



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.

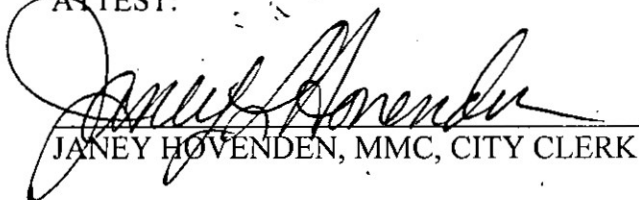
Mayor Eberhart declared the Meeting adjourned at 9:40 P.M.



John Eberhart for Mayor
Prok

JOHN EBERHART, MAYOR

ATTEST:


JANEY HOVENDEN, MMC, CITY CLERK

Transcribed by: DS