

**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, November 24, 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 Monday, November 24, 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***

**PLEDGE OF ALLEGIANCE TO THE U.S. FLAG**

Led by Mayor Ward  
National Anthem sung by NPMS Choir members –

**INVOCATION**

Invocation was given by Councilman McGhee

**APPROVAL OF AGENDA**

**Mr. McGhee *moved to* Approve the Agenda of November 24, 2014**

**Seconded by Mr. Welch**

**Discussion**

None

**Mr. McGhee *moved to* amend to postpone item b. under Executive Session to the meeting of December 1, 2014.**

**Seconded by Mr. Welch**

**Discussion**

Mr. Welch felt the council did not have enough information.

FAILED

Yes: 3 - Holm, McGhee, Welch

No: 4- McCarthy, Smith, Hunter, Ward

Absent: 0

On the main Motion

PASSED

Yes: 7- McGhee, Holm, Welch, McCarthy, Smith, Hunter, Ward

No: 0

Absent: 0

### **APPROVAL OF MINUTES**

**Mr. Welch moved to Approve the minutes of November 4, 2014**

**Seconded by Mr. McGhee**

### **Discussion**

None

**PASSED**

YES – 7– McCarthy, Smith, Hunter, McGhee, Welch, Holm, Ward

NO – 0

Absent – 0 -

### **COMMUNICATIONS FROM THE MAYOR**

Bed Tax Grant applications were due in October and we have received 6 applications. The Council presentations are scheduled for Wednesday Dec 3<sup>rd</sup> and will begin promptly at 6:30 pm. All applicants have been informed. The council will approve allocations on the next scheduled council meeting (Dec 15<sup>th</sup>).

On November 12<sup>th</sup> I walked through the Flint Hills Refinery with the Fairbanks North Star Borough Assessors. The Assessors are the ones who determine the value of the refinery property for the 2015 tax year. Determination is not expected until late December and final determination may not be until end of February however, indications from those present lead me to believe we could see as much as a 50% reduction in the value of the Refinery. I have adjustments for the council to consider later in the meeting.

As for determining the value of the property we are subject to the determination made by the FNSB assessing department. The formula for calculating a refinery is apparently complicated and I do not understand the method that is used, it is different than calculating the value of a home or structure. I will keep the council updated as I know more.

On Veterans Day I was honored to help read the three mayor's proclamation at the ceremony put on by Festival Fairbanks at the Westmark Hotel. It was also wonderful to see all of the people who came out for the dedication of the Trooper Gabe Rich and Scott Johnson Memorial Park. The dedication took place at the property in the Morning Star Subdivision; we installed a sign letting people know of the plans for the property. Special thanks to Chief Dutra for his efforts to help this become a success.

Alaska Municipal League was last week in Anchorage. It was a productive session, some of the items of interest to Alaska's Municipalities include, state revenue sharing, PERS contribution by municipalities, Senior Citizens-disabled veterans property tax exemptions, Gas line construction and local planning authority for DOT projects.

If you are interested in more information about AML (Alaska Municipal League) and the resolutions that were passes this last session please visit <http://www.akml.org/>

Last week I was elected the Chair of the FMATS policy committee. FMATS is the local Metropolitan Planning Organization (MPO) and is one of two in the entire state of Alaska. FMATS is in charge of all of the road infrastructure planning for a large portion of the FNSB. I look forward to serving the Interior as the Policy Committee Chair.

While I was in Anchorage last week for AML I was also able to attend a Policy Meeting of the local MPO in Anchorage, AMATS. They are a different type of organization as they only have one municipal member (anchorage) vs us in the interior where we have three Municipal members: North Pole, Fairbanks, and The Fairbanks North Star Borough. It was an educating experience and gives me new appreciation for how we operate in the interior.

Tomorrow I am meeting with Senator John Coghill, Representative Tammie Wilson, Jeff Cook from Flint Hills Resources and Doug Chapados from Petro Star to address some of the issues plaguing the refining industry in Alaska. The plan is to identify the issues that are legislative and work on addressing them.

#### **COUNCIL MEMBER QUESTIONS OF THE MAYOR**

None

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

**Director of City Services, Bill Butler**

**Building Department**

- No new building permits issued since November 3
- McDonalds had its final inspection today—waiting for our inspector's report to learn status and projected opening date

**Public Works**

- Soil & Water Conservation District submitted a grant for interpretive sign and facility upgrades on Beaver Springs trail
  - Little or no costs to the City, includes funding request to offset staff salary
  - Soil & Water would provide cash match

**Utility Department**

- Sewer outfall
  - Requesting an extension of response to Notice of Violation to February 20, 2015
  - Original submission date was December 15
  - ADEC is requesting permitting and regulations that could affect solution to sewer outfall
  - Based upon results of City's submission to ADEC will then move to negotiation of Compliance Order by Consent (COBC) to resolve sewer outfall problem
- Wastewater treatment plant rehabilitation project
  - Project is scheduled for substantial completion inspection on November 24
  - Still waiting on delivery of new emergency generator; expected delivery is mid-December
  - Installation of generator will conclude this phase of rehabilitation work at WWTP

**Natural Gas Utility Board**

- Gas project's success is at a precarious point
- How the state, through AIDEA, handles future financing will determine the project's viability
- If the cost of gas to the customer is in the \$17 to \$20 or higher, the project could falter because models suggest insufficient numbers of people would choose to convert.

**City Accountant, Lisa Vaughn**

- None

**Police Department, Lt. Dutra**

- Thanked the council for passing the ordinance at the last meeting. They have been able to retain an employee that was thinking of leaving

**Fire Department, Chief Lane**

- None

**Borough Representative**

- Nothing to report at this time.

**City Clerk, Kathy Weber**

- Bed Tax Distribution meeting will be held on December 3<sup>rd</sup>. Your packets with applicants are before you for your consideration.
- December 2, 2014 - Local Intergovernmental Work Session between the FNSB Assembly City of Fairbanks and City of North Pole Councils regarding the passage of state of Alaska ballot measure No.2 an act to Tax and Regulate the Production, Sale, and Use of Marijuana. December 2, 2014 at 6:00 p.m. at Pioneer Park Civic Center. .

**ONGOING PROJECTS**

- None

**CITIZENS COMMENTS**

- None

**OLD BUSINESS**

**ORDINANCE 14-25, AN ORDINANCE ESTABLISHING THE 2015 BUDGET AND LEVYING THE MILL RATE, SECOND READING**

Mayor Ward stated that this was the second reading of the ordinance.

**Public Comment**

None

**Mr. McGhee *moved to Advance Ordinance 14-25, An Ordinance Establishing the 2015 Budget and Levying the Mill Rate, Second Reading***

**Seconded by Mr. McCarthy**

**Discussion**

**Ms. Holm *moved to amend as follows:***

Dept	Acct #	Category	Account	Debit	Credit
Prof Svs	01-02-00-7004	EXP	Fees:Audit & Accounting	5,500	
Prof Svs	01-02-00-7025	EXP	Dispatch Services	26,000	
Utility - Water	02-10-00-7004	EXP	Audit & Accounting Fees	3,750	
Utility Sewer	02-12-00-7004	EXP	Audit & Accounting Fees	3,750	
Utility –Water	02-10-00-XXXX	REV	Water Reserves		3,750
Revenue	01-00-00-4002	REV	Taxes: Property	180,000	
Revenue	01-00-00-4164	REV	Pers Relief	11,900	

**Seconded by Mr. McGhee**

**Discussion**

None

On the motion to amend:

Yes: 7 – Hunter, Welch, McGhee, McCarthy, Smith, Holm, Ward

No: - 0

Absent: 0

**Mr. McGhee** moved to amend the agenda as follows:

Dept	Acct #	Category	Account	Debit	Credit
Admin	01-01-00-6000	EXP	Admin (wages: full time)		40,000
Admin	01-01-00-6097	EXP	Workmens Comp		256
Dept	Acct #	Category	Account	Debit	Credit
Admin	01-01-00-6099	EXP	Medicare		580
Admin	01-01-00-6100	EXP	PERS		8,800
Admin	01-01-00-6102	EXP	Health & Disability Ins		18,330
Admin	01-01-00-6100	EXP	PERS Relief		5,600
Revenue	01-00-00-5900	REV	Transfer in Forfeitures	20,000	
Public Works	01-08-00-6000	EXP	PW (Wages: full time)		45,000
Public Works	01-08-00-6097	EXP	Workmens Comp		3,204
Public Works	01-08-00-6099	EXP	Medicare		653
Public Works	01-08-00-6100	EXP	PERS		9,900
Public Works	01-08-00-6102	EXP	Health & Disability Ins		18,330
Public Works	01-08-00-6100	EXP	Pers Relief		6,300
Public Works	01-08-00-6098	EXP	FICA	2,500	
Public Works	01-08-00-7000	EXP	Summer Hire	43,000	

**Seconded by Mr. Welch**

**Discussion**

Council discussed the declining revenues and were concerned with the position the state budget is in. There was also discussion on the impact that it would have in the City to put off funding for the Parks in the City until 2016. Mayor Ward clarified how the City had established Funds and how that worked.

**On the motion to amend**

**PASSED**

Yes: 7 – McGhee, Welch, Holm, Smith, Hunter, McCarthy, Ward

No: 0

Absent: 0

**On the main motion as amended:**

**PASSED**

Yes: 7 – McGhee, Welch, Holm, Smith, Hunter, McCarthy, Ward

No: 0

Absent: 0

**NEW BUSINESS**

**ORDINANCE 14-26, AN ORDINANCE AMENDING TITLE 4, CHAPTER 4.08, SALES TAX**

Mayor Ward said that the council had several work sessions and this ordinance is a result of those meetings.

**Public Comment**

Mike Gendreau, 1105 St. Nicholas Drive

Mr. Gendreau said that the vast majority of the residents are not in favor of a sales tax increase. He was not in favor of the ordinance.

Tammy Randolph, 653 Blanket Blvd

Ms. Randolph was not in favor of the ordinance and spoke against raising the sales tax.

Rep. Tammy Wilson, 571 Canoro

Rep. Wilson spoke against the sales tax ordinance.

Jeff Howe, 632 Holiday

Mr. Howe said he doesn't buy anything in North Pole, ie; buys gas, groceries, and eats in Fairbanks. He stated the price of water and sewer is rising and putting a big strain on his budget. He spoke against the ordinance

Tim Devito, 1050 Refinery Loop

Mr. Devito spoke to the sales tax and said that this is going to choke the public. He spoke against the ordinance.

Sharon Beeman, 2540 Honey Bee Lane

Ms. Beeman doesn't understand why the City can't have volunteers for upkeep and why they have to hire 3 people for summer help. She spoke to the hotel/motel tax and against the ordinance.

Jerry Lymburner, 3100 Pewter Ct.  
Mr. Lymburner spoke against the ordinance.

**Mr. McGhee moved to Introduce and Advance Ordinance 14-26, An Ordinance Amending Title 4, Chapter 4.08, Sales Tax**

**Seconded by Ms. Hunter**

**Discussion**

Mr. McGhee spoke to the ordinance and said that he didn't see anyone here for the budget sessions. He said they have made very painstaking decisions regarding the budget and employee pay increases and commented that a large percentage of businesses in North Pole charge 30% more. Mr. McGhee stated that they wanted to decrease the property tax and increase the sales tax to take the burden off the property owner. He said he just came back from trip and there was an 8.5% sales tax. He's glad he lives in North Pole and doesn't believe anyone is going to lose their home. He said he is going to support the ordinance.

**Mr. McGhee moved to amend to decrease the sales tax cap from \$10 to \$8.**

**Seconded by Ms. Holm**

**Discussion**

**Mr. McGhee** said that he feels that \$8 cap is fine but feels if the cap was raised it could hurt those who buy fuel.

**Mr. Welch** said that the council felt that on October 23 they were hit by the following:

1. Greater expense to dispatch fees
2. Increase to audit
3. Re-evaluation of refinery

He agrees with Mr. McGhee.

Ms. Hunter said that she is inclined that the \$2 difference is not a big difference. Overall she doesn't want to increase the tax at all but because the council has done a thorough job with the budget, they are in a place of necessity. Raising the cap will help spread out the cost among the payers.

Ms. Holm says she heard people say they felt choked and doesn't know how else to take this. She knows many people who fill their tanks with fuel jugs multiple times a week and are actually paying \$100's of dollars a month and this is a survival thing. She said this is not a time to pay \$2 more a month. Those are words that we need to heed by.

Mr. Welch said that when they talked about the cap he used something that Rep Wilson said, that those that can afford to go out and spend \$200 only pay \$8. He asked how they defined what is fair and equitable. He asked if they could have an exemption for fuel oil.

**On the amendment**

**PASSED**

**Yes – 6** - McGhee, Welch, Holm, Hunter, Smith, McCarthy, Ward

**No – 1** - Hunter

**Absent – 0**

**Mr. McGhee moved to amend line 140, 142 and 145 , 426 as follows:**

140 -If any person, firm, co-partnership, corporation, director or agent ~~imposes~~ collects taxes  
141 listed under this section on behalf of The City of North Pole and the transaction is  
142 clearly not taxable under this section, they shall refund all improperly paid taxes  
143 immediately or remit all unlawfully collected taxes to the City of North Pole  
144 immediately. Disregard for this section is a violation of code and offenders may  
145 be guilty of a ~~Class A misdemeanor~~ violation.

Line 426

chapter is guilty of a ~~Class A misdemeanor~~ violation. (Ord. 99-29 §2(part), 1999)

**Seconded by Mr. Welch**

**Discussion**

Mr. McGhee said that this is a recommendation from the City Attorney.

**PASSED**

**Yes:** 7 – McGhee, Welch, Holm, Smith, Hunter, McCarthy, Ward

**No:** 0

**Absent:** 0

**On the main motion as amended**

**Discussion**

Mr. McGhee spoke to the value of increasing the alcohol and tobacco tax.

**Mr. McGhee moved to amend to equalize the tobacco and alcohol at Line 108 5 – 8% and line 111 to leave at 8% and strike 10% increase.**

**Seconded by Mr. McCarthy**

**Discussion**

Mr. Welch said that the idea was the tobacco tax goes to 10 vs \$2. State of Alaska gets \$2 a pack and to help do medical research. City of Juneau has just increased the tax from \$1 a pack to \$3 a pack and his idea was to be at 25 cents a pack and realize shortfalls. Doesn't believe people will quit buying cigarettes in North Pole.

Council had more discussion on the alcohol and tobacco tax.

**On main motion as amended**

**FAILED**

Yes: 3 - McGhee, McCarthy, Smith

No: 4 - Hunter, Welch, Holm, Ward

Absent: 0

Ms. Hunter said that they are not creating any extra jobs and are reducing and the increase in wages was a cost of living that they have not given to the employees over an extended period of time because their wages were so low that we were spending \$40,000 over a years period, in training, and then leaving and going to FPD and our costs were tremendous. What the council looked at was an increase in the cost of living. We don't want to raise taxes and think we are being responsible by providing services for residents.

Mr. Welch clarified what Ms. Hunter said by stating it was costing the City \$50,000 a year to train new employees with the police department.

Mr. McCarthy said that one thing the public hasn't realized is that this is the first time he's been able to speak on this ordinance. He is unhappy about the sales tax.

**Mr. McCarthy moved to amend as follows:**

Line 103 to reduce from 4.5% to 4%

**Seconded by Mr. Welch**

**Discussion**

Mr. McCarthy said that he doesn't want to see North Pole become another place like Mass. He doesn't feel the ½ percent is in the best interest.

There was more discussion with council on this subject

**PASSED**

Yes: 4 - Welch, McCarthy, Smith, Holm

No: 3 - McGhee, Hunter, Ward

Absent: 0

On the main motion as amended

**PASSED**

Yes: 6 – McCarthy, Smith, Holm, Hunter, Welch, Ward

No: 1 - McGhee

Absent: 0

**ORDINANCE 14-27, AN ORDINANCE OF THE CITY OF NORTH POLE, ALASKA  
AMENDING TITLE 4, CHAPTER 4.10.010, USER FEES**

Mayor Ward explained the changes in the User Fees.

**Public Comment**

Tammie Wilson, 574 Canoro

Ms. Wilson asked for clarification on the ambulance fee and that the FNSB taxes should be paying those taxes .

There was discussion between Representative Wilson and the Council.

**Mr. McGhee *moved to suspend the rules to 11:00 pm***

**Seconded by Mr. Welch**

**PASSED Unanimously**

Mr. Smith moved to

**Mr. McCarthy *moved to Introduce and Advance Ordinance 14-27, An Ordinance Of The City Of North Pole, Alaska Amending Title 4, Chapter 4.10.010, User Fees Schedule***

**Seconded by Mr. Welch**

**Discussion**

Mr. McGhee said that here we are taxing the 2200 residents when we could have taxed the 15,000 that come through the City. He doesn't see justification in these user fees.

There was more discussion among council on the user fees

**Mr. Smith** *moved to reduce the ambulance fee for residents from \$900 to \$450*

**Seconded by Mr. Welch**

**Discussion**

Council discussed the amendment.

**FAILED**

Yes – 2 – McGhee, Smith

No – 5 – Welch, McCarthy, Holm, Hunter, Ward

Absent – 0

**On the main motion**

PASSED

Yes: 6 – McCarthy, Smith, Holm, Hunter, Welch, Ward

No: 1 - McGhee

Absent: 0

**ORDINANCE 14-28, AN ORDINANCE OF THE CITY OF NORTH POLE, ALASKA TO AMEND TITLE 5, CHAPTER 5.02 BUSINESS LICENSES, TAXES AND REGULATIONS**

Mayor Ward said that this is brought before the council to bring clarity to the ordinance.

**Public Comment**

None

**Mr. McGhee** *moved to Introduce and Advance Ordinance 14-28, An Ordinance of the City of North Pole, Alaska to Amend Title 5, Chapter 5.02 Business Licenses, Taxes and Regulations*

**Seconded by Mr. Welch**

**Discussion**

**Mr. McGhee** *moved to amend line 35 by inserting the word “perform” between engage, or complete.*

**Seconded by Mr. McCarthy**

**Discussion**

**PASSED**

Yes – 7 – McGhee, Hunter, Smith, McCarthy, Welch, Holm, Ward

No – 0

Absent – 0

**RESOLUTION 14-20, A RESOLUTION ESTABLISHING THE 2015 LEGISLATIVE CAPITAL PROJECTS REQUEST OF THE CITY OF NORTH POLE**

Mayor Ward said that he requested from the council that they only approve the capital projects that they could match.

**Public Comment**

None

**Mr. McGhee *moved to* Introduce and Advance Resolution 14-20, A Resolution Establishing the 2015 Legislative Capital Projects Request of the City of North Pole**

**Seconded *by* Mr. Welch**

**Discussion**

Mr. McGhee said he was embarrassed when he saw the requests and that the only one he could justify is the one for the NPPD. With all due respect we don't need to fund the park in Morning Star. He was told tonight that there is no money in the legislature. This is not legitimate and cannot support it. He wants to see it go back to the drawing board.

**Ms. Holm *moved to* postpone this to the December 1, 2014**

**Seconded *by* Mr. McCarthy**

**Discussion**

Mr. Welch was against postponing

Mr. McGhee was against postponing

On the motion to postpone

**PASSED**

Yes: 5 – McCarthy, Smith, Holm, Hunter, Ward

No: 2 – Welch, McGhee

Absent: 0

**EXECUTIVE SESSION**

**10:32 p.m.**

**Mr. McGhee *moved to enter into Executive Session to discuss:***

- a. Legal issues pertaining to sulfolane contamination**
- b. Personnel issues relating to Administration personnel matters**

**Seconded *by* Mr. Welch**

**Passed Unanimously**

The regular meeting was reconvened at 11:56 p.m.

**Mr. Welch *moved to reconvene the Executive Session on personnel issues relating to Administration personnel matters to Monday, December 1, 2014 at 5:00 p.m.***

**Seconded *by* Ms. Hunter**

**Passed Unanimously**

**COUNCIL COMMENTS**

None

**ADJOURNMENT**

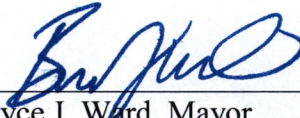
**Mr. McGhee adjourned the meeting at 11:58 p.m.**

**Seconded *by* Ms. Hunter**

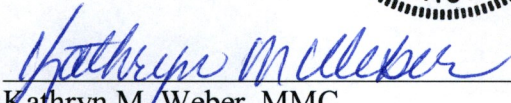
The regular meeting of November 24, 2014 adjourned at 11:58 p.m.

**These minutes passed and approved** by a duly constituted quorum of the North Pole City Council on Monday, December 15, 2014.



  
Bryce J. Ward, Mayor

**ATTEST:**

  
Kathryn M. Weber, MMC  
North Pole City Clerk