



FAIRBANKS CITY COUNCIL  
REGULAR MEETING MINUTES, AUGUST 6, 2012  
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, 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: Vivian Stiver, Seat A  
Chad Roberts, Seat B  
Bernard Gatewood, Seat C  
Jim Matherly, Seat D  
Lloyd Hilling, Seat E  
John Eberhart, Seat F

Absent: None

Also Present: Pat Cole, Chief of Staff  
Warren Cummings, Fire Chief  
Paul Ewers, City Attorney  
Janey Hovenden, City Clerk  
Michael J. Schmetzer, City Engineer  
Tony C. Shumate, Director Personnel/Purchasing/RM  
Ernie Misewicz, Assistant Fire Chief  
Jim N. Soileau, Chief Financial Officer  
Margarita Bell, Grants Administrator  
Eric Jewkes, FPD Lieutenant

### **INVOCATION**

The Invocation was given by City Clerk Janey Hovenden.

### **FLAG SALUTATION**

Mayor Cleworth led the Flag Salutation.

### **CITIZEN'S COMMENTS**

Bill Wright, Public Relations Manager for Fairbanks Convention and Visitor's Bureau (FCVB) – Mr. Wright provided an update on various FCVB media tours for the summer season. He spoke of the bureau's involvement in upcoming events.

**Mr. Matherly** spoke to his own experience in the tourist industry and the questions that many tourists ask regarding the climate, economy and development of Alaska. He asked Mr. Wright to share comments and questions he's received from visitors to the City of Fairbanks. He asked Mr. Wright if he thought television shows about our state have helped or hurt Alaska's image.

Mr. Wright spoke to the unfamiliarity of most visitors with Alaska and their excitement and surprise at its beauty. He stated that when he does tours in the winter, people ask what summer is like; and, in the summer, visitors are interested to know what Alaskan winters are like. In response to Mr. Matherly's question regarding television shows, Mr. Wright replied that he believes the programs have provided an overall positive view of Alaska.

Tim Sovde, 402 Bonnifield Street, Fairbanks – Mr. Sovde stated that he is a candidate for the Fairbanks City Council in the 2012 Municipal Election. He commented on how nice it is that the Council constantly reviews the City Code in an effort to clean it up. He spoke to the possible creation of a Local Improvement District and encouraged the Council to stay informed on the issues and the progress of the LID Committee. He spoke to how the Chena Riverfront Commission and the LID Committee are somewhat related. He spoke to the Borough's power of final approval on all road construction improvements in the Fairbanks area and to Mayor Cleworth's efforts to have some of that power delegated to the City Council.

Victor Buberger, PO Box 58192, Fairbanks – Mr. Buberger thanked the Public Works Department for their quick repair of the potholes he mentioned at the last Council meeting. He spoke to the agenda items regarding clean-up and commented that there is a property badly in need of clean-up on the south side of Smith Apartments. He indicated that favoritism plays a part in which properties get cleaned up. He asked for a report on the construction plans for 3rd Avenue.

David Lerman, 126 2nd Avenue, #15, Fairbanks – Mr. Lerman stated that he is running for City Council in the upcoming Municipal Election and spoke to his online discussion board, *Renovation Fairbanks*. He stated that his campaign for City Council is a reaction to his experience of living in Downtown Fairbanks. He shared his personal experience with the renovation of his home at Smith Apartments, and spoke to the all-around benefits of renovation. He stated that crime has decreased drastically since that time, but that break-ins still happen. Mr. Lerman shared that people have broken into his own apartment and stolen his socks. He stated that he had filed police reports for the break-ins and was advised by a Fairbanks Police Officer to own a gun. He spoke to the City's excessive fund balance and indicated that those funds could help offset the loss in revenue if the City waived building permit fees for renovation. He commented that his understanding of how the fund balance operates may not be accurate and would like to learn more about it. He recommended the creation of other task forces, such as a DUI Task Force, to help improve the City.

**Mr. Gatewood** asked for clarification on Mr. Lerman's comment that his socks had been stolen from his apartment. He asked Mr. Lerman to address the police officer's recommendation that he should own a gun.

Mr. Lerman replied that people have stolen many of his socks, shirts and slacks because they seem to really like his clothes. He stated that it is very strange and he is unsure of how they are getting into his apartment and that other apartments in the complex have been burglarized also. He indicated that he was shocked when the female officer told him that he should own a gun. He stated that another police officer suggested that he move from the apartment complex because of all the crime.

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

### **APPROVAL OF AGENDA AND CONSENT AGENDA**

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

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

City Clerk Hovenden read the Consent Agenda into the record.

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

**Mayor Cleworth** informed the Council that Ordinance No. 5890 may need to be postponed to the next Regular Meeting due to some changes that need to be made in the language of the contract. He encouraged the Council to ask questions about the ordinance while GHU and City staff are available to answer. **Mayor Cleworth** stated that Geraghty Road has been repaved and the City is currently working on road resurfacing in the Riverside area. He added that road work has also been completed in the Executive Park area. He expressed satisfaction with the progress of the City's road projects over the summer season. He thanked Mr. Buberger for his comments on the potholes and stated that our streets are in much better shape than the roads in Anchorage. **Mayor Cleworth** thanked Mr. Eberhart for his work on Ordinance No. 5890 regarding the Public Safety Commission (PSC). He stated that he has been reviewing all City Boards and Commissions to see if changes need to be made and, in doing so, tasked the PSC with looking at its mission and what its future role with the City might be. **Mayor Cleworth** spoke to the Public Safety Officer (PSO) concept and stated that the PSC will be looking to see if the idea would improve the services in the City of Fairbanks. He asked Mr. Eberhart if Ordinance No. 5890 concurs with the intent of the Commission.

**Mr. Eberhart** indicated that the ordinance appears to correspond with the Committee's recommendations.

**Mayor Cleworth** stated that Lieutenant Jewkes is also present to answer questions from the Council on Ordinance No. 5888. He indicated that many of the changes are being made in an effort to clean up the Fairbanks General Code and that the portion of the Code that speaks to public nuisance will also need to be addressed in the near future. **Mayor Cleworth** spoke to the Borough's power of approval of all City construction projects. He stated that when the Bentley Trust project was being planned, the City had to go before the Borough Planning Commission for approval, which took approximately 60 days. He stated that the Memorandum of Understanding was created in 1988, prior to the formation of the Metropolitan Planning Organization (MPO). He stated that he has made a request for the FMATS Technical Committee to explore the process to see if an updated agreement can be made. **Mayor Cleworth**, in response to Mr. Lerman's comments on the City's fund balance, explained that the majority of the City's revenue comes from property tax which is not received until late in the calendar year. He further explained that construction projects often have to be funded before grant dollars are distributed to the City, so the General Fund balance must be large enough to cover the cash flow

at the beginning of the year. He stated that the Council has been very good at placing surplus funds from revenue sharing and the sale of City properties into the Permanent Fund. He stated that, over the past several years, the City has placed roughly \$6-7 million into the Permanent Fund that was not mandated.

**Mr. Roberts** asked if the postponement of Ordinance No. 5889 would affect its placement on the 2012 City ballot.

Ms. Hovenden replied that it would not.

**Mr. Eberhart** asked Mayor Cleworth to address the scope of the Graehl Project.

**Mayor Cleworth** replied that the area is being repaved.

**Mr. Roberts** stated that drainage is also a big part of the project.

### **UNFINISHED BUSINESS**

- a) Ordinance No. 5888 – An Ordinance Amending Fairbanks General Code Chapter 26 Regarding Alarms. Introduced by Mayor Cleworth. SECOND READING AND PUBLIC HEARING.

**Mr. Roberts**, seconded by **Mr. Matherly**, moved to ADOPT Ordinance No. 5888.

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

**Mr. Roberts** requested a staff report.

Lieutenant Jewkes and Assistant Fire Chief Misewicz came forward to provide a staff report.

**Mr. Roberts** inquired about the origination of the proposed changes of Ordinance No. 5888.

Lieutenant Jewkes stated that the changes have been made in an effort to clean up old Code and that Mr. Ewers had done the majority of work on the ordinance. He stated that much of the language pertained to the dispatching system and was outdated due to significant changes in technology. He indicated that other parts of the Code regarding alarms have never been enforced and need to be removed. He stated that the ordinance would not change alarm monitoring or the logistics of response.

Mr. Misewicz pointed out that there was some conflicting information in the old Code regarding security and fire alarms. He stated that the proposed ordinance also addresses issues dealing with false and nuisance alarms.

**Mr. Eberhart** asked why a change had been made to Section 26-80(b). He also asked what power the City has to correct the problem if the customer has an invalid or revoked permit.

Mr. Misewicz replied that the change was made so that there would be no duplication or conflict in the Code. He stated that customers with invalid or revoked permits could be billed for nuisance alarms if the fire department had to frequently respond to their location.

Lieutenant Jewkes pointed out that it was important to separate the two types of alarm systems because businesses aren't required to have security alarms, but are required by state law to have fire alarms.

**Ms. Stiver** stated that she has personally had false alarms at her business and has been contacted by FPD Dispatch to verify the call before fire/police were dispatched to the scene.

Mr. Misewicz explained that there are different types of alarms and that dispatch response varies accordingly. He added that many home owners are now installing fire alarm systems in their residences and don't realize that a minor incident can trigger a response.

Lieutenant Jewkes spoke to the various private alarm companies and how most of their systems installed in the City require FPD response. He stated that some alarm systems allow the owner to set up a priority contact list for response.

**Mayor Cleworth** explained that most privately owned alarm companies use "free installation" as a selling point because they are essentially selling you a service. He thanked Lieutenant Jewkes, Mr. Misewicz and Mr. Ewers for their work in drafting the ordinance. He spoke to false alarms and how dangerous they can be if they occur at the same location on a frequent basis.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADOPT ORDINANCE NO. 5888, AS FOLLOWS:

YEAS: Stiver, Matherly, Gatewood, Hilling, Eberhart, Roberts

NAYS: None

**Mayor Cleworth** declared the MOTION CARRIED and Ordinance No. 5888 ADOPTED.

- b) Ordinance No. 5889 – An Ordinance Seeking Voter Approval for the City to Accept a Pass-Through Loan from the Alaska Clean Water Fund to Golden Heart Utilities of up to \$4.6256 Million for a Sludge Dewatering Project, up to \$650,623 for a Clarifier Project, and Ratifying a Loan of \$637,830 for Prior Improvements at the City-Owned Wastewater Treatment Facility. Introduced by Mayor Cleworth. SECOND READING AND PUBLIC HEARING.

**Mr. Eberhart**, seconded by **Mr. Gatewood**, moved to ADOPT Ordinance No. 5889.

**Mayor Cleworth** called for Public Testimony.

David Lerman – Mr. Lerman stated that it appears Golden Heart Utilities (GHU) is trying to make improvements, and spoke in favor of renovation and Ordinance No. 5889.



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

**Mayor Cleworth** requested that Ms. Bell and Mr. Cole come forward to provide a staff report.

Mr. Cole stated that City staff has been working on revising the contract to address concerns that the Council brought forward at the last Finance Committee Meeting. He explained that there are still a few points that have not been agreed upon between the Council and GHU. He indicated that a satisfactory agreement for both parties could be reached if the Council would allow two more weeks for revision.

Ms. Bell stated that it may be possible to set up the agreement as a capital lease, which is what GHU would like to see.

**Mr. Gatewood** referred to Issue #4 in the Mayor's Memorandum. He asked for clarification on the phrase, "...the Regulatory Commission of Alaska (RCA) already considers this..." in reference to the requirement that GHU must maintain a debt to equity percentage of 240%.

Ms. Bell explained that GHU feels that the City should remove the debt to equity percentage requirement in the contract since the RCA already monitors the utility's debt to equity percentage.

**Mayor Cleworth** stated that GHU is currently in compliance with the standard utility industry average.

**Ms. Stiver** asked if the RCA has the same debt to equity percentage requirement as the 240% that the City is proposing.

Ms. Bell replied that she is unsure.

Tiffany Van Horn with GHU came forward. She stated that RCA doesn't necessarily have the same requirement of 240%, but that they look at the debt to equity ratios at every rate filing to ensure the utility's capital structure is in line. She added that GHU has never had an issue. She stated that GHU has other debt covenants that they are required to remain in compliance.

**Mr. Roberts** spoke in favor of Ordinance No. 5889 and stated that he would be in support of postponing to the next regular meeting so that the contract could be fine-tuned to suit the needs of both the City and GHU.

**Mr. Roberts**, seconded by **Mr. Gatewood**, moved to POSTPONE Ordinance No. 5889 to the Regular Meeting of August 20, 2012.

**Mayor Cleworth** asked Mr. Cole if the only changes that need to be made are to the contract itself.

Mr. Cole confirmed that changes need only be made to the contract.

**Mayor Cleworth** suggested that the Council move to substitute the Amended version of Ordinance No. 5889 first, then postpone if they so wish. He explained that the only change in Ordinance No. 5889, as Amended, is a correction in the percentage of increase to ratepayers.

**Mr. Roberts**, with the concurrence of the second, WITHDREW the motion to postpone Ordinance No. 5889 to the Regular Meeting of August 20, 2012.

**Mr. Roberts**, seconded by **Mr. Hilling**, moved to SUBSTITUTE Ordinance No. 5889, as Amended, for Ordinance No. 5889.

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

**Mr. Hilling** spoke to the importance of using discretion in placing a proposition before City voters. He stated that it is the burden of the Council to fully research and investigate issues before passing them on to voters. He spoke to the Mayor's efforts in achieving a debt-free status for the City of Fairbanks and asked Mayor Cleworth to share his opinion on the GHU agreement.

**Mayor Cleworth** stated that, technically, the City still carries a note on the fire station even though the state makes the payments. He indicated that, like the fire station, this would appear on the books as both an asset and a liability for a net zero bottom line.

**Mr. Hilling** asked if the GHU pass-through loan would have any effect on the City's ability to borrow in the future.

**Mayor Cleworth** replied that it would not. He stated that the City is in a good position to make the agreement.

**Mr. Eberhart** referenced Issue #2 on the Memorandum where it states that GHU is forbidden to assign its receipts and receivables to the City for loan security. He asked if the City would have any additional collateral on the loan besides the facility itself.

**Mayor Cleworth** replied that the City would also have the guarantee of the parent company.

Mr. Cole asked for Council input on Issue #4 of the Memorandum.

**Mr. Eberhart** questioned whether or not RCA looks at debt to equity ratios.

Ms. Bell stated that RCA ensures that GHU maintains a minimum 60-40 ratio for capital structure to debt.

**Mr. Roberts** asked if the 240% is a national standard for the utility industry.

Ms. Bell replied affirmatively.

**Mr. Roberts**, seconded by **Mr. Gatewood**, moved to POSTPONE Ordinance No. 5889, as Amended, to the Regular Meeting of August 20, 2012.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO POSTPONE ORDINANCE NO. 5889, AS AMENDED, AS FOLLOWS:

YEAS: Matherly, Hilling, Roberts, Stiver, Gatewood, Eberhart

NAYS: None

**Mayor Cleworth** declared the MOTION CARRIED and Ordinance No. 5889, as Amended, POSTPONED.

### **NEW BUSINESS**

- a) Resolution No. 4540 – A Resolution Approving Clean-up Costs and Authorizing a Real Property Lien at 2536 Eighteenth Avenue. Introduced by Mayor Cleworth.

PASSED and APPROVED on the CONSENT AGENDA.

- b) Resolution No. 4541 – A Resolution Approving Clean-up Costs and Authorizing a Real Property Lien at 1725 Willow Street. Introduced by Mayor Cleworth.

PASSED and APPROVED on the CONSENT AGENDA.

- c) Resolution No. 4542 – A Resolution Amending the Schedule of Fees and Charges for Services by Adjusting Alarm Service Fees. Introduced by Mayor Cleworth.

PASSED and APPROVED on the CONSENT AGENDA.

- d) Resolution No. 4543 – A Resolution Awarding a Contract to HC Contractors, Inc., for the Graehl Subdivision Improvements Project in the Amount of \$363,756.00. Introduced by Mayor Cleworth.

PASSED and APPROVED on the CONSENT AGENDA.

- e) Ordinance No. 5890 – An Ordinance Amending Fairbanks General Code Sections 2-471 through 2-474 Regarding the Public Safety Commission. Introduced by Mayor Cleworth and Council Member Eberhart.

ADVANCED on the CONSENT AGENDA.

### **DISCUSSION ITEMS**

#### Committee Reports

Local Improvement District (LID) Ad-hoc Committee – Ms. Stiver gave a report on the August 3, 2012 meeting. She expressed hope that the committee would reach solutions for the district to: fully fund the Clean Team and the Community Service Patrol (CSP), manage the LID program independently, fully operate without Bed Tax Discretionary Fund dollars, and allow the Clean Team and CSP programs to focus more on their mission.



**Mayor Cleworth** asked if the larger stakeholders would be consulted before the vote went before all property owners within the district.

**Ms. Stiver** stated that education about structure and execution of the district will be discussed at the next meeting. She indicated that the Committee is looking at a 2-year district life initially and that it would be up to the downtown property owners to decide whether or not to continue from there. She explained that property owners' votes would be weighted according to the amount of property they own within the district boundaries.

Permanent Fund Review Board – Mr. Gatewood provided a report of the quarterly meeting that took place on August 1, 2012. He stated that it was the first meeting with new member Kara Moore in attendance. He shared that, to his disappointment, the fund's commodities have all been sold. He stated that the fund manager is in favor of investing in equities and emerging markets, although the fund's current exposure is 40% equity and 60% bonds. Mr. Gatewood shared that a suggestion was made to the Board to change the asset allocation so that equities would be higher; he stated that the change would require an amendment to the Code and that he is reluctant to make a change every time the market fluctuates. He stated that the Committee recommendation to the portfolio manager was to work within the parameters that exist.

**Mr. Hilling** asked if a higher equities investment translates to a more inflation-proof fund. He stated that he would be open to considering a change in the ratio.

**Mayor Cleworth** replied affirmatively, but stated that a higher investment in equities also increases overall risk. He spoke to the investment parameters the Code requires and suggested the possibility of removing those benchmarks, allowing the fund manager to invest how he/she believes is in the best interest of the City. He spoke to how commodities were bundled in the fund's portfolio and to his shock that they'd all been eliminated. He stated that commodities move quickly and, to be successful, investors must play the cycles and be active in buying and selling.

#### COMMUNICATIONS TO COUNCIL

- a) Local Improvement District Committee Meeting Minutes of July 13, 2012

ACCEPTED on the CONSENT AGENDA.

- b) Local Improvement District Committee Meeting Minutes of July 20, 2012

ACCEPTED on the CONSENT AGENDA.

- c) Chena Riverfront Commission Meeting Minutes of June 13, 2012

ACCEPTED on the CONSENT AGENDA.

- d) Reappointments to the Clay Street Cemetery Commission

APPROVED on the CONSENT AGENDA.

## COUNCIL MEMBERS' COMMENTS

**Mr. Roberts** commented that there has been a lot of media on the GHU pass-through loan issue. He indicated that the City is trying to do the right thing and help keep utility costs as low as possible for users. He mentioned that the Tanana Valley State Fair is underway and commented on the nice weather.

**Mr. Gatewood** stated that he has been enjoying watching the Olympics on television and cheering on the U.S. He expressed excitement for the start of the high school football season. He wished state and local candidates who have "thrown their name in the hat" good luck in their candidacy.

**Mr. Eberhart** stated that, when the Council changed the asset allocation ranges of the Permanent Fund in 2008, he did not support the changes. He suggested that the City has been too conservative with equities and that Permanent Fund investments should not be viewed in the short-term. He commended those who have filed for candidacy to the City Council.

**Mr. Hilling** stated that he had no comments.

**Mr. Matherly** stated that he had no comments.

**Ms. Stiver** stated that she will not be able to attend the August 9th Borough Assembly Meeting as the City Representative due to a prior commitment. She asked if anyone would be willing to substitute.

**Mr. Hilling** offered to attend in place of Ms. Stiver.

Ms. Stiver spoke to visiting the 4-H animal stalls at the fair. She announced that the City will be hosting its 2nd Annual Pig Roast on Thursday, August 30, 2012 from 4:30 – 6:30 P.M at City Hall. She stated that Mr. Matherly has agreed to DJ the event and that the pig had been purchased from a 4-H child. She added that Big State is donating the butchering and cooking services for the roast. Ms. Stiver commended the youth that participate in the 4-H program for the incredible job that they do in caring for their animals.


**Mayor Cleworth** stated he would like to hold an open house at City Hall to showcase the renovations that have been done. He offered to give the Council Members a walkthrough after the meeting.

## ADJOURNMENT

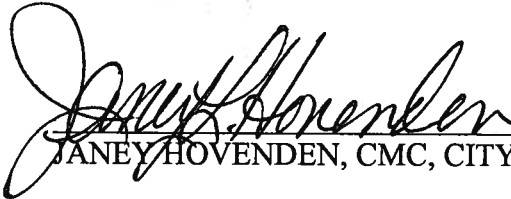
**Mr. Roberts**, seconded by **Ms. Stiver**, moved to ADJOURN the meeting.

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

**Mayor Cleworth** declared the Meeting adjourned at 8:40 P.M.

  
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JERRY CLEWORTH, MAYOR

ATTEST:

  
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JANEY HOVENDEN, CMC, CITY CLERK

Transcribed by: DS