	99.67	171,030	106.59	182,915	0.16	3,830	319	0.61
83,948	FNMA ARM POOL 745552 2.130% Due 02-01-36	100.53	84,390	104.92	88,080	0.08	1,788	149	0.85
18,330	FRN - FHLMC # 847740 4.210% Due 04-01-37	98.88	18,124	105.45	19,330	0.02	772	64	1.11
131,696	FRN - FHLMC # 1G2124 5.882% Due 08-01-37	99.81	131,449	105.12	138,446	0.12	7,746	646	3.14
72,598	FRN - FNMA POOL 943054 2.397% Due 08-01-37	100.94	73,278	106.95	77,645	0.07	1,740	145	0.64
201,592	FNCL 6.00% POOL 968813 6.000% Due 01-01-38	109.64	221,026	111.33	224,428	0.19	12,095	1,008	2.25
177,735	FHLMC # G08264 6.000% Due 04-01-38	100.76	179,082	110.87	197,064	0.17	10,664	889	2.39
164,050	FGLMC 5.5% POOL A77796 5.500% Due 05-01-38	108.01	177,187	109.77	180,071	0.16	9,023	752	2.30
210,898	FHLMC 5% POOL G05253 5.000% Due 02-01-39	107.02	225,710	108.48	228,791	0.20	10,545	879	3.01

**CMBS Note - No further purchases after 12/31/08

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
FAIRBANKS PERMANENT FUND
March 31, 2014

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
223,837	FNCL 4.5 POOL AA6013 4.500% Due 05-01-39 Accrued Interest	103.59	231,873	106.67	238,771	0.21	10,073	839	3.06
					11,471	0.01			
			3,086,821		3,253,191	2.81		11,471	
GNMA									
29,261	GNMA POOL 2563 6.500% Due 03-20-28	100.44	29,389	114.20	33,417	0.03	1,902	158	2.34
31,338	GOV'T NAT'L MTG ASSN POOL# 587075 6.500% Due 05-15-32	101.25	31,729	116.45	36,494	0.03	2,037	170	2.38
184,104	GOV'T NAT'L MTGE ASSN POOL # 617115 5.500% Due 06-15-36 Accrued Interest	97.77	179,991	111.28	204,874	0.18	10,126	844	2.36
					1,172	0.00			
			241,109		275,956	0.24		1,172	
ASSET-BACKED SECURITIES									
1,000,000	GE CAPITAL CREDIT CARD MASTER NOTE 3.800% Due 11-15-17 Accrued Interest	107.25	1,072,500	101.98	1,019,844	0.88	38,000	1,689	0.60
					1,689	0.00			
			1,072,500		1,021,533	0.88		1,689	
COMMERCIAL MORTGAGE-BACKED SECURITIES									
324,736	CREDIT SUISSE FIRST BOSTON MTG 4.691% Due 04-01-37	100.48	326,296	101.12	328,385	0.28	15,233	1,269	2.63
328,505	LB-UBS COML MTG TR 2006-C7 5.300% Due 11-11-38	100.35	329,659	103.49	339,972	0.29	17,411	967	3.18
484,198	BEAR STEARNS COML MTG SECS INC 4.674% Due 06-11-41	100.54	486,835	103.46	500,957	0.43	22,631	1,886	1.00
997,380	FRN - CD 2005-C1 COMMERCIAL MTG TR 5.216% Due 07-15-44	100.09	998,234	104.99	1,047,168	0.90	52,026	4,335	1.09
500,000	FRN - J P MORGAN CHASE COML MTG SECS 5.698% Due 02-12-49	100.21	501,049	110.81	554,054	0.48	28,489	2,374	1.97
500,000	J P MORGAN CHASE COML MTG SECS 5.882% Due 02-15-51 Accrued Interest	100.50	502,481	111.50	557,506	0.48	29,410	2,451	2.06
					13,283	0.01			
			3,144,554		3,341,326	2.88		13,283	
CORPORATE BONDS									
500,000	CREDIT SUISSE NEW YORK 5.500% Due 05-01-14	99.90	499,485	100.41	502,045	0.43	27,500	11,458	0.56

**CMBS Note - No further purchases after 12/31/08

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
FAIRBANKS PERMANENT FUND
March 31, 2014

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
600,000	CITIGROUP INC 5.500% Due 10-15-14	101.14	606,826	102.63	615,810	0.53	33,000	15,217	0.59
500,000	JP MORGAN CHASE & CO 4.750% Due 03-01-15	98.36	491,795	103.78	518,885	0.45	23,750	1,979	0.61
500,000	MORGAN STANLEY 6.000% Due 04-28-15	99.88	499,380	105.56	527,795	0.46	30,000	12,750	0.79
500,000	CITIGROUP INC 4.750% Due 05-19-15	104.97	524,875	104.41	522,065	0.45	23,750	8,708	0.83
500,000	BANK OF MONTREAL 2.850% Due 06-09-15	100.59	502,930	102.95	514,730	0.44	14,250	4,433	0.36
250,000	HSBC FINANCE CORP 5.500% Due 01-19-16	106.89	267,235	108.00	270,000	0.23	13,750	2,750	1.00
350,000	UNITED HEALTH GROUP INC 5.375% Due 03-15-16	114.09	399,322	108.83	380,919	0.33	18,812	836	0.81
500,000	AT&T INC 2.950% Due 05-15-16	104.33	521,670	104.14	520,690	0.45	14,750	5,572	0.97
500,000	JOHNSON & JOHNSON 2.150% Due 05-15-16	104.26	521,320	103.19	515,955	0.45	10,750	4,061	0.63
1,250,000	TORONTO-DOMINION BANK (144A) 1.625% Due 09-14-16	99.93	1,249,162	101.91	1,273,937	1.10	20,312	959	0.83
500,000	BANK AMER CORP 5.625% Due 10-14-16	99.93	499,670	110.49	552,470	0.48	28,125	13,047	1.40
675,000	CONOCOPHILLIPS CANADA 5.625% Due 10-15-16	104.71	706,819	111.67	753,799	0.65	37,969	17,508	0.96
1,000,000	UBS AG LONDON PRIV PLACEMENT (144A) 2.250% Due 03-30-17	100.93	1,009,300	102.90	1,029,050	0.89	22,500	62	1.26
500,000	VERIZON COMMUNICATIONS 5.500% Due 04-01-17	118.36	591,795	112.68	563,385	0.49	27,500	13,750	1.18
750,000	BANK OF NEW YORK MELLON 1.969% Due 06-20-17	102.60	769,522	102.01	765,052	0.66	14,767	4,143	1.33
500,000	CAMPBELL SOUP CO. 3.050% Due 07-15-17	106.83	534,130	104.79	523,930	0.45	15,250	3,219	1.55
500,000	INTERNATIONAL BUSINESS MACHS 5.700% Due 09-14-17	106.27	531,328	114.42	572,125	0.49	28,500	1,346	1.40
750,000	EXELON GENERATION CO LLC 6.200% Due 10-01-17	105.77	793,260	112.99	847,432	0.73	46,500	23,250	2.31
500,000	WELLS FARGO & CO 5.625% Due 12-11-17	99.58	497,920	114.06	570,315	0.49	28,125	8,594	1.68
500,000	WACHOVIA CORP GLOBAL MEDIUM 5.750% Due 02-01-18	99.57	497,860	114.50	572,495	0.49	28,750	4,792	1.82
575,000	MCDONALDS CORP M/T/N 5.350% Due 03-01-18	107.54	618,377	113.26	651,245	0.56	30,762	2,564	1.82

**CMBS Note - No further purchases after 12/31/08

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
FAIRBANKS PERMANENT FUND
March 31, 2014

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
1,000,000	GENERAL ELECTRIC CAP CORP. 5.625% Due 05-01-18	101.74	1,017,425	114.29	1,142,880	0.99	56,250	23,437	1.96
500,000	GLAXOSMITHKLINE CAP INC 5.650% Due 05-15-18	104.59	522,950	114.73	573,650	0.49	28,250	10,672	1.91
1,000,000	US BANCORP 1.950% Due 11-15-18	100.30	1,003,040	99.64	996,410	0.86	19,500	7,800	2.03
500,000	CATERPILLAR FINANCIAL 7.150% Due 02-15-19	99.16	495,805	122.25	611,250	0.53	35,750	4,568	2.29
600,000	GOLDMAN SACHS GROUP INC. 7.500% Due 02-15-19	101.40	608,421	120.98	725,874	0.63	45,000	5,750	2.85
600,000	PROCTER & GAMBLE CO. 4.700% Due 02-15-19	102.81	616,886	112.11	672,642	0.58	28,200	3,603	2.07
500,000	JP MORGAN CHASE & CO 6.300% Due 04-23-19	118.62	593,085	117.57	587,840	0.51	31,500	13,825	2.57
600,000	MICROSOFT CORP 4.200% Due 06-01-19	102.24	613,416	110.31	661,884	0.57	25,200	8,400	2.08
750,000	ADOBE SYSTEMS INC 4.750% Due 02-01-20	112.47	843,502	109.95	824,655	0.71	35,625	5,937	2.88
775,000	COMCAST CORP 5.150% Due 03-01-20	116.47	902,635	113.23	877,556	0.76	39,912	3,326	2.71
500,000	NBCUNIVERSAL MEDIA LLC 5.150% Due 04-30-20	114.02	570,115	112.97	564,870	0.49	25,750	10,801	2.81
500,000	PEPSICO INC 3.125% Due 11-01-20	108.06	540,290	101.99	509,950	0.44	15,625	6,510	2.79
750,000	DOW CHEMICAL CO* 4.250% Due 11-15-20	108.13	810,952	105.78	793,320	0.68	31,875	12,042	3.27
1,000,000	CAMPBELL SOUP CO 8.875% Due 05-01-21	129.52	1,295,200	129.25	1,292,550	1.11	88,750	36,979	4.08
786,000	CARGILL INC. (144a) 4.307% Due 05-14-21	98.06	770,763	106.83	839,684	0.72	33,853	12,883	3.22
750,000	GENERAL MILLS INC 3.150% Due 12-15-21	102.88	771,577	100.50	753,742	0.65	23,625	6,956	3.08
500,000	BELLSOUTH CORP 6.000% Due 11-15-34	97.52	487,595	109.69	548,450	0.47	30,000	11,333	5.22
	Accrued Interest				345,823	0.30			
			25,597,641		26,887,161	23.19		345,823	
INTERNATIONAL FIXED INCOME FUNDS/ETF									
42,485	SPDR BARCLAYS CAPITAL INTL D	56.06	2,381,843	59.38	2,522,759	2.18	NA		
DOMESTIC LARGE CAP EQUITY FUNDS/ETF									
158,512	VANGUARD INST'L S&P500 INDEX FUND	103.74	16,444,285	171.50	27,184,876	23.45	NA		

**CMBS Note - No further purchases after 12/31/08

Alaska Permanent Capital Management Co.
PORTFOLIO APPRAISAL
FAIRBANKS PERMANENT FUND
March 31, 2014

Quantity	Security	Average Cost	Total Average Cost	Price	Market Value	Pct. Assets	Annual Income	Accrued Interest	Yield to Maturity
DOMESTIC MID CAP EQUITY FUNDS/ETF									
45,969	ISHARES S&P MIDCAP 400	80.22	3,687,800	137.47	6,319,358	5.45	NA		
INTERNATIONAL FUNDS/ETF									
296,629	VANGUARD MSCI EAFE ETF	34.43	10,213,892	41.27	12,241,879	10.56	NA		
EMERGING MARKET FUNDS/ETF									
147,282	VANGUARD EMERGING MARKET ETF	43.28	6,373,794	40.58	5,976,704	5.16	NA		
REAL ESTATE									
80,670	VANGUARD REIT ETF	49.55	3,996,989	70.62	5,696,915	4.91	NA		
CASH AND EQUIVALENTS									
	ALASKA MUNICIPAL LEAGUE INVESTMENT POOL		5,723,822		5,723,822	4.94			
	CASH RECEIVABLE		837		837	0.00	NA		
			5,724,659		5,724,659	4.94			
TOTAL PORTFOLIO			96,730,166		115,933,080	100	1,965,190	481,713	

**CMBS Note - No further purchases after 12/31/08

**PERFORMANCE HISTORY
GROSS OF FEES
CITY OF FAIRBANKS PERMANENT FUND
(Gross of Fees)**



**ALASKA PERMANENT
CAPITAL MANAGEMENT**
Registered Investment Adviser

Time Period	Percent Return Per Period																		
	Total Account	Blend	Fairbanks 50 bp hurdle	Fixed Income	BARC AGG BENCH	Domestic Large Cap Equity	S&P 500 LARGE CAPS BENCH	Domestic Mid Cap Equity	S&P 400 MIDCAP BENCH	Int'l Equity	FTSE DEVELOPED EX NA BENCH	Real Estate	S&P US REIT BENCH	Emerging Market Equity	FTSE EMERGIN MARKET BENCH	Alternative Investments	DOW JONES UBS COMMODITY	Citigroup 3 Month TBill Index - BENCH	
03-31-13 to 04-30-13	1.90	1.86	0.04	0.84	1.01	1.92	1.93	0.60	0.63	5.22	4.83	6.73	6.72	2.02	1.47	0.00	-2.79	0.01	
04-30-13 to 05-31-13	-0.86	-1.16	0.04	-1.46	-1.78	2.51	2.34	2.22	2.26	-2.97	-2.28	-5.98	-5.93	-5.08	-3.04	0.00	-2.24	0.01	
05-31-13 to 06-30-13	-1.72	-1.92	0.05	-1.21	-1.55	-1.34	-1.34	-2.02	-1.85	-2.81	-3.68	-2.02	-1.92	-5.39	-6.19	0.00	-4.71	0.00	
06-30-13 to 07-31-13	2.36	2.16	0.04	0.31	0.14	5.08	5.09	6.51	6.20	5.20	5.14	0.90	0.99	0.68	0.57	0.00	1.36	0.00	
07-31-13 to 08-31-13	-1.80	-1.71	0.04	-0.32	-0.51	-2.90	-2.90	-3.97	-3.75	-1.60	-1.06	-6.98	-6.99	-3.43	-2.82	0.00	3.40	0.00	
08-31-13 to 09-30-13	2.82	2.65	0.04	0.77	0.95	3.35	3.14	5.46	5.21	7.50	7.35	3.51	3.13	7.33	6.72	0.00	-2.55	0.00	
09-30-13 to 10-31-13	2.35	2.34	0.04	0.65	0.81	4.60	4.60	3.54	3.72	3.21	3.33	4.52	4.50	4.31	5.16	0.00	-1.48	0.00	
10-31-13 to 11-30-13	0.45	0.21	0.04	-0.20	-0.37	3.04	3.05	1.47	1.32	0.66	0.80	-5.25	-5.18	-0.92	-2.15	0.00	-0.80	0.00	
11-30-13 to 12-31-13	0.61	0.46	0.05	-0.62	-0.57	2.49	2.53	2.88	3.09	1.69	1.30	0.10	0.24	-0.30	-1.31	0.00	1.24	0.00	
12-31-13 to 01-31-14	-1.08	-0.59	0.04	1.27	1.48	-3.44	-3.46	-2.19	-2.12	-5.21	-4.06	4.28	4.14	-8.43	-6.69	N/A	0.30	0.00	
01-31-14 to 02-28-14	2.55	2.45	0.04	0.48	0.53	4.57	4.57	4.98	4.88	5.95	5.31	5.07	5.00	3.24	3.03	0.00	6.24	0.00	
02-28-14 to 03-31-14	0.35	0.26	0.04	-0.13	-0.17	0.82	0.84	0.37	0.37	-0.38	-0.54	0.49	0.54	4.62	3.88	0.00	0.41	0.00	
Date to Date																			
03-31-13 to 03-31-14	8.05	7.07	0.50	0.35	-0.10	22.23	21.86	21.09	21.24	16.69	16.83	4.25	4.15	-2.58	-2.36	0.00	-2.10	0.05	

**City of Fairbanks - Permanent Fund History
2014 Permanent Fund Appropriation Calculation**

January 9, 2014

	Audited 2009	Audited 2010	Audited 2011	Audited 2012	Unaudited 2013	Average
Marketable securities						
Cash and investments	559,720	1,225,492	1,164,042	559,813	2,800,293	\$ 1,261,872
Fixed income securities	59,807,621	50,535,399	48,907,802	53,526,329	56,547,265	53,864,883
Equity securities	31,107,843	47,837,719	48,306,738	51,471,548	53,745,224	46,493,814
Interest receivable	463,600	425,369	391,778	405,700	405,189	418,327
Total marketable securities	91,938,784	100,023,979	98,770,360	105,963,390	113,497,971	102,038,896
Nonmarketable securities						
Tract G-3, Replat of Tract G, ASLS 80-64	153,319	147,353	140,961	134,388	127,139	140,632
Tract G-2A South Davis Park Subdivision	135,464	130,157	124,472	118,633	112,183	124,182
Weeks Field - Note Receivable	781,500	781,500	-	-	-	312,600
Ret Comm Fbks and Weeks Dev LLC	-	-	385,589	385,589	-	154,236
Community Development Inc.	-	-	481,881	172,330	172,330	165,308
Korean Comm of Fairbanks	-	-	-	15,140	10,008	5,030
Interest Receivable - Notes	19,734	69,152	16,908	37,632	17,459	32,177
Breadline	-	-	58,039	53,777	42,425	30,848
	1,090,017	1,128,162	1,207,850	917,489	481,544	965,013
Liabilities	16,265	17,472	12,593	10,347	3,329	12,001
Total Permanent Fund Value	93,012,536	101,134,669	99,965,617	106,870,532	113,976,186	102,991,908

2014 PILOT Replacement to General Fund (four percent of five-year average)

\$ 4,119,676

2014 Transfer from Permanent Fund for Capital (one half of one percent of five-year average)

\$ 514,960

2014 Total 4,634,636

2014 Drawdown Schedule			
Date	Operating Draw	Capital Draw	Total
30-May	4,119,676	514,960	4,634,636
	-	-	-
Total	4,119,676	514,960	4,634,636