



FAIRBANKS CITY COUNCIL
AGENDA NO. 2012-18
REGULAR MEETING September 24, 2012
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

REGULAR MEETING

I 7:00 P.M.

1. ROLL CALL

2. INVOCATION

3. FLAG SALUTATION

4. 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.

5. 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).

6. APPROVAL OF PREVIOUS MINUTES

7. SPECIAL ORDERS

8. MAYOR'S COMMENTS AND REPORT

9. UNFINISHED BUSINESS

- a) Ordinance No. 5892 – An Ordinance Updating Fairbanks General Code Sections 2-685 and 2-686 Language Concerning Qualified Financial Institutions and Safekeeping and Collateralization of Deposit-Type Securities. Introduced by Mayor Cleworth. SECOND READING AND PUBLIC HEARING.
- b) Ordinance No. 5893 – An Ordinance Repealing Fairbanks General Code Sections 2-731 through 2-736 Regarding the J.P. Jones Community Development Investment Fund. Introduced by Mayor Cleworth. SECOND READING AND PUBLIC HEARING.
- c) Ordinance No. 5894 – An Ordinance Authorizing the Extraterritorial Extension of Fire Suppression Services by Contract to Property South of Van Horn Road and East of Easy Street. Introduced by Mayor Cleworth. SECOND READING AND PUBLIC HEARING.

10. NEW BUSINESS

- *a) Ordinance No. 5896 – An Ordinance to Amend FGC Section 58-34 Regarding Local Improvement Districts. Introduced by Council Member Stiver.

11. DISCUSSION ITEMS (INFORMATION AND REPORT)

Committee Reports

12. COMMUNICATIONS TO COUNCIL

- *a) Local Improvement District Meeting Minutes of August 17, 2012.
- *b) Local Improvement District Meeting Minutes of September 7, 2012.

13. COUNCIL MEMBERS' COMMENTS

14. CITY ATTORNEY'S REPORT

15. CITY CLERK'S REPORT

16. ADJOURNMENT

ORDINANCE NO. 5892

**AN ORDINANCE AMENDING FAIRBANKS GENERAL CODE
SECTIONS 2-685 AND 2-686 REGARDING SELECTION OF A
FINANCIAL INSTITUTION AND TERMS REGARDING
COLLATERALIZATION OF SECURITIES**

WHEREAS, the City Finance Department staff has recommended amendments to City Code sections regarding selection of financial institutions and collateralization of deposit-type securities; and

WHEREAS, the Finance Committee has reviewed these proposed changes,

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS as follows [new text in **bold/underline** font; deleted text in ~~strikeout~~ font]:

Section 1. Sections 2-685 and 2-686 are amended as follows

Sec. 2-685. - Qualified institutions.

The city shall maintain a listing of financial institutions which are approved for investment purposes. Banks shall provide their most recent consolidated report of condition ("call" report) at the request of the city. ~~At a minimum, the city shall conduct an annual evaluation of each bank's credit worthiness to determine whether it should be on the qualified institution listing.~~ Securities dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. Depositories shall be selected through the government's banking services procurement process, which shall include a formal request for proposals issued ~~every two or three years~~ **for a term of five years with an option of the City Council to extend for one additional term of five years.** In selecting depositories, the creditworthiness of institutions shall be considered, and the director of finance shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history.

Sec. 2-686. - Safekeeping and collateralization.

(a) All investment securities purchased by the city shall be held in third-party safekeeping by an institution designated as primary agent. The primary agent shall issue a safekeeping receipt to the city listing the specific instrument, rate maturity and other pertinent information.

(b) Deposit-type securities (i.e., certificates of deposit, repurchase agreements) shall be collateralized through the deposit of collateral in the amount of ~~403~~**102** percent of the invested amount for any amount exceeding FDIC or FSLIC coverage. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent.

Section 2. This ordinance is effective on the ____ day of September 2012.

Jerry Cleworth, City Mayor

AYES:
NAYS:
ABSENT:
APPROVED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, CMC, City Clerk

Paul J. Ewers, City Attorney

ORDINANCE NO. 5893

**AN ORDINANCE REPEALING FAIRBANKS GENERAL CODE
SECTIONS 2-731 THROUGH 2-736 REGARDING THE J.P. JONES
COMMUNITY DEVELOPMENT CENTER INVESTMENT FUND**

WHEREAS, the City has recently transferred ownership of the J.P. Jones Community Development Center to a non-profit organization along with the funds remaining in the J.P. Jones Community Development Center Investment Fund; and

WHEREAS, in light of the transfer of the building and funds, there is no longer a need to provide for management of the J.P. Jones Community Development Center Investment Fund,

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

Section 1. Fairbanks General Code Sections 2-731 through 2-736 are repealed.

Section 2. This Ordinance is effective September ____, 2012.

Jerry Cleworth, Mayor

AYES:
NAYS:
ABSENT:
APPROVED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, CMC, City Clerk

Paul J. Ewers, City Attorney

ORDINANCE NO. 5894

**AN ORDINANCE AUTHORIZING THE EXTRATERRITORIAL EXTENSION
OF FIRE SUPPRESSION SERVICES BY CONTRACT TO PROPERTY
SOUTH OF VAN HORN ROAD AND EAST OF EASY STREET**

WHEREAS, Resolution 4507 authorized the Mayor to enter into agreements to provide extraterritorial fire suppression services to contiguous unprotected properties at a rate equivalent to that of other service area providers who could offer the same services, subject to FGC Section 2-656, which requires the consent of the City Council by ordinance; and

WHEREAS, since the approval of Resolution 4507, a number of property owners with property south of Van Horn Road and east of Easy Street have requested contractual fire service at a mill levy equal to the University Fire Service Area,

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

Section 1. The Mayor is authorized to enter into current and future agreements to provide fire protection service to properties outside the City limits south of Van Horn Road and east of Easy Street that are not located inside a fire service area of the Fairbanks North Star Borough inside Sections 22, 23 & 26, Township 1 South, Range 1 West, Fairbanks Meridian.

Section 2. This authority is effective until repealed by future Ordinance.

Jerry Cleworth, Mayor

AYES:
NAYS:
ABSENT:
APPROVED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, CMC, City Clerk

Paul J. Ewers, City Attorney

ORDINANCE NO. 5896

**AN ORDINANCE TO AMEND FGC SECTION 58-34 REGARDING
LOCAL IMPROVEMENT DISTRICTS**

WHEREAS, in 2002, the City amended Article II of Chapter 58 to provide for local improvement districts for services; and

WHEREAS, under the current provisions of FGC Sec. 58-34(a) if a Local Improvement District for services (LID) is created, the City may either provide the services or contract for the services provided; and

WHEREAS, more efficient management of the LID and increased oversight by the property owners within the district might be achieved by transferring the responsibility for management of the LID to a qualified non-government organization,

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

Section 1. FGC Section 58-34(a) is amended by adding a new subsection (f) as follows:

Sec. 58-34(a) Local Improvement Districts for Services.

* * * * *

(f) The City may enter into an agreement with a qualified organization wherein the City would transfer responsibility for operation of a limited improvement district for services to that organization, along with the funds collected by the assessment imposed for the district.

Section 2. The effective date of this ordinance shall be the ___ day of _____ 2012.

Jerry Cleworth, City Mayor

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

APPROVED AS TO FORM

Janey Hovenden, CMC, City Clerk

Paul J. Ewers, City Attorney



LOCAL IMPROVEMENT DISTRICT AD HOC COMMITTEE
MEETING MINUTES, AUGUST 17, 2012
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

Members Present: Vivian Stiver, Chair
Chris Miller
Patty Mongold
Karen Lavery
Jewelz Nutter

Absent: Monty Rostad
Trevor Eller

Also Present: Paul Ewers, City Attorney
D. Danyielle Snider, Deputy City Clerk
Julie Engfer, Festival Fairbanks

NEW BUSINESS

- a) Call to Order – 8:26 A.M.
- b) Roll Call
- c) Approval of Minutes – Regular Meeting Minutes, July 27, 2012 and August 3, 2012

Ms. Nutter, seconded by Ms. Mongold, moved to approve the meeting minutes.

Ms. Stiver called for objection, and, hearing none, so ORDERED.

- d) Discussion

Handouts to Members: Letter from David Van den Berg Regarding LID Revenue and Representation

Ms. Stiver spoke to the composition of the LID Board and to the importance of making the flow of tax dollars into the district clean and clear.

Ms. Nutter, seconded by Ms. Mongold, moved that the LID Committee RECOMMEND that the Local Improvement District be a 501(c)3 non-profit structure, whether they create their own or assume an existing identity.

Members discussed how the LID could assume the Downtown Association's existing 501(c)3. Ms. Nutter explained the details of the process and gave an example of how it could be done. She stated that the 501(c)3 should start clean and that all donations and contributions to the Clean Team and CSP should flow directly into the 501(c)3. Mr. Miller indicated that the LID will not have a large enough budget to employ a full-time Executive Director and Operations Manager, so direction would have to be given from another board or authority. Ms. Nutter stated that an LID Board of Directors should

oversee staffing and administrative structure of the district. She stated her opinion that the district structure should stand alone. Mr. Miller indicated that funding a completely independent LID structure would require a much higher mill rate. Ms. Mongold suggested that a LID Board be created with a mixture of downtown property owners and members of the Downtown Association. She stated that the board could then contract with the Downtown Association for the Clean and Safe services. Ms. Lavery stated that a LID needs remain independent from all other organizations. Mr. Miller spoke to the complications and challenges in creating a new 501(c)3.

Ms. Lavery pointed out that the organizational chart created by Mr. van den Berg shows that the LID would directly report to the Downtown Association Board. She indicated that that type of organization would defeat the purpose of what the LID Committee is trying to establish. She again stated that the LID needs to be independent from other organizations. Mr. Miller cautioned on limiting the district's mission. Ms. Lavery reminded the Committee that, if the district was formed, it would only be in place for a few years before it had to go before property owners again for a vote on whether or not to continue/expand/reduce the program.

Paul Ewers stated that the City ordinance allowing for a Local Improvement District refers to the LID as a "mechanism" by which the extra services are provided. He indicated that City Code states the City may contract the services out and that the contractor must carry liability insurance. He stated that the insurance requirement must be met even if the contractor is the newly-created 501(c)3 LID. He spoke to the City's role in the process as being the contracting agent. He stated that the City would enter into a contract and pay for the services on an incremental basis, rather than passing all LID funds directly to the contractor in a lump sum. He quoted Ordinance No. 5481, as Substituted, and indicated that the ordinance only allows for the City to perform the LID services themselves or to contract those services out. He stated that the ordinance envisions the LID as a City function, not something delegated to a board.

Julie Engfer asked what DTA and Festival Fairbanks' motivation would be for donating half of the Clean Team and CSP's budget for the City to contract out.

Ms. Stiver indicated that the City Code may need to be amended to allow for a 501(c)3. She asked Mr. Ewers if he would be able to draft an ordinance amending FGC 58-34 for the Committee to review.

Ms. Nutter, with the concurrence of the second, WITHDREW the motion to RECOMMEND that the Local Improvement District be a 501(c)3 non-profit structure, whether they create their own or assume an existing identity.

Further discussion was given to the powers of the City Council in regards to the district's contract terms and mission statement. Mr. Ewers clarified that the City Council must always approve changes to the district's mission, purpose and contract terms regardless of whether the work is contracted out or whether there is a Board of Directors and a 501(c)3 in place. Ms. Nutter suggested that the LID program must be similar to that of the Hotel/Motel Discretionary Fund in that it is only a line item in the City's budget. Ms. Lavery indicated that it may be a good idea to amend the ordinance to allow for a 501(c)3 regardless of whether or not the non-profit is created right away.

Ms. Mongold, seconded by Ms. Nutter, moved to INTRODUCE an ordinance to the City Council amending FGC 58-34 regarding Local Improvement Districts, to allow for a 501(c)3.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO INTRODUCE AN ORDINANCE TO THE CITY COUNCIL AMENDING FGC 58-34 REGARDING LOCAL IMPROVEMENT DISTRICTS TO ALLOW FOR A 501(c)3, AS FOLLOWS:

AYES: Nutter, Mongold, Lavery
NAYS: Miller
ABSENT: Rostad, Eller
Ms. Stiver declared the MOTION CARRIED.

Mr. Ewers stated that he will draft an ordinance with several options for the Committee to review before forwarding to the City Council for approval.

e) Topics for Next Meeting

New business will be carried over to the next regular meeting. Paul Ewers, City Attorney, will present the Committee with a draft ordinance for proposed changes to FGC 58-34 regarding Local Improvement Districts.

NEXT MEETING

Regular Meeting on Friday, August 24, 2012, at 8:15 A.M. in City Council Chambers. Ms. Nutter stated that she will be unable to attend the meeting. The Committee did not object to Ms. Nutter's absence. Ms. Stiver suggested that no meeting be held on Friday, August 31, 2012 due to the holiday weekend; there was no objection from Committee members.

ADJOURNMENT

Ms. Stiver declared the meeting adjourned at 9:27 A.M.



Vivian Stiver, Chair

Transcribed by: DS



LOCAL IMPROVEMENT DISTRICT AD HOC COMMITTEE
MEETING MINUTES, SEPTEMBER 7, 2012
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

Members Present: Vivian Stiver, Chair
Chris Miller
Patty Mongold
Karen Lavery
Trevor Eller

Absent: Monty Rostad (Excused)
Jewelz Nutter (Excused)

Also Present: Paul Ewers, City Attorney
D. Danyielle Snider, Deputy City Clerk
Julie Engfer, Festival Fairbanks
David van den Berg, Fairbanks Downtown Association

- a) Call to Order – 8:19 A.M.
- b) Roll Call
- c) Approval of Minutes – Regular Meeting Minutes of August 17, 2012

Ms. Mongold, seconded by **Mr. Miller**, moved to APPROVE the meeting minutes of August 17, 2012.

Ms. Stiver called for objection, and, hearing none, so ORDERED.

- d) Discussion

Handouts to Members: Draft Ordinance to Amend FGC 58-34, regarding LID's
Draft Ordinance to Create a Downtown LID, with Attachment

Ms. Stiver asked Mr. Ewers to speak to the objection filing process.

Mr. Ewers stated that the City Clerk would be required to make public notice in the News Miner for two consecutive weeks explaining the objection process and deadline. He stated that the Clerk must also mail notification to all property owners within the district informing them of the increased mill rate, the district's mission and services and how to file an objection. He suggested that a comment section could be added to the objection form for those wishing to provide a reason for their opposition to the district. He stated that the Council would have comments from property owners as to why they opposed the district if it failed, thus allowing them to tweak the plan to suit the property owners' needs if they so wished.

Mr. Miller suggested that the objection form that is mailed to property owners be in a simple “yes or no” format with no comment section. He explained that it would streamline the process and allow for those with a “no” vote to be contacted at a later time as to their reasons for objecting.

Ms. Mongold agreed that a comment form should not be included with the objection form. She stated that property owners should be encouraged to submit an explanation of their objection in writing to the Clerk’s Office.

Ms. Lavery indicated that the form should be in “yes or no” format. She stated that citizens always have the right to address the Council during Citizen’s Comments at a Regular City Council Meeting.

Ms. Stiver spoke to educating the property owners on how the structure for the district is envisioned, what the mill rate will be, what services will be provided and why the Committee feels it is important for all property owners within the district boundaries to contribute.

Ms. Lavery spoke to the City’s role in the formation of the district and to the Council’s authority once the district is formed.

Members discussed a timeline for the billing of the mill rate and how appeals and non-payments would be handled. Mr. Ewers indicated that property owners who fail to pay would be subject to interest charges and may have a lien filed against their property. He added that the Council may allow for installment payments for those who fall behind.

Ms. Mongold recommended that education materials and general information go out to property owners as soon as possible if the City is planning to bill at the beginning of 2013. She added that many businesses complete their budget process in November for the upcoming year.

Ms. Lavery, seconded by **Mr. Miller**, moved to bill property owners the mill rate on the previous year’s assessment.

Ms. Stiver called for objection, and, hearing none, so ORDERED.

Ms. Stiver stated that a letter of education should go out to property owners before the district plan is finalized by the Committee. She asked Mr. Ewers to draft a letter to property owners informing them of the legal aspects of the new tax. She asked Mr. Miller to draft an educational letter to property owners explaining the district’s purpose and benefits. She asked Mr. Miller to include Committee members’ contact information so that property owners may ask questions.

Ms. Lavery indicated that she is not comfortable sending letters to property owners without the Council seeing it first.

Ms. Stiver assured the Committee that the Mayor and Council would be involved in all the correspondence between the Committee and the property owners.

Mr. Ewers clarified that the objection filing period should not be mistaken for an election and explained that it would not be subject to Alaska Public Offices Commission (APOC) requirements.

He explained that the draft ordinance to amend the FGC would allow the management of the LID to be transferred from the City to a non-profit. He stated that he did not draft the “whereas” section in hopes that the Committee would provide input as to why they believe the LID is a good idea. He spoke to Section 58-34(a)(f), the meaning of the word “qualified” when referring to non-profits. He indicated that the Council would have to determine whether or not a non-profit is qualified to enter into an agreement with the City to administer the district. He offered generic suggestions for the “whereas” section of the ordinance to create a LID so that the Code would still apply any future districts that may arise. He stated that the ordinance should explain the general concept of a LID.

Members discussed the makeup of a Board of Directors and agreed that it should consist of district stakeholders.

Mr. Ewers stated that he would redraft the ordinance with the Committee’s recommendations and have it available for review at the next meeting.

Mr. Ewers spoke to his draft of the second ordinance, which would allow for the creation of a LID and a plan of implementation. He stated that he included the district plan as “Attachment A” to simplify the ordinance. He explained that plan contains all the “nuts and bolts” of the LID’s administration and operation. He stated that this ordinance was drafted under the assumption that the ordinance to amend FGC 58-34 is adopted.

Ms. Stiver asked if there is a provision that would allow the Mayor to appoint a Committee to supervise the LID contract, independent of the non-profit. She stated that she would like to ensure that property owners have an avenue to express complaints or suggestions after the district is underway.

Mr. Ewers replied that since much of the management power lies within the City’s administration, the Mayor may have latitude in appointing an advisory committee to oversee the LID.

Ms. Lavery asked if it’s possible for the Council to form the LID, assess properties within the boundaries, and spend the money as they see fit instead of contracting with an outside agency.

Mr. Ewers stated that, under the current Code, the Council does have that power as long as the minimum level of service is provided. He clarified that Section 2 of the ordinance to amend FGC 58-34 would allow the Mayor to enter into a letter of agreement with *any* qualified non-profit.

Ms. Stiver asked Mr. van den Berg and Ms. Engfer to draft a detailed explanation of what the CSP and the Clean Team’s duties are so that the minimum service standards can be included in Attachment A of the ordinance.

Ms. Mongold asked if the City would have to allocate all LID tax revenue to a clean and safe Downtown Fairbanks if they decided not to contract the services out.

Mr. Ewers replied that, because the revenue would come from a special assessment, the money would have to go towards a clean and safe downtown. He suggested that, if the Committee’s intent is for the services to be contracted to an outside non-profit, a provision mandating that the Mayor enter into an agreement with an outside agency be included in the ordinance.

Ms. Stiver stressed the importance of maintaining flexibility with the formation of the LID.

Mr. Ewers indicated that property owners would always have the power to extend, modify or end the district if it is not to their satisfaction.

Ms. Mongold spoke to Attachment A and asked if the duration of the contract is the same as the duration of the LID. She asked what would happen at the end of the LID term as outlined in the attachment.

Mr. Ewers explained that the attachment would not be the actual contract. He indicated that the contract would reference the work as described in Attachment A. He stated that when the LID reached the end of its term, another public hearing would have to be held to determine the district's future.

Members spoke to the lifetime of the district. They discussed using the smaller boundary and a short, two-year term initially, then allowing property owners to renew and/or expand the district at the end of the first term.

Mr. Ewers explained that the Council would have to approve an extension of boundaries if that's what the stakeholders wished to do in the future. He stated that the ordinance isn't clear on the specifics of what would need to happen to make district changes, but that he envisions a petition of some sort signed by a majority of the stakeholders.

e) Topics for Next Meeting

Letters of education, second draft of ordinances and LID plan, election process.

NEXT MEETING

Regular Meeting on Friday, September 14, 2012, at 8:15 A.M. in City Council Chambers.

ADJOURNMENT

Ms. Lavery, seconded by **Mr. Miller**, moved to ADJOURN the meeting.

Ms. Stiver called for objection, and hearing none, declared the meeting ADJOURNED at 9:20 A.M.



Vivian Stiver, Chair

Transcribed by: DS