



**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 7, 2016 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, October 17, 2016 to order at 7:02 p.m.

***There were present:***

**Mr. McCarthy** – Alt Dep Mayor Pro Tem  
**Mr. Isaacson** - Deputy Mayor Pro Tem  
**Mr. Thompson**  
**Mr. McGhee** - Mayor Pro Tem  
**Mr. Claus**  
**Mr. Skipps**  
**Mayor Ward** – Borough Rep

***Absent/Excused***

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

Led by Mayor Ward

**INVOCATION**

Invocation was given by Councilman Isaacson

**APPROVAL OF AGENDA**

**Mr. McGhee** *moved to approve the agenda of October 17, 2016*

**Seconded** *by Mr. Claus*

**Discussion**

None

**Mr. McGhee** *moved to consent the following items:*

**Old Business**

- a. Ordinance 16-24, An ordinance of the City of North Pole, Alaska amending Title 2, Administration and Personnel, Section 2.12.350, Council Compensation

**New Business**

- a. Appointment of Bed Tax Committee
- b. Request from North Pole Police Dept. to send to auction used tires
- c. Ordinance 16-25, An ordinance of the City of North Pole, Alaska to modify Chapter 4.25, Designated Funds, by reinstating a funding mechanism to General Fund for Capital and Fleet expenditures
- f. Resolution 16-11, A Resolution of the North Pole City Council designating City Officials authorization to sign on City of North Pole accounts
- h. Resolution 16-13, a Resolution of the North Pole City Council declaring November 26, 2016 “Small Business Saturday” in North Pole, Alaska

**Seconded by Mr. McCarthy**

*On the amendment*

**PASSED**

Yes: 7 – Thompson, McGhee, McCarthy, Claus, Isaacson, Skipps, Ward

No: 0

Absent: 0

*On the main motion as amended*

**PASSED**

Yes: 7 – Thompson, McGhee, McCarthy, Claus, Isaacson, Skipps, Ward

No: 0

Absent: 0

**APPROVAL OF MINUTES**

**Mr. Isaacson moved to Approve the Minutes of October 17, 2016**

**Seconded by Mr. McGhee**

**Discussion**

None

**PASSED**

Yes: 7 – Thompson, McGhee, McCarthy, Claus, Isaacson, Skipps, Ward

No: 0

Absent: 0

**COMMUNICATIONS FROM THE MAYOR**

October 22<sup>nd</sup> was the first annual pumpkin carving at City Hall with the Mayor. It was BYOP bring your own pumpkin. We had several visitors that came and got goopy hands and carved some amazing masterpieces, thank you to the staff who made this possible.

October 25<sup>th</sup> Don Young was in town for a community visit, he visited Juiced Up and F&H Fitness. We talked about the state of the country and what particular problems we face here in the interior-North Pole, most notably we talked about the air quality issue and EPA.

Alasconnect came and gave a presentation to the Chiefs and the Mayor about the ESInet or Emergency Services Intranet and the capabilities of this powerful tool. The ESInet has created the possibility of having a dedicated emergency intranet within the state of Alaska for emergency's. It would be provided at no cost since we are already an Alasconnect customer and would give us greater versatility with other customers such as Fairbanks Dispatch.

I also had a meeting With Mayor Cottle from the City of Wasilla on the 28<sup>th</sup>. The City of Wasilla is working on legislation to give greater control to the local governmental bodies regarding Alcohol. (home rule cities). They will be addressing the Alaska Municipal League regarding upcoming Alcohol regulations and I plan on bringing a resolution forward to support the Cities efforts.

Agnew Beck has scheduled an implementation meeting for November 29<sup>th</sup> at 6pm here at City Hall. This is an opportunity for the City to decide which items from the strategic plan we want to begin to implement. Please mark your calendars for this meeting, and agenda will be going out soon.

I will be doing a TV and audio commercial with the FNSB in regards to the air quality issues. I will be asking people to be courteous of their neighbors and monitor there burning to ensure they are doing it properly with the proper materials (dry wood). Folks should also be paying attention to the Air quality stages and ensure they know what they mean and when they are allowed to burn and not burn.

Tomorrow, November 8<sup>th</sup> is 'Vet 1 Stop' here in North Pole and is a central place for veteran assistance. The Vet Stop alternates between North Pole and Fairbanks and when it is here in North Pole it is located at the Assembly of God Church on 5<sup>th</sup> avenue by the slough.

November 11<sup>th</sup> is Veterans Day and we want to say thank you to all of the Veterans who have served our county and community through their sacrifice. The North Pole community boasts one of the highest percentages of veterans in Alaska. It is no wonder why veterans choose to stay here in the interior. Thank you for your service.

Finally our thoughts and prayers go out to the Brant Family. The story of Sergeant Brandt's life was wonderfully celebrated yesterday and he will be truly missed. Good friend and fellow NP officer Phil McBroom shared these words From Natasha, Brandt's Wife after he passed.

"I sat in the hospital with Natasha on the night that Allen passed," McBroom said. "And she told me that she wanted her and Allen's love story to be shared: Her statement was this: 'He's on loan from God. He's not mine. But I sure have loved our time together. I got to live a real-life fairy tale.'"

Thank you to all of our first responders and your families for the sacrifice you make every day just coming to work.

- **Proclamations**  
*Extra Mile Day*  
*Small Business Saturday*
- Re-organization of council  
Mayor Pro Tem – Thomas McGhee  
Deputy Mayor Pro Tem - Doug Isaacson  
Alt Dep Mayor Pro Tem – Kevin McCarthy  
Borough Rep – Mayor Ward
- Presentation of 2015 audit by Kohler, Schmitt, & Hutchison

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

- None

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

##### **Police Department, Chief Dutra**

We received the 2015 SHSP EHP authorization from the Department of Homeland Security & Emergency Management to start the RFP process the Door Security System. I will finish up the RFP and send it out to have bids completed.

This grant has been open for some time it will be nice to get it finished.

- 2) Services were held yesterday for Fairbanks Police Sergeant Allen Brandt. I would like to honor him by having a moment of silence.

The ceremony was extraordinary and I thank Councilmen Avery Thompson and all of his fellow coworkers for putting together a fitting hero's ceremony.

We have assigned Officer Phil McBroom as the North Pole Police Department liaison to the Brandt family. He will be there to support them with whatever they need and keep the department informed on any additional needs the family may have in the future.

We will support our brothers and sisters and their families in the time of need and that we will be there for as long as we are needed.

I want each of you to know, and be proud of the efforts your officers have made, on behalf of the city during this entire event. You should be very proud.

Sgt. Allen Brandt will be missed.

- 3) As some of you know I have been out of town since the 27<sup>th</sup> and missed all of the ceremonies for Sgt. Brandt. Lt. Rathbun did a great job filling my shoes.
- 4) Interior Alaska Roofing put the roof on the pavilion last week donating all their work. The archway has been completed and will be ready to put in place this week. I will be sending an invitation to everyone when that is about to occur.
- 5) Operation glow stick was a success we handed out 600 glow sticks this year and we thank you for supporting this effort. Another safe Halloween

Mr. Isaacson asked if the Police Department could keep the public informed if there are any changes to where cash donations can be sent. Doug also asked if they would not schedule the Arch Ceremony during the AML Conference.

Mr. McGhee asked if the ceremony could be held on a weekend. He also thanks Chief Dutra for connecting him to the Autism Society as he is participating in that and will be sponsoring one of the bracelets.

### **Fire Dept., Deputy Chief Coon**

- Graduating 5 students out of Firefighter 1.
- Chad Heineken has been promoted to Deputy Fire Chief.

Mr. Isaacson thanked the North Pole Fire Dept. for their promptness in a recent fire emergency.

**Finance, Tricia Fogarty**

- Gave the council an overview on miviewpoint and all that it will do.
- Will be out of town to AGFOA next week.

**Director of City Services, Bill Butler**

- The building department, the residential construction outlook is improving and looking more positive. Since his last report, two developers have come in to speak on potential development. One individual is talking about building a tri-plex or 4 plex and another developer is looking to develop raw land.
- In Public Works, were working with the Santa's Senior Center to write the community development block grant. This grant is due on the 2<sup>nd</sup>. There is a resolution for the Council this evening to authorize the mayor to sign this grant and coming back a second time.
- The heating fuel bids are due on the 10<sup>th</sup>, this Thursday.
- The City Christmas decorations are being put up.
- The lift station project has reached its 30 day performance period end. All the lift stations are performing as engineered.
- The frost is penetrating very quickly this year. This year the frost is already hitting at two feet. If anyone has a circulation pump he urges people to begin using them.
- The City will be occasionally dumping water down the sewer lines to keep them open so they don't freeze up.
- Natural Gas Utility board has been having discussions related to the IGU & gas supply & the acquisition of Pentex.

**Borough Representative**

The Borough had on the consideration of calendar their legislative priorities resolution, Resolution 2016-48. Some of the priorities includes the following,

Programmatic Funding:

1. Enhanced Home Heating Appliance Exchange Program
2. Residential Heating Conversion Loan Program
3. School Bond Debt Reimbursement

Legislative:

1. PERS budget pressure on Borough Taxpayers
2. Amend the Public Records Act
3. State energy revolving loan clarification
4. Amend State Statute on Agriculture Property Tax Exemptions
5. Amend State Statue on Retainage interest

6. Amend State Statute to simplify Zoning Variances
7. Property-Assessed clean energy PACE and on-bill financing
8. Remove marijuana from the schedule of Controlled substances

Major Malignance, Energy efficiency improvements and capital improvements (prioritized)

1. Transit Maintenance Facility Renovation- Federal Project Match
2. Service Area roads Capital Improvements
3. Ambulance Replacement
4. Carlson Center Ice Plant Replacement
5. North Star Fire Station #31 improvements

School Facilities (prioritized)

1. Barnette Magnet School renovation Phase IV
2. West Valley High School Auditoriums Sprinkler System improvements

Community Priorities (prioritized)

1. FMATS Local Match Funding
  2. Richardson Highway Bicycle and Pedestrian Facility (North Pole to Salcha)
- Resolution 2016-51 also is an interesting way to deal with the AML Priorities and I would encourage council to look at how the Borough addresses positions before they travel to AML and would like to do this model in the future.

Mr. McGhee asked what measures can the City of North Pole take to get out from under the Federal EPA as we are compliant with their regulations.

Mayor Ward states that the Borough has the control and authority. There are 3 monitors in the Borough, one of which is in North Pole, and they consider the entire area of the City of Fairbanks and the City of North Pole as the same air shed. If any one of those monitors reports badly it sets the tone for the entire area.

Mayor Ward states that he is not sure we could remove ourselves as we don't have authority. There are several things that they have considered such as splitting the non-attainment area but that's outside of our jurisdiction. We have had conversations with DEC about the likelihood of getting a saturation study done. It's our assumption that the monitor located on Hurst Road is not representative of North Pole area including the City of North Pole. We opened up several locations of the area last year when the borough was in charge of doing the monitoring and they showed about half the level of what was showed on Hurst Road. It was still exceeding the 35 micrograms per hour but that was still much lower than the other monitor readings. There is a

yearlong study that the state will be doing that the report will show that side is not representative and that they would then be able to go out and find another spot.

Mr. McGhee would like the City of North Pole to petition the Borough to rename their zoning areas and districts something other than North Pole so that we as a City who is very dependent on tourist activity and income do not get so slandered by the negative news reports that are not accurate to North Pole.

Mr. Isaacson added that he would help Mr. McGhee write up a resolution.

Mr. Isaacson responds to a point Mayor Ward about the air quality and the borough trying to split the non-attainment area so they are not classified as mixed in with the Hurst Road issue as well. If that succeeds, would the City be willing to pull us out too if we have the numbers to support that.

Mayor Ward states that in his opinion there is no way that they will be able to split the non-attainment area. There have been a lot of efforts to do that. We really are in the same air shed.

Mr. Isaacson states that it's in discussion every week at the transportation committee. Mr. Isaacson asks the Mayor that when he is ever in discussions about this to bring up Mr. McGhee's idea of petitioning to remove us as well.

#### **City Clerk's Office, Kathy Weber**

- Council orientation on Saturday, October 22, 2016.
- Halloween pumpkin carving on Saturday at 2:00 – 6:00.
- The City is sponsoring a local food drive in North Pole.
- Newsletter is coming along and we have had many people come in and call saying how much they enjoy it.
- Baking contest will be held the meeting of November 21<sup>st</sup>.
- Combined Legislative Update Discussion will take place on Tuesday, December 6<sup>th</sup> at the FNSB. The agenda is on the dais.
- A Comprehensive Strategic Plan Implementation Planning session with City Council and Department Heads on Tuesday, November 29<sup>th</sup> at 6:00 pm to review and discuss strategic plan priority strategies, identify potential implementation actions and what the next steps will be.
- National elections will be held tomorrow. Polls open at 7:00 am and close at 8:00 p.m. I ask that the council stay and help to set up for our election workers.



- Spoke with Mr. Wade from the North Pole Elementary and his class and possible some alumni that attend NPHS will be here to read the Bill of Rights at the December 19<sup>th</sup> meeting.
- I will be out of town from Nov 12 – Dec 5<sup>th</sup>. If you need assistance please contact Sally Terch.
- 48 days until Christmas

### **ONGOING PROJECTS**

- None

### **CITIZENS COMMENTS**

None

### **NEW BUSINESS**

#### **ORDINANCE 16-26, AN ORDINANCE OF THE CITY OF NORTH POLE, ALASKA TO AMEND TITLE 4, REVENUE AND FINANCE, CHAPTER 08 - SALES TAX**

Mayor Ward introduced the Ordinance. He stated that they are proposing to raise the sales tax from 4 – 5% and from an \$8 - \$10 cap. There are other changes that are being considered and he informed council on those changes.

Mr. Claus asked if there was any study made by the City if there was any revenue lost by Prop 7 passing.

Mayor ward stated that the City has not done any study. There are estimates that were made based on population and some of the State's numbers and they were in between \$100,000-200,000.

#### **Public Comment**

##### **Mike Welch, 934 Les Rogers Turnaround**

Mr. Welch asked if it was considered by the Mayor what would happen in 2018 when the exemption kicks in from \$20,000 - \$50,000 per property. He said there will be \$2,000,000 off property that you won't have to tax so, by taking this idea of sales tax it may not be enough, in his opinion, and asked if anyone has ever considered that. He doesn't feel there will be enough and that the City should retain a little bit more of the property tax. He stated that the City needed to change the exemption from \$200 to \$300 so then the maximum tax would be \$15 instead of \$10.

Mayor Ward states that the FNSB refers to all exemptions. The exemption value, if the City were to take on the \$20,000-50,000 exemptions, assuming that everyone would take that full value and there are some houses out there that may not be worth that it would be roughly \$27,000-30,000 in revenue for the City of North Pole. That has been in consideration and the issue has been brought up to Council and do we continue to keep our code exemption tied together.

Mr. Welch asks if that would be available for the final reading if at all possible.

Mayor Ward stated that would be a separate ordinance if the Council wishes to take up something on the exemptions.

**Mike Gendreau, 1105 St. Nicholas Dr.**

Mr. Gendreau said he has testified on the last two budgets on how the sales tax hurts the local businesses. Our wealthier people are property owners, government workers, and there are a lot of other people who are not. There are senior citizens are on fixed incomes and there are some that live in low income housing, single parents, and unemployed parents. Anyone making \$32,000 a year or less is poverty and there are a lot in our community at that level. A lot of businesses are struggling and don't associate with people of lower incomes and he doesn't understand. He said that sales tax is the worst thing that has happened to our city. As a resident, he expects an honest and balanced budget and for the City and to live within it. This City hasn't seen a crisis yet. This City is going to see its first crisis in the next 3 -5 years. The City needs to come up with another source of revenue to replace sales tax. He is not in favor of lowering property tax and raising sales tax.

**James Sickles, General Manager of Pizza Hut**

Mr. Sickles stated he is barely making money here in the City of North Pole and is considering going right outside the city limits to avoid sales tax. Increasing the sales tax will hurt the businesses trying to survive. There is more opportunity for money out there and suggests the City looks elsewhere.

**Sharron Beeman, 524 Beeman Lane**

Ms. Beeman lives outside the City limits but she works here and does 90% of her shopping here in North Pole but said it was a challenge to make ends meet. Our community depends mostly on revenue from sales tax. She stated that it appears citizens were satisfied with the projected income when they denied the operation of a specialized recreational cannabis retail business within the City limits. A comparable sized town to North Pole in Tacoma, WA which had retail sales in the same industry in October 2016, just last month, reported \$224,246. If North Pole had a more business friendly atmosphere the City would have potentially seen a little more than \$11,000 in excised tax alone just from one month. That is over \$132,000 a year which could support the salary of at least two more police officers and it is unfortunate that the Council has been put in the difficult position of making ends meet with rising cost and rising demands with no rising income. The Council wants to increase sales tax and reduce property tax for the citizens within the City so the citizens in the community outside of the City must suffer with the decision

that the city residents have made. The citizens of North Pole will have to do with less. Program cuts, jobs eliminated, services curtailed. The decision was theirs to make. Raising the sales tax will push more citizens outside City limits to make the trip to Fairbanks for no sales tax. She encourages the Council to look into other ways to bring in revenue such as capitalizing on the name of North Pole. Ms. Beeman opposes the increase in sales tax.

Mr. Isaacson asked Ms. Beeman about excise tax and what would the City of North Pole be able to charge an excise tax on.

Ms. Beeman explains that an excise tax is like a sales tax but it's specifically targeted to a specific business. North Pole could have charged a marijuana retail business an excised tax of 5% instead of a 4% tax.

Mr. McGhee asks Ms. Beeman if she was aware that is was a local business owner that spearheaded the proposition.

Ms. Beeman stated that she is aware of that.

**Chief Geoff Coon, 110 Lewis St.**

Participated in the workshop to come up with this. Representing the department and protecting 20,000 in the area to play, work, and worship. He spoke in favor of the sales tax increase.

Mr. McGhee asked the chief how many calls they go on that are not city residents.

Chief Coon stated that 50% of the calls are outside the city limits and need to be able to provide the service and provide it right now. Short answer is that 60% of the time it is city residents.

Mr. McGhee said that they estimated the sales tax and feasible to eliminate one employee or two employees from fire or police to make up the difference.

Chief Coon said he can only speak for the Fire Dept. and the short answer is no. When someone calls in sick we never operate with a 3 person shift, we are a 4 person shift and that is at minimum staffing. If someone calls in sick or not able to come in the person getting off their shift doesn't get to go home. Services would drop and they wouldn't be able to provide the services that they currently provide. I would try and educate the community that if we drop below our minimum staffing it is a risk to the public.

Mr. McGhee asked how long he could maintain employees if they reduced holiday pay and health and welfare benefits.

Chief Coon said that the City of North Pole attracts employees for many reasons. The North Pole Fire Department are on the low end of the pay scale and are the best stepping stone you've ever heard of . They hire them at \$14.50 an hour, train them, but they will move on and that's

the reality. Chief Coon does not believe that they could maintain them if we drop too much of their benefit package.

Mr. McGhee asked what the current rating is within the state.

Chief Coon said they received the best rating in 2015, better than they ever had had which is a rating of ISO 2. To become an ISO 2 is a big deal. All the property and business owners in the City of North Pole get a better insurance rating based on that ISO rating. Staffing is a large component of it also water & dispatch to come up with our grading. If you drop any of it, and there is a drop in the water system they would get a lower ISO rating and that would result in insurance ratings going up.

Mr. McGhee asked if a firefighter earns \$14.50 an hour.

Mr. Coon stated that range 1 for a fire fighter is \$14.53 an hour.

**Chief Dutra, 125 Snowman Lane**

Chief Dutra said he has been in this position for the past 5 years. Sales tax has come up time and time again. He has sat silently and now he isn't going to. What we are hearing is a lot from the citizens of North Pole that are emotionally based opinions, not necessarily fact based. He wishes that people who have issue would come see him and he doesn't know how they come to these conclusions. It is not true that a sales tax increase will scare away businesses. One cent on the dollar is not a huge amount of money. The City has been cutting operational costs to a point where they couldn't afford to pay for a new roof a couple summers ago in which they had to pay for with money the Police Department got from massive forfeiture that never was intended to be used for something like that. Sales tax helps resolve these issues but the departments still have to make cuts. 90% of crimes are committed outside of the City limits and this shifts the burden from the homeowner to the people who are using these services. Chief Dutra stated that he will do a presentation for anyone on the statistics and who has questions. If the Police Department were just policing the individuals inside the City we wouldn't need all the officers that we have. The debates need to be on substance and facts and that citizens can come and see him.

Mr. McGhee stated that in looking at the numbers and the numbers that we're thinking of reducing, if we don't do the sales tax, does he think the estimated 1,200 property owners within the City limits can afford the City.

Chief Dutra responds, yes.

Mr. McGhee asks if he believes the property owners who are paying current taxes which only equate to \$816,680, could we increase their portion to have the property owner provide even more financial support to the City at the standard that we are currently providing.

Chief Dutra responds, no.

Mr. McGhee asks if he wouldn't say that we shouldn't eliminate sales tax or reduce the sales tax or leave it where it's at because we don't have enough property owners who could pull it out of their incomes to support the City. He believes under Chief Dutra's testimony that he indicated that it is not the residents of the City which is estimated at 2,200 that are creating the burden on our Fire Department and Police Department but yet it's the 20,000 plus that come into the City daily.

Deputy Fire Chief Heineken,

Dep. Chief Heineken stated that he was raised on Badger Rd and part of the 20,000 who come into North Pole and take advantage of the services. He is very prideful to be a part of this City, to shop, go to school, worship and share the burden with this large group. The City in general is doing very well with what they have and stretch things to make them fit their budget. He stated they stretch every dime. His family appreciates what they have here in North Pole.

Mr. McGhee asked if he was aware of the cap on sales tax.

Heineken said maximum tax on any sale of \$200 is \$8 maximum.

**Sgt. Bill Bellant**

Sgt. Bellant stated that on the \$8 cap they have heard people say that if we raise it, it will drive people out. The IRS reimbursement rate, if you use your vehicle to travel back and forth from North Pole to Fairbanks, is .54 a mile. If you use your own vehicle to drive back and forth from town it's going to cost you a little over \$13 not including the depreciation on your vehicle and gas. That is more than the \$8 sales cap. Sgt. Bellant says he does not believe this will drive people out of North Pole if we raise that tax. He said we have roughly 8,000 more troops coming in a couple of years that will use our services. He is in support of the sales tax increase.

Mr. McGhee asked if he was aware the Council was considering raising the cap to \$10.

Sgt. Bellant stated that he was not aware of that but even still it's cheaper to shop here.

**Mr. McGhee *moved to* Introduce and advance Ordinance 16-26, an Ordinance of the City of North Pole, Alaska to amend Title 4, Revenue and Finance, Chapter 08 - Sales Tax**

**Seconded by Mr. McCarthy**

**Discussion**

Mr. Claus said he has mixed feelings having heard from several people who live in and outside of the City. From his perspective he is wondering how City Council is going to balance more than 100,000 that was sort of thrown away by Proposition 7 and has given away approximately \$60,000 of bed tax and a building that's worth \$100,000-200,000 and at

the same time offer a property tax reduction but in this instance raise that 1%. Personally he says many won't feel that but he is on a fixed income and would feel it and he believes others would too. He feels there are some things the Council really needs address. He states he is not really for property tax reduction but it has an impact on the sales tax increase. He asks the Mayor if the property tax was not reduced this year and the 1% sales tax were to pass, what impact would that have on the budget and how would the City crunch the numbers.

Mayor Ward stated that the difference between the mill rate drop and sales tax increase is \$482,653. That would be surplus at that point because it has to balance so would have to reduce another revenue.

Mr. Claus said the difference would equate with the other two taxes, the Proposition 7 and bed tax, and property give away that the City is considering.

Mayor Ward stated that the difference they have is in the budget. He said the Council didn't budget for any increase of sales tax from any revenue from marijuana or for the sale of it in the budget.

Mr. Claus asked if they can postpone this a few weeks if that is able to be done.

Mayor Ward said Council can make any decision they so choose. However, the budget in this ordinance is coupled together. The budget goes to 3 readings so if there was a change to the ordinance that would extend beyond those 3 readings then we would have to reflect the change or potential change in the budget.

Mr. Claus asks if we were not to reduce the property tax and still increase the sales tax that would be addressed by staff over the next few meetings to balance the budget.

Mr. McGhee said it's no mystery that he has brought up the sales tax in the past and that the users should pay for the services. According to our history of sales tax, in the times we did raise it, the sales went up. As one business owner said in one meeting, if we remove the sales tax would you keep your price down and their response was yes but only for a short amount of time before we bring the price back up because we know we can get it. Large businesses are not afraid of those tax dollars. Regardless of the tax price, and sales tax pricing, they will charge more for the same brands regardless of the sales tax just because it's brought to the North Pole. The cost of heat is more of an issue than sales or property tax is a user fee and the users who have been using our services need to pay. Sales tax has been in North Pole from the beginning.

Mr. Isaacson states that several things have been brought up but one thing I would like to address is lost revenue to the City because voters passed a no commercialization of

Marijuana in the City. The City government did not do that to you, it was the voters. He states that he pushes for the City to expand. People generally don't like to travel any more than 5 miles to a convenience store or restaurant.

Mr. Isaacson disclosed that he has an appointment with a Colonel and he has been in discussion for nearly a year with Base Leadership in providing a retail, amusement, hotel type of project outside of Eielson Air Force Base. Mr. Isaacson fully discloses that he does not want anyone to read in the news, his name associated with a project that might contradict a vote that he put on here or that might augment a vote. Mr. Isaacson submits to the Mayor that he is working on such a project.

Mr. McCarthy stated he is in support of the sales tax increase & the property tax going down.

Mr. McGhee talked about growth and the benefits it will bring. Lower property taxes encourage people to move in & businesses to come in.

Mayor Ward stated anything we can do to reduce the mill rate the better. People want to build in a community that has great services and much to offer. We have a good proposal that can bring stability back to our local government.

Mr. Thompson stated that he is in support of it. If we want basic services, we need to pay for them. This is a big reason he lives in North Pole.

Mr. Claus stated he thought it was important for residents and businesses here in North Pole to take to heart whenever a position comes before the voters in the City that they become well informed. They are lucky to have a pretty balanced Council here and Mayor. If people are really interested they will know with the consequences of their vote happen to be. He hopes that in the future that voters themselves will become better informed & figure out the consequences of their vote and vote for what they believe is the best.

**PASSED**

Yes: 7 – Thompson, McGhee, McCarthy, Claus, Isaacson, Skipps, Ward

No: 0

Absent: 0

*Thomas McGhee ruled to suspend the rules for 5 minutes*

**ORDINANCE 16-27, AN ORDINANCE OF THE NORTH POLE CITY COUNCIL  
ESTABLISHING THE 2017 OPERATING AND CAPITAL BUDGET AND LEVYING  
THE MILL RATE.**

Mayor Ward introduced the 2017 operating and capital budget and levying the mill rate. He went over all sections of the budget. He explained that the City is presenting the budget on a program level.

Mr. Isaacson asked about calculating the mill rate.

Mayor Ward stated that he had and that they took the knowledge that they had on the current assets and devaluation and took that into consideration.

Mr. McGhee said he would like a breakdown of the categories and be prepared to ask the department head what they do. He would like to know an actual number of properties that we collect property tax from.

### **Public Comment**

None

**Mr. Isaacson** *moved to Introduce and advance* Ordinance 16-27, an Ordinance of the North Pole City Council establishing the 2017 Operating and Capital Budget and levying the mill rate

**Seconded by Mr. McGhee**

### **Discussion**

Mr. McGhee said he has never before been included as a sponsor to the budget. He asks to be added.

Mr. Claus also requested to be added as a sponsor to the budget. Santa commented on reserve funds.

### **PASSED**

Yes: 7 – Thompson, McGhee, McCarthy, Claus, Isaacson, Skipps, Ward

No: 0

Absent: 0

## **RESOLUTION 16-12, A RESOLUTION OF THE NORTH POLE CITY COUNCIL AUTHORIZING THE MAYOR TO SUBMIT A COMMUNITY DEVELOPMENT BLOCK GRANT ON BEHALF OF THE CITY FOR THE RENOVATION OF THE SANTA'S SENIOR CENTER BUILDING**

Bill Butler gave the following presentation to council:

### **A. Project Description**



## **A.1. Summary**

The *Santa's Senior Center Project* will use the requested grant funds to totally remodel the facility in which Santa's Senior Center (hereafter the Center) is located. The facility was built in the early 1970s to be the City of North Pole's City Hall and Fire House. It served in that role until the mid-1980s when the City relocated City Hall to a new building built to exclusively serve as City Hall. City Hall is still in that facility. The City also built a new facility in the mid-1980s to house the Fire Department. The City rents the facility to the Center in for \$10 per year for a 10-year renewable lease. For the nominal rent, the Center is responsible for all the maintenance and utility expenses at the facility.

The natural obsolescence that occurs in a building that is approximately 45 years old without major modifications has resulted in a facility that is beginning to show its age. Minor modifications and repairs have occurred over time at the Center to adapt the facility to the seniors' needs. These repairs and modifications have not always been done by licensed tradespeople and sometimes the seniors themselves or volunteers have made minor renovations or repairs. The facility was also built at a time when building technology did not stress energy efficiency. The building codes and practices in the 1970s were not as rigorous or sophisticated as they are today. The most significant renovation that has occurred at the Center in anyone's recent memory was the installation in 2013 of a commercial ventilation fan in the kitchen that was partially funded by a Community Development Block Grant. (CDBG).

The membership of the Center and the City have identified that there is a need to make renovations at the Center facility. The facility is approximately 45 years old and it is showing its age. One condition at the facility that minor renovations cannot correct is that the facility was built as an office space and fire house not a community center devoted to senior citizen activities. Major systems in the building are aging, beginning to fail, are energy inefficient and not built to code or best building practices. These combined conditions make for a facility in need of significant renovations to make it safer, client-center, energy efficient and with lower maintenance and operation costs.

# **CDBG**

## **Community Development Block Grant**

### ***Program Overview***

## General Information

- ❖ Federal program funded by the U.S. Dept. of Housing and Urban Development (HUD)
- ❖ For the 2016 funding cycle, State will have approximately \$2.4 million to distribute statewide
- ❖ Expect to fund approximately 5 to 7 applications

## CDBG Objectives

1. *Benefit Low and Moderate Income (LMI) people*
2. *Prevent slums and blighted areas (inner city)*
3. *Address urgent community development needs*

## ELIGIBLE Activities

- ❖ Area-Wide Benefit
- ❖ Limited Clientele
- ❖ Housing
- ❖ Job Creation or Retention

## Area-Wide Benefit

- ❖ An activity that benefits all residents in a particular area or areas, where at least 51% of the residents are Low and Moderate Income persons
  
- ❖ An activity which serves an area that is not primarily residential does not qualify

## Limited Clientele

- ❖ An activity which benefits a clientele who are generally presumed to be principally LMI:

- Abused children
- Battered spouses
- Severely disabled adults
- Migrant farm workers
- **Elderly persons**
- Homeless persons
- Illiterate adults
- Persons living AIDS

## Housing Activities

Nationally, CDBGs target activities that improve permanent residential structures, but the State of Alaska CDBG program does not target housing activities

## Job Creation or Retention

- ❖ A job activity is one which creates or retains
  - **permanent jobs**,
  - at least 51% of which are either **held by** LMI persons,
  - or **considered to be available to** LMI persons

## Funding Categories

- ❖ Community Development
- ❖ Planning
- ❖ Special Economic Development

## Community Development

Acquisition, construction, reconstruction of public facilities and improvements, like:

- ❖ health clinics
- ❖ **community centers**
- ❖ shelters for the homeless
- ❖ water and sewer systems
- ❖ docks and harbors
- ❖ electrical distribution lines
- ❖ fuel and gas distribution systems
- ❖ transportation improvements

## Planning

- ❖ Conduct studies
- ❖ Collect data
- ❖ Marketing and feasibility studies
- ❖ Comprehensive land use plans

## Special Economic Development

- ❖ Grantee must create jobs, and
- ❖ 51% of the jobs must be filled by LMI persons

## Ineligible Projects

- ❖ Heavy Equipment
- ❖ Government Buildings
- ❖ Regular Government Operations
- ❖ Maintenance and Operation
- ❖ Political Activities

## General Program Policy/Requirements

- ❖ Who can apply?
  - Incorporated Cities & Boroughs
- ❖ Maximum Grant Amount
  - \$850,000

### **Public Comment**

No alternative projects were proposed

**Mr. McGhee moved to Approved Resolution 16-12, A Resolution of the North Pole City Council authorizing the Mayor to submit a Community Development Block Grant on behalf of the City for the renovation of the Santa's Senior Center building**

**Seconded by Mr. McCarthy**

**Discussion**

Mr. Isaacson said he is a member of the Santa's Senior Center.

**PASSED**

Yes: 7 – Thompson, McGhee, McCarthy, Claus, Isaacson, Skipps, Ward

No: 0

Absent: 0

**COUNCIL COMMENTS**

None

**ADJOURNMENT**

**Mr. McGhee moved to Adjourn the meeting at 9:53 p.m.**

**Seconded by Mr. Isaacson**

The regular meeting of Monday, November 7, 2016 adjourned at 9:53 p.m.

**These minutes passed and approved** by a duly constituted quorum of the North Pole City Council on Monday, November 21, 2016.

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Bryce J. Ward, Mayor

**ATTEST:**

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Kathryn M. Weber, MMC  
North Pole City Clerk