

**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, December 1, 2014 in the Council Chambers of City Hall, 125 Snowman Lane, North Pole, Alaska.

CALL TO ORDER/ROLL CALL

Mayor Ward called the Executive Session to order at Monday, December 1, 2014 to order at 5:09 p.m.

There were present:

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

Absent/Excused

EXECUTIVE SESSION

Mr. McGhee *moved to* adjourn into executive session to discuss personnel issues relating to Administration personnel matters.

Seconded *by* Mr. Welch

Approved unanimously

Mr. McGhee *moved to* ratify the Mayor's request relating to Administration personnel matters.

Seconded *by* Ms. Holm

PASSED Unanimously

CALL TO ORDER/ROLL CALL

Mayor Ward called the regularly scheduled meeting of the North Pole City Council to order on Monday, December 1, 2014 at 7:00 p.m.

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 December 1, 2014

Seconded by Mr. Welch

Discussion

None

Mr. McGhee moved to consent the following item:

c. 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

None

On the Amendment

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

No: 0-

Absent: 0

On the main motion as amended

PASSED

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

No: 0

Absent: 0

APPROVAL OF MINUTES

Mr. Welch moved that the minutes from 11-24-14 will be available at the meeting of 12-15-14

Seconded by Mr. McCarthy

Discussion

None

PASSED

Yes: 7 – McGhee, Welch, Holm, Smith, Hunter, McCarthy, 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 3rd 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 15th).

Last week I met with Senator John Coghill, Senator Pete Kelly Representative Tammie Wilson, Representative Doug Isaacson, Jeff Cook from Flint Hills Resources and Doug Chapados from Petro Star to address some of the issues plaguing the refining industry in Alaska. Interior refineries are concerned about the quality bank (penalty paid for reinjection of heavier oil back into the pipeline), and the high cost of crude (open market) compared to other crudes, high cost to use State of Alaska Royalty Oil and the high cost of energy (by comparison). It is my hope that legislators can devise a way to address the issues regarding the refining industry before we lose another refinery.

I had the opportunity to meet Secretary of the Air force Mrs. Debora Lee James at Eielson AFB. It was a small meeting and the Secretary expressed her concerns with the upcoming budget (or lack thereof) and the need for a actual budget not a continuing resolution. She also touted the F-35 and discussed what will need to happen before 2019, when the planes are projected to arrive.

Friday I was able to read the kettle cup proclamation from the three mayors at the new Walgreens over by the airport. The kettle cup bell ringers are out in force and the director commented on how generous the interior is when it means ensuring no one goes hungry.

Reminder that Tomorrow is the Joint work session with the City of Fairbanks and the Fairbanks North Star Borough on Marijuana. The meeting will be held at the Civic Center at Pioneer Park and will begin promptly at 6:00pm.

Reminder that Wednesday we have the Bed Tax Workshop at 6:30pm. Please show up a little early as we have a tight schedule to keep at will begin promptly at 6:30. Submitted packets have been given to the council and we do not have copies (make sure to bring your copies).

This Weekend is the North Pole Winterfest. The North Pole Chamber of Commerce is hosting a Christmas Bazaar at the North Pole Mall beginning Saturday Morning and concluding at 6pm

with Fireworks in the Parking lot. Sunday 2pm at the North Pole High School Auditorium will be the Candle lighting Ceremony with talents from the North Pole community afterword's we will have the tree lighting here at City Hall at 4pm. We will have hot coco, marshmallows and sing Christmas carols. We will have small warming fires to keep folks warm and to roast our marsh mallows. Make room on your calendars for these special events.

Reminder that Christmas in Ice opened this last weekend and they are always in need of volunteers. The ice park will be open until January 8th this year.

COUNCIL MEMBER QUESTIONS OF THE MAYOR

Mr. Smith asked if anyone has come in to city hall about the air quality in North Pole.

Ms. Hunter asked if there is a meeting coming up about air quality in the near future.

COMMUNICATIONS FROM DEPARTMENT HEADS, BOROUGH REPRESENTATIVE AND THE CITY CLERK

Police Department, Lt. Dutra

- We received two additional checks from asset forfeiture. One for \$32,723.10 and one for \$3,388.80. Both from Detective Stewart's involvement in DEA IRS cases. \$36,111.90 total.
- We had a successful holiday blitz enforcement effort. We had 15 hours worked. We have another one coming December 13 – 31st.
- I will be out of town with Lt. Rathbun attending Executive development in Anchorage till Friday.
- Statistical data – couple data points of concern.
- Update on building heating project. Finally have the correct controllers installed and building is running well.
- Dedication ceremony for the Trooper Gabe Rich and Trooper Scott Johnson memorial park was very well attended and received great coverage.

Director of City Services, Bill Butler

- None

Fire Department, Chief Lane

- Dec 13, dedication for new platform. If you would like to be on agenda let the Chief Lane know and he can schedule you to speak.
- Dec 15th the squad will start making their Christmas rounds.

Borough Representative

- Nothing to report at this time.

City Clerk, Kathy Weber

- Tuesday, 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.
- Bed Tax Distribution meeting will be held on Wednesday, December 3rd. Be sure to bring your packets with you for review.
- Kudo's to the students from NPMS who come out every meeting to sing for us. We must always do everything in our power to encourage our youth to be involved in their community.
- Sharon and Joe Geese have been chosen as the 2015 North Pole King & Queen
- 24 days until Christmas.

Mr. McGhee *moved to suspend the rules for 5 minutes.*

Seconded by Mr. Welch

Approved Unanimously

ONGOING PROJECTS

- None

CITIZENS COMMENTS

- Phil Zastrow, 2255 Peridot

Mr. Zastrow said that Christmas in Ice is coming along nicely. Candlelighting is set for Sunday, December 7th at 2:00 p.m. They are looking for an MC for the Candlelighting.

Mr. McGhee said that he would officiate for the Chamber.

OLD BUSINESS

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

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

Public Comment

Carey Spohn, 2628 Tenakee Way

Ms. Spohn said that she works at Refinery Lounge and said that she doesn't know how much longer businesses can stay in business. She spoke against the ordinance.

Steven Hunter, 1292 Still Valley Rd

Mr. Hunter reiterated what Ms. Spohn said. He stated in the bar industry that there is an illusion that everything is going up. He is in favor of tobacco tax, against alcohol tax. He also spoke against the marijuana issue.

Mr. McGhee moved to Approve Ordinance 14-26, An Ordinance Amending Title 4, Chapter 4.08, Sales Tax

Seconded by Mr. Welch

Mr. McGhee moved to amend as follows:

Line 103 - Sales tax, increase from 4% - 5%

Line 108 - decrease proposed alcohol tax efrom 6% - 5%

Line 111 decrease proposed tobacco tax from 10% - 8%

Seconded by Mr. McCarthy

Discussion

Mr. McGhee said that said that he didn't feel it was right to tax alcohol as it would be as if we are isolating one group of people. By increasing the sales tax, taxing 15,000 people outside the City limits, to share in the burden to the cost of the City instead of the property owner. He is against the mill levy. He said this is fair and equitable.

Ms. Holm said that the City is only \$43,000 short. She was surprised that Mr. McCarthy seconded the motion as he voted against an increase at the last meeting. Ms. Holm went updated council on how she has voted on things since she was elected.

Mr. Welch said he is always worried about opening Pandora's box. The City went from 3% to 4% sales tax. He said we need to be able to justify this to our citizens and not sure we need to go to 5%. He will not vote for it tonight and is watching foreclosures in the 99705 area and City of North Pole. He spoke to the alcohol and tobacco tax.

Mr. McGhee moved to amend from 5% - 4.5%

Seconded by Mr. McCarthy

Discussion

Mr. McGhee spoke about the NPPD employee spouses who came forward with stories about how difficult it was to maintain the integrity of the department and their own families. He remembers changing the fire department staff from 2 – 4 man shifts.

Ms. Hunter said she had people who came and talked with her about the council turning down the 4.5% and need to have 20,000 people contributing because they are getting services for free. She said ½ cent is a minute amount of money and need to look at the larger picture instead of the 5 or 6 people that came forward. It's a lot of info that we are basing the decision on. We would prefer to have more public input and hard decisions to make and .5% is a reasonable amount.

Mr. Welch said that we are keeping the cap at \$200 and the maximum tax would be \$9. He said they usually don't have a cap on sales tax.

Mr. Smith said the residents came before council and didn't want the sales tax increase and feels that they should be able to see more adjustments in the budget.

Mr. McGhee said that less than 1% spoke against it at the last meeting and leaving it as it is you're only taxing a handful of people. Coming up in the future they are going to want to tax the property owner and duly respect the people who came out, but one doesn't even pay sales tax. It's not the residents that are against it.

Mayor Ward appreciated the work of the council and stated that it is important for citizens to come forward. It is also important that the council makes good decisions and when ordinances came forward. He increased the sales tax and decreased the mill rate and increase of the alcohol and tobacco tax. His concern now is that we took it out at the last meeting and it is important that we have that trust from the citizens. He agreed that sales tax is a fair way of taxing but the folks that come in and use our services are the ones that help

pay for it. If you want services you need to pay for them. He has concerns with the ordinance. He said we are only \$39,000 out of a balanced budget.

Mr. Welch briefly stated that at 4% we reach the \$8 maximum.

Ms. Holm pointed out that Ms. Hunter stated when people come to the city they are getting services for free. She said that each time they buy a coffee or meal they are paying for services. When they use our police, fire, they are paying for those services. People that live outside the city limits pay property tax. Pharmaceuticals are exempt but the projection is that they do charge sales tax and that hurts business. When the people bought the Refinery Lounge they bought into the community and invested in the community. She wants to encourage people to come to North Pole and intrigue them to come here. We want to make it more attractive to come here. She discouraged the council from passing this.

On the motion to amend from 5% to 4.5%

FAILED

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

No – 0

Absent – 0

On the motion as amended:

Sales Tax 4.5

Alcohol at 5%

Wholesale tobacco at 8%

Discussion

Mayor Ward said council had several workshops on this. Council needs to make decisions on the best interests of the City. He recapped what the alcohol and tobacco were in the FNSB and City of Fairbanks and that we all pay the same amount.

Mr. McGhee said that 5 of the 7 people were at the last meeting, loss of FHR , dispatch and that we left meeting with the understanding that we would bring forward and include tobacco and alcohol to a percentage. Council discussed that the same people will come out and speak to raising the sales tax and we need to accept it and stand up and realize this is our only avenue and doesn't understand why council wouldn't want to not unfairly burden the tax payer. He doesn't want to tax a few.

Mr. Welch said that in the workshop he stated that he is for the tobacco and alcohol tax. He would like to see it go back to 6% alcohol and 10 % tobacco.

Ms. Holm said that they already lost those customer away that don't want to pay sales tax.s away. She wanted to have Chief Dutra come forward to and testify for DUI's.

Ms. Hunter wondered if the increase from sales tax makes it necessary to raise tobacco and alcohol.

Mayor Ward said that it leaves \$132,447 shortfall in the budget and with changes to the fee schedule, 4.5% in sales tax, and leaving alcohol and tobacco as it is, it creates a \$214,553 increase in revenue.

Ms. Hunter said that would be her justification for not raising the tobacco and alcohol tax.

On the amendment

FAILED

Yes: 3 - Hunter, McGhee, Ward

No: 4 - Smith, holm welch, McCarthy

Absent: 0

On the main motion

Sales tax 4%

Alcohol tax 6%

Tobacco tax 10%

Ms. Holm spoke on the alcohol and tobacco tax and how it would affect the budget.

Mayor Ward said that the shortfall on the budget it \$132,447.

Ms. Holm moved to amend line 108- alcohol tax to 5% and line 111- tobacco tax to 8%

Seconded by Mr. McGhee

Discussion

Ms. Holm said that we need to move forward to achieve a sustainable budget and cut \$100,000.

Mr. McGhee said that removing the alcohol and tobacco tax it would increase the budget shortfall to \$110,000. This is asking council to go back into the budget and adjust to compensate. This puts the City back into square one. A little bit of fine print on the mill levy.

Ms. Hunter said they have already gone through the budget and department chairs did make cuts. It has brought us to the process of raising taxes and she was the only one that voted for the raise in sales tax. She hates to see us go backwards and cutting services to the city and essential services.

Ms. Holm said this is extremely difficult will need to cut in the departments. This will hurt their businesses

Mayor Ward said you have to pay for it somehow. He is hesitant to vote for it.

FAILED

Yes: 2 - McGhee, Holm

No: 5 – Welch, McCarthy, Smith, Hunter, Ward

Absent: 0

On the main motion as proposed

PASSED

Yes: 5 - McCarthy, Smith, Hunter, Welch, Ward

No: 2 - McGhee, Holm

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. This was the 2nd reading.

Public Comment

None

Mr. Welch moved to Approve Ordinance 14-27, An Ordinance of The City of North Pole, Alaska Amending Title 4, Chapter 4.10.010, User Fees

Seconded by Mr. McCarthy

Discussion

Mr. McGhee said that council is in favor of raising the cost for a few. He is against the increases. The City residents are paying for everything they have.

PASSED

Yes – 6 –Hunter, Smith, McCarthy, Holm, 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

Public Comment

None

Mr. Welch *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. McCarthy

Discussion

None

PASSED

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

No – 0 -

Absent – 0

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

Mayor Ward stated that this was the third 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

None

Mr. McGhee moved to amend as follows:

Account #	Category	Account	Debit	Credit
X	X	Existing Shortfall from amendments	132,447	
01-00-00-4005	REV	Fire: Ambulance Fees		21,000
01-00-00-5802	REV	Alcohol Tax (increase)		43,000
01-00-00-5818	REV	Tobacco Tax (increase)		27,500
01-00-00-4018	REV	Finger Printing		1,000
		Difference revenue over expenditure	<u>132,447</u>	<u>92,500</u>
				<u>-39,947</u>

Seconded by Mr. McCarthy

PASSED

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

No: 0

Absent: 0

On the main motion as amended

Discussion

None

Mr. McCarthy moved to transfer from fund balance 01-00-00-5900 \$39,947

Seconded by Ms. Hunter

Discussion

Mr. McCarthy said he didn't want to kill the summer hire. He wanted to wait and see what FHR does.

On the amendment

PASSED

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

No: 0

Absent: 0

On the main motion as amended

PASSED

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

No: 0

Absent: 0

NEW BUSINESS

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

Mayor Ward explained that this Resolution had been postponed from the last meeting. He has brought forward a substitute Resolution for this item.

Public Comment

None

Mr. Welch *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. McCarthy

Discussion

Ms. Hunter asked why a project she thought was prudent was eliminated.

Mayor Ward said that it didn't meet the 10% match.

Ms. Hunter said that she thought the memorial park would be done with private donations and wants to substitute the solar panels for the fire department.

Mr. McGhee moved to amend by removing everything from line 26 – 53.

Discussion

Mr. McGhee said that he is embarrassed by these requests. He said we took money from others and these need to be removed.

Mr. McCarthy said he is in the same boat and has no problem putting the solar panels back on for the fire department. He is fine with cooling system and would like to see the solar panels.

Mayor Ward said that with a request from the legislature we decided to match 10% and pay for it. By code we have set aside funds, and that what we are proposing. He feels it is important to pay for at least 10% of it. He went through the list and proposed that amount and is not in favor of removing all those items.

Mr. Welch spoke on the Trooper Gabe Rich and Trooper Scott Johnson Park and thought we could do that project for less.

Mayor Ward said he thought they could do it for half of the cost.

Mr. Welch said that it would be approximately \$130,000 and our match would be \$13,000.

Ms. Holm agreed with Mr. McGhee and with amendment. She said this was spending money we didn't have and it looks like North Pole is outrageously spending.

Ms. Hunter said that we can find a way to cut our costs in half and raise more money for the Trooper Rich/Trooper Johnson park.

Ms. Hunter *moved to amend by adding the solar panels to NPF*

Seconded by Mr. McCarthy

Discussion

Ms. Hunter said this was an important project.

Mr. Smith asked if they could have Chief Lane to speak with other departments.

Chief Lane said the University station is successful in lowering electricity bill and pay back is 7 years.

Mr. McCarthy said that they are making more money selling it back to GVEA and a minimum of 19 – 20 panels.

Mr. McGhee asked what the price was for panels.

Mr. McCarthy said that they are up to \$250 per panel.

Mr. McGhee said that he has spoken to different companies and that there is a problem with selling it back. We are back to living frugal and turning off switches and City of North Pole needs to reduce costs by changing a few lights and save some money. Testimony from Tammy Wilson says that the state doesn't have the money.

Ms. Holm said she doesn't know anything about solar panels and asked if helps with heat.

Mr. McCarthy said that it does help a little bit.

Ms. Holm asked about the savings and if there would be more savings with LNG.

PASSED

Yes: 5 - McCarthy, Smith, Hunter, Ward

No: 2 – McGhee, Holm, Welch

Absent: 0

On the main motion as amended

PASSED

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

No: 2 – McGhee, Holm

Absent: 0

COUNCIL COMMENTS

Mr. McCarthy thanked everyone for all their hard work on the budget. Commended everyone for working well together

Mr. Smith thanked everyone for coming out tonight and they have done a fantastic job on the future projections. Looking forward to the Christmas truck.

Ms. Hunter said that the grand opening for the library 2 weeks ago was a great success. With the snow warning please drive safe

Ms. Holm thanked Ms. Hunter for all her hard work on library. Congratulations to the new governor.

Mr. Welch said tough times make tough decisions. May not always agree but we need to have a majority. He believes with Mr. McCarthy that we need to find a way to grow our community and expand the households and activities here. He hopes to have workshops in upcoming year.

Mr. McGhee said that with statistics we have lost 6 people in 6 weeks and need to be more defensive drivers. If you don't have anything nice to say, say nothing at all.

Mayor Ward wished everyone a good evening.

ADJOURNMENT

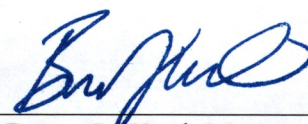
Mr. McGhee adjourned the meeting at 9:45 p.m.

Seconded by Mr. McCarthy


The regular meeting of December 1, 2014 adjourned at 9:45 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