



FAIRBANKS CITY COUNCIL
REGULAR MEETING MINUTES, JUNE 27, 2011
FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

The City Council convened at 7:00 p.m. on the above date, to conduct a Regular Meeting of the Fairbanks City Council at the City Council Chambers, 800 Cushman Street, Fairbanks, Alaska, with Mayor 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
Emily Bratcher, Seat E
John Eberhart, Seat F

Absent: None

Also Present: Jerry Cleworth, Mayor
Patrick B. Cole, Chief of Staff
Warren Cummings, Fire Chief
Paul Ewers, City Attorney
Janey Hovenden, City Clerk
Stephanie Johnson, Dispatch Center Manager
Carmen Randle, Controller
Ryan Rickels, IT Director
Tony C. Shumate, Director Personnel/Purchasing/RM
Jim N. Soileau, Chief Financial Officer

INVOCATION

The Invocation was given by City Clerk Janey Hovenden.

FLAG SALUTATION

Mayor Cleworth led the Flag Salutation.

CITIZEN'S COMMENTS

Victor Buberger, PO Box 58192, Fairbanks. Mr. Buberger thanked Public Works for filling pot holes at 10th and Cushman and expressed hope for more road work to be done on South Cushman. He also spoke of the homeless and a possible solution to the problem in Fairbanks. He complimented the police department on apprehending the purse snatcher.

Tim Sovde, 402 Bonnifield, Fairbanks. Mr. Sovde delivered the latest publication of "The Woodshed" and pointed out the Community Borough Budget Survey. He stated that the survey was done over a large cross-section of the population and appears to be very accurate. The poll

tells him that people like what they are getting and nothing more. Mr. Sovde thanked the City Council for its good management of time and its fiscal responsibilities.

Charles Bettisworth, 204 Front Street, Fairbanks. Mr. Bettisworth spoke in support of Ordinance No. 5852, dealing with the loan restructure for Fairview Manor and for the building of Raven's Landing. He pointed out that the third building of the Fairview Manor Complex has been torn down in preparation for the second new 20-unit apartment building for the Raven's Landing seniors. Mr. Bettisworth stated that the project to this point has been a reasonable success, but the one missing component is the Community Center. With the nearly \$1,000,000 the seniors have raised so far, he believes they could construct the dining hall and kitchen. Mr. Bettisworth confirmed that Weeks Field Development Group fully supports this ordinance.

Frank Turney, 201 7th Avenue, Fairbanks. Mr. Turney stated that Mr. Buberger has been very critical of the federal grants regarding cold cases and unsolved murders. He suggested that funding may be obtained from the state to solve these cases. He spoke of former Mayors and the requests, past and present, for finding out what happens to marijuana after it's seized by the Fairbanks Police Department. Mr. Turney spoke about the hit and run accident that killed Ms. Rockar; it is his belief that we should honor her request for no funeral services.

David Lerman, 126 2nd Avenue, Apt #15, Fairbanks. Mr. Lerman mentioned the recent accident that killed a pedestrian and stated that he is a bike rider. He stated that the right-of-way is being ignored by motorists, so pedestrians must use extra caution. Mr. Lerman also brought to light his suggestion on the Renovation Fairbanks website: that crosswalks be raised and painted neon colors and that Fairbanks needs an educational campaign to raise awareness of pedestrian rights at intersections. He spoke about the rise of local politics in the Fairbanks area with larger turnouts at public meetings. He thinks this will translate to an increased number of voters at polls. Mr. Lerman spoke again about his idea for phasing out hydronic heaters in Fairbanks and his solution for heated bus stops. He complimented the Downtown Association on the Downtown Market and the great vendors there. He also spoke of his idea for "Divorce-your-car-day."

APPROVAL OF AGENDA AND CONSENT AGENDA

Mr. Roberts, seconded by **Ms. Bratcher**, moved to APPROVE the Agenda and Consent Agenda.

Ms. Bratcher, seconded by **Mr. Gatewood**, moved to ADD Hand carried Resolution No. 4476 to the Agenda, under New Business.

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

Ms. Bratcher, seconded by **Mr. Gatewood**, moved to MOVE THE MINUTES TO THE CONSENT AGENDA.

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

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

APPROVAL OF PREVIOUS MINUTES

- a) Meeting Minutes of May 23, 2011.

PASSED and APPROVED on the CONSENT AGENDA.

- b) Meeting Minutes of June 6, 2011.

PASSED and APPROVED on the CONSENT AGENDA.

MAYOR'S COMMENTS AND REPORT

Mayor Cleworth stated that there would be an audit presentation at the next regular meeting. He thanked the Finance Department for its progress in that area. He referenced the letter sent to Mr. Marlow a few months ago regarding the Polaris Building. He encouraged Council Member Stiver to comment later in the meeting if she had any new information. The Mayor stated that the Polaris Building should become one of the City Council's main focuses in the very near future. **Mayor Cleworth** expressed concern that the City had not yet received a response from Mr. Marlow. The Mayor also stated that there were several hot topics at the last Borough Assembly meeting, including the freezing of the salaries for the administration; any employees under contract were not affected. **Mayor Cleworth** commented on a statement made by the union representatives present at the assembly meeting, that in order to be fair, *all* salaries should be frozen or raised across the board, not *some*. The Mayor spoke to the Downtown Foot Patrol that had begun a few weeks ago and the positive feedback he had received from the community. He commended the two officers on patrol. He also spoke about the success of the Summer Solstice Celebration downtown. **Mayor Cleworth** expressed his sadness for the loss of Ms. Rockar, a fixture in our community.

UNFINISHED BUSINESS

- a) ORDINANCE NO. 5851 – An Ordinance to Approve the Monetary Terms of the Arbitrator's Opinion and Award in the Matter of the City of Fairbanks and the Public Safety Employees Association Local 803. Introduced by Council Members Eberhart and Matherly. SECOND READING AND PUBLIC HEARING.

Mr. Eberhart, seconded by **Mr. Gatewood**, moved to ADOPT Ordinance No. 5851.

Ms. Bratcher, seconded by **Mr. Roberts**, moved to HEAR THE STAFF REPORT before public testimony.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO HEAR THE STAFF REPORT FOR BEFORE PUBLIC TESTIMONY, AS FOLLOWS:

YEAS: Gatewood, Roberts, Eberhart, Matherly, Bratcher
NAYS: Stiver

Mayor Cleworth declared the MOTION CARRIED.

Mayor Cleworth asked **Mr. Eberhart** to begin staff report discussion.

Mr. Eberhart invited Chief Zager to come forward.

Mayor Cleworth invited Jim Soileau, Carmen Randle and Pat Cole to come forward.

Chief Zager stated that he is an advocate for process and procedure. He believes that the Council should abide by the binding arbitration for the contract. He cautioned that there would be consequences on the management of the Police Department if there were deficiencies in the final contract.

In response to the letters written to Council from PSEA members, **Ms. Stiver** stated that Police and Fire do not have higher health care costs than other union employees within the City; workman's comp is higher. She asked Chief Zager if it is unreasonable that the City contributes the same amount to health care across the board.

Chief Zager replied that this question has already been asked and answered and that revisiting it would mean reentering negotiation. He stated that the matter has been resolved in arbitration.

Ms. Stiver again referenced the letters from PSEA members regarding "following the rules." She stated that, according to the rules, the Council has the option to non-fund the contract if they see fit.

Chief Zager remarked that using non-funding is a legitimate tool, but it has a specific target that should be reserved for cases with egregious arbitration or in cases when the City would be put in a financial bind. This is not one of those cases.

Mr. Eberhart asked the Chief to address staffing issues such as retention and what effects the lack of a contract would have on the Police Department.

Chief Zager expressed his concern for the consequences associated with not abiding by the arbitrator's award. He clarified that with no contract, there would likely be recruitment and retention issues, a lack of cooperation from employees in day-to-day operations, and a drop in morale. He explained that the most powerful recruitment tool is by word of mouth and that he can't name an officer that would, in good conscience, recommend the Fairbanks Police Department as an employer, and that this lack of interest in employment at FPD is unprecedented. He spoke of his concern for the future of the department, as these problems will have a long-term effect. Chief Zager listed numerous activities that officers have organized and initiated themselves in the past ten years such as applying for and receiving over \$11 million in grants and Operation GLOW; he mentioned that FPD is also the leader in the state for DUI arrests. He believes this spirit of motivation is fading and restated that awarding anything less than the arbitrator's decision would leave him with a department in need.

Mr. Eberhart referenced a detailed plan the Chief had presented to Council previously that would help fund the full three years of the arbitrator's award. He asked Chief Zager to confirm that Ordinance 5851 could be covered by those measures.

Chief Zager confirmed. He added that the process will come with a degradation of the progress made in the department to date, but that not having enough vehicles is far more manageable than having a demoralized staff.

Mr. Eberhart asked Chief Zager about the 5½ vacancies in the department and suggested that this could be an estimated \$300,000 to \$400,000 savings this year, a big help towards funding the award.

The Chief confirmed the amount as being closer to \$300,000 and stated that 2011 would be paid for because of the vacancies.

Mr. Roberts asked the Chief to speak to the proposed substitute for Ordinance 5851. He asked what PSEA's point of view would be if that substituted ordinance were passed, giving a 5% wage increase and an increased City contribution towards health care. **Mr. Roberts** referenced a letter written by Officer Jewkes in which he stated that from the time of his hire in 1994, he worked without a contract for 13½ years. He asked if the union employees' wages at that time were locked in or if they still received wage increases without a contract.

Chief Zager deferred the question to Mr. Cole.

Mr. Cole confirmed that there were increases during that time when there wasn't a ratified contract.

Ms. Stiver asked if the City's current benefit package was comparable to other communities.

Chief Zager indicated that, with the arbitrator's award, the Police Department would be somewhere in the middle on salaries and in sixth out of seventh place in medical benefits.

Mr. Cole disagreed, stating that with Anchorage included, that would have been a correct estimation; but the City and the Union disagreed on whether Anchorage should be considered a comparable. He informed the Council that the City's contribution towards health care is one of the lowest in the state, but as a package, the City was comparable with other communities.

Mr. Matherly stated that he's always been big on morale and appreciated that the Chief recognized its importance in the work place. He asked Chief Zager if the potential for non-funding is one of the main deterrents for new recruits.

Chief Zager indicated that this is not the only factor that has a negative influence on recruiting, but it certainly plays a part.

Mr. Roberts raised the question to Mr. Cole if any of the comparable communities had a property tax cap.

Mr. Cole stated that the tax cap was not examined and he was unsure.

Mayor Cleworth added that Anchorage has a tax cap, but not a cap within the cap like Fairbanks.

Mr. Roberts presented the two scenarios for the outcome of the contract: full arbitrator's award or anything less. He posed the question to the Chief of how morale would change if the full award was funded this year and not funded next year due to the City's limited resources.

Chief Zager stated that he believes if the City provided a year's worth of good intentions, other cost-cutting measures could be taken at a later time to offset the City's lack of funding.

Mr. Eberhart clarified that Ordinance 5851 does not address 2012 or 2013.

Mayor Cleworth cautioned the Council that it was not yet the time for debate on the proposed ordinance.

Mayor Cleworth spoke to the Chief's recommendations for cutting costs in order to fund the award; he stated that these measures would be a step back. He asked the Chief to put himself in the Mayor's position, hypothetically. He spoke of the dilemma regarding the contract and the City's awkward position of granting the arbitrator's award with no funding to sustain it.

The Chief agreed with the Mayor that this is not a good system. He suggested the City swallow the consequences of the current arbitrator's award, then begin changing the process. He recommended that the City be more consistent with contract negotiations every three years, making the process more financially predictable. Chief Zager thanked the Mayor for allowing him to speak openly.

Mayor Cleworth called upon Mr. Soileau to give a financial report.

Mr. Soileau briefly explained handouts from the Finance Department: 2011 Fiscal Impact Analysis, and the differences in the financial impact of Ordinance 5851 and Ordinance 5851, as Substituted; Three-year Projection Worksheet for City cost increases if full arbitration was awarded; and breakdown of surplus funds in the 2011 City Budget, as Amended.

Mayor Cleworth called for Public Testimony.

Eric Jewkes, 911 Cushman Street, Fairbanks – Mr. Jewkes stated that he has been with FPD for eighteen years, and, of that, only 2 ½ years were under a current contract. He fears that the new generation of police officers will become disenfranchised with the City as some have been in the past. He briefly explained his work ethic and the personal sacrifice he and many other officers have made for the City. He related his expectations of the Council to set the standard and abide by the rules. He concluded that process was followed and that non-funding would be a slap in the face.

Ms. Stiver asked Mr. Jewkes if he believed the City and its staff would ever agree on the finances of a contract based on comparables.

In response to **Ms. Stiver's** question, Mr. Jewkes stated that he is relatively new to negotiations because of the lack of a contract for most of his career. He stated that the City and PSEA had agreed on most of the comparables, Anchorage being the major difference; and with Alaska being such a geographically expansive area, it is difficult to find comparable cities.

Ms. Bratcher asked Mr. Jewkes what he would do if he had to choose between the arbitrator's award and Chief Zager's proposed plan for cutting costs.

Mr. Jewkes answered that he was not qualified to evaluate Chief Zager's suggestion, but that having the Chief's position vacant for half of the year would be difficult. He agreed with the Chief's statement that hiring new recruits has become nearly impossible because qualified officers do not want to work for the Fairbanks Police.

Payton Merideth, 911 Cushman Street, Fairbanks – Mr. Merideth stated that he was born and raised in the Fairbanks community and has been with FPD for eleven years. He spoke in support of Ordinance 5851. He described the necessary screening process for new officers, and the struggle to find qualified applicants who are interested in working for the City. He stated that there is a direct correlation between PSEA's labor negotiations with the City and FPD's ability to recruit. Mr. Merideth talked about the hardships of being a in law enforcement; while this is what he chose as a career, he believes he and all FPD employees deserve to work under a fair contract.

Ms. Stiver asked whether or not recruiting occurs before new officers go to the academy or if the applicant must have graduated first.

Mr. Merideth explained that hiring can happen either way. If an applicant is hired but has not graduated, FPD pays for the recruit to attend the academy.

Mr. Roberts asked Mr. Merideth if the adoption of Ordinance 5851 would enhance recruiting tools based on money.

In response, Mr. Merideth explained that many interested applicants are from out of state and having an attractive benefit package and competitive wage is necessary.

Mr. Roberts asked if Mr. Merideth saw himself as unique because he is local.

Mr. Merideth stated that he and a few other officers are unique because they have lived here their whole lives and know the Fairbanks community.

Mr. Eberhart asked if applicants inquire about health care costs and if it's true that PSEA employees are paying an average of \$650 per month towards premiums.

Mr. Merideth replied that only the experienced applicants ask for information about health care and benefits and that the \$650 average is correct. He stated that applicants are shocked at the high cost of the employee contribution towards health care.

Mr. Eberhart asked how long it had been since there was an increase in the City's contribution.

Mr. Merideth was not able to provide an answer.

Mr. Roberts asked if the applicants from other agencies generally work under a similar benefit package that the City of Fairbanks offers.

Mr. Merideth stated that he was unsure because he doesn't feel that it's appropriate to discuss the applicant's current wages or benefits.

Ms. Stiver asked if health care premiums were the same for single employees and employees with families.

Mr. Merideth answered affirmatively.

Ms. Bratcher asked what Mr. Merideth's involvement was with the PSEA Union and what measures could be taken to cut costs on that end.

Mr. Merideth stated that he was not a member of the health care board, but wishes that premiums were lower.

Mr. Matherly asked for confirmation from Mr. Merideth that having a funded contract would be a huge benefit to the Fairbanks Police Department as an employer.

Mr. Merideth confirmed that it would.

Gary Yamamoto, 911 Cushman Street, Fairbanks – Mr. Yamamoto stated that he has been with the Fairbanks Police Department for more than eighteen years. He spoke in support of Ordinance 5851. He explained that, due to the rising cost of health care premiums, PSEA employees' take-home wages are less now than they were five years ago. He stated that FPD has one officer on the PSEA Health Care Board, but no significant progress has been made in lowering premiums. He informed the Council that employees from FPD and FFD have recently formed a committee to look into relief options for the high costs of health care. Mr. Yamamoto invited suggestions from the Council. He pointed out the health care cost charts that demonstrate comparable communities in Alaska, what each pays for health care, and what their employee/employer contributions are.

Mike Walleri, 2518 Riverview Drive, Fairbanks – Mr. Walleri stated that he has been on both sides of situations involving police recruitment. He expressed his concern for the future of the Fairbanks Police Department. He referenced the worksheet presented by Mr. Soileau and stated that even if the Council chose to fund the full arbitrator's award for 2011, the City would still see a net income without taking any of the cost-cutting measures suggested by the Chief of Police. He spoke to Ordinance 5851 and the City's obligation to fund the PSEA contract. He strongly recommend that the Council fund the full award for 2011 and, if need be, look at other options for future years. He concluded by stating that the City should not put money in their savings account when they claim to be incapable of fulfilling their financial obligations.

Tyrone Oates, 1029 Joyce Drive, Fairbanks – Mr. Oates stated that he is not a police officer, but has been a part of the Fairbanks community for 40 years, and in the field of education for 28 of

those years. He expressed his intent to speak from his heart on behalf of police officers and emergency personnel. He spoke to police officers' commitment to the community, strong work ethic and the spirit of team work that unites them. Mr. Oates commended the officers for their dedication to the job, both on and off the clock.

Jake Metcalfe, Executive Director of PSEA Local 803, Anchorage – Mr. Metcalfe gave his credentials to testify. He stated that he has been on both sides of the bargaining table, having served on the Anchorage School Board and on the Bethel City Council. He also stated that he has done over 125 arbitrations in his career. He spoke specifically to the City of Fairbanks/PSEA contract process and the three-year negotiation preceding arbitration. He stated that both the Union and the City felt they were at impasse and the proper procedure at that point is arbitration. Mr. Metcalfe also stated that he, Mr. Ewers and Mr. Cole met and agreed upon an arbitrator for the case. He indicated that the chosen arbitrator was conservative. He stated that the reasoning behind the choice was so that the award would not be frivolous, but would be a reasonable agreement that the City could fund. He affirmed that the cost of health care is skyrocketing, but that is something that has to be addressed at a state and federal level. He spoke to the affordability of the arbitrator's decision in relation to the City's healthy financial state and recommended that the Council grant a three-year contract. He closed by thanking the Council for listening and thanking the citizens that had already spoken on behalf of the police department. He stated that he looked forward to working with the City under a new agreement.

Ms. Stiver expressed her concern for changing economics and asked Mr. Metcalfe to clarify his definition of a "new agreement."

Mr. Metcalfe clarified that the new agreement he was referring to was for the full three years. He expressed doubt that the Council would grant such a contract, provided the only Ordinances before them were for a one-year agreement.

Ms. Stiver asked where the City falls in the state comparables for wages according to PSEA.

Mr. Metcalfe stated that the answer was best evidenced in the arbitrator's statement, which he read aloud. He stated his own opinion that Fairbanks is at the lower end of the group when wages and health care contributions are both taken into account. He stated that the arbitrator's award would put Fairbanks in the middle.

Ms. Bratcher asked what the monthly premium was for the \$5,000 deductible plan.

Mr. Metcalfe explained that the total premium is \$900/month, of which \$50 is the employee's contribution.

Mr. Eberhart referenced pages thirteen and fourteen of the arbitrator's award. He brought it to the Council's attention that the City of Fairbanks has been the lowest in health care contributions of all the comparable communities, and that even after a full award, the City's contribution would still be below average.

Ms. Bratcher asked Mr. Metcalfe if the revenue-generating ability of the various comparables was known.

Mr. Metcalfe stated that, unlike the comparables, Fairbanks has a surplus. Other communities are stressed due to a decrease in tourism that directly affects sales tax. He expressed his hope that communities would keep lobbying for revenue sharing in Juneau.

Mayor Cleworth asked if Mr. Metcalfe agreed with the Chief's statement that this is a "broken system."

Mr. Metcalfe stated that he does not believe that it's a broken system and further stated that he is proud to be a union member. He stated his belief that unions have improved the middle class. However, he stated that the inability of Class-1 union employees to strike when binding arbitration is not granted is a part of the system that needs to be fixed. Mr. Metcalfe promised the Mayor and Council to be cooperative and reasonable in all future negotiations.

Dominic Lozano, Fairbanks Firefighter's Association, Local 1324, Fairbanks – Mr. Lozano explained that the Council's decision has huge ramifications and will have an effect on all City/union contracts. He spoke on behalf of the 40 FFA employees that would be directly affected by the decision to fund or non-fund an increased City contribution to health care. Further, he stated his belief that every other union is sitting back and watching this decision because health care is a major issue to all employees.

Mr. Roberts asked if FFA could take this issue off the table when their negotiations come up later this year, given that Ordinance 5851 is adopted and the City's health care contribution is raised.

Mr. Lozano indicated that it may be a possibility if the City agrees to contribute a set percentage, not a capped dollar amount. He admitted that the adoption of Ordinance 5851 would streamline the upcoming FFA labor negotiations.

Mr. Gatewood asked if it was correct that Mr. Lozano wanted the City to get back into the health care business.

Mr. Lozano answered, "Yes." He explained his reasoning: the 42 employees he represents do not have their own health care plan, but are instead part of the PSEA Health Trust. He would like to see his members have better representation.

Tim Sovde, 402 Bonnifield, Fairbanks – Mr. Sovde spoke against Ordinance 5851, stating that the unions try to compare their contracts to Anchorage wages and benefits, demanding more. He suggested that they would prefer arbitration over compromise, in the hopes that the "big stick" of arbitration would prevail.

Ron Dupee, 911 Cushman Street, Fairbanks – Mr. Dupee stated that he was born and raised in Fairbanks. He stated that he has experienced a decrease in pay each year for the past three years; there was no employee contribution to health care at the time of his hire and now it's up to \$650 per month. He expressed his concern that this may be a trend and knows he cannot afford it with a wife and three children at home. He asked the Council to reverse the situation: if the arbitrator's decision had come back in the City's favor, would the City have entertained further PSEA attempts at negotiation?

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

Mayor Cleworth asked Mr. Cole to come forward.

Mayor Cleworth called for a five minute recess.

Mr. Eberhart spoke about the history of arbitration and stated that he did not believe the system was broken. He distributed the Public Employment Relations Act to council members and quoted its policy to “provide a rational method for dealing with disputes” and the State of Alaska’s public policy to “have harmonious and cooperative relations between government and its employees.” He spoke in favor of the monetary terms of Ordinance 5851. He pointed out specific portions of the arbitrator’s award relating to the parties’ agreement on the arbitrator, comparators, wage increases, health care contributions, training, overtime, pay periods and wages. Mr. Eberhart spoke to the healthy financial state of the City and the stability of local government borough-wide. He strongly advocated the adoption of Ordinance 5851.

Ms. Bratcher asked Mr. Eberhart why he did not propose funding for all three years of the contract.

Mr. Eberhart stated that because the City budgets annually, one year was all they could commit to funding at this time. He mentioned that other unions are agreeing to annual re-openers for contract negotiations.

Mr. Roberts, seconded by **Ms. Bratcher**, moved to SUBSTITUTE Ordinance 5851, as Amended.

Mr. Gatewood asked Mr. Ewers if Ordinance 5851, as Amended would reopen public testimony.

Mr. Ewers stated that, according to the City Charter, the Substituted Ordinance would require its own public hearing since it is substantially different than the original.

Mr. Eberhart agreed with Mr. Ewers that the changes in the Substituted Ordinance were too significant to bypass public hearing.

Mr. Roberts asked for clarification on what would happen if the ordinance was substituted.

Mr. Ewers explained the process of substitution.

Mr. Eberhart restated, for the sake of clarification, the consequences of substituting and asked **Mayor Cleworth** the appropriate time to make a motion to amend.

Mayor Cleworth concluded that next meeting would be correct time to amend.

Mr. Roberts asked for clarification on the significant differences between the two ordinances.

Mr. Cole briefly explained the changes.

Ms. Bratcher spoke in favor of Ordinance 5851, as Amended.

Ms. Stiver expressed her concern for taking action too quickly and stated her belief that non-funding wasn't the best option. She also stated that if the City is doing well financially and paying adequate wages, any surplus should be given back to the tax payers.

Mr. Gatewood spoke about the local economy and its uncertainty. He remarked that he isn't comfortable using the \$12 million fund balance as a "cushion." He spoke in favor of the original Ordinance 5851 introduced by Eberhart and Matherly, stating that he felt it was the right thing to do at this time.

Mayor Cleworth addressed Ordinance 5851, as Amended. He stated his regrets that negotiations had not gone well with PSEA and that arbitration seemed like the direction the labor contract was going from the beginning. He mentioned problems with union contracts nationwide due to an unstable economy. He stated that the City of Fairbanks is blessed to not be in the same dismal financial state as other communities in the U.S. He quoted Jake Metcalfe's letter to PSEA employees that stated, "Tough times have hit PSEA like they have hit governments and households. Since the last PSEA dues increase in 2005, PSEA has worked to balance its budget each year. We pay as we go; this is a good business practice. PSEA has no debt. That, too, is a good business practice for PSEA." **Mayor Cleworth** stated that he completely agreed with Mr. Metcalfe's business philosophy, and that the City's surplus should not be used to fund the contract. He explained the Proposition that will go before voters in the October election, and how, if it passed, would pay off City debt. He added that it would be enough to fund some sort of pay increase for 2012, but would not guarantee funding for the third year of the contract. He reminded the Council that this would all be contingent on what the voters decide. **Mayor Cleworth** spoke about health care funding in all union contracts with the City and the importance of maintaining consistency and keeping promises. He clarified the increases in PSEA wages and health care contributions that the substituted ordinance offers. He spoke against arbitration being the final step in the negotiation process, taking away the Council's option to non-fund. He stated his intent to be fair and equal with all union contracts City-wide.

Mr. Eberhart again spoke in favor of Ordinance 5851, stating that it is only fair to keep up with the cost of living increases for employees and that the City can afford to fund the one-year terms of the proposed ordinance.

Mr. Gatewood agreed with **Mr. Eberhart**, except when it came to using revenue sharing to fund contracts. He stated his belief that revenue sharing should only be used for infrastructure to benefit the City as a whole.

Mr. Roberts acknowledged the Council's intent to do the right thing and keep promises, but pointed out the City's limited potential to significantly raise revenue. He asked what good it would do to fund the full award for one year, and then take it away if/when the City could not afford it. He spoke in favor of Ordinance 5851, as Amended, stating that it was a more reasonable financial approach for the City.

Mr. Matherly compared the funding of the contract to his experience with approving a loan—a risk, but one worth taking. He spoke in favor of adopting Ordinance 5851, sponsored by Eberhart and Matherly.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION SUBSTITUTE ORDINANCE NO. 5851, AS AMENDED, AS FOLLOWS:

YEAS: Bratcher, Roberts, Stiver, Cleworth
NAYS: Matherly, Gatewood, Eberhart
Mayor Cleworth declared the MOTION CARRIED and
ORDINANCE NO. 5851, AS AMENDED, SUBSTITUTED.

Ms. Stiver, seconded by **Ms. Bratcher**, moved to ADVANCE Ordinance No. 5851, as Amended, to the Regular Meeting of July 18, 2011.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO ADVANCE ORDINANCE NO. 5851, AS AMENDED, AS FOLLOWS:

YEAS: Roberts, Matherly, Bratcher, Eberhart, Stiver
NAYS: Gatewood
Mayor Cleworth declared the MOTION CARRIED and
ORDINANCE NO. 5851, AS AMENDED, ADVANCED.

NEW BUSINESS

- a) Resolution No. 4475 – A Resolution Authorizing the City of Fairbanks to Request Funds from the Alaska Division of Homeland Security and Emergency Management Under the FY2011 Homeland Security Grant Program. Introduced by Mayor Cleworth.

PASSED and APPROVED on the CONSENT AGENDA.

- b) Ordinance No. 5852 – An Ordinance Authorizing Restructure of the Fairview Manor Land Sale Loan Due to the City, to Assist Construction of the Raven Landing Community Center. Introduced by Mayor Cleworth.

ADVANCED on the CONSENT AGENDA.

- c) Resolution No. 4476 – A Resolution Accepting the Bid of Exclusive Paving for the Aurora Subdivision Road Resurfacing and Drainage Improvements Project in the Amount of \$2,221,111.45. Introduced by Mayor Cleworth.

Mr. Matherly, seconded by **Ms. Bratcher**, moved to APPROVE Resolution No. 4476.

Mayor Cleworth gave a brief explanation of why Resolution No. 4476 was Hand carried to the meeting.

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE RESOLUTION NO. 4476 AS FOLLOWS:

YEAS: Stiver, Matherly, Gatewood, Bratcher, Eberhart, Roberts
NAYS: None
Mayor Cleworth declared the MOTION CARRIED and RESOLUTION NO. 4476 APPROVED.

DISCUSSION ITEMS

Committee Reports

Fairbanks Parking Authority. **Mr. Matherly** provided a brief report.

Public Safety Commission. **Mr. Eberhart** provided a brief report.

Fairbanks North Star Borough Assembly Meeting. **Ms. Stiver** provided a brief report.

FMATS Policy Committee. **Mr. Roberts** provided a brief report.

COUNCIL MEMBERS' COMMENTS

Mr. Eberhart recapped the evening, stating that it had been a difficult and emotional time.

Mr. Roberts agreed that the evening's discussion and decisions had not been easy.

Ms. Stiver commented on the changes in HUD and tax credits regarding the Polaris Building. She stated that Mr. Marlow will be sending a document with an estimate of demolition costs for the structure, which she believes will be too expensive for the City. She expressed her distaste for non-funding in regards to the PSEA contract, and stated how problematic the decision is. She spoke in favor of wage re-openers because of the high cost of energy, health care, and the City's annual budget. She expressed her enthusiasm for coming to an agreement on the amended ordinance.

Mr. Eberhart commented on the great turnout at the Summer Solstice events downtown. He commended the Downtown Foot Patrol. He expressed his anticipation in seeing progress on the Housing First Program. He stated his concern for the outcome of the PSEA contract, and cautioned the Council to look at the long-term effects it would have on the City.

Ms. Bratcher stated that she had hoped to give a small presentation on her recent trip to New Zealand, but was not fully prepared and would give it at a later time. She stated that although she will be out of town for both City Council Meetings in July, she may be able to call in for the Regular Meeting on July 18. She asked to be excused for both meetings.

Mayor Cleworth called for objection regarding **Ms. Bratcher's** request to be excused on July 18 & 25, 2011 and, hearing none, so ORDERED.

Mr. Matherly commented on the struggle of the evening's meeting, stating that it was difficult because of the importance of the issue and the weight of the consequences. He expressed his appreciation and respect for his fellow Council Members, the Mayor and the City Attorney. He concluded with comments on his new gig at the Riverboat Discovery and he thanked the tourists for visiting our community.

CITY ATTORNEY'S REPORT

City Attorney Ewers advised that he will be out of town for the Regular Meeting of July 18, 2011; Deputy City Attorney Burglin will be present in his absence.

Ms. Stiver, seconded by **Ms. Bratcher** moved to GO INTO EXECUTIVE SESSION for the purpose of discussing the Whorton and Hutton Litigation.

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

Mayor Cleworth called for a five minute recess.

EXECUTIVE SESSION

Whorton and Hutton Litigation

The City Council met in Executive Session to discuss the Whorton and Hutton Litigation and no action was taken.

Chief Zager informed the City Council of two issues involving police officers that will likely affect staffing.

ADJOURNMENT

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

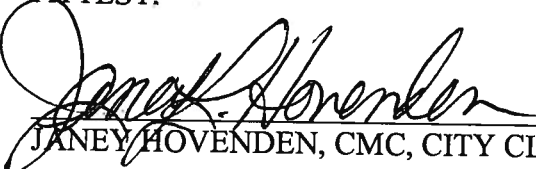
Mayor Cleworth called for objection and, hearing none, so ORDERED.

Mayor Cleworth declared the Meeting adjourned at 11:25 p.m.



JERRY CLEWORTH, MAYOR

ATTEST:



JANEY HOVENDEN, CMC, CITY CLERK

Transcribed by: DS