



FAIRBANKS CITY COUNCIL  
REGULAR MEETING MINUTES, JUNE 10, 2013  
FAIRBANKS CITY COUNCIL CHAMBERS  
800 CUSHMAN STREET, FAIRBANKS, ALASKA

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The City Council convened at 7:00 p.m. on the above date, following a Work Session on Gas Trucking and Distribution, to conduct a Regular Meeting of the Fairbanks City Council at the City Council Chambers, 800 Cushman Street, Fairbanks, Alaska, with Mayor Jerry Cleworth 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  
   John Eberhart, Seat F

Absent:                                Lloyd Hilling, Seat E (Unexcused)

Also Present:                        Pat Cole, Chief of Staff  
   Warren Cummings, Fire Chief  
   Ernie Misewicz, Assistant Fire Chief  
   Paul Ewers, City Attorney  
   D. Danyielle Snider, Deputy City Clerk  
   Carmen Randle, Controller  
   Jim N. Soileau, Chief Financial Officer  
   Laren Zager, Police Chief

**INVOCATION**

The Invocation was given by Deputy City Clerk Danyielle Snider.

**FLAG SALUTATION**

Mayor Cleworth led the Flag Salutation.

**CITIZEN'S COMMENTS**

Dan Britton, President and CEO of Fairbanks Natural Gas (FNG) – Mr. Britton spoke to the handout distributed in the work session and stated that some of the information is inaccurate. He clarified that FNG estimates the project at \$35 million, of which \$20 million will be FNG's investment. He stated that the remainder of the funding is projected to come from a state tax credit which cannot be guaranteed or applied for until the plant is built. Mr. Britton explained that FNG plans to construct a 2.5 million gallon tank which will offer a 17-day gas supply during peak season. He pointed out that the numbers in the handout represent the cost of expansion for FNG, not the investments that will be made in the existing service area. Mr. Britton stated that FNG's projected customer base varies greatly from that of the Interior Gas Utility (IGU) and the Alaska Industrial Development and Export Authority (AIDEA) because there is a difference in

opinion as to how many customers are available in the same geographic area. He stated that FNG has taken an overall conservative approach to projections on rates and performance so that they can meet financial commitments and debt servicing, as well as the expectations of shareholders and customers. Mr. Britton stated that FNG has applied to the Regulatory Commission of Alaska (RCA) for an expanded certificated area that would include service to North Pole. He indicated that FNG has had intentions to expand its service to North Pole since they started business in 1998. He spoke to the criticism FNG has received for "not doing enough" and stated that FNG is the only entity that has invested in the community to provide natural gas service. He commented that FNG has been actively working to increase supply so that they can serve more residents. He indicated that supply is the only thing preventing FNG's expansion and that no other entity will be successful until there is a larger supply. Mr. Britton expressed his disappointment in the IGU application to the RCA, stating that it is not based on a realistic financial plan.

**Mr. Matherly** asked Mr. Britton to speak to his definition of a serviceable customer.

Mr. Britton stated that structures such as small cabins or multiple cabins on one property are considered by FNG to be unserviceable customers. He stated that the difference in customer numbers between FNG, IGU and AIDEA is a discrepancy in the count of serviceable structures and likely customers within the Borough. Mr. Britton stated that FNG takes a more conservative approach to potential customers than IGU and AIDEA.

**Ms. Staley** asked what a long-term gas supply contract would look like.

Mr. Britton stated that long-term contracts vary. He indicated that for FNG the contract would be a minimum of ten years. He stated that in Anchorage the natural gas investment is only in pipe, but that in Fairbanks the investment would include a production facility, trailers, trucks, storage, and pipe. He indicated that it is a much more complex process for Fairbanks and that the investment must be larger in capacity to the initial service parameters.

**Mayor Cleworth** asked Mr. Britton if he envisions IGU playing a part in distribution to North Pole if FNG is successful in obtaining the expanded certificated area from the RCA.

Mr. Britton commented that the IGU may play a facilitating role in the gas distribution. He stated that IGU may also be able to advocate for increased natural gas usage. He stated that currently, the IGU does not have the authority to bond based on taxpayers and that their role is somewhat limited. Mr. Britton stated that FNG has the experience and that their projections are based on actual costs.

**Mayor Cleworth** stated that the City has ambitious plans for Lemeta and Slaterville. He asked Mr. Britton how that correlates with what FNG is doing to expand.

Mr. Britton replied that FNG is spending about \$1 million this year in expansion and distribution. He explained that in Slaterville alone, FNG is investing over \$100,000 in pre-installation of pipe. He stated that FNG will be servicing six additional schools this year which will expand their service into many new areas of the community. Mr. Britton commented that it

is likely that FNG will consider installing pipe in Lemeta next year when the City reconstructs the streets.

**Mayor Cleworth** commented that it will be two years before anything will happen on the North Slope. He asked Mr. Britton if FNG is relying solely on that project for distribution or if they are working on other contracts.

Mr. Britton replied that FNG is actively working on contracts in the Cook Inlet and that the situation looks optimistic. He stated that it may not solve the problem with supply, but indicated that FNG will be able to store more natural gas over the summer months once the larger storage tank is in place.

Wallace Cox, 1223 Skyline Drive, Fairbanks – Mr. Cox stated that he grew up in Oklahoma but that he is an Alaskan by choice. He spoke to the number of utilities that would be cost-effective to have in one area and stated that nearly the entire state of Oklahoma is served by one gas utility. He stated that he doesn't see the need for two gas utilities in the Fairbanks area. Mr. Cox indicated that the IGU has joined the quest for natural gas as a competitor instead of a facilitator. He stated that he was the President of the Chamber of Commerce in 1988 and that he was approached by an entity then who wanted to build a pipeline from the Cook Inlet to Fairbanks. He stated that the Power and Energy Committee did a super job at developing the Chamber's position on the pipeline, but the plan never came to fruition. Mr. Cox stated that his specialty field in the Army was in project management, material acquisition and research and development. He stated that one of the most important things to consider in the gas distribution project is the timeline and that delay and confusion will only cost more money.

Victor Buberger, PO Box 58192, Fairbanks – Mr. Buberger spoke to the need for the City to invest in its roads. He spoke to the huge pothole on the corner of 7th Avenue and Cushman Street. He commented that he has seen better street maintenance in some third world countries than in Fairbanks. Mr. Buberger mentioned other potholes north of Minnie Street, north of Farewell Street in Hamilton Acres, in the Lemeta area and on South Cushman Street. He commended the City for the recent improvements on Rickert Street. He spoke to the Volunteers in Policing Program and asked if it was still active. He commented that having volunteer fire fighters at the Fairbanks Police Department would be a great way to provide hands-on training for those interested in a fire fighting career.

Frank Turney, 201 7th Avenue, Fairbanks – Mr. Turney quoted Justice Louis Brandeis as having once stated that the most important office of government is the citizen. He requested that Mayor Cleworth expedite the results from the Alaska Crime Lab testing in regards to the death of Mr. Wallace, a local man who burned to death in the Downtown Post Office. Mr. Turney spoke to the nepotism in the Fairbanks Police Department and asked for a policy to be implemented on the matter. He stated his hopes that someday the Chief of Police would be an elected position rather than an appointed one. Mr. Turney stated that thanks to Joanie Skilbred, a Civil War veteran has been located in the Clay Street Cemetery. He spoke to the problem with cigarette butts littering the downtown area and suggested that the City place buckets of sand throughout the area for cigarette disposal. He stated that he doesn't blame citizens for turning down the Local Improvement District (LID) which would have levied a tax on downtown property owners

for clean and safe services. He wished everyone a Happy Father's Day. Mr. Turney stated that he would like to see a Proclamation in recognition of Floyd Terry.

**Mayor Cleworth** expressed appreciation for the regular attendees at City Council Meetings. He stated that David Lerman passed away and expressed his sympathies.

### APPROVAL OF AGENDA AND CONSENT AGENDA

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

**Mr. Eberhart** pulled Resolution No. 4577 from the Consent Agenda.

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

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

### APPROVAL OF PREVIOUS MINUTES

a) Regular Meeting Minutes of April 22, 2013.

PASSED and APPROVED on the CONSENT AGENDA.

b) Regular Meeting Minutes of May 6, 2013.

PASSED and APPROVED on the CONSENT AGENDA.

c) Regular Meeting Minutes of May 20, 2013.

PASSED and APPROVED on the CONSENT AGENDA.

### MAYOR'S COMMENTS AND REPORT

**Mayor Cleworth** commented that the mill levy rate decreased by a small amount this year and stated that the City hopes to be able to continue that trend. He spoke to the recent passing of Tom Freeman, a long-time member of the Permanent Fund Review Board. **Mayor Cleworth** commented on the article in the News Miner regarding parking meters and expressed his opinion that meters would not work well in Downtown Fairbanks. He explained that parking meters would not operate properly in the extreme cold and that they would be expensive to maintain. He stated that the Fairbanks Parking Authority will look at the option and bring a recommendation to the Council. **Mayor Cleworth** spoke to the complaints about the loud speakers at Fort Wainwright. He stated that the folks on the military base are aware of the problem and are working to mitigate the noise. He stated that the City has received the draft Environmental Impact Statement (EIS) for the proposed transfer of F-16's from Eielson to Joint Base Elmendorf-Richardson (JBER). He stated that many local residents and government officials questioned the Site Activation Task Force (SATAF) report that was released within the last year. He commented that the point of the move is to save money but indicated that he has

not found any savings in the SATAF report. He spoke to the public hearings the air force held on the topic earlier this year and stated that many of the questions and concerns of the community have not yet been addressed. **Mayor Cleworth** shared that the local mayors met with an Air Force General last week and that he met with the Governor earlier in the day regarding the matter. He indicated that local residents should stay involved and deliver the message to the Air Force that they have not satisfied the concerns of the community. He announced that the public testimony period in response to the EIS has been extended from the original ten-day period. **Mayor Cleworth** stated that the Chamber of Commerce Board recently held a presentation on national health care and commented that the more he learns about the new program the more disheartened he becomes. He expressed his fear that employer health care costs will increase. He spoke to a second presentation held by the Chamber of Commerce Board regarding workman's comp. He stated that Alaska pays the highest workman's comp rates and some of the highest medical costs in the nation. He spoke to legislation in Juneau that will try to curb some of those costs. **Mayor Cleworth** mentioned the window replacement taking place in some parts of City Hall. He spoke to gas distribution and to the importance of listening to all sides of an issue. He expressed his admiration for the IGU and specifically to Frank Abegg for his work on the Board. He stated that it is the City's right and role to be involved with the utility and to question and discuss their decisions. **Mayor Cleworth** asked the Council if they would like to have future presentations with entities involved in gas distribution.

#### **NEW BUSINESS**

- a) Resolution No. 4576 – A Resolution Awarding a Contract to Exclusive Paving, Inc., for the Slaterville Subdivision Road Resurfacing & Drainage Improvements Project FB-13-01 in the Amount of \$1,426,111.12. Introduced by Mayor Cleworth.

PASSED and APPROVED on the CONSENT AGENDA.

- b) Resolution No. 4577 – A Resolution Authorizing the City of Fairbanks to Apply for and Accept Funds from the Alaska Division of Homeland Security for the FFY2013 Emergency Management Performance Grant. Introduced by Mayor Cleworth.

**Mr. Gatewood**, seconded by **Mr. Walley**, moved to APPROVE Resolution No. 4577.

**Mr. Eberhart** asked for clarification on what the grant funds would be used for.

Fire Chief Cummings explained that last year the Borough decided to cut Fairbanks and North Pole out of emergency management planning since they did not have area-wide emergency management powers. He stated that the change caused both municipalities to have to take on emergency management planning and duties for themselves. He stated that the Fire Chief has been named the Emergency Manager for the City of Fairbanks. Chief Cummings explained that in 2012, the City obtained \$5,000 in grant funding to offset the cost in salary for staff time and that this year the grant offers \$10,000 in funding with a \$10,000 match. He clarified that there would be no additional cost to the City.

**Mayor Cleworth** asked Chief Cummings to speak to the history of the emergency management powers.

Chief Cummings stated that when he began working for the City, they held the Civil Defense role which was a predecessor of emergency management. He explained that the Borough took over the responsibilities sometime in the 1970's. He stated that when the Borough started looking into their powers, they couldn't find anything indicating that they held the area-wide emergency management powers. Chief Cummings stated that the three mayors met and determined that the Cities of North Pole and Fairbanks could take over their own emergency management programs.

**Mayor Cleworth** stated that there was always an assumption that there was legislation from the municipalities transferring emergency management powers from the Cities to the Borough, but none could be found. He pointed out that the grant opportunities for emergency management went to the Borough for many years. He explained that the City can now apply for emergency management funding on its own.

Chief Cummings commented that now the City can be reimbursed for work that has been done all along.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE RESOLUTION NO. 4577 AS FOLLOWS:

YEAS: Gatewood, Walley, Eberhart, Matherly, Staley

NAYS: None

ABSENT: Hilling

**Mayor Cleworth** declared the MOTION CARRIED and Resolution No. 4577 APPROVED.

- c) Resolution No. 4578 – A Resolution Authorizing the Mayor to Accept Funding for Wickersham Street Improvements. Introduced by Mayor Cleworth.

PASSED and APPROVED on the CONSENT AGENDA.

- d) Resolution No. 4579 – A Resolution Fixing the Rate of Tax Levy for Municipal Purposes for the 2013 Real Property Tax of the City of Fairbanks, Alaska. Introduced by Mayor Cleworth.

PASSED and APPROVED on the CONSENT AGENDA.

- e) Resolution No. 4580 – A Resolution to Accept Funding from the Alaska Division of Homeland Security and Emergency Management for SFY2014 Local Emergency Planning Committee (LEPC). Introduced by Mayor Cleworth.

PASSED and APPROVED on the CONSENT AGENDA.

- f) Ordinance No. 5920 – An Ordinance to Place Before the Voters the Question of Amending Charter Section 11.1, Annual Elections: Time. Introduced by Mayor Cleworth.

ADVANCED on the CONSENT AGENDA.

## DISCUSSION ITEMS

### Committee Reports

## COMMUNICATIONS TO COUNCIL

- a) Reappointments to the Bed Tax Discretionary Fund Committee

APPROVED on the CONSENT AGENDA.

- b) Memo Regarding the Sale of Old City Hall

ACCEPTED on the CONSENT AGENDA.

## COUNCIL MEMBERS' COMMENTS

**Mr. Gatewood** stated that he wouldn't mind having more presentations on gas distribution but commented that he is unclear on the idea of two utilities. He stated that he doesn't envision the IGU as a classic utility but sees it more as a facilitator of funding. He commented on the unique nature of Interior Alaska and stated that he has never heard of two municipalities sharing powers as the Borough and City of Fairbanks do. He expressed his opinion that it would be no big deal to have two utilities in operation unless one became a burden or hindrance to the other.

**Mr. Gatewood** recalled the discussions last year regarding gas distribution and to the emphasis placed on forming a united plan to present to the Governor. He relayed his respect for FNG and commended Mr. Britton for his work in the field. He stated that he does not want to see the IGU become a direct competitor with FNG or any other business of that nature and clarified that he believes they are currently fulfilling the role for which they were intended. **Mr. Gatewood** stated that it is the City's obligation to keep the IGU Board on track. He expressed appreciation for the gas distribution work session and stated that he would be happy to welcome more discussion on the topic and more opportunity for the Council to ask questions. He spoke to how close Fairbanks is to getting natural gas and stated that he doesn't want to see anything hold up the project.

**Mayor Cleworth** asked Mr. Gatewood which entities he would like to invite for future discussions and presentations.

**Mr. Gatewood** stated that he would not advocate for another work session or presentation, but that he would be open to one. He commented that if the City schedules another presentation, he would like FNG to be invited.

**Mr. Walley** commented that he would have liked to have had more time to ask questions during the work session. He spoke to the significant cost to homeowners to switch over to new heating systems once natural gas comes to Fairbanks. **Mr. Walley** spoke to Mr. Britton and FNG's consistency in the plan to bring gas supply to the Interior and stated that he is not in favor of more than one gas utility in the Fairbanks area.

**Ms. Staley** commented that she would like to continue having the presentations once a quarter. She expressed interest in having IGU's consultant present at the next gas distribution work session. She spoke to the discrepancy between the various entities' estimates. **Ms. Staley** stated that she was happy to learn that the Air Force had extended the public hearing on the EIS and agreed with Mayor Cleworth that the movement of the F16's would not offer much in cost savings to the Air Force. She thanked Mayor Cleworth for his comments regarding parking meters and stated that she anticipates discussion on the matter at the next Golden Heart Parking Services (formerly Fairbanks Parking Authority) meeting.

**Mayor Cleworth** asked Ms. Staley if she would like to have a work session with only the IGU.

**Ms. Staley** replied that she would prefer to have a work session with IGU and their consultant and that she would like to see paperwork prior to that meeting.

**Mr. Eberhart** expressed his condolences in the passing of David Lerman. He expressed confusion from the work session discussion regarding IGU's role in gas distribution. He commented that State Representative Thompson had mentioned in a recent meeting that the IGU may be overstepping its restrictions and that the City may need to reassert itself. **Mr. Eberhart** asked Mayor Cleworth if he or some other representative from the City regularly attends the IGU Board meetings.

**Mayor Cleworth** replied that two members of the IGU Board are appointed by the City, Frank Abegg and Michael Meeks. He stated that he does not personally meet with them on a regular basis. He spoke to IGU's filing with the RCA for the expanded certificated area two weeks after FNG filed for the same area. **Mayor Cleworth** pointed out that the language in the presentation states that the IGU must go before the Borough Assembly and both City Councils before they may directly compete with another entity. He stated that after the City adopted its legislation regarding gas utility powers, the Assembly made some minor changes before adopting their ordinance. He stated that he intends to look into the language presented in the work session to see if it is accurate with the legislation that was adopted. **Mayor Cleworth** encouraged the Council to relay any concerns to the IGU Board.

**Mr. Eberhart** stated that he would be happy to hear more presentations and commented that more information is a good thing. He indicated that there was some conflicting information presented and that he believes the City Council should help the gas distribution project in any way possible. **Mr. Eberhart** announced that the Public Safety Commission (PSC) would meet on June 11 at 11:30 at the Fairbanks Police Department but that he will not be able to attend. He stated that members will continue the discussion on the public safety officer (PSO) concept.

**Mayor Cleworth** commented that a total PSO conversion is not likely in the City of Fairbanks because there is too much conflict on the issue. He stated that the City and the PSC continue to look into other options to improve efficiencies in the public safety departments. He indicated that some of the changes may require modification of union labor contracts.

**Mr. Eberhart** announced that June 12 – 15 is "Juneteenth," a celebration commemorating the abolishment of slavery in the United States. He provided a brief history of the historical event. He provided information about the local events that would take place throughout the week.



**Mr. Matherly** acknowledged David Lerman's dedication to City Council meetings and to his consistency in attending. He stated that although he disagreed with Mr. Lerman at times, he never questioned Mr. Lerman's love of the Fairbanks community. He encouraged the public to be actively involved in local government. **Mr. Matherly** thanked Mr. Turney for his comments regarding Floyd Terry and stated that he would consider Mr. Turney's suggestion to honor Mr. Terry through a Proclamation. He mentioned the Civil War veteran that was identified in the Clay Street Cemetery and commented on how interesting Frank Turney's job in the cemetery must be. **Mr. Matherly** asked gas distribution stakeholders what they would like the Council to do. He stated that he would have liked for someone to have suggested that the City do away with the IGU and let FNG proceed with the certification process through the RCA. He commented that he does not want to see too many meetings on the topic but asked what would happen if the IGU was granted the certificated area of North Pole. He stated that he feels more confused after the work session. **Mr. Matherly** stated that he still believes in the IGU under its intended purpose and stated that he would like to know what North Pole and the Borough think of what IGU is currently doing. He spoke to Mr. Bartos' comments regarding his meeting with the Governor and stated that it sounds as if the Governor is on board with the Lowell Group and FNG's plan for gas distribution. He again expressed confusion as to the ultimate goal and stated that he would like to have another gas distribution meeting with more time for the Council to ask questions. **Mr. Matherly** spoke in favor of adding radar speed signs in Fairbanks neighborhoods. He commented on the mess that littered cigarette butts create. He announced that Fairbanks Counseling and Adoption would be holding their Annual Mosquito Meander on June 13 and encouraged everyone to attend the event.

**Mr. Gatewood** commented that back in the fall when Flint Hills and GVEA were still "players" in the gas distribution project, he recalled the Governor asking for a united plan from the community. He stated that he doesn't believe the Governor has endorsed any one entity's plan.

**Mayor Cleworth** stated that he believes what Mr. Matherly was referring to in reference to Mr. Bartos' comments about the Governor is the general support of the Governor for gas distribution and trucking to Interior Alaska. He clarified that when the Governor was in Fairbanks a few weeks ago, he acknowledged all the various plans. **Mayor Cleworth** stated that when the City gave the utility powers to the Borough, there were restrictions for which he and the Council were criticized: 1) that the gas utility should be a facilitator and a safety net for funding, and 2) that the IGU *must* have permission from all three local municipalities before competing with another gas utility within the certificated area. **Mayor Cleworth** stated that at this point, he does not believe the IGU has violated those restrictions. He spoke to his hopes that the various entities could work together to make the gas distribution project a success for the Fairbanks community.

**Mr. Walley** asked if a party could withdraw their application from the RCA within the six-month period after applying for a certificated area.

**Mayor Cleworth** replied affirmatively.

**Mr. Matherly** asked Mayor Cleworth if he believes that the Lowell Group and FNG would like IGU to withdraw their RCA application.

**Mayor Cleworth** replied that he believes the other groups feel that the IGU is an impediment for gas distribution. He stated that he believes the IGU feels they can serve a wider area than FNG.

**Mr. Matherly** asked if the City has any power to influence the IGU to withdraw.

**Mayor Cleworth** stated that if the Council feels strongly that the IGU should withdraw their application with the RCA, they should write a resolution stating such and forward it to the Borough. He stated that such a resolution would serve only as an advisement.

**Mr. Matherly**, seconded by **Mr. Gatewood**, moved to go into Executive Session for the purpose of discussing Fairbanks Fire Fighters Union Labor Negotiations.

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

**Mayor Cleworth** called for a five minute recess.

### EXECUTIVE SESSION

a) Labor Contract Negotiations – Fairbanks Fire Fighter’s Union


The City Council met in Executive Session to discuss Fairbanks Fire Fighters Union Labor Negotiations. Direction was given to staff and no action was taken.

### ADJOURNMENT

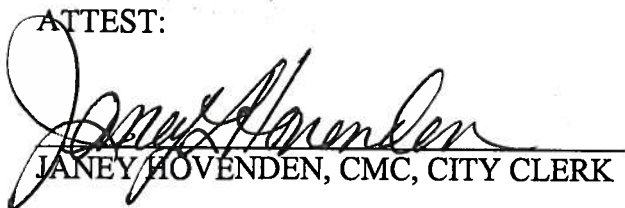
**Mr. Walley**, seconded by **Mr. Eberhart**, moved to ADJOURN the meeting.

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

**Mayor Cleworth** declared the meeting adjourned at 10:03 P.M.

  
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JERRY CLEWORTH, MAYOR

ATTEST:

  
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JANEY HOVENDEN, CMC, CITY CLERK

Transcribed by: DS