

RESOLUTION NO. 5083, AS AMENDED

A RESOLUTION STATING THE CITY OF FAIRBANKS LEGISLATIVE AND CAPITAL PRIORITIES FOR 2024

WHEREAS, the City of Fairbanks appreciates any support and funding from the State of Alaska; and

WHEREAS, the City has identified the following legislative and capital priorities, and the public had an opportunity to hear about these priorities at work sessions on September 19 and October 3, 2023 and to provide comment on the priorities at a regular City Council meeting on October 9, 2023.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL that the 2024 legislative and capital priorities of the City of Fairbanks are as follows:

2024 Legislative Priorities

1. Concern about the high PERS rate of 22% being charged to municipalities.
2. Mitigate the City's liability regarding the PFOS/PFOA ground water contamination and fund remediation efforts for PFOS/PFOA ground water contamination.
3. Allow Tier 1, 2, and 3 PERS retirees to continue to collect retirement if they return to work to fill critical shortages under Tier 4.
4. Increase SART funding for Fairbanks to \$150,000 to meet current liability.
5. Ensure the University of Alaska Fairbanks is the priority for university funding ~~for the next five years~~.
6. Dedicate state funds for crisis stabilization services in Interior Alaska.
7. Establish legislation with significant fines/penalties for intentionally exposing first responders to bodily fluids.
8. Update AS 40.25.110 to allow for fees to be applied for any video copying and/or editing required for a public records request.
9. Provide regional payment hubs for state marijuana cultivation tax payments.
10. Review PERS retirement system while ensuring fiscal certainty for municipalities.

2024 Capital Priorities

1. Design and establish an Interior Alaska Regional Crisis Stabilization Center with an estimated cost of \$10 million.
2. Public Works backup generator with a cost of approximately \$1 million.
3. Redesign and construction of roads, sidewalks, and drainage in the Island Homes subdivision with a request of \$20 million.

BE IT FURTHER RESOLVED that the City Clerk is directed to send copies of this resolution to the Office of the Governor and Interior Alaska Legislative Delegation.

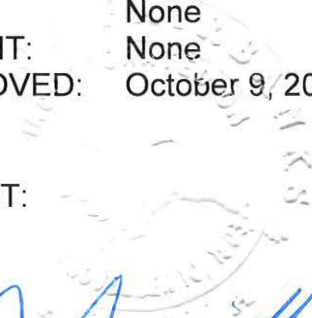
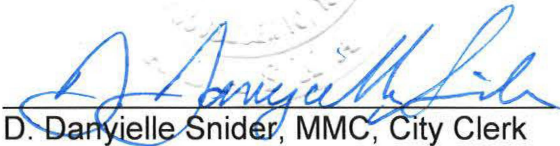
PASSED and APPROVED this 9th day of October 2023.



David Pruhs, Mayor

AYES: Marney, Cleworth, Rogers, Sprinkle, Ringstad, Tidwell
NAYS: None
ABSENT: None
APPROVED: October 9, 2023

ATTEST:



D. Danyielle Snider, MMC, City Clerk

APPROVED AS TO FORM:


Thomas Chard, City Attorney

City of Fairbanks
2024 Legislative and Capital Priorities
Attachment to Resolution No. 5083, as Amended

Legislative Priorities

1. **PERS Contribution Rate:** Less than half of the 22% the City of Fairbanks pays for its Tier IV employees benefits them, with the balance going to pay off the billions of dollars of legacy debt. Payments into the PERS system by the Alaska municipalities were entrusted with the State of Alaska. Unfortunately, because of an incredible lack of oversight and mismanagement, massive debts were incurred.

Compared to the City of Fairbanks' contributions to its various unions with their own pension plans, the PERS rate is extremely high and costly. The City respectfully asks that the legislature look at ways to reduce this burden upon municipalities which was incurred by the State of Alaska.

2. **PFOS/PFOA Liability and Funding:** The City of Fairbanks requests relief from the Alaska Department of Environmental Conservation (ADEC) plume characterization requirements related to the Perfluorooctane Sulfonate (PFOS) / Perfluorooctanoic Acid (PFOA) contamination at the Fairbanks Regional Fire Training Center. The contamination at the training center occurred over decades of use by all the regional fire services including city, borough, and state agencies. The City also requests State funding for PFOS/PFOA mitigation efforts. PFOS/PFOA contamination is a world-wide health concern with countless contributing factors to the contamination. The City anticipates changes in PFOS/PFOA regulations will require additional mitigation efforts, to include the decommissioning of private wells, that will cost more than the local community can afford.
3. **PERS Tiers 1, 2, 3:** With the nationwide labor pool shortages, allowing Tier 1, 2, and 3 PERS retirees to continue to collect retirement if they return to work, could help fill critical staffing shortages in positions that fall under Tier 4.
4. **SART Funding:** The City of Fairbanks requests that the SART funding dedicated to Fairbanks be increased to \$150,000 to help offset the current costs of the demands.
5. **UAF Funding:** The City of Fairbanks requests that the University of Alaska Fairbanks is the priority for university funding ~~for the next five years.~~
6. **Crisis Stabilization Services:** The City of Fairbanks requests that crisis stabilization services serving the Interior Alaska region be a priority for this session. Sustaining services of the mobile crisis team and supporting the infrastructure needed for a Crisis Now stabilization center will provide for the comprehensive, appropriate, and immediate provision of behavioral health services to the community. A stabilization center would accept 100% of referrals from law enforcement and other public safety entities, offsetting valuable time for first responders across the region and providing an alternative to costly and traumatic incarcerations. The center would specialize in

medication-assisted treatment and harm reduction for individuals misusing opioids or at risk of misuse, placing Fairbanks in a proactive stance to face the challenges of the opioid epidemic rather than a reactive stance.

- 7. First Responder Exposure to Bodily Fluids:** It has become common for members of the public to intentionally spit on police officers and paramedics. These incidents account for approximately 20% of all the reported employee safety incidents for the City of Fairbanks. The City of Fairbanks requests the State to impose significant fines and penalties for intentionally exposing first responders to bodily fluids to deter this type of behavior.
- 8. Videos in Response to Public Records Requests:** One of the most frequent record requests to the City of Fairbanks is for body/vehicle/interview-room camera footage from the Fairbanks Police Department. While the FPD appreciates the ability to share these videos, the department must block out any identifying information that the requestor is not authorized to have. This information can include bystander faces, license plates, identification cards, etc. The video editing required for even a simple traffic stop can be quite time-consuming and expensive. Currently AS 40.25.110 only allows for fees to be collected for personnel costs of requests that exceed five person-hours in a calendar month, and other fees cannot exceed the standard unit cost of duplication. The City of Fairbanks requests that the State amend AS 40.25.110 to allow public agencies to establish a per-hour fee for video record requests.
- 9. Regional payment hubs for marijuana cultivation tax payments:** The State Department of Revenue Tax Division currently accepts marijuana cultivation tax cash payments at only one location in the state, which is in Anchorage. In February 2023, the Alcohol and Marijuana Control Office reported that there were 43 active marijuana cultivation facility licenses in the Fairbanks and North Pole area. Local cultivators making cash tax payments must travel with large sums of cash to Anchorage each month, which causes safety concerns and places undue hardship and expense on marijuana cultivators in the Interior. There is a need for a marijuana cultivation tax payment hub in Interior Alaska and in other regions of the state with large concentrations of marijuana cultivators.
- 10. PERS Retirement System:** The City of Fairbanks recognizes the need for retention of employees and recommends the legislature cautiously review the retirement system while trying to ensure fiscal certainty for municipalities [see attached supplement].

Capital Priorities

- 1. Interior Alaska Regional Crisis Stabilization Center:** Crisis Now stabilization centers are essential to the behavioral health continuum of care in Alaska. A crisis stabilization facility is the behavioral health equivalent to a hospital emergency room. The facility offers 24/7 access to mental health and substance use care to anyone in need of such services. Crisis stabilization centers are being developed in Anchorage,

Juneau, and Wasilla. The City of Fairbanks requests support in developing a similar center in Fairbanks to serve Interior Alaska. With an investment of \$10 million from the State of Alaska, the City of Fairbanks would be able to secure additional capital funding for the facility and coordinate social service agencies to operate the center.

- 2. Public Works Generator:** The City of Fairbanks requests \$1 million to assist in the replacement of the emergency generator in the City's Public Works facility.
- 3. Island Homes:** The City of Fairbanks requests \$20 million for the redesign and construction of roads, sidewalks, utilities, and drainage in the Island Homes subdivision. The City has been unsuccessful in attaining a grant for this project.

Supplement to Legislative Priority #10

The DB (defined benefit) plan used in the past has been and will be for years to come a huge liability for the State and Municipalities. Between 2006 and 2019, the State of Alaska has had to make additional contributions into PERS/TRS of \$7,214,898,717! These funds could have been used for education, roads, and countless other worthy projects. Defined Contribution (DC) plans do not create debt for either the State or Municipalities.

Currently, the State once again is looking at a DB plan which was originally targeted for police and firemen, but is now proposed to encompass all State and Municipal employees in the State retirement program. If the original plan had been implemented several years ago, it too would be generating red ink currently.

However, if the legislature's intent is to go back to a DB system, then we would make the following suggestions and options.

- 1) Current bills before the legislature are using a discount rate of 7.38%. The original DB program used a rate of 8.25%. This rate of return must be achieved over the ensuing years for the program to remain solvent. Although 7.38% is a reduction, it is extremely unrealistic that it can be achieved on average year after year. By comparison, Kentucky uses a "non-hazardous" rate of 5.25%. We would strongly suggest that the rate be no higher than 6%.

The national economic situation is very volatile with a national debt of over 100 trillion dollars when including the off-balance sheet debt such as Social Security. This will continue to grow at alarming rates with a higher percentage of each tax dollar going to simply pay interest on the debt with no economic enhancement from federal dollars spent. This situation has an enormous negative effect upon markets.

Second, one of the fundamental problems with the old DB program was the inclusion of overtime pay in determining the base year. It is extremely difficult for an actuary and ARM board to compute the eventual effect this has upon retirement projections and also allows for "gaming" the system. The current proposal did not eliminate this problem but retains it over a 5 years period to determine a base wage level instead of the old 3 year system. This is extremely unfair for salaried employees. Certain hourly positions incur much overtime and will greatly enhance their retirement in relation to others.

If the two changes proposed above were utilized, then a DB system would have a chance of remaining solvent. If they are not made, then the City of Fairbanks requests that this new tier 5 system be monitored with separate accounting and will not be added to the legacy debt with all new debt incurred covered by the State of Alaska and indemnify the Municipalities.

- 2) Consider a tier 5 using Social Security which is a DB system that would incur no liability on the State or Municipalities. This would require several steps to make this happen, but it is a very viable option. It could also be supplemented with a 401K and still be considerably less than the current 22% rate Municipalities are being charged on each dollar earned.

Projected Additional State Contributions – PERS / TRS

Fiscal Year		PERS	TRS	Total
2020	\$	159,055,000	141,129,000	300,184,000
2021		279,155,000	143,929,000	423,084,000
2022		268,183,000	140,939,000	409,122,000
2023		267,817,000	143,034,000	410,851,000
2024		268,946,000	145,427,000	414,373,000
2025		270,688,000	148,265,000	418,953,000
2026		273,470,000	151,065,000	424,535,000
2027		276,331,000	154,084,000	430,415,000
2028		281,453,000	157,669,000	439,122,000
2029		285,780,000	161,287,000	447,067,000
2030		291,338,000	165,362,000	456,700,000
2031		297,661,000	164,634,000	462,295,000
2032		304,225,000	168,613,000	472,838,000
2033		311,336,000	172,894,000	484,230,000
2034		319,277,000	177,391,000	496,668,000
2035		327,764,000	181,858,000	509,622,000
2036		336,896,000	186,747,000	523,643,000
2037		346,041,000	191,619,000	537,660,000
2038		355,598,000	196,690,000	552,288,000
2039		364,697,000	202,053,000	566,750,000
	\$	5,885,711,000	3,294,689,000	9,180,400,000

SOURCE: Buck – PERS DB and TRS DB

House Finance Committee – Department
of Administration

April 15, 2019

Additional State Contributions - PERS / TRS

FY	Legislation	PERS	TRS	Total
2006	Chapter 3, FSSLA 05 (SB 46), Sec 59(b)	\$ 18,426,923	-	18,426,923
2007	Chapter 82, SLA 06 (SB 231), Sec 60(b)	18,581,921	-	18,581,921
2008	Chapter 30, SLA 07 (SB 53), Sec 55(e)			
	Chapter 28, SLA 07 (HB 95), Sec 15(a)	185,000,000	269,992,300	454,992,300
2009	Chapter 27, SLA 08 (HB 310), Sec 13(b) & (a)	241,600,000	206,300,000	447,900,000
2010	Chapter 12, SLA 09 (HB 81), Sec 23(b) & (a)	107,953,000	173,462,000	281,415,000
2011	Chapter 41, SLA 10 (HB 300), Sec 29(b) & (a)	165,841,171	190,850,258	356,691,429
2012	Chapter 3, FSSLA 11 (HB 108), Sec 29(b) & (a)	242,609,397	234,517,333	477,126,730
2013	Chapter 15, SLA 12 (HB 284), Sec 27(a) & (b)	307,302,392	302,777,153	610,079,545
2014	Chapter 14, SLA 13 (HB 65), Sec 29(a) & (b)	312,472,952	316,847,291	629,320,243
2015	Chapter 18, SLA 14 (SB 119), Sec 48(a) & (b)	1,000,000,000	2,000,000,000	3,000,000,000
2016	Chapter 1, SSSLA 15 (HB 2001), Sec 10(a) & (b)	126,520,764	130,108,327	256,629,091
2017	Chapter 3, 4SSLA 16 (HB 256), Sec 28(a) & (b)	99,166,576	116,699,959	215,866,535
2018	Chapter 1, SSSLA 17 (HB 57), Sec 41(a) & (b)			
	Chapter 17, SLA 18 (HB 286), Sec 25(a)	72,719,000	111,757,000	184,476,000
2019	Chapter 17, SLA 18 (HB 286), Sec 25(b) & (c)	135,219,000	128,174,000	263,393,000
TOTALS \$		3,033,413,096	4,181,485,621	7,214,898,717