

**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 Tuesday, February 18, 2014 in the Council Chambers of City Hall, 125 Snowman Lane, North Pole, Alaska.

CALL TO ORDER/ROLL CALL

Mayor Ward called the regular City Council meeting of Tuesday, February 18, 2014 to order at 7:00 p.m.

There were present:

**Ms. Holm
Ms. Hunter
Mr. McCarthy
Mr. McGhee
Mr. Smith
Mr. Welch
Mayor Ward**

Absent/Excused

Excused - Juneau

PLEDGE OF ALLEGIANCE TO THE U.S. FLAG

Led by Mayor Ward

INVOCATION

Invocation was given by Councilman McGhee

APPROVAL OF AGENDA

Mr. McGhee moved to Approve the Agenda of February 18, 2014

Seconded by Mr. Smith

Discussion

None

Mr. McGhee moved to amend the agenda as follows:

New Business – remove item

- a. Ordinance 14-02, An ordinance of the City of North Pole, Alaska amending Title 4, Chapter 4.10.010, User Fees**

New Business – consent

- b. Resolution 14-04, A resolution requesting a State capital projects appropriation to address an act of nature that has caused the City of North**

Pole Utility Department to be in violation of its Alaska Pollutant Discharge Elimination System permit

Seconded by Mr. Smith

On the amendment

PASSED

YES – 6 –Smith, Holm, McCarthy, Hunter, McGhee, Ward

NO – 0 –

Absent – 1-Welch

On the Agenda as amended

PASSED

YES – 6 –Smith, Holm, McCarthy, Hunter, McGhee, Ward

NO – 0 –

Absent – 1-Welch

APPROVAL OF MINUTES

Ms. Hunter moved to Approve the minutes of February 18, 2014

Seconded by Ms. Holm

Discussion

Ms. Hunter wanted her comments corrected under Council Comments pertaining to the National Anthem.

PASSED

YES – 6 –Smith, Holm, McCarthy, Hunter, McGhee, Ward

NO – 0 –

Absent – 1-Welch

COMMUNICATIONS FROM THE MAYOR

Mark your calendar for Muffins with the Mayor this week! As always the date is the third Friday of the Month from 8-10 AM at North Pole City Hall.

After discussions with Madam Clerk we have discussed calling committee of the whole meetings earlier if the agenda looks full. The idea is to make sure that the council has enough fact-finding time to gather information before we enter into discussion during the meeting. Please check your agendas to see if the Committee of the whole will start at 6 or 6:30.

Councilmen Mike Welch is in Juneau for the AML winter session as the North Pole representative. As the Mayor Pro Tem he will be meeting with the interior delegation and going over our capital request. We are doing something special this year by sending a video with Mike for our legislators, to explain the reason for our request and show what it will do for the city. You can find the videos on youtube, if you would like a link just send a request to either myself or the Clerk.

The announcement of the closure of Flint Hills Resources has been a troubling announcement and my heart goes out to the families affected by this action. The City has begun to quantify the effects a shutdown will have on the City's ability to provide its services and of the effects on the general fund revenue. Property tax projections are not susceptible in 2014, however long-term devaluation of the refinery may occur if it is not operational or if it is dismantled. The staff and I have compiled a list of questions regarding taxation and the use of utilities and have forwarded them on to FHR.

Flint Hills spokesperson Jeff Cook has responded to our questions stating:
Tue 2/11/2014 2:33 PM

Mayor Ward,

Thank you for the questions. As you can imagine, we are in the beginning process of working on many of the details you asked about in your attachment. Only a very few employees were aware of the plan to shut down the refinery until the announcement last week, and that decision was not agreed upon only a short time before making the public announcement. So this path forward is very new to all of us at the refinery. It will probably be two months before we can sit down with you and your staff to give meaningful answers to the majority of your questions. The issues we will need to discuss in two months are:

- The questions on our seven utility accounts.
- Information on the IPP questions.
- Expected date wastewater flow will stop.
- The building permit to blast-proof our maintenance building.

As to the question on Flint Hills paying for Sulfolane tests of City drinking water wells, our reply is: *"We have enjoyed a cooperative relationship with the City of North Pole and in the spirit of that cooperative relationship we plan to continue our testing until the parties responsible for the contamination step up and assume their obligations."*

On the question on devaluation of the refinery: "We have not yet considered the property tax implications of shutting down the refinery."

I believe I have addresses all the questions you submitted. Let me know if I have missed something. Feel free to contact me around mid-April and we will set-up a meeting with your staff and our staff to discuss your questions when we will have more meaningful information to respond to those questions. Thank you.

Jeff Cook

I was asked to speak at the National History Day fair at the Pioneer Park on February 13th. It was a great experience talking to almost 300 students many who went to some of the same schools I did and even had the same teachers. I left the students with this thought. "Today you learn about history, tomorrow you will be making it".

Last Monday I was able to celebrate with FCVB the 10 year anniversary of Japan Airlines routs to Fairbanks (direct). Year to date Japan Airlines has brought over 56,000 guests to the interior.

I was asked to sit on the Fairbanks Chamber ad-hoc committee on the Flint Hills closure. The committee is working on a statement in a resolution form to state their position on the closure. I will include a copy of the resolution next meeting.

Met last week with the contractor selected to work for the Interior Gas Utility in regards to the gas distribution network, MWH. The city looks forward to helping facilitate gas to the City of North Pole in the first year build out.

I will be out of the office next week from Monday the 24th through 27th for a BOSS Lift event. I was one of 16 people across the state selected for a trip to Guam to tour the facilities of the Air Force, Army and Navy. The trip is 10 hours one way and you cross the International Date Line. I have never gone back in time before.

COUNCIL MEMBER QUESTIONS OF THE MAYOR

Mr. Smith asked how the Pioneer Home enjoyed the fish tank. Mayor Ward stated that they had just picked it up this past weekend.

Ms. Hunter asked about a public meeting for the gas line. Mayor Ward stated that it was not a public meeting.

**COMMUNICATIONS FROM DEPARTMENT HEADS, BOROUGH
REPRESENTATIVE AND THE CITY CLERK**

Accountant, Lisa Vaughn

- Council had before them the financial statements for January, 2014.
- Tax revenues have been accrued back to December, 2013
- Cash balance for January is a little over 3 million
- Working on audit and grants.
- Spoke with assessors at FNSB as FHR is 31% of property tax. The property tax revenues for 2014 will not be affected.

Mr. McGhee asked about property tax reduction for the City of North Pole.

Ms. Holm asked about utility dept. revenue decreases with the closure of FHR.

Director of City Services, Bill Butler

Building Department

- No new permit applications since last council meeting

Public Works

- Continuing to use rented truck for sanding streets while dump truck is repaired
- Oldest skid steer loader needed additional repairs to remain operational—work on lift arm
- Bus shelters, including one planned for Beaver Springs Mall, will go to bid on Tuesday
 - Borough Transportation's plan is to use an "off the shelf" model to hold down costs
- Submitting applications to the Department of Natural Resources to install wells for landscaping
 - Purpose is to reduce use of drinking water to irrigate landscaping
 - Currently, City's use of water is funded only by utility customers and not by the entire tax base

Utility Department

- Scheduled first meeting to negotiate a Compliance Order by Consent (COBC) for sewer system outfall
 - Meeting scheduled for February 27
 - Utility, City Attorney, wastewater consultant and wastewater engineer will represent City's interests
- Request before Council to purchase two parcels of land for wastewater treatment expansion
 - Process to purchase the land started 10 years ago
 - Purchase was anticipated and included in 2014 budget

- Additional land could be critical in resolving loss of regular river flow at sewer outfall
- Design documents submitted by USKH, Utility's wastewater engineer, for rehabilitation project at wastewater treatment plant
 - Hope to release request for bids in April
 - Project will be first significant rehabilitation work at the treatment plant in over 25 years.
 - Will fund project with mixture of state grant and loan and Utility reserve funds

Natural Gas Utility Board

- Gas utility has scheduled a Design Charrette at North Pole City Hall for Monday, February 24
 - Purpose of the Charrette is for entities responsible for permitting to discuss permitting, easements and rights of way issues
 - First of several proposed Charrettes to engage entities that will affect the construction and operation of the gas utility

Police Department, Chief Dutra

- None

Fire Department, Chief Lane

- None

Borough Representative, Mayor Ward

- FNSB took action on the Ketchikan Gateway Borough on the funding of schools and the lawsuit.
- Ms. Hunter asked the FNSB for support of the Rasmusen grant in the amount of \$500,000 for the new North Pole branch library, contingent upon raising \$100,000 which the North Pole library is in the process of doing.
- The FNSB had a proposal to expand the community patrol service to the borough area and they did make a contribution to the City of Fairbanks so they could do that. She said it was very educational to hear all the effects on all the time that it takes for the emergency responders and police verses when a regular patrol can respond. This can end up saving quite a bit of money for the City of Fairbanks.

City Clerk

- Public Official Financial Disclosure Statements (POFD) are before you tonight. The deadline is March 15th.
- Reminder to those of you who have not turned in your old ipads that those need to be returned to me with all the cords and covers.

ONGOING PROJECTS

None

CITIZENS COMMENTS

None

OLD BUSINESS

RESOLUTION 14-03, A RESOLUTION OF THE COUNCIL OF THE CITY OF NORTH POLE, ALASKA, SUPPORTING LEGISLATIVE ACTION TO ADOPT THE RECOMMENDATION CONTAINED IN RESOLUTION 13 -01 OF THE ALASKA WORKERS' COMPENSATION BOARD

Mayor Ward explained that this was postponed at the last meeting as council didn't feel they had enough information on the subject.

David Hale, of Hale and Associates, and Sarah Lefebvre, of Exclusive Landscaping, gave a presentation to council on the Workers' Compensation problem in Alaska and nationwide.

Position Statement

The Greater Fairbanks Chamber of Commerce encourages the Alaska State Legislature and the Governor to enact reform to the Workers' Compensation Statutes to improve the balance between providing quick, efficient and fair compensation to injured workers at a reasonable cost to employers. The current system is delivering benefits at exorbitantly high costs to employers, and ineffectively administers the claims of injured workers.

Support for the Position

- Alaska Workers' Compensation premium rates are the highest in the nation, having been #1 or #2 five times in the last 9 years;
- Medical benefit costs have risen 25% over the last five years, while the same time period showed a 14.2% decline in the frequency of workers' compensation claims. Significant cost factors include fees for services over-utilization of services, and changes in prescription drug use and dispensing. Medical costs are disproportionate to overall claim costs, and far exceed nationwide averages;
- While claim frequency declined 32.6% in the 10 year period through 2010, indemnity payment only declined 13.9% for the same time frame;

- Alaska's newly implemented Fee Schedule is the most generous in the nation, compensating some services at 400% + over private pay insurance rates;
- Legal costs related to workers' compensation claims rose 68.6% from 2000 – 2010, during which time disputed claims dropped 18.1%, scheduled hearings declined 8.3%, and issued Decision & Orders declined 21.7%;
- The Reemployment Benefits system completed retraining for only 8% of eligible employees, at a cost of \$12.9M in 2012.

Action Required for the Position

Adopt legislation to address the major medical cost drivers – the medical fee schedule, over-utilization of services, opioid use, physician dispensing of pharmaceuticals.

Adopt legislation to improve the management of claims, addressing indemnity factors including an emphasis on Return-to-Work/Stay-at-Work, and the legal costs associated with workers' compensation claims.

Adopt legislation to address the Reemployment Benefits process, including a repeal of the 90 day mandatory reemployment evaluation, stricter criteria for reemployment specialist credentialing, implementation of reemployment specialist fee schedules, and an increase to the reemployment benefit limit.

Fiscal Impact of the Position

The current trajectory in workers' compensation costs is unsustainable. The upward trends adversely impact Alaskan commerce, making Alaska businesses less competitive, and negatively affect the quality of life for injured workers. To ensure a viable economic environment, both businesses and employees need reform to occur. If business cannot compete with Outside competition, Alaskans can't be put to work.

Public Comment

None

Mr. McGhee *moved to* Approve Resolution 14-03, A Resolution of The Council of The City of North Pole, Alaska, Supporting Legislative Action To Adopt The Recommendation Contained in Resolution 13 -01 Of The Alaska Workers' Compensation Board

Seconded by Mr. Smith

Discussion

None

PASSED

YES – 6 –Smith, Holm, McCarthy, Hunter, McGhee, Ward

NO – 0 –

Absent – 1-Welch

NEW BUSINESS

RESOLUTION 14-05, A RESOLUTION OF THE CITY OF NORTH POLE AUTHORIZING THE PURCHASE OF TRACT 1-1, ASLS 2006-70 AND TRACT F-1-B, ASLS 2003-50 FROM THE STATE OF ALASKA IN THE AMOUNT OF \$109,503 AND GRANTING THE MAYOR AUTHORITY TO SIGN ALL LEGAL DOCUMENTS FOR THE PURCHASE OF THESE PROPERTIES

Mr. Butler stated that the City of North Pole has been in a process of buying this land for the past 10 years. He said there was a process in purchasing this property and had to be purchased at fair market value. The cost came in for 30 acres of land for \$109,503 which was substantially lower than expected. This is an opportune time with issue going on with the discharge of the water. It is critical to resolve the issue and reproduce the kind of requires low inputs and low staff time and functions on its own.

Mr. Smith asked if the land was considered wetlands. Mr. Butler said there would be permitting issues that the City would need to go through and possibly other unique situations.

Ms. Holm asked how many acres. Mr. Butler said approximately 5 acres. One of the situations is having our own drying beds.

Mr. Smith asked what capacity our sewer is at. Mr. Butler said that it could take some expansion now. He is pushing for ½ million gal a day and if we expand, the rehabilitation project would have more aeration and we could build out.

Ms. Hunter asked if they delayed the purchase of the property, and with the natural gas coming, the value of the property would go up and we would pay more in the future. Mr. Butler said value could go up and it has the potential that someone else could purchase it. The City was given first dibs on it.

Mr. Ward asked how long the appraisal would be good for. Mr. Butler stated that it is good for 2 years.

Mr. McGhee asked when it would actually be purchased. Mr. Butler said he would start on it right away. It would occur this calendar year.

Mr. Ward asked if Mr. Butler was comfortable with the cash flow of the utility. Mr. Butler said this is the best the cash flow has been.

Public Comment

None

Mr. McGhee moved to Approve Resolution 14-05, A Resolution Of The City Of North Pole Authorizing The Purchase Of Tract 1-1, ASLS 2006-70 And Tract F-1-B, ASLS 2003-50 From The State Of Alaska In The Amount Of \$109,503 And Granting The Mayor Authority To Sign All Legal Documents For The Purchase Of These Properties

Seconded by McCarthy

Discussion

Ms. Holm said she didn't feel that there has been enough discussion on what FHR is doing and would like to see this postponed. She felt this was a paranoid decision and that we have the State to see what other solutions we could come up with.

Ms. Hunter said she saw it as a series of carefully planned out steps to get to this point. She felt it was important for this process to go forward and plan for the future. She also thought it was a solution for the outflow process and expansion and would be difficult to repeat these steps and get a new appraisal and was in support of the resolution.

Mr. McCarthy said he recalled that when he was on the City Council last time that Mr. Butler had come before the council asking if the council should be spending time looking at this. At the time the council looked at it and thought it was a good idea and needed to go ahead and get the ball rolling. He agreed that it was a touchy time financially now but the City won't regret purchasing this.

Ms. Holm said she was curious if any of the other council members saw the article in the Newsminer about the subdivision that they wanted to build off of Repp Rd. and she knows that this idea of building more into our sewer department has to do with expanding the City. She commented that the subdivision that they wanted to build off of Repp Rd. was totally terminated because of the air quality issues. She said the council needs to take into consideration how much EPA is going to let our City expand. She said it may sound silly but EPA is going to penalize us if we keep on building. If they City is planning on having additional homes built here and expand our sewer department the City may be doing it without a reason. She stated that was what happened on Repp Rd and what the borough had to face. She said this didn't sound planned to her and it didn't sound like an organized idea.

Mr. McGhee said that with 21 years of experience and it is not unplanned. It has been brought forward by previous councils. They have been concerned about the growth of the City limits, and not outside the City limits. Right now money is in the coffers and best price of the land and Flint Hills Resources quietly going into its own recession and this clarifies it more and we need to start to plan to expand. Currently it is outdated and is time to upgrade. He supports the resolution feels this needs to be a proactive movement not reactive.

Mayor Ward responded to the Repp Rd expansion (Lazelle Estates) and that it is completely different than what was being discussed tonight and didn't pertain to this. He stated that Lazelle Estates was a large plot of land that was owned by the borough that was up for zoning/plotting and up for sale. There is a difference between the two. He said that in the

City when they talk about expansion they talk about flows to the system and have many properties that have been plotted out and planned out. Ford Subdivision is one of those. A lot of the infrastructure is still in place, it just has not been tapped in to. In reference to the EPA comment and their ability to restrict zoning, that was not done by EPA but was done by a citizens initiative. Zoning already exists within the City and EPA has no say on it. He said that when we talk about expansion of our system, when Mr. Butler got here we were reaching our maximum capacity. Since then we have made improvement to our system and now we can take on our new customers and have the ability to expand the system. He said that when we talk about 30 acres of land, it boils down to about \$3600 per acre and is a killer buy. This process goes back a number of years. Mayor Ward said his concern was the cash flow and that we have a healthy utility, thinking ahead to the future and the value of our dollar and making good choices for the utility. He emphasize that this is a good value to the City.

Ms. Holm said that she is aware of the situation and did speak with the assembly about the subdivision on Repp Rd. and how much more pollution each additional house makes. She said not that it's going to make a huge impact but the City is going to add communities into those, even Ford Subdivision, and that council needs to take into consideration. She knows that EPA did not get involved in the assembly meeting but he EPA is the one that regulates that. Without the City having that information on how many more houses they can have condensed in the City limits, that is an important question that we can have. Ms. Holm said the council didn't have the information.

Mr. McCarthy called point of order.

Ms. Holm said she felt that moving forward without having an educated council is going to hurt our population. She said we already feel it in our GVEA bill, and in our water bills as we already have highest water in the nation and no wonder we have such nice cushion.

Ms. Holm moved to postpone Resolution 14-05, A Resolution of The City Of North Pole Authorizing The Purchase Of Tract 1-1, ASLS 2006-70 And Tract F-1-B, ASLS 2003-50 From The State of Alaska In The Amount of \$109,503 And Granting The Mayor Authority To Sign All Legal Documents For The Purchase Of These Properties to April 21, 2014 so the council can have more time to make an educated decision.

Failed for a lack of a second

On Resolution 14-05

PASSED

YES – 5 –Smith, McCarthy, Hunter, McGhee, Ward

NO – 1 – Holm

Absent – 1-Welch

COUNCIL COMMENTS

Mr. McCarthy – there is a solar flare tonight and we should be out watching it. Thanked Mr. McGhee for bringing up subjects and bringing it forward.

Mr. Smith - thanked everyone for coming out tonight. Glad it is getting lighter.

Ms. Hunter – thanked everyone for coming out tonight. This is one of the few times we've gone into executive session and then have the public return. Good night to council members.

Ms. Holm – congratulated Nicholas Taylor for advancing to Eagle Scout and that it is a huge accomplishment that takes time and commitment. North Pole is making national news on two topics with Flint Hills Resources being number one and two, a woman association with criminal activity. If you witness any criminal activity or asked to recruit any criminal activity please contact the North Pole Police Department or Alaska State Troopers.

Mr. McGhee –he said to drive defensive and avoid accidents as Springs not here yet and roads are treacherous. He thanked council for the meeting tonight and all city employees.

Mayor Ward – reminded council that staff is here to work for you and answer any questions or concerns that they may have. Friday is “Muffins with the Mayor” and he makes his time available for the citizens of North Pole. The muffins are made by his wonderful wife.

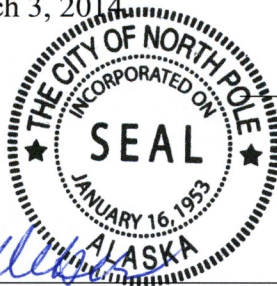
ADJOURNMENT

Mr. McGhee adjourned the meeting at 10:02 p.m.

Seconded by Ms. Holm

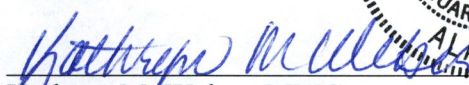
The regular meeting of February 18, 2014 adjourned at 9:25 p.m.

These minutes passed and approved by a duly constituted quorum of the North Pole City Council on Monday, March 3, 2014.




Bryce J. Ward, Mayor

ATTEST:


Kathryn M. Weber, MMC
North Pole City Clerk