

**Committee of the Whole – 6:30 P.M.
Regular City Council Meeting – 7:00 P.M.**

A regular meeting of the North Pole City Council was held on Monday, April 4, 2011 in the Council Chambers of City Hall, 125 Snowman Lane, North Pole, Alaska.

CALL TO ORDER/ROLL CALL

Mayor Doug Isaacson called the regular City Council meeting of Monday, April 4, 2011 to order at 7:00 p.m.

There were present:

Ms. Arnold

Mr. McGhee

Ms. Hunter

Mr. Jones

Mr. Holm

Mr. McCarthy

Mayor Isaacson

Absent/Excused

Excused

Excused

PLEDGE OF ALLEGIANCE TO THE U.S. FLAG

Led by Mayor Pro Tem McGhee

INVOCATION

Invocation was given by Councilwoman Hunter

APPROVAL OF AGENDA

Mr. McCarthy moved to Approve the Agenda of April 4, 2011

Seconded by Mr. Holm

Discussion

None

PASSED

YES –5 –Holm, Hunter, McCarthy, Arnold, McGhee

NO – 0

Abstained- 0

APPROVAL OF MINUTES

Mr. McCarthy moved to Approve the Minutes of March 21, 2011

Seconded by Ms. Arnold

Discussion

None

PASSED

YES – 5 - Holm, Hunter, McCarthy, Arnold, McGhee

NO – 0–

Abstained- 0

COMMUNICATIONS FROM THE MAYOR

- Presentation by Gene Therriault – Eva Creek Wind Farm

COMMUNICATIONS FROM DEPARTMENT HEADS, BOROUGH REPRESENTATIVE AND THE CITY CLERK

Accountant

Lisa Vaughn

- None

Police Dept

Lt. Dutra

- New computer system is up and running. System is great and has a lot of features. Some of these include Internal Affairs, Arrests, Incidents, training, tracing patrol officers, Evidence has new barcoding.
- Ofc. Sporleder is top of the class and has been elected class speaker and he graduates May 13th. Invite council.
- Detective is currently attending a 10 day homicide course paid in full with forfeiture funds. Class hosted by SPI.
- DRE/SFST Instructor School AHSO traffic Officer just returned he also #1 in his class, the officers are making us proud.
- Received approximately \$15,000 in asset forfeiture.
- Sgt's Bellant and Nelson still teaching GREAT at middle school.
- Promised to do a power point for council on new system.
- Stats for 2010.

Fire Dept

Chief Lane

- None

Director of City Services, Bill Butler

April 4, 2011 Council Report

Bill Butler

Director of City Services

Building Department

*City of North Pole
April 4, 2011*

- No new building permits issued since last council meeting.
- Eagle Estates condo project at plan review stage
- Saint Nicholas Church applied for permits today for education wing

Public Works

- Clean up plowing started at the end of last week and proceeded over the weekend
- *City's application for a skid steer loader to be used for pedestrian and bicycle path snow plowing and sweeping was recommended for funding*
 - *\$50,000 grant that has no matching requirement*

Utility Department

- ACS internet data connection to new wells failed this weekend
 - Appears to have been an ACS problem not the new wells electronic controls
 - Utility staff had to manually operate new wells and treatment works this weekend.
 - Investigating a direct "hard wired" ACS connection that does not rely on a DSL internet connection
- Alaska Clean Water Fund loan application for \$1,416,500 submitted for sewer main lining project
 - Expect DEC to award the loan to the City
 - If awarded a loan, will require a vote of the North Pole electorate to accept the debt
 - Loan represents only 36% of the projected \$3.9M cost of project
 - Mayor making a request to legislative delegation for \$2.5M balance of project cost
 - Will submit a Municipal Matching Grant application for the balance of project cost if not awarded a legislative grant
- Sewer spill on North Pole High School Boulevard
 - DEC approved the utility's cleanup plan (attached)
 - Approximately 80% of waste water ice removed from home owner's yard most significantly affected
 - Remaining ice is among trees and shrubs that cannot easily be removed physically
 - Fire Department has agreed to help with an experiment to see if spraying the ice with water will accelerate the melting process
 - With rising temperature the snowpack is melting and filling the ditches so utility will be posting hazard warnings around ditches contaminated with sewage

City of North Pole March 16, 2011 Waste Water Spill, Spill Response and Ongoing Mitigation Plans.

Prepared by Bill Butler, Director of City Services

The North Pole Utility experienced a waste water spill that was identified on March 16, 2011. The indication that a spill had occurred was a discharge flow reading of zero gallons per minute

(gym) at the waste water treatment plant (WWTP). Declining discharge flow from the WWTP was noticed on Monday, March 14; however, this was the start of spring break and the three North Pole schools were closed. The lower than expected discharge flow continued on Tuesday, March 15.

The utility staff became alarmed on March 16 when the discharge flow was zero and they immediately mobilized to identify the cause of the loss of flow. The first place they suspected where flow could be interrupted as the Holiday lift station, the lift station that pumps approximately 75% of the entire waste water flow in the City. Inspection of the lift station identified it was pumping as expected. The other major lift stations where flow could potentially be backing up were inspected and found to be operating normally. When lift stations were eliminated as the possible source of lost waste water flow, the utility staff began to search for a sewer main break. A utility staff member driving along North Pole High School (NPHS) Boulevard saw mist rising from a ditch on the north side of the road. Upon inspection, he saw ponded waste water in the vicinity of a clean out on the buried main sewer line that carries 100% of the waste water flow to the WWTP.

With the site of the leak identified, the utility supervisor, Paul Trissel, formulated a response to stop the flow and repair the leak. The first necessary step was to stop all flow to the sewer main so the cause of the leak could be identified and a repair made. Because the WWTP is elevated above ground level, when pressure was removed from the influent line, waste water began to backflow. This backflow started to drain the treatment lagoons. When the leak was identified the valve on the sewer main into the plant was closed and backflow to the leak site stopped.

The source of waste water flow to the WWTP cannot be stopped by closing a valve—customers continue to use water and generate waste water. To continue providing services, pump trucks were needed to collect waste water at the lift stations that fed the leaking main. In the winter, the waste water flow averages about 300,000 gallons per day (gpd). It required six pump trucks working from 9:00 am, the earliest the private contractors could mobilize, to 6:30 pm, when the leak was repaired, constantly pumping to keep up with the flow. Once the pump trucks were able to manage 100% of the waste water flow, which occurred at about 1 pm, the lift stations were switched off and flow to the leak stopped.

With the flow stopped, the site of the leak could be excavated. Excavation needed to proceed cautiously so as to not cause additional damage. So much waste water had leaked, as much as 300,000 gallons and possibly more. The site of the leak was submerged and a dam had to be built around it to isolate the leak so it could be excavated. Excavation revealed that a cleanout had separated from the sewer main. The sewer main and clean outs were constructed in 1985, over 25 years ago. Why the cleanout separated from the main is not clear. The sewer main is 10 inches in diameter and the waste water passing through it is warm so freezing appeared to not have played a part in the leak. Ground movement over time may have played a part in causing the leak. By design, the cleanouts are not bolted to the main, but are a slip joint held in place by a clamp. Once the leak was excavated and source identified, the repair proceeded quickly. The pipes were cleaned; a new gasket was installed and a new clamp installed that uses an improved technology to hold the pipes together was installed. The excavation was filled and flow restored at 6:30 pm that evening.

Cleanup of the spilled waste water started Thursday morning, March 17. Temperature at the time of the spill and through March 20 were at or below zero at night and below freezing for high temperatures during the day. The cold temperatures caused the waste water to freeze over to a depth of four to six inches. All Thursday, Friday and Saturday, private contractors pumped waste water from beneath the ice. They collected approximately 150,000 gallons of waste water. This waste water was discharged to the WWTP. On Monday, March 21, the utility had a contractor scrape the frozen waste water ice from the ditches along East 7th and Ford Street. The waste water ice was deposited at the WWTP. Pumping contractors also collected liquid waste water from the ditches and they deposited this waste water at the WWTP. After removing the majority of the frozen waste water from the ditches, the utility spread lime in the ditches.

On Tuesday, March 22 the utility had a contractor collect and remove the frozen waste water in the ditch along NPHS Boulevard and hauled the ice to the WWTP. This ice was easily accessible and the contractor was able to remove the vast majority of the frozen waste water ice. The contractor also constructed a sump where melting water can collect and be pumped as needed. Scheduling with the contractor did not permit removal of frozen waste water from the yard of the homeowner most affected by the spill—502 West 7th Avenue. Approximately 50% of the homeowner's west yard was flooded with waste water. Due to the cold temperatures, the surface of the waste water froze. Pumping that occurred on March 17, 18 and 19 undermined the ice and large sections of it collapsed damaging a section of the homeowners' fence at the rear of their property.

On March 24, the contractor began removing the waste water ice from the owner's property. A section of cyclone fence had to be removed for a loader to access the yard. A temporary fence was installed in the yard to restrict the owners' dogs' access to the contaminated yard and to prevent them from getting loose. The loader was able to push the vast majority of the ice through the gap in the fence to the street where it was loaded in trucks and dumped at the WWTP. Lime was spread over the ground where the waste water ice was removed. The owner's fence cannot be repaired until spring when the ground thaws.

The back section of the owners' property has numerous trees and native shrubs that are now holding blocks of frozen waste water. Removing this ice will be difficult. Because it is in amongst trees and shrubs, even with above freezing temperatures, it may take four to six weeks for all the ice to melt. This will be a difficult option for the owners to accept. An option we will experiment with is hosing down the frozen waste water to melt it and carry it to the sump along NPHS Boulevard. Warm temperatures and appropriately sloped ground are critical for this option to work; otherwise we could create more ice that takes even longer to melt and drain away.

To deal with potential contamination issues, the ditches along NPHS Boulevard, West 7th Avenue and Ford Street will be limed periodically during breakup. The owner's yard will also be periodically limed during breakup. Personal property contaminated by the waste water will either be replaced or professionally cleaned to prevent contamination. When the ground adequately thaws, the owner's fence will be repaired. Any damages to the owner's landscaping will be repaired.

- A challenging issue to cope with will be the large amount of snowfall that occurred this past winter. Typically, melt water is impounded in the ditches and held until it infiltrates into the ground. The ditches along West 7th Avenue and Ford Street will quickly fill with melt water that will not infiltrate until the ground thaws. Though diluted, the ditch water may still have some contamination. If the accumulated melt water is contaminated, one possible option is to use culvert plugs to isolate the contaminated ditches and regularly pump the melt water then lime the ditches to reduce the contamination hazard. We will have to observe the situation as it occurs and respond accordingly.

Borough Representative, Mayor Isaacson

- None

City Clerk, Kathy Weber

- The City has two new high school interns, Sarah O’Leary and Paige Poston. These two Interns have made a big impact on the City of North Pole and are self starters and self motivated. These girls are very much assets to the city.
- A new server was put in City Hall last week and we have work out the majority of the kinks. We are still working with the printers and hope to have that done this week.
- I attended my first out of state conference from March 21 – 25th at the Washington Municipal Clerks Association in Vancouver, Washington. Everyone was excited to hear about North Pole and the state of Alaska. Region IX, California, Oregon, Hawaii, and Washington are looking forward to the conference in Fairbanks in November. The AAMC will be having an internationally recognized motivation speaker, Dr. Alan Zimmerman, who gives people the tools they need to maximize their payoffs, personally, professionally, and organizationally. AAMC personally will be inviting all the government agencies, Chamber of Commerce, and any business that would like to attend. I will have more information available at a later date but would like everyone to keep in mind that there will be limited seating. This is definitely something you don’t want to miss and will be held on Sunday, November 6th.
- I will be representing the City and State at the City Clerks Association of California from April 25 – 29 in South Lake Tahoe, California.
- At the WMCA Conference I was able to break the news that AAMC is putting in a bid for the 2017 IIMC Conference to be held in Anchorage, Alaska. I am a part of that committee and will be working towards making that happen as I travel throughout Region IX. I have also been chosen to for the Public Relations and Marketing Committee for IIMC.

ONGOING PROJECTS

None

CITIZENS COMMENTS – 5 Minutes

Bonnie Woldstat, 3732 Arapaho, North Pole

- Making progress on the diversionary repeal column. Where there is legislation that has

been introduced to the house and the senate and we do have some traction on both sides and hoping that we can get the bill done in this legislative session.

- SB 111 and HB 146 already moved out of the House Resources. The next community referral is in House Finance. There is a hearing this Wednesday. Senate bill is first in committee of referrals of Community Regional Affairs. The second committee referral is Labor and Commerce and they received two committee referrals on either side.
- Tammy Wilson sponsored the bill on the House side and Joe Thomas sponsored on the Senate side.

John Poirrier, North Pole Grange

Mr. Poirrier said to get your taxes filed early and drop them in mailbox so you can attend the Art Show on 3rd Friday, April 15th. This is a special show that has been turned into a fundraiser for the Japanese Red Cross Disaster Fund. Theme: Kibow that refers to hope. English word rainbow that symbolizes light after a storm. Kibow (hybrid of the two words) to get the spirit of Japanese people and not focus on bad but on the bright side. Artist participating are bringing current work and related items into the theme. All monies will be donated to Japanese cause. Show times are Friday the 15th from 5-9 p.m and Saturday from noon to 5pm.

OLD BUSINESS

None

NEW BUSINESS

APPROVAL OF STEP INCREASE FOR CITY CLERK MMC DESIGNATION

On March 25, 2011 I was notified by the International Institute of Municipal Clerks that I had fulfilled the requirements of the Master Municipal Clerk (MMC) Program and earned my MMC designation. I have attached the official letter to this memo. According to North Pole Municipal Code, 2.36.470 Pay, F. Professional development step salary increases, it states that when I attain my Master Municipal Clerk designation that I will receive a 2 step pay increase.

The Office of the City Clerk is committed to conducting the duties of the office in an ethical, friendly, and efficient manner to ensure an effective link between citizens, local governing officials, and other government agencies. We serve as election officials, legislative administrators, Records Managers, and Parliamentarians. These are just a few of the duties of the City Clerk.

The North Pole City Council has been very supportive of me over the past 10 years by allowing me to receive the education and training to achieve the highest status in my profession. You have also given your support as I lead the Alaska Association of Municipal Clerks this year and represent the State of Alaska and the City of North Pole as I travel throughout Region IX and to the International conference in Nashville, Tennessee. I look forward to having the AAMC and AML conference in Fairbanks this year and to be able to showcase the City of North Pole. I am working hard with my Executive Board, North Pole Chamber of Commerce and North Pole Economic Development to outshine any other past conference and bring a part of that to our economy.

Thank you for putting your faith and trust in me as I continue to move forward in my profession

and serve the council and my community.

Ms. Weber asked council to consider implanting a Professional Development for the Accountant and to include a Pay Scale for a Deputy Clerk.

Citizens Comments

None

Mr. McCarthy *moved to Approve A 2 Step Increase For City Clerk MMC Designation*

Seconded by Ms. Arnold

Discussion

None

PASSED

YES –5 –Holm, Hunter, McCarthy, Arnold, McGhee

NO – 0

Abstained- 0

RESOLUTION 11-12, A RESOLUTION SUPPORTING A BILL TO END REQUIREMENTS THAT EMPLOYERS WHO TERMINATE SOME OR ALL PARTICIPATION IN THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF ALASKA PAY TERMINATION COSTS, AND MAKING THE CHANGES RETROACTIVE

Lisa:

- PERS system is underfunded. All states having issues. Currently the unfunded proportion as of 2009 which is earliest figures is about 6.6 billion dollars for the state of Alaska.
- PERS cannot tell the city of North Pole what has been deposited towards liabilities and who owns what.

Synopsis of Michal Lamb's Resolution to the FNSB, PERS II - The Sequel and PERS III

This resolution was written by Michael Lamb, CFO for the FNSB. PERS II - The Sequel was written by Michael Lamb and Larry Semmens, now Soldotna City Manager. PERS III - The Termination Studies was written by Michael Lamb.

In a nutshell, the state has never correctly managed the PERS program. For over 45 years, individual entities were led to believe that their individual deposits to the PERS program and their individual liabilities were driven by the individual hiring decisions.

A few years ago, we found this to be untrue. Instead of keeping each entity's assets and liabilities separate, the State comingled all assets and all liabilities, of each entity into one pot. The assets assigned to each entity do not reflect the entity's actual deposits (p7). Liabilities, for each entity, are allocated (p8) based upon the employee's service time, not the employee's

compensation level. The City of North Pole shares in the liabilities of all other entities under PERS.

The current rate of 22% of PERS payroll, that all entities pay, was calculated by the state as follows:

Allocated liabilities - Assigned assets = Unfunded Liability. This unfunded liability is what drives our .22 rate. At one time, each entity was paying a different rate, some as high as 50% of payroll, now each entity pays 22%.

These numbers, used to calculate the rate, are not true reflections of what each entity has paid into PERS and each entity's actual liability. In fact, the state cannot give us those actual numbers.

Bottom line is that we have an unfunded liability, through no fault of our own, or that of any other entity in the PERS system. (p9).

Currently, all entity's, pay 22% of their PERS salaries. If this rate is increased, our costs go up and more city monies are needed to cover the past mistakes of the actuarial company.

The current rate is composed of two different rates:

The normal rate - ie the rate that we need to pay to cover the current costs of our employees

The past service rate - ie the rate we are paying because of the state's mistake. (p13)

If the normal rate had been properly set in the past, we would not now have to pay a past service rate. In essence, we are forced to give the state financial aid because of the state's mismanagement of the PERS program (p13). Not only are we paying for the state's mismanagement, but we are not necessarily paying our actual share, we are paying the share assigned to us by the state. In fact, we could easily be paying, not only the past service costs of our own employees, but for the costs of employees of other entities.

Keep in mind, because of the state's mismanagement, the individual entity's are required to use dollars to pay this past service cost, that could well be used for services, such as fire/police protection, as well as possibly lowering sales/property taxes (p15)

The unfunded portion of the liability is comprised of three factors: (p20)

Rising Health Care - The actuarial company, in charge of managing the PERS, was not using correct actuarial information to calculate the normal costs. This has been a known factor to the State for many years. However, the state did nothing to act upon it. In a report to the State at November 30, 2006, by Buck, the state's new actuary; it was noted that the original actuary, Mercer, underestimated health care benefits by 7% (p26). In addition, Buck estimated other costs to be higher than what Mercer had estimated. Buck concluded that Mercer failed to properly account for \$399 million in PERS medical liabilities. The State failed to have proper oversight of Mercer's activities. Mercer used outdated numbers to set our rates for our normal costs; resulting in the underfunded liability. In a 1995 report (p29) from Foster Higgins, to the State, Foster Higgins stated that they were concerned that the actual experience does not

support the assumptions used to set the PERS rates. This problem was noted many years ago, but the State did not act upon it when it was first noted.

Loss of Investment Income - (p22) Per a Report from Callan Associations, to the State at October 12, 2006, Callan states that the annualized return on PERS investments exceeds the actuary's expected annual returns. In a nutshell, the investments made by the State Department of Revenue have helped to keep the unfunded liability down.

Change in Assumptions to Reflect Changing Conditions - The State is now using a new actuary which supposedly is using updated medical and morality tables to calculate the PERS rates.

In a report, from Marsh & McLennan, to the State, on December 31, 1971. Marsh & McLennan stated the importance that the quality of the actuarial valuation data should be as accurate as possible; that the State be provided with the best possible information of potential costs. They go on to state that the data the State was using, to set rates, was incomplete. Instead of using actual data, the State knowingly was making assumptions based on incorrect data. (p33)

As we can see throughout the PERS II - The Sequel report, the State was told numerous times, over the years, as far back as 1971, that they, the State, had a problem with the data that was being used to calculate the PER's rates. However, the State seems to have ignored these issues; while all along the entity's, in PERS, trusted that the State was properly managing the retirement assets of each entity. Members were not told how their rates were calculated, were not given reconciliation statements of their accounts; and were told at one point that the system was overfunded. (p43) In fact, the State lowered the retirement age, for Tier III, from 65 to 60 because they thought the system was overfunded.

In 2006, the State set up Tier IV, for PERS. There are not that many employees in Tier IV and they have not yet vested. However, not only are we required to pay the normal rate for their retirement, we are also required to pay extra, approximately 12% for each Tier IV employee, to help cover the unfunded liability of Tiers 1-3.

In 2008, the State enacted Senate Bill 125. This bill states that if a PERS entity decides to completely terminate a stand alone position or group of positions, the entity will incur the following costs:

Cost to the actuary to do a termination study. (running around 5000-13,000)

Payment to the State for the liability increase in the PERS system for the loss of that position.

Past service cost, paid to the State for 30 years. (last salary of the position, times 18.63%)

Senate Bill 125 does not take into effect:

Smaller entities could be greatly affected. For example, if they have only one PERS position, and they decide to eliminate that position, they will be on the hook for payments to PERS, even though they do not have employees in PERS. Switching employee positions, from one department to another, may actually keep the salary level for the entity. However, SB 125, would still require the studies and past service costs. Dollars needed to pay these costs, could well be used for the normal services of the entity. Ability to accept grants, that create new positions, may be compromised due to the on-going PERS liability after the grant has expired.

Ability to efficiently manage staffing levels may be compromised, if an entity is trying to “downsize” but still has to make payments to the State on positions that no longer exist.

This resolution supports the cleaning up of the unintended consequences of Senate Bill 125 and supports adopting and passage of a bill that will not require termination studies and past service costs on positions eliminated from PERS.

Citizens Comments

None

Mr. McCarthy *moved to* Introduce and Approve Resolution 11-12, A Resolution Supporting A Bill To End Requirements That Employers Who Terminate Some Or All Participation In The Public Employees’ Retirement System Of Alaska Pay Termination Costs, And Making The Changes Retroactive

Seconded by Ms. Hunter

Discussion

Mr. McGhee said it was complicated to understand but the explanation by Michael Lamb was grateful that he is behind this.

PASSED

YES –5 –Holm, Hunter, McCarthy, Arnold, McGhee

NO – 0

Abstained- 0

COUNCIL COMMENTS

Mr. Holm – No Comment

Ms. Arnold – Congratulated Ms. Weber and enjoyed watching the clerks work at AML and is proud that Ms. Weber represents North Pole and the state of Alaska. Ms. Arnold would like to follow up with adding professional development for Lisa and in other areas to expand education for other positions in the city. She said it serves the city well and she would like to see it pursued. Ms. Arnold will be gone until May 11.

Ms. Hunter – Attended the Itadori committee meeting and most of the information was reported in newspaper. They did omit that the committee decided to raise money to give to the Japanese relief in the name of our Sister City, Itadori, and that Karen Lane had thought it would be nice to put a collection box at various stores around town. She was asked to talk with the Chamber of Commerce to help with that. Ms. Hunter was glad to hear the presentation tonight and that the art community is going to make a contribution.

Mr. McCarthy – No Comment

Mayor Pro Tem McGhee – Thanked everyone for coming out and giving testimony tonight. He thanked department heads for their reports and to see the results of what each dept is doing.

He knows it's difficult to spend time with them and appreciates the reports they give on our community and the services they provide. Mr. McGhee said that Mrs. Weber has been an extreme asset to the council over the year and hope she will be for many years to come. He is grateful for her endeavor to help encourage training for other departments and employees so they can have a ladder to climb. He is grateful and has worked with a number of accounts, and he is grateful to Lisa and her ability to explain things and her desire for detail, that she can find something and go directly to it. He is thankful to Ms. Weber for encouraging a deputy clerk and give Tricia a goal to look forward to. A job is a waste if it doesn't move to improvement and doesn't have a ladder of progression; it can become stalemate and boring. He thought that the city needs to have a plaque that indicates that we have a MMC. We have to be proud of her. Be careful out there as he sees bad drivers and his most concern for students is the increased phone use behind the wheel. Texting and cell phone laws are not coming fast enough and the number of injuries is alarming. It is climbing at an unhealthy rate nothing is as important as a life. He said that AT&T produced a video about the impact of a 3 letter text message and how it killed a teenager.

ADJOURNMENT

Mr. McCarthy *moved to adjourn the meeting of April 4, 2011*

Seconded by Mr. Holm

No Objection

The regular meeting of April 4, 2011 adjourned at 8:31 p.m.

These minutes passed and approved by a duly constituted quorum of the North Pole City Council on Monday, April 18, 2011.

DOUGLAS W. ISAACSON, Mayor

ATTEST:

KATHRYN M. WEBER, MMC, City Clerk