REGULAR CITY COUNCIL MEETING  
Tuesday, February 22, 2011  
Committee of the Whole – 6:30 p.m.  
Regular City Council Meeting – 7:00 p.m.

COUNCIL MEMBERS  
Bonnie Arnold 488-9246  
Richard Holm 488-1776  
Sharron Hunter 488-4282  
Kevin McCarthy - Dep. Mayor Pro Tem 490-9039  
Ronald Jones – Alt. Dep Mayor Pro Tem 488-3579  
Thomas McGhee - Mayor Pro Tem 455-0010

MAYOR  
Doug Isaacson 488-8584

CITY CLERK  
Kathy Weber 488-8583

1. Call to Order/Roll Call

2. Pledge of Allegiance to the US Flag & Presentation of Flags – Troop #7

3. Invocation

4. Approval of the Agenda

5. Approval of the Minutes

6. Communications from the Mayor  
   Students of the Month  
   Spencer McAbee - NPMS  
   Lucas Denham – NPHS - January  
   Caitlin Elliott – NPHS - February

7. Council Member Questions of the Mayor

8. Communications from Department Heads, Borough Representative and the City Clerk

9. Ongoing Projects Report  
   North Pole Branch Library Project
10. Citizens Comments (Limited to Five (5) minutes per Citizen)

11. Old Business

12. New Business

   a. Request By North Pole Community Chamber of Commerce For 3rd Quarter Bed Tax

   b. Request From Sergey Streltsov To Dismiss The Water Bills For The Months Of December 2010 & January 2011

   c. Approval of Engagement Letter To Perform Audit Services By Mikunda, Cottrell & Co., Inc.

   d. Request For Travel Funds For The Mayor To Be Present In Juneau Prior To The End Of The Session, As Necessary, For North Pole Priorities

   e. Ordinance 11-01, Substitute A, An Ordinance of the City of North Pole, Alaska To Amend Title 13, Public Services

   f. Resolution 11-06, A Resolution of the City of North Pole Requesting Three Amendments To Proposed FNSB Ordinance 2010-56 and Amendments to Title 18 of the Borough Code of Ordinances

13. Council Comments

14. Adjournment

The City of North Pole will provide an interpreter at City Council meetings for hearing impaired individuals. The City does require at least 48 hours notice to arrange for this service. All such requests are subject to the availability of an interpreter. All City Council meetings are recorded on CD. These CD’s are available for listening or duplication at the City Clerk’s Office during regular business hours, Monday through Friday, 8:00 a.m. to 5:00 p.m. or can be purchased for $5.00 per CD. The City Clerk’s Office is located in City Hall, 125 Snowman Lane, North Pole, Alaska.
A regular meeting of the North Pole City Council was held on January 18, 2011 in the Council Chambers of City Hall, 125 Snowman Lane, North Pole, Alaska.

**CALL TO ORDER/ROLL CALL**
Mayor Doug Isaacson called the regular City Council meeting of January 18, 2011 to order at 7:00 p.m.

*There were present:*
Mr. McGhee
Ms. Arnold
Ms. Hunter
Mr. Jones
Mr. Holm
Mr. McCarthy
Mayor Isaacson

*Ron Jones moved to suspend the rules to configure the new council ipads*

Seconded by Bonnie Arnold

Meeting brought back to order at 7:07 p.m.

**PLEDGE OF ALLEGIANCE TO THE U.S. FLAG**
Led by Mayor Doug Isaacson

**INVOCATION**
Invocation was given by Councilwoman Arnold

**APPROVAL OF AGENDA**
Mr. Jones moved to Approve the Agenda of January 18, 2011

Seconded by Ms. Hunter

**Discussion**
None

**PASSED**
YES – 7–Holm, Arnold, McGhee, Jones, McCarthy, Hunter, Isaacson
NO – 0
Abstained- 0

**APPROVAL OF MINUTES**

Mr. Jones moved to Approve the Minutes of December 20, 2010
Seconded by Mr. McGhee

Discussion
None

PASSED
YES – 7–Holm, Arnold, McGhee, Jones, McCarthy, Hunter, Isaacson
NO – 0
Abstained- 0

COMMUNICATIONS FROM THE MAYOR
Communication Highlights from the Mayor for the period ending January 18, 2011
ISSUES:

• The Arctic Winter Games International Committee was in Fairbanks and North Pole
doing site inspections of the possible venues for the 2014 Arctic Winter Games. The
Arctic Winter Games (AWG) Bid Committee, chaired by FNSB Chief of Staff Jeff
Jacobson and FCVB VP Karen Lane, did a great job of putting together a professional bid
package (a copy is available in my office), and coordinating the myriad details for the site
visit. Over 280 volunteers and 70 organizations contributed to the effective trip.
The Committee was met by a brass ensemble and local Inupiaq dancers at 10 pm Tuesday
night. Thanks also go to Councilman Ron Jones, his wife Betsy, and Fire Chief Buddy
Lane for joining us to welcome the Committee. The three local mayors cleared our
schedules to accompany the Committee on Wednesday and Thursday, which were full
days. Thanks to all who came out to the Big Dipper on Wednesday night for the public
welcome, which featured young ice skaters exhibiting their talent. These young skaters
will be old enough in three years to actually compete in the 2014 Arctic Winter Games.
Thanks also to Mayor Pro Tem Thomas McGhee and Council woman Sharron Hunter
and her husband, Jim (“Hunter”), who also attended the VIP Reception at the UAF
Museum after the public welcome.
On Thursday, the Committee visited NP Middle School, the possible site for badminton,
where the President, Gerry Thicke was presented with a red, white, and blue hand knitted
cap by North Pole Babes in Toyland Roller Derby member, Camo Cane. At NP High
School, the possible site for volleyball, Pat Jacobson organized a student reception and
presented the members with gifts and introduced key staff members (both principles were
absent on District business). Thanks to Keith Fye who not only kept the Ice Park intact
but arranged for Santa to provide the Committee with a motorized tour of Christmas in
Ice—where also 8 of 9 members went sledding down the ice slides. They purchased
items at Santa Claus House and ate lunch at Pagodas. Present also were Mayors Hopkins
and Cleworth, NPMS Principle Rich Smith and NPHS Principle Bridget Lewis, City
Clerk Kathy Weber, Fire Chief Buddy Lane, Council woman Sharron Hunter; the last
three helped me distribute gift bags from the City. In the presence of everyone there,
President Gerry Thicke and other committee members commented how North Pole was
the highlight of their trip!
The actual contract to host the games will be signed by Mayor Hopkins and we should be notified of the Committee’s decision by the end of February. During the next three years, North Pole’s budget pledge will be $30,000, which I’m hoping will come from gaming funds, once that can be re-established.

- Citizen’s Arrest: On Saturday, Jan. 8, in response to an Assembly member’s question of a letter to the editor on that same day, I wrote you the following email. I’m re-including it in case you didn’t receive it because I’ve seen at least one other letter on the same topic.

“In today's Daily News Miner, a letter to the Editor (attached) describes the North Pole Police Department's participation in a citizen's arrest and asks how this participation was legal and how it can happen. While we are not at liberty to discuss the details of a specific open case, I want you to be informed of the process and legality so that you can responsibly answer your constituents when they ask about this article (as has already happened to me this morning).

“Chief Lindhag was very responsive to my request for information and supplied me with the attached form that a citizen MUST complete in order to involve the NPPD. Perhaps the most common usage of this form, according to the Chief, is when a store security officer wants to arrest a shoplifter. The store security detains the perpetrator, call in the NPPD, completes this form--taking upon themselves the complete liability for the arrest, and NPPD transports the shoplifter. The form goes to the District Attorney, the case and investigation remains with the NPPD, but the liability for the action remains with the store's security. This is a process that has been followed for decades and is done according to State law.

“To summarize, in answer to the Letter to the Editor, the process is legal and if a citizen, as in the case of this letter, wants to make a citizen's arrest, the process is:
1. A private person calls in a complaint and completes the form;
2. The responding officer makes an initial investigation of the apparent facts to verify that a law has been broken (such as reckless driving);
3. The responding officer will approach the alleged perpetrator, ensuring proper identification and notification of the action;
4. The responding officer does not make the arrest--that has been done by the citizen--our officer transports the alleged perpetrator to Fairbanks Correctional Facility;
5. The Citizen's Arrest Form is given to the D.A.'s office;
6. The case remains open with the NPPD until the D.A.'s office completes its action(s).
7. The liability for the action remains with the identified private person who made the arrest (see the declaration on the form).

“One other important issue to bear in mind is that the Constitutional rights of innocence and due process appear to be preserved in this process--if State law conflicts with the Constitution, that issue must be raised with our State elected officials. Also, one person's account of an incident may not represent the complete facts, or any of the actual facts. That's why the NPPD (or any police department) makes an initial assessment as to the validity of the claim by the
citizen making the arrest and the D.A. is involved to ensure that the facts are vetted.

“I've copied the Chief on this email, so if I've missed anything significant he can correct me. Please contact him, or me, if you have any particular concerns.”

• **Volunteer Appreciation and Ice Sculptures.** Thanks to Keith Fye, and the many volunteers at Christmas in Ice, the first place sculpture by a Chinese artist, graces the entry sidewalk by the police station; and the logo of the City is in front of City Hall. Many of the sculptures are not able to be transported and due to liabilities issues, will be destroyed as the Ice Park is dismantled this week. Thanks to the many people who make Christmas In Ice happen each year. Please plan to attend the Volunteer Appreciation Reception this Friday, 7:00 p.m. at Hotel North Pole.

• **ESGR “Bosslift”** City Clerk/HR manager Kathy Weber and I will be travelling to Tampa, FL on January 30 through February 4, participating in the Alaska Employer Support of the Guard and Reserve. This purpose of this official Department of Defense activity is to provide community leaders and employers of National Guard and Reserve members the opportunity to observe first-hand the type and quality of military training and leadership activities that our National Guard and Reserve members participate in when they are absent from work on Guard or Reserve duty. We will have opportunity to visit, observe, and receive mission briefings from the Air Force Reserve, CENTCOM, Marine Corp Reserve, Navy Reserve, and Army Guard. North Pole will have at least two guardsmen from the Police Department deploying in 2011. Just to note, you never know who you’re going to meet on these trips. During the last ESGR trip I was on, I became acquainted with General Chandler’s aide, Marc Luiken, who is now the Commissioner of ADOT.

• **Patent/Trademark Update.** I met Julia Triplehorn, the Patent Librarian at the UAF Geophysical Institute at the last Fairbanks Regional Economic Partnership meeting (FREP) who gave me a lot of information and confirmed that the price to trademark can be upwards of $20,000, all things considered. That information is available either in my office or by going to the library directly, located at Akasofu Building, Room 202 on the upper campus. I’ve attached a brochure.

• **Commissioner Update.** The City of North Pole still needs two individuals to represent the city on the FNSB Planning Commission and the FNSB Recycling Commission. There is a lot of local interest in RECYCLING! If you are interested in either one of these positions, please contact Mayor Isaacson at 488-8584. Details of the commissions are online at [www.fnsb.us](http://www.fnsb.us).

**FNSB ASSEMBLY MEETING.**
The Borough Assembly met on January 13 with three items of interest to North Pole that have been advanced to future dates:

1. Ordinance 2011-03 amends certain PM2.5 standards, establishing a voluntary educational program and removes related fines, it removes the requirement to burn dry wood, and removes the prohibition against burning glossy or colored
papers. This will have its public hearing on January 27.

2. Ordinance 2010-55 (sponsor: Assemblymember Howard) and Ordinance 2010-56 (sponsor: Mayor Hopkins) both deal with amending Title 18 as it relates to non-conforming (grandfathered) buildings, structures, uses and lots. Mayor Cleworth has alerted me to possible negative impacts to the Cities and residents. I have included the two borough ordinances and the resolution he has prepared for his council meeting for your review and comment. These ordinances are being considered at the Assembly meeting of February 24. If necessary, we will be able to have a resolution to consider at either the meeting of February 7 (I will be in Juneau) or February 22.

MEDIA:

Jan 8, 15, Mayor Isaacson was on KJNP (1170 AM, 100.3 FM) 8 – 9 a.m. “Over the Coffee Cup.”

UPCOMING (see above and the attached fliers for other events, dates, and times)

• Jan 19, 10 am – 12 pm, FMATS Policy Committee meets at ADOT Conference Room on Peger.
• Jan 19, Noon, Santa’s Seniors will Induct New Officers
• Jan 20, 12 – 2 pm; AND 4-7 pm, Open House to learn on comment on Joint Pacific Alaska Range Complex (JPARC) at Princess Hotel. JPARC is the largest military training area in North America. It is looking to expand. As Alaskans, we support our military and we are conscious of our need for resource development if we are to have an economy independent of federal subsidies and oil revenue. Learn whether or not and how the growth requirements of these two industries are compatible and give your comments.
• Jan 21, 5-9 pm: First Friday Art Show @ North Pole Grange (repeat on Saturday from 1-4 pm)
• Jan 21, 5-7:30 pm: Governor’s Inaugural Reception at the Carlson Center
• Jan 21, 7-11 pm: North Pole Christmas In Ice Volunteer Recognition and Awards at Hotel North Pole
• Jan 22, noon-3 pm: Live radio remote at Styles and Files on 5th Ave. Supports North Pole Babes In Toyland Roller Derby team.
• Jan 24, 6-8 pm: Alaska Railroad Northern Rail Extension Open House, includes Tanana River Bridge presentation at 6:30, at Salcha Elementary School.
• Jan 25, 10 am, 6-17 CAV Deployment Ceremony & gifting of North Pole and Alaska Flags at Hangar 6 on Ft WW.
• Jan 25, 2 pm, C/ 1-52 AVN Deployment Ceremony & gifting of North Pole and Alaska Flags at Hangar 6 on Ft WW.

Students of the Month
Tyler Tosch – NPE
COUNCIL MEMBER QUESTIONS OF THE MAYOR

Mr. McGhee asked what the City’s monetary obligation to the Arctic Winter Games would be.

Mayor Isaacson said that it would be $30,000 over 3 years.

Mr. McGhee asked if the North Pole Community Chamber of Commerce and North Pole Economic Development would also be giving money to the Arctic Winter Games in support of the event.

Mayor Isaacson said he had not yet talked with them.

COMMUNICATIONS FROM DEPARTMENT HEADS, BOROUGH REPRESENTATIVE AND THE CITY CLERK

Accountant
- W-2’s will be out next week.
- Sales tax is over $90,000 of what was projected and the alcohol tax is up $14,000 4th quarter 2010.
- Preliminary financial will be given at the February meeting for December 31, 2010.

Police Dept, Sgt Nelson
- Chief Lindhag will be out for the next three weeks.
- Officer Alex Sporleder is at the end of his FTO and will be attending school from February 14 through May 15, 2011.
- Starting Special Olympics again and will be raising money. On May 15th they will do a 5k run with the Special Olympic kids. NPPD was the 3rd highest law enforcement to raise money for this event.
- Officer McBroom will get the MADD award again this year at their annual banquet. Last year he was #2 and this year he will be #1 for the most arrests for DUI.
- Drive careful as road conditions are bad and there is ice fog this evening.
- Sgt Nelson will be deploying in August and will be gone until February 2012. He will be in Iraq during that time.
- Officer Kvittem will be gone for 3 months with the ANG for 3 months for tech school in California. He has deployed 6 times in the past.

Fire Dept, Bryan Lane
- None
Director of City Services, Bill Butler  
January 18, 2011 Council Report  
Bill Butler  
Director of City Services

Building Department
- No new permits issued since the last council meeting

Public Works
- January 26 there will be a Alaska Rail Road agency scoping meeting at the North Pole City Hall
  - 3:30 to 6:30 pm
  - Preliminary scoping for environmental assessment
  - Long term goal is to reduce rail road crossings within City
- Led street lights appear to be significantly reducing electric usage
  - All of the City’s load centers that feed power to the street lights were also replaced as part of project
  - About 60% of street lights were replace (in only a few areas were 100% of the street lights replaced in a neighborhood)
  - Follow up project is in early planning stage to replace up to all of the old street lights
  - Examples of actual reduced electric consumption:

<table>
<thead>
<tr>
<th>Street Light Circuit</th>
<th>KWH</th>
<th>Percent change</th>
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<tbody>
<tr>
<td>North Star Drive</td>
<td></td>
<td></td>
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<tr>
<td>November 2009</td>
<td>2402</td>
<td></td>
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<tr>
<td>November 2010</td>
<td>1345</td>
<td>-44.0%</td>
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<tr>
<td>December 2010</td>
<td>2763</td>
<td></td>
</tr>
<tr>
<td>December 2011</td>
<td>1566</td>
<td>-43.3%</td>
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<tr>
<td>Patriot Drive</td>
<td></td>
<td></td>
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<tr>
<td>November 2009</td>
<td>2110</td>
<td></td>
</tr>
<tr>
<td>November 2010</td>
<td>1317</td>
<td>-37.6%</td>
</tr>
<tr>
<td>December 2010</td>
<td>2421</td>
<td></td>
</tr>
<tr>
<td>December 2011</td>
<td>1527</td>
<td>-36.9%</td>
</tr>
</tbody>
</table>

Utility Department
- New drinking water well project is getting closer to completion
  - Waiting on critical well pump control hardware—variable frequency drive (VFD)
  - I estimate project will not be completed earlier than mid-February, more likely, end of February
- Released request for proposals for Waste Water Treatment Plant Engineering and Design Project
13 engineering firms have requested copies of the RFP to date

Proposal due date February 11

Borough Representative, Mayor Isaacson

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City Clerk, Kathy Weber

Council Report by Kathy Weber, City Clerk

Here are some of the things that are coming up in the city. If you have any questions on any items below, please feel free to contact me at 488-8583 or email at Kathy@northpolealaska.com.

- I will be at Santa’s Senior Center tomorrow to swear in their new officers. They have elected the following individuals: President-Clarence Schulte, Vice President-Elly Smith, Secretary-Francie Cork, Treasurer-Ethel Stoneman.

- The new/old police cruiser that the city adopted will be online this week. It is presently at Auto Trim Design getting the City logo put on the side so it is recognizable to the public. The majority of the use of the car will be for the mayor with occasional use by other admin people. This will help to cut down the cost of using personal vehicles which also is a liability for the city. We are currently paying 0.55 per mile.

- Public Scoping meeting on North Pole Crossing Reduction Project on Wednesday, January 26, 2011 from 3:30 – 6:30 at North Pole City Hall. Public comment is welcome and encouraged.

- I will be out of the office from January 31 through February 4th attending the ESGR Bosslift to MacGill Airforce Base in Tampa, Florida. I will give a full report at the February 7th meeting.
Council received ipads this past week and we are going green. Items for consideration on the agenda will be printed and put by the council doors. Minutes and other information will be posted on the new website that will be up and running this week.

Marilyn Zrucky is back in the office and we are full force and running in high gear. Everyone is closing out 2010 and continuing with their daily work for 2011.

I have spoken with Kathy Doyel at North Pole High School about starting a program to give credit to students who would like to work at city hall as part of an independent study program. I will be working with her this semester to develop that program.

APOC forms are due in my office no later than March 15th.

There are 347 days until Christmas.

ONGOING PROJECTS

North Pole Economic Development, Buzz Otis
Mr. Otis gave an update on NPEDC.

- Helped raise $60,00 in cash and $20,00 in-kind donations.
- Interested party in 10 acres off Peridot Road. Need sewer and water infrastructure and they are comparing with other properties in Fairbanks.
- December 4th they had an economic issues briefing with Mead Treadwell and were able to take him to the Ice Park.
- Met with council on the taxation of tankers with FHR and Petro Star.
- Met with Commissioner Hartig on the sulfolane issue in December and were able to secure the 35% drawing from FHR and will continue to pursue that with DEC.
- 2011 North Pole Sled Dog Championship will be held on March 27 & 28th behind Star of the North school.

February 26th the Iron Dog will be coming through the Moose Creek Dam and will be a re-fueling station for that race.

Rep. Wilson was able to secure funds for beautification, Christmas in Ice with a $50,000 grant. Mr. Otis provided plans for the sites for beautification. He continues to work with Rep. Wilson and Tom Ertel on additional funding and projects.

NPEDC has a property index of property owners that have 10 acre parcels or larger from North Pole to Eielson.

The radius study is done and they are now ready to start working on the website to get things up and running.
CITIZENS COMMENTS – 5 Minutes
None

OLD BUSINESS

ORDINANCE 11-01, AN ORDINANCE OF THE CITY OF NORTH POLE, ALASKA TO AMEND TITLE 13, PUBLIC SERVICES
Mr. Butler introduced this ordinance and went over the rates with the council. He stated that in the 2011 budget had an increase for the FRR of $1/500th of a cent.

Public Comment
None

Mr. McGhee moved to Approved Ordinance 11-01, An Ordinance Of The City Of North Pole, Alaska To Amend Title 13, Public Services
Seconded by Mr. Jones

Discussion
Mr. Jones asked for clarification on the increase of the FRR.

Ms. Hunter asked if the other item on the agenda related to this ordinance.

Mr. Butler stated that it is not. He explained the use of the FRR and what those funds would support.

PASSED
YES – 7–Holm, Arnold, McGhee, Jones, McCarthy, Hunter, Isaacson
NO – 0
Abstained- 0

NEW BUSINESS

NTL ALASKA, INC PROPOSAL TO CONDUCT WASTEWATER COMPLIANCE MONITORING FOR THE CITY OF NORTH POLE UTILITIES LAGOON WASTE WATER TREATMENT SYSTEM IN THE AMOUNT OF $121,682.50
Mr. Butler spoke to this proposal and explained the need for this. He said the City would only pay approximately $30,000 and that over $90,000 would be billed back to Flint Hills.

Public Comment
None

Mr. Jones moved to Approved The NTL Alaska, Inc Proposal To Conduct
Wastewater Compliance Monitoring For The City Of North Pole Utilities Lagoon Waste Water Treatment System In The Amount Of $121,682.50

Seconded by Mr. McCarthy

Discussion
None

PASSED
YES – 7–Holm, Arnold, McGhee, Jones, McCarthy, Hunter, Isaacson
NO – 0
Abstained- 0

RESOLUTION 11-01, A RESOLUTION OF THE CITY OF NORTH POLE TO FORMALLY ACCEPT A SUPPLEMENTAL MUNICIPAL MATCHING GRANT AWARD OFFER FROM THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION IN THE AMOUNT OF $419,481 FOR THE SEWER LIFT STATION RENOVATION PHASE I
Mr. Butler introduced this resolution and explained to council the funding from DEC and the matching grant. He gave hand-outs to the council and they will be attached to the resolution and archived.

Public Comment
None

Mr. Jones moved to Approve Resolution 11-01, A Resolution Of The City Of North Pole To Formally Accept A Supplemental Municipal Matching Grant Award Offer From The Alaska Department Of Environmental Conservation In The Amount Of $419,481 For The Sewer Lift Station Renovation Phase I
Seconded by Mr. Holm

Discussion
None

PASSED
YES – 7–Holm, Arnold, McGhee, Jones, McCarthy, Hunter, Isaacson
NO – 0
Abstained- 0

RESOLUTION 11-02, A RESOLUTION OF THE CITY OF NORTH POLE TO FORMALLY ACCEPT A SUPPLEMENTAL MUNICIPAL MATCHING GRANT AWARD OFFER FROM THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION IN THE AMOUNT OF $245,000 FOR THE WASTE WATER TREATMENT PLANT SLUDGE REMOVAL PROJECT
Mr. Butler said that the city reallocated monies from the Baker/North Star grant to do this project. They were able to receive more money from the state for this project.

**Public Comment**
None

**Mr. Jones moved to Approve Resolution 11-02, A Resolution Of The City Of North Pole To Formally Accept A Supplemental Municipal Matching Grant Award Offer From The Alaska Department Of Environmental Conservation In The Amount Of $245,000 For The Waste Water Treatment Plant Sludge Removal Project**

Seconded by Mr. McCarthy

**Discussion**
None

PASSED
YES – 7–Holm, Arnold, McGhee, Jones, McCarthy, Hunter, Isaacson
NO – 0
Abstained- 0

**RESOLUTION 11-03, A RESOLUTION OF THE CITY OF NORTH POLE TO FORMALLY ACCEPT A MUNICIPAL MATCHING GRANT AWARD OFFER FROM THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION IN THE AMOUNT OF $524,977 FOR THE UTILITY GARAGE CONSTRUCTION PROJECT**
Mr. Butler said this particular matching grant was from the Baker/North Star monies that were repurposed and divided. The goal is to build a garage that is dedicated to the utility department. The Horstman property on Homestead Rd. has already been labeled to house the project which is a 70/30 grant.

**Public Comment**
None

**Mr. McGhee moved to Approve Resolution 11-03, A Resolution Of The City Of North Pole To Formally Accept A Municipal Matching Grant Award Offer From The Alaska Department Of Environmental Conservation In The Amount Of $524,977 For The Utility Garage Construction Project**

Seconded by Mr. Jones

**Discussion**
None

PASSED
YES – 7–Holm, Arnold, McGhee, Jones, McCarthy, Hunter, Isaacson

City of North Pole
January 18, 2011
NO – 0
Abstained- 0

COUNCIL COMMENTS

Mr. Holm – noticed with the ipad that he is constantly going to the settings as it keeps shutting off.

Ms. Arnold - No Comment

Mr. Jones – No Comment

Ms. Hunter – thanked Kathy and the Mayor on the review of the ipads and for bringing the IT person from Fairbanks

Mr. McCarthy – wanted to thank Mr. Butler for the grant funding and getting the utility system upgraded.

Mr. McGhee – No Comment

Mayor Isaacson – No Comments

ADJOURNMENT

Mr. McGhee moved to adjourn the meeting of January 18, 2011

Seconded by Mr. Jones

No Objection

The regular meeting of January 18, 2011 adjourned at 9:00 p.m.

These minutes passed and approved by a duly constituted quorum of the North Pole City Council on Monday, February 7, 2011.

_______________________________
DOUGLAS W. ISAACSON, Mayor

ATTEST:

_______________________________
KATHRYN M. WEBER, CMC, City Clerk
A regular meeting of the North Pole City Council was held on February 7, 2011 in the Council Chambers of City Hall, 125 Snowman Lane, North Pole, Alaska.

**CALL TO ORDER/ROLL CALL**
Mayor Doug Isaacson called the regular City Council meeting of February 7, 2011 to order at 7:00 p.m.

- **There were present:**
  - Mr. McGhee  
  - Ms. Arnold  
  - Ms. Hunter  
  - Mr. Jones  
  - Mr. Holm  
  - Mr. McCarthy  
  - Mayor Isaacson

- **Absent/Excused:**
  - Excused

**PLEDGE OF ALLEGIANCE TO THE U.S. FLAG**
Led by Councilman Kevin McCarthy

**INVOCATION**
Invocation was given by Mayor Pro Tem Thomas McGhee

**APPROVAL OF AGENDA**
Mr. McCarthy moved to Approve the Agenda of February 7, 2011

- **Seconded by Mr. Holm**

  **Discussion**
  None

  - Ms. Hunter moved to Place All Items Under New Business Under Consent Agenda

- **Seconded by Ms. Arnold**

  **Discussion**
  None

**PASSED**

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

- **NO – 0**

- **Abstained- 0**
APPROVAL OF MINUTES

Mr. McCarthy moved to Approve the Minutes of January 18, 2011

Seconded by Ms. Arnold

Discussion
Ms. Hunter had a question on information on the Arctic Winter Games and would like to request tabling the minutes until the mayor returns and they can get an explanation regarding the funding. Her notes said that the city would have a $10,000 obligation and in the minutes it states that the city would have a $30,000 obligation.

PASSED
YES – 0
NO – 5– Holm, Arnold, McGhee, Jones, McCarthy, Hunter, Isaacson
Abstained- 0

COMMUNICATIONS FROM THE MAYOR
Communication Highlights from the Mayor for the period ending January 28, 2011
ISSUES:

• Mayor and Clerk will be Travelling: City Clerk Kathy Weber and I will be travelling with the Employer Support of the Guard and Reserve (ESGR) to MacDill AFB in Tampa FL from Sunday, January 30 to Friday, February 4. This purpose of this official Department of Defense activity is to provide community leaders and employers of National Guard and Reserve members the opportunity to observe first-hand the type and quality of military training and leadership activities that our National Guard and Reserve members participate in when they are absent from work on Guard or Reserve duty. We will have opportunity to visit, observe, and receive mission briefings from the Air Force Reserve, CENTCOM, Marine Corp Reserve, Navy Reserve, and Army Guard. North Pole will have at least two guardsmen from the Police Department deploying in 2011. Then, after the Super Bowl, Alternate Deputy Mayor Pro Tempore Ron Jones and I will be travelling with to Juneau from Monday, February 7 to 10, with a follow-on day in Anchorage as the guest of USARAK Commander, General and Mrs. Ray Palumbo the evening of February 10, with meetings with State officials, including DNR Commissioner Larry Hartig in Anchorage on February 11. In my absence, Mayor Pro Tempore Thomas McGhee will be presiding over the Regular City Council Meeting of February 7. Kathy will be on leave from February 7 to 15, and Payables/Utility Billing Clerk Tricia Fogarty will be filling in as a deputy clerk in her absence. Council members may be called in by City accounting staff to sign checks, or payroll in our absences.
• Super Bowl and North Pole: No matter what team you’re hoping wins the Super Bowl, did you know that Green Bay Packer No. 73 is North Pole High School graduate, Daryn Colledge, class of 2000? THAT’S AWESOME! Congratulations to him, and his family. His mother is local State Farm Agent, Tammy Randolph. Working with the Council, City and High School staff, and interested community members, I would like to recognize this outstanding community member. NPHS Football Coach Richard Henert
puts Daryn’s accomplishment into perspective: “Daryn is (only) the third Alaskan to play in the Super Bowl. Mark Schlereth (Service HS) and Travis Hall (Kenai HS) played against each other in the 1999 Super Bowl for Denver and Atlanta, they even both started in that game, Schlereth on the O-line and Hall on the D-line. Schlereth is the only Alaskan with Super Bowl rings (3). BUT Daryn is the FIRST Interior Alaska Athlete to play in the Super Bowl of our four NFL players: Reggie Tongue, Tom Neville and Shane Bonham.”

• OPEN HOUSES Mean PUBLIC COMMENT. Public Comment is being requested for several important projects affecting the City of North Pole and surrounding community. The following are the projects, comment close date, summary of project affect, and website for further information/comment:

1) JPARC Expansion,
   a. Comments close February 4.
   b. Among the issues are:
      * the need to encourage the State to ensure specific language to ensure that MOAs have great latitude to permit civilian flights,
      * that requirements are set to avoid sonic booms as the military airspace corridor R-2205 moves much closer to North Pole,
      * the need that Alaska must pursue an economy independent of federal or oil money and therefore military air, space and ground operations areas must specifically not prohibit the exploration, development, and transport of natural resources and other commercial development and associated civilian use.
   c. For further info/comment: [www.jparceis.com](http://www.jparceis.com) or mail: ALCOM Public Affairs, 9480 Pease Avenue, Suite 120, JBER, AK 99506. Phone: (907) 552-2341.

2) Alaska Railroad Corp (ARRC) Northern Rail Extension, including the Tanana River Crossing
   a. comment period is open (probably most effective is to urge the EPA for non-objection)
   b. Among the issues are:
      * EPA, which had been supportive during the past five years, suddenly is obstructive using procedural delays. ARRC has extensively responded with factual data to the various issues, including an alleged disruption of fish habitat. If the ARRC is successful, construction of a 2 mile levy to keep the river bank in place and stop area flooding will begin this summer. It will take several years to complete the fund.
   c. For more information, visit [www.AlaskaRailroad.com](http://www.AlaskaRailroad.com), select projects, Fairbanks.

3) ARRC North Pole Road/Rail Crossing Reduction, Phase One.
   a. Comment period ends February 28.
   b. Among the issues are:
      * Removing track from the flood control project to Peridot or 11 mile?
      * What to do with the abandoned line right of way (ROW)? I believe the simplest solution is the one that covers all details in the easiest manner. Therefore, a modified reversionary solution, where ARRC keeps only a minimum utility easement so they don’t have to spend millions moving fiber optic cable and other utility customers but...
where the previous owners have their property given back to them, as was the requirement when the spur to Eielson was first built as a federal project.

* Where to cross the Richardson Highway? Currently, ARRC is looking to cross at a logical spot close to K&K Recycling, an ARRC customer, at 9 mile. If the rail is kept on the north side of the highway all the way to Ft. Wainwright in order to serve the fort and existing customers, Phase 2 might not even be necessary, eliminating time, money, and a complicated project, allowing those resources to be directed to realigning that portion of the track from 3 mile around Fairbanks.

c. for more information, visit www.AlaskaRailroad.com, select projects, Fairbanks. Email comments to: public_comment@akrr.com, Mail to: ARRC Capital Projects, PO Box 107500, Anchorage, AK 99510.

• FMATS Policy Committee met on January 19. Among the discussion items was an Administrative Modification (#3) to the 2010-2013 TIP (Transportation Improvement Program) and I urged greater attention be given to the Plack Road Bike Trail project and thanked DOT for finally moving forward with the North Pole Interchange Pedestrian Facilities project (aka, sidewalk) along St. Nicholas Drive that was to be a companion piece to, and made more urgent because of, the Dawson Road Garvee Bond Overpass Project and urged that this be expedited. Also on the informational items were discussions on the North Pole Road/Rail Reduction Project, the Illinois Street Reconstruction Project, and a re-prioritizing of the FMATS FY12 CAPSIS Requests to the Governor/Legislature in which the other members supported my request to make the North Pole Interchange Pedestrian Project for $1.5 million as our #3 request, (FMATS LED Streeelight Conversion for $1.2 million is #2, and FMATS – TIP for $15 million is #1).

• At the Recent FEDC Board Meeting, Steve Haagenson, formerly of GVEA and more recently Alaska Energy Authority (AEA), gave a presentation depicting the differences between two of the 9 gas pipeline projects and Susitna. I had mentioned that I was preparing a presentation for my Council, and Mayor Cleworth has suggested that we consolidate a presentation to include the Councils of North Pole, Fairbanks, and the FNSB Assembly where the differences between the Port Authority’s FNG acquisition project, the Energia Cura project, and the Healy Clean Coal Plant Project are compared so that when these projects come before us as supporting governmental agencies we will be able to understand better the differences in projects, time tables for completion, estimated future savings to the community. As soon as this meeting is established, I will inform you. Please make every effort to attend.

• Commissioner Update. The City of North Pole still needs two individuals to represent the city on the FNSB Planning Commission and the FNSB Recycling Commission. There is a lot of local interest in RECYCLING! If you are interested in either one of these positions, please contact Mayor Isaacson at 488-8584. Details of the commissions are online at www.fnsb.us.

FNSB ASSEMBLY MEETING.
The Borough Assembly met on January 27 with one item of interest to North Pole amending portions of chapter 8.21 “to add and amend certain PM2.5 definitions, to
change PM2.5 emission standards from prohibited acts to a voluntary educational program and remove related fines, to remove the reference to “use” in the required buyer affidavit and to remove the requirement of burning dry wood, and remove the prohibition against burning glossy or colored paper.” There were over 30 people who testified, which resulted in the reinstatement of the dry wood requirement—moisture content must be 20% or less; moisture meters can be obtained in local stores for approximately $20. The meters are easy to use, as demonstrated by an 11 year old girl who testified. Health reasons were the top concern, and economic reasons were high on the list for re-inserting the requirement, as burning wet wood is shown to be the biggest contributor of PM2.5. The volunteer education program is a response to Prop A which became law when the last election was certified and which prohibited the Borough from banning, prohibiting or fining residents for the use of home heating devices, but which did not remove the borough’s obligation to regulate and keep local control, as the voters required in the 2009 election. Of concern to us in North Pole was the testimony of FNSB staffer, Glen Miller, who stated that the air quality in North Pole is worse than that around Woodriver Elementary School, of which many people had referenced as a severe health hazard. I will follow-up with borough staff on mitigation efforts in and around the North Pole core area, especially near our schools.

The next Assembly meeting is February 10; Mayor Pro Tempore Thomas McGhee will represent the City at this meeting.

MEDIA:

Jan 22, 29, Mayor Isaacson was on KJNP (1170 AM, 100.3 FM) 8 – 9 a.m. “Over the Coffee Cup.”

UPCOMING (see above for other events, dates, and times)

• Feb 2, 11:30 am -1pm, Ft Wainwright Soldier & NCO of the quarter luncheon at Northern Lights Chapel. Cost is $4.50.
• Feb 11, 8 pm, USAF Annual Awards Banquet at the Westmark

COUNCIL MEMBER QUESTIONS OF THE MAYOR

Ms. Hunter requested that the mayor’s comments be given a distinction between providing information or providing so much information that the City is endorsing a training or school.

COMMUNICATIONS FROM DEPARTMENT HEADS, BOROUGH REPRESENTATIVE AND THE CITY CLERK

Accountant
None
Police Dept, Sgt Nelson

- Lt. Dutra stated that Alex Sporleder is in training and will be done May 15th.
- Chief Lindhag is on vacation.
- The officer injured last week is doing well.
- Car upgrades are in for the DUI grant and will be installed soon.
- Stats will be given when the mayor returns.
- Presentations for the Police Dept will begin the end of April. Lt. Dutra will be in training for the next month. A lot of officers will also be in training over the next 6 weeks.

Mr. McGhee thanked the police department for all their work. He spoke about the resolution banning cell phones and asked if the council should make an ordinance banning cell phone use inside the city limits.

Lt. Dutra said that hands free devices would be nice and he agrees with the resolution. He said that they should sit down and discuss the topic.

Mr. McGhee asked if there is anything the city has done for the injured officers such as flowers, card, etc.

Lt. Dutra said that the police department has taken care of it.

Fire Dept, Bryan Lane

- None

Mr. McGhee asked about the new tires for the fire engine and if the department wrote down the mileage of the vehicles.

Deputy Chief Coon said that they did not and that city vehicles usually don’t leave city limits unless they are called for mutual aid. He said the vehicle Mr. McGhee was talking about was 12 years old and they went by the tread on the tires.

Ms. Hunter asked if she heard correctly that the vehicle needed new tires last year but waited until this year.

Deputy Coon said they waited until this year’s budget as they are working with an aging fleet.

Director of City Services, Bill Butler

- None

Borough Representative, Mayor Isaacson

FNSB ASSEMBLY MEETING

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against burning glossy or colored paper.” There were over 30 people who testified, which resulted in the reinstatement of the dry wood requirement—moisture content must be 20% or less; moisture meters can be obtained in local stores for approximately $20. The meters are easy to use, as demonstrated by an 11 year old girl who testified. Health reasons were the top concern, and economic reasons were high on the list for re-inserting the requirement, as burning wet wood is shown to be the biggest contributor of PM2.5. The volunteer education program is a response to Prop A which became law when the last election was certified and which prohibited the Borough from banning, prohibiting or fining residents for the use of home heating devices, but which did not remove the borough’s obligation to regulate and keep local control, as the voters required in the 2009 election. Of concern to us in North Pole was the testimony of FNSB staffer, Glen Miller, who stated that the air quality in North Pole is worse than that around Woodriver Elementary School, of which many people had referenced as a severe health hazard. I will follow-up with borough staff on mitigation efforts in and around the North Pole core area, especially near our schools.

- The next Assembly meeting is February 10; Mayor Pro Tempore Thomas McGhee will represent the City at this meeting.

**City Clerk, Kathy Weber**
- None

**ONGOING PROJECTS**

None

**CITIZENS COMMENTS — 5 Minutes**

None

**OLD BUSINESS**

None

**CONSENT AGENDA**

**REQUEST BY CHRISTMAS IN ICE FOR 4TH QUARTER BED TAX**

**REQUEST BY NORTH POLE COMMUNITY CHAMBER OF COMMERCE FOR 4TH QUARTER BED TAX**
RESOLUTION 11-04, A RESOLUTION OF THE CITY OF NORTH POLE IN SUPPORT OF BANNING CELL PHONE USE WHILE DRIVING A MOTORIZED VEHICLE

RESOLUTION 14-05, A RESOLUTION BY THE CITY OF NORTH POLE IN SUPPORT OF THE TRANSFER OF PARCELS OF ALASKA RAILROAD LAND, SUBJECT TO EXISTING LEASES TO THE FAIRBANKS NORTH STAR BOROUGH

COUNCIL COMMENTS

Ms. Hunter – said she was going to give some consideration as to what information needs to be given to council so that they don’t feel hounded. Right now some organizations are vague with their submittals and that perhaps it needs to only be requested once a year. Ms. Hunter also thanked Mr. McGhee for his resolution and let him know that the high school in the next spirit assembly is going to have a portion on texting and distracted driving. In November they made a YouTube video on that subject

Mr. McCarthy – agreed with Ms. Hunter that we need something that gives the organization something in ordinance form.

Mr. Holm – No Comment

Ms. Arnold – thanked everyone and because we are starting a new year and there is a Super Bowl ring coming to North Pole. He is not the only shining star in North Pole and all our athletes as well as our employees that have gone above and beyond.

Mr. McGhee – thanked everyone who came out and the department heads. He said he gets on the departments some times but when you see what the fire and police departments do in their daily course of work it’s amazing. He appreciates all the employees and the departments for all they do.

ADJOURNMENT

Mr. McCarthy moved to adjourn the meeting of February 7, 2011

Seconded by Ms. Hunter

No Objection

The regular meeting of February 7, 2011 adjourned at 7:26 p.m.
These minutes passed and approved by a duly constituted quorum of the North Pole City Council on Tuesday, February 22, 2011.

____________________________________
DOUGLAS W. ISAACSON, Mayor

ATTEST:

____________________________________
KATHRYN M. WEBER, CMC, City Clerk
Communication Highlights from the Mayor for the period ending February 17, 2011

ISSUES:

• PLEASE ATTEND Energy Projects Comparison Meeting: The three mayors have discussed the need to educate our councils on the different energy projects being discussed or in play. There are two natural gas projects that can possibly bring relief in the short term. Mayor Hopkins has invited the Councils of North Pole and Fairbanks to join the Assembly for a **JOINT WORK SESSION: BRIDGING ENERGY SOLUTIONS PROJECTS COMPARISONS** on Wednesday, February 23, 5:30 pm at the Borough Chambers. Please come to this important and informative meeting. The impact to North Pole can be game changing! For example, the AGPA project would put a $22 million deliquifying plant in North Pole and 150 miles of the 500 mile build out would be in North Pole. See the attached, “Comparative Analysis of Fairbanks Energy Bridging Projects” for initial scenarios for discussion. Also attached is an AEA announcement for Railbelt Hydro meetings.

• **THE NORTH POLE SLED DOG CHAMPIONSHIPS** return to North Pole this coming Saturday and Sunday, February 26 & 27! Remember the “good ole days” when the North Pole Sled Dog Championships were held in North Pole in various locations? For the past decade, the races have been more obscure at their Chena Lakes Recreation Area location (thanks to the Borough for maintaining the trail system there!). This year, 80 teams are expected to compete for a $15,000 purse, thanks to the efforts of Buzz Otis and the North Pole Economic Development Corporation. This is a huge opportunity for community participation and local businesses as the 4-mile, 6-mile and 12 mile courses will be visible to the public from the starting point at Morningstar Ball Fields, off Badger Rd, along Hurst to Peridot where the trails cross over Peridot to the undeveloped northern portion of the City. Drivers are asked to avoid Peridot, which will be closed off for the races, which begin at 10:30 am on both Saturday and Sunday and go until approximately 4 pm each day. Anyone wishing to contribute to the purse or to help as a race official/helper, contact Buzz at 322-8909.

• **THE IRON DOG ROARS BY NORTH POLE** on Saturday, February 26, sometime from Noon through early afternoon. This incredible endurance race involves over 20 teams travelling over 2000 miles across Alaska. The racers will be crossing the North Pole Flood Plain Project, using the location as the last opportunity for fuel prior to making the finish line by the Cushman Bridge in Fairbanks. While you’re enjoying the Sled Dog races (above), come out and witness this truly unique racing spectacle!

• **Mayor and Clerk Travel:** Thank you to Mayor Pro Tem Thomas McGhee and other Council members who stepped up and assisted City Staff while City Clerk Kathy Weber and I travelled with 15 other community leaders and employers with the Employer Support of the Guard and Reserve (ESGR) to MacDill AFB in Tampa FL from Sunday, January 30 to Friday, February 4. We had briefings from NOAA Hurricane chasers, the Florida Air National Guard, the Navy, Special Ops Command, Central Command, whose Area of Responsibility extends from Egypt thru the “Stans” and where our active duty soldiers and guardsmen currently deploy, and others. North Pole will have at least two guardsmen from the Police Department deploying this year. The trip was excellent for both the information content and
the opportunity to become better acquainted with the other members of the trip, including individuals from the School District, State Troopers, City of Fairbanks, and the ESGR.

- **AML Juneau Trip.** Thank you, to the Council, for also making possible for Ron Jones and I to travel to Juneau to attend the Alaska Municipal League and Alaska Conference of Mayors meetings. It was a quick trip and I wasn’t able to see all the decision makers, but we did accomplish quite a bit. Some of the issues we dealt with were energy projects, revenue sharing, PERS Termination Studies and the ongoing impact on local communities ability to manage staffing levels and budget constraints, and Essential Air Services (see report below). We pushed the North Pole priorities, everything from our Capital Projects requests to Library funding to transportation/public works needs to Royalty Oil pricing and Energy projects, meeting with the Governor, various legislators and staffers, and some Agencies. Looking through my notes, some of the people I met with were: Sen. Coghill and staff, Rep T. Wilson and staff, Rep Kawasaki, Joe, staff for Sen Thomas; staff of Rep Thompson; Rep Lynn; Sen Huggins; Sen President Gary Stevens; House Speaker Chenault; Sen. Tom Wagner; Judy Andriajanoff of Foraker Group (also Heidi Ekstand, Pres/Chair, Friends of the Ketchikan Library, Susan Fisher, CEO, Tongass FCU); Jim Dodson, FEDC, Molly Aichner of ACS, Lt. General Dana Atkins (JPARC issues), Governor Parnell and Karen Rehfled and Randy Ruaro (with other mayors), Conference of Mayors, AML Legis meeting, Sen. Joe Paskvan, DNR Commissioner Dan Sullivan; DOT Commissioner Marc Luiken; Fish & Game Commissioner Cora Campbell; Dept HSS Commissioner Stewart, Labor Commissioner Click Bishop and Deputy Commissioner Tom Nelson, and many others.

- **Update on Sulfolane/Clean Water Options:** On Friday, February 11, I had an extensive meeting in Anchorage with DEC Commissioner Larry Hartig. Also present: Dan Easton, Deputy Commissioner DEC and Bill Butler, Director of City Services by teleconference; Lynn Kent, and Bill Griffith. Summary: within 2 weeks of today's date, DEC will produce White Paper to the legislature and public outlining a summary of what we know now and the options to fund a piped water system from the City of North Pole to affected areas containing sulfolane. The next step will be to conference with particular state agencies, municipal governments, the Interior delegation, Flint Hills, and other stakeholders, and determine how to proceed. On point for DEC: Lynn and Bill Griffith.

- **Joint Base Elmendorf Richardson February 10-11.** Prior to meeting with DNR, and at the invitation of Brigadier General Ray Palumbo, Commander USARAK, I overnighted on Joint Base Elmendorf Richardson (JBER) and was given briefings on the United States Army Alaska (USARAK), which I am happy to share with anyone interested. The various contents included more details on JBER, JPARC, integrated forces throughout the state, including Ft WW, the Combat Training Center, which including hand-to-hand combat, Stryker simulator—which I was permitted to drive and fire the weapons, Roll-over simulator, an Education complex, a
community center, and library, these last two can serve as models for facilities to constructed in North Pole.

- **Renewable Energy Production Tax Credit for Alaska: Senate Bill 63**, introduced by Sen. Lesil McGuire (R-Anchorage), would provide an incentive for power producers and utilities to develop renewable resources by offering a corporate tax credit of 15% of the retail price of the electricity produced. The tax credit would apply only when a project began producing power, and would be applicable for the first five years a project is in service. The total credit would be capped at $30 million, or 10% of the total project cost (minus any state or federal grants received), whichever is less.

- **FMATS Policy Committee** met on February 16. Among the action items, the Committee approved two actions benefiting North Pole: 1) a $62,979 cost overrun funding, due to unexpected grounding issues to our LED Streetlight Conversion Stage 1; 2) an increase to Phase 2 funding from $50,000 to $120,000 in FFY 11 for the North Pole Bike Trail Rehabilitation and Connections project, with no additional match required from the City. We also had a quarterly update to the NP Road/Rail Crossing Reduction Project (public comments are due February 28). The Findings of No Significant Impact (FONSI) which will determine the stand-alone aspect of this project is estimated to be signed in February 2012.

- **Arctic Winter Games 2014 Update**, We got the bid!! Council members have received an email inviting them to witness the signing of this event contract scheduled for Noon, February 23 at the FNSB Assembly Chambers. RSVP with Amber Courtney at abcourtney@ci.fairbanks.ak.us.

- **Commissioner Update**, The City of North Pole still needs two individuals to represent the city on the FNSB Planning Commission and the FNSB Recycling Commission. There is a lot of local interest in RECYCLING! If you are interested in either one of these positions, please contact Mayor Isaacson at 488-8584. Details of the commissions are online at www.fnsb.us.

- **Essential Air Services (EAS) Update**: Many of our local businesses either benefit from or are directly involved with services to Rural Alaska. Senator McCain introduced an amendment to gut $150 million from a $200 million EAS budget. Mayor Buthello of Juneau and I (mostly Bruce) wrote the AML/ACoM reply to Congress (see attached). The latest news, as of Wednesday, February 16, was that Essential Air Service is slated to be phased out during the next four years. However, Alaska and Hawaii will continue to be funded in the same amount as prior years. So, Alaska is safe for now. As I write, an email came from Sen. Begich stating: U.S. Sen. Mark Begich today met with Postmaster General Patrick Donahoe to discuss the future of postal services in Alaska. Mr. Donahoe was sworn in as the 73rd Postmaster General of the United States Postal Service (USPS) in December 2010. Following the meeting, Sen. Begich released the following statement: "The U.S. Postal Service is crucial to Alaskans and our way of life. It is more than just a mail service; it is food, supplies, and medicine for our communities. The Postmaster General and I talked about how to continue improving services for Alaskans - including the importance of maintaining a viable bypass mail system. The Postmaster General emphasized his support for bypass mail saying the USPS is '100% behind bypass mail' – it is our universal service obligation' and I agree with him. I will continue to work with Mr. Donahoe to protect
this program's essential stability for rural Alaska. As a member of the Committee on Homeland Security and Governmental Affairs, which oversees the USPS, I will continue to be a resource for Alaskans and an advocate for increasing and improving USPS services in Alaska.”

- APOC regulations changes being proposed: APOC has scheduled public hearings on extensive proposed regulatory changes. The attached letter from Gov. Parnell to AML Executive Director Kathie Wasserman highlights some of public comment periods. Public meetings have been scheduled in Anchorage and Juneau and accessible to us by teleconference. As public officials, we need to be aware of the changes and make comments as appropriate. Go to http://doa.alaska.gov/apoc/proposedRegulations.html for details.

- Alaska Railroad Crossing Permit Update: There are several projects in which we are engaged with the Alaska Railroad, including the Phase 1 Road/Rail Realignment project mentioned in last meeting’s Communications and for which I helped secure $1 million to enable that project to proceed, and the ongoing dispute we have had with having to pay an annual $8000 payment for the railroad’s reconstruction of 2 crossings in North Pole. The new President/CEO, Chris Aadnesen and I have spoken about this issue and on February 16, Bruce Carr, Government Relations, called and will be setting up a meeting in the near future. I will keep the Council apprised with the ongoing developments and any proposed resolution.

FNSB ASSEMBLY MEETING:
Mayor Pro Tem, Thomas McGhee, attended the Assembly meeting of February 10 in my absence and will make the report tonight. The next Assembly meeting is February 24 at 6 pm.

MEDIA:
Feb 5, 12 & 19, Mayor Isaacson was on KJNP (1170 AM, 100.3 FM) 8 – 9 a.m. “Over the Coffee Cup.”

UPCOMING (see the February-March Mayor’s Newsletter and above for other events, dates, and times)
- Feb 22: ICE ALASKA World Ice Art Championships begin at Phillips Field location.
- Feb 23, 5:30 pm, JOINT WORK SESSION: BRIDGING ENERGY SOLUTIONS PROJECTS COMPARISONS at the Borough Assembly Chambers.
- Feb 25 & 26, Mayor will be judging tables and deserts at the annual “Spouses Dining In” gala at Eielson AFB.
- Feb 26, 6 pm, Flint Hills “Have a Heart Auction” benefiting the Boys & Girls Club of the Tanana Valley.
- Feb 26-27, 10:30 am -4pm, NORTH POLE SLED DOG CHAMPIONSHIPS, Parking at Morningstar Ball Fields (see above).
- Feb 26, Noon-ish to ?, Iron Dog Snowmachine Racers pass through the Flood Plain Project at North Pole (see above).
- Mar 3, 6 pm, Mayor will participate in the Dr. Seuss Night After School Event at North Pole Elementary School.
Let's get real 'maximum benefit' from selling royalty oil

Douglas W. Isaacson | Jan 29, 2011

It's good news the governor and Legislature are re-evaluating how the state is taxing oil. Alaska must balance its equitable share with market realities; after all, no business is going to invest when their costs are too high. It's time to extend that conversation to the pricing of royalty oil.

In 1979, Superior Court Judge Allen T. Compton affirmed in the Amerada Hess case that Alaska's "Constitutional provisions require that the legislature set the terms of oil and gas leases in such a manner as to provide the maximum benefit for its people." He said, "the state may not take royalty 'in kind' unless ... it will be in the best interests of the state to do so, which presumably (emphasis mine) means that it will be receiving an amount at least as great as it would if the royalty was taken 'in value'."

Since that decision, state officials have intractably concluded that the state must make maximum dollar on the sale of royalty oil within the state. In my opinion, the conclusion is wrong -- it's based on it being easier to hand out dollar bills than it is to develop the infrastructure that will allow a person to earn a buck on their own.

The court didn't rule that the state must sell for an amount equal to or greater than "in value" sales, that is, the amount it would receive if it allows the oil producers to sell the state's portion; that part of the statement was the "presumably." The court ruled that the state must demonstrate that "in kind" sales are in the state's best interest. And what is "best interest"? Providing for the maximum benefit of its people -- us.

What is maximum benefit? It never has been maximum dollars into the state coffers that can be doled out a buck at a time while the size of government grows just because it can. Maximum benefit is considering first the maximum opportunity to be employed in Alaska. Maximum benefit is finding ways to make life affordable for the citizens who live in Alaska -- not making life more difficult using our own resources against us by charging us in a manner that makes our refined product more expensive than anywhere else in the country.

One old timer put it this way, "What farmer buys milk from a store when he can get it for cheap from his own cows?"

I'm optimistic this Governor gets it. In his State of the State address, Governor Parnell put an emphasis on making sure we grow our economy, citing the need to lower corporate taxes and, he said, "While we're at it, let's work together to keep more dollars in Alaskans' pockets." One way to keep money in our pockets is to pay less for gasoline and heating oil. These days, some people are blaming the refineries in Alaska for charging too much. Maybe true. More true is the high cost of refining in Alaska. In the case of royalty oil sales, the state maximizes the cost per barrel of oil, then charges additional maximum fees -- on top of the high cost of refining cold oil.

Consider, when the state prices royalty oil "in kind" (which is a small fraction of total state revenues) in such a way that a refinery can make money, that refinery is going to employ people to make the product, be it gasoline, heating oil, jet fuel, diesel, or whatever. The refinery employee is going to spend money at the grocery store, the restaurant, buy a house, pay utility bills, buy a car. One refinery job can make it possible for up to seven other people to be employed. Pricing royalty oil to encourage maximum employment reduces the price of refined products throughout the state, whether in Anchorage or the Bush.

Conversely, when the state prices royalty oil at the maximum dollar amount, the price of refined products is high, people are laid off -- over 100 real railroad jobs so far! The economy suffers, people don't have money in their pockets, and broke people act out, many times in hurtful ways, which increases the need for public assistance, public safety officers, courts, jails, and the like.

"Maximum dollars" serve only to grow the State's savings account. Urge your legislator during this session to restructure oil fees and taxes for "maximum employment." Restructure before penalizing the pricing of fuel or building of storage tanks in Anchorage for non-Alaska jet fuel. Putting Alaskans back to work because we can afford to refine oil in Alaska helps create "maximum employment," which in turn helps create "maximum benefit" for all Alaskans.

Douglas W. Isaacson is Mayor of the City of North Pole, home to two of the four active oil refineries in the state of Alaska. The views expressed here are the writer's own and are not endorsed by Alaska Dispatch. Alaska Dispatch welcomes a broad range of viewpoints. To submit a piece for consideration, e-mail editor(at)alaskadispatch.com.

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- Judge orders borough to release U.S. Senate candidate Miller's records
State should reduce oil price: Current policy feeds the state, starves its people

by Doug Isaacson
01.30.11 - 12:35 am
Community Perspective

It’s good news the governor and Legislature are re-evaluating how the state is taxing oil. Alaska must balance its equitable share with market realities; after all, no business is going to invest when their costs are too high. It’s time to extend that conversation to the pricing of royalty oil.

In 1979, Superior Court Judge Allen T. Compton affirmed in the Amerada Hess case that Alaska’s “Constitutional provisions require that the Legislature set the terms of oil and gas leases in such a manner as to provide the maximum benefit for its people.” He said, “the state may not take royalty ‘in kind’ unless ... it will be in the best interests of the state to do so, which presumably (emphasis mine) means that it will be receiving an amount at least as great as it would if the royalty was taken ‘in value.’”

Since that decision, state officials have intractably concluded that the state must make maximum dollar on the sale of royalty oil within the state. In my opinion, the conclusion is wrong — it’s based on it being easier to hand out dollar bills than it is to develop the infrastructure that will allow a person to earn a buck on their own.

The court didn’t rule that the state must sell for an amount equal to or greater than “in value” sales, that is, the amount it would receive if it allows the oil producers to sell the State’s portion; that part of the statement was the “presumably.” The court ruled that the state must demonstrate that “in kind” sales are in the state’s best interest. And what is “best interest?” Providing for the maximum benefit of its people — us.

What is maximum benefit? It never has been maximum dollars into the state coffers that can be doled out a buck at a time while the size of government grows just because it can. Maximum benefit is considering first the maximum opportunity to be employed in Alaska. Maximum benefit is finding ways to make life affordable for the citizens who live in Alaska — not making life more difficult using our own resources against us by charging us in a manner that makes our refined product more expensive than anywhere else in the country!

One old-timer put it this way, “What farmer buys milk from a store when he can get it for cheap from his own cows?”

I’m optimistic this governor gets it. In his State of the State address, Gov. Parnell put an emphasis on making sure we grow our economy, citing the need to lower corporate taxes and, he said, “While we’re at it, let’s work together to keep more dollars in Alaskans’ pockets.” One way to keep money in our pockets is to pay less for gasoline and heating oil. These days, some people are blaming the refineries in Alaska for charging too much. Maybe true. More true is the high cost of refining in Alaska. In the case of royalty oil sales, the state maximizes the
cost per barrel of oil, then charges additional maximum fees — on top of the high cost of refining cold oil.

Consider, when the state prices royalty oil “in kind” (which is a small fraction of total state revenues) in such a way that a refinery can make money, that refinery is going to employ people to make the product, be it gasoline, heating oil, jet fuel, diesel or whatever. The refinery employee is going to spend money at the grocery store, the restaurant, buy a house, pay utility bills, buy a car. One refinery job can make it possible for up to seven other people to be employed. Pricing royalty oil to encourage maximum employment reduces the price of refined products throughout the state, whether in Anchorage or the Bush.

Conversely, when the state prices royalty oil at the maximum dollar amount, the price of refined products is high, people are laid off — more than 100 real railroad jobs so far! The economy suffers, people don’t have money in their pockets, and broke people act out, many times in hurtful ways, which increases the need for public assistance, public safety officers, courts, jails and the like.

Urge your legislator during this session to restructure the fees and taxes related to the sale of oil “in kind.” “Maximum dollars” serve only to grow the state’s savings account. Restructure before penalizing the pricing of fuel or building storage tanks for non-Alaska jet fuel. Putting Alaskans back to work because we can afford to refine oil in Alaska helps create “maximum employment,” which in turn helps create “maximum benefit” for all Alaskans.

Doug Isaacson is mayor of the city of North Pole, home to two of the four active oil refineries in the state of Alaska.

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January 31, 2011

Ms. Kathie Wasserman
Executive Director
Alaska Municipal League
217 Second Street, Suite 200
Juneau, AK 99801

Dear Ms. Wasserman,

Thank you for your recent letter regarding the draft of the proposed Alaska Public Offices Commission (APOC) regulations.

As we understand it, the proposed APOC regulations were publicly noticed on December 1, 2010, and complied with all legal requirements regarding distribution of notice. However, I too am concerned about the public’s inability to understand the changes without provision of a cross-walk, or comparison documentation. This is a complex regulatory proposal that should be made more understandable. We have asked APOC for this comparison.


Sincerely,

Sean Parnell
Governor

Enclosures

cc: The Honorable Becky Hultberg, Commissioner, Department of Administration
    Holly Hill, Executive Director, Alaska Public Offices Commission
    Elizabeth J. Hickerson, Chair, Alaska Public Offices Commission
January 28, 2011

The Honorable Doug Isaacson  
Mayor  
City of North Pole  
125 Snowman Lane  
North Pole, AK 99705  

Dear Mayor Isaacson,

Last March, my administration joined with mayors and communities from around Alaska to challenge all Alaskans to “Choose Respect” and end the epidemic of domestic violence and sexual assault that has existed in our state for too long. As a result, 18 communities joined together with a message of hope and healing for the many who have suffered from these crimes.

The work begun in 2010 has given more Alaskans the courage to speak and the strength to act. This March 31\textsuperscript{st}, we will again coordinate statewide “Choose Respect” events – and I have issued a challenge for at least 40 communities to participate and take a stand in 2011. I am asking you to help lead or participate in a Choose Respect event in your area on March 31\textsuperscript{st}, 2011.

I hope you will join us – my administration, Alaska’s non-profits, stakeholders, your fellow legislators, and all Alaskans – as we raise awareness and challenge Alaskans to continue to “Choose Respect.” Together, we can make a difference and continue to cultivate a culture of respect in our state. More information can be found on the “Choose Respect” website at http://chooserespect.alaska.gov. Please contact Katie TePas in my office at 907-465-3500 for more information.

I look forward to partnering with you as we gain even more ground for safe Alaska homes and strong families.

Best regards,

Sean Parnell  
Governor
Comparative Analysis of Fairbanks Energy Bridging Projects

Using “Best Case” Scenario Values

Jim Dodson
CEO Fairbanks Economic Development Corporation
And
Steve Haagenson
February 2011
# Potential Energy Projects Available to Alaska

<table>
<thead>
<tr>
<th>Project</th>
<th>Time to Start-up</th>
<th>Capital Costs</th>
<th>Delivered Price GVEA</th>
<th>Energy Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Susitna Dam</td>
<td>11 years</td>
<td>$5.5 billion</td>
<td>5¢ to 6¢ / Kwh</td>
<td>600 Mw</td>
</tr>
<tr>
<td>Source: Alaska Energy Authority</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-State Gas Pipeline</td>
<td>8 years</td>
<td>$7 billion</td>
<td>$6.00 Mcf</td>
<td>.5 Bcf/day</td>
</tr>
<tr>
<td>Source: In-State Gasoline Development Corporation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AGIA project</td>
<td>20+ years</td>
<td>$25 to $40 billion</td>
<td>$4 to $5 Mcf</td>
<td>5 Bcf/day</td>
</tr>
<tr>
<td>Source: State of Alaska</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HCCP</td>
<td>Uncertain</td>
<td>$90 million</td>
<td>Uncertain</td>
<td>50 Mw</td>
</tr>
<tr>
<td>Source: Golden Valley Electric Association</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FNG/Port Authority</td>
<td>2 years</td>
<td>$205 million</td>
<td>$9.67/Mcf</td>
<td>7 Bcf/yr</td>
</tr>
<tr>
<td>Source: FNG &amp; Port Authority</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fairbanks Pipeline Company</td>
<td>7 years</td>
<td>$716 million</td>
<td>$9.66/Mcf</td>
<td>19 Bcf/yr</td>
</tr>
<tr>
<td>Source: Energia Cura</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Interior Alaska Cost of Energy:

The current aggregated cost (space heating, electricity and transportation) of energy for all individuals, business and government agencies (excluding military) living in the Fairbanks North Star Borough is:

$618 Million Dollars

Bridging Projects:

Interior Alaska needs a “Bridging” energy project that would sustain the economy until a major energy project is constructed that can help grow all of Alaska’s economy.

Potential Projects:

— The Fairbanks Pipeline Company
  • 12” Natural Gas Pipeline to North Pole

— FNG/Port Authority Trucking
  • Truck transportation of Liquid Natural Gas to North Pole
Fairbanks Pipeline Company / Energia Cura – Background Information

- 12" diameter pipeline to from North Slope to North Pole buried along highway in existing State corridor
- 2 year time estimate for construction and operation
- Cost = $716 Million
- Price - $9.66/Mcf delivered to GVEA
- Price - $11.74/Mcf delivered to residential consumers

Note: Information is as presented by Energia Cura (Excluding residential delivered price)
Fairbanks Natural Gas / Port Authority LNG Trucking – Background Information

• $140 Million dollar natural gas liquefaction plant located on the North Slope
• $10 Million in trucks, trailers, and storage to transport liquefied natural gas (LNG) from North Slope plant to storage facility in North Pole
• $55 Million dollars for the purchase of Fairbanks Natural Gas by the Port Authority
• 2 year time estimate for construction and operation
• Price - $9.67/Mcf to GVEA
• Price - $11.75/Mcf Residential Consumer

Note: Information is as presented by Fairbanks Natural Gas (FNG) and the Port Authority (Prices are based on best case scenario, and may not reflect the actual delivered prices if the project is completed)
# FNG/Port Authority Trucking - FPC/Energia Cura: “Best Case” comparison

<table>
<thead>
<tr>
<th></th>
<th>FNG/Port Authority</th>
<th>The Fairbanks Pipeline Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start Date</td>
<td>2 years</td>
<td>7 years</td>
</tr>
<tr>
<td>Delivered Gas</td>
<td>7 Bcf/yr</td>
<td>19 Bcf/yr</td>
</tr>
<tr>
<td>Supply Contract (North Slope)</td>
<td>17 Bcf/yr</td>
<td>No contract</td>
</tr>
<tr>
<td>Capital Cost</td>
<td>$205,000,000</td>
<td>$716,000,000</td>
</tr>
<tr>
<td>Delivered Price</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GVEA Contract Price</td>
<td>$9.67 Mcf</td>
<td>$9.66 Mcf</td>
</tr>
<tr>
<td></td>
<td>Dependant on 7Bcf/yr</td>
<td>Dependant on 19Bcf/yr</td>
</tr>
<tr>
<td></td>
<td>$11.75 Mcf</td>
<td>$11.74 Mcf</td>
</tr>
<tr>
<td></td>
<td>Dependant on 7Bcf/yr</td>
<td>Dependant on 19Bcf/yr</td>
</tr>
<tr>
<td>Residential Price</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permits in Place</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>Financing</td>
<td>50% Complete</td>
<td>none</td>
</tr>
<tr>
<td>Contracts (consumer) for Capacity</td>
<td>63%</td>
<td>none</td>
</tr>
</tbody>
</table>
The Fairbanks Pipeline Company: Potential Issues

- $716,000,000 Construction Cost

- 7,160,000 shares issued at $100 per share with preference to the Alaska Permanent Fund and Alaska Businesses / Residents

- Unrealistic start time:

- The State of Alaska Permanent Fund will first be given 515,520 (7.2% of total shares) in exchange for the State’s in-kind contributions such as: pipeline easements, environmental permits, geophysical, survey, and LIDAR data. This leaves 93% or 6,644,480 shares available to offer Alaskan residents and companies

- No set time scheduled to allow for National Environmental Policy Act (NEPA) permitting

- FPC’s Negotiation Target for its Final Gas Contract = $4.22/mcf

FNG/Port Authority Trucking: Potential Issues

• Quasi Government

• Needs Community Support

• Perception of Over Valuation of FNG

• Total Project as presented only 7 Bcf/yr
### FNG / Port Authority Trucking project Pricing Details – Best Case Scenario

<table>
<thead>
<tr>
<th>FNG Trucking Pricing Details</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GVEA expected Demand</td>
<td>Existing Customers Demand</td>
</tr>
<tr>
<td>3.4Bcf / yr</td>
<td>1Bcf / yr</td>
</tr>
<tr>
<td>FNG supply</td>
<td>GVEA Price</td>
</tr>
<tr>
<td>4.4Bcf / yr</td>
<td>$14.67 / Mcf</td>
</tr>
<tr>
<td>Consumer Price</td>
<td>$16.75 / Mcf</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GVEA + Existing Customers</td>
<td>Excess Supply Available</td>
</tr>
<tr>
<td>4.4Bcf / yr</td>
<td>2.6Bcf / yr</td>
</tr>
<tr>
<td>Total FNG Supply</td>
<td>GVEA Price</td>
</tr>
<tr>
<td>7 Bcf / yr</td>
<td>$ 9.67 / Mcf</td>
</tr>
<tr>
<td>Consumer Price</td>
<td>$ 11.75 / Mcf</td>
</tr>
</tbody>
</table>

### Fairbanks Pipeline Company / Energia Cura pipeline project Pricing Details – Best Case Scenario

<table>
<thead>
<tr>
<th>Fairbanks Pipeline Company / Energia Cura Pipeline Project</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GVEA + Existing Customers</td>
<td>Excess Supply Available</td>
</tr>
<tr>
<td>4.4Bcf / yr</td>
<td>14.6Bcf / yr</td>
</tr>
<tr>
<td>Total FPC Supply</td>
<td>GVEA Price</td>
</tr>
<tr>
<td>7 Bcf / yr</td>
<td>$ 9.66 / Mcf</td>
</tr>
<tr>
<td>Consumer Price</td>
<td>$ 11.74 / Mcf</td>
</tr>
</tbody>
</table>

**Note:**
- FEDC assumed FPC delivery cost ≈ $2.00
- FPC prices are based on 19Bcf/yr demand, but are applied to a 7Bcf/yr supply to the community for our modeling purposes
Fairbanks Pipeline Company / Energia Cura Pipeline Project

<table>
<thead>
<tr>
<th>January 2011</th>
<th>Fairbanks Pipeline Company / Energia Cura</th>
<th>Cost per unit</th>
<th>Measure</th>
<th>Total Dollars</th>
<th>Costs per mmBTU</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 3.44</td>
<td>21,741,046 gal</td>
<td>PETROLEUM:</td>
<td>HAGO</td>
<td>$ 76,993,668</td>
<td>$ 24,795.09</td>
</tr>
<tr>
<td>$ 2.95</td>
<td>1,569,330 gal</td>
<td>LAGO</td>
<td>Diesel</td>
<td>$ 23,047.16</td>
<td>$ 23,047.16</td>
</tr>
<tr>
<td>$ 0.00</td>
<td>0.000 gal</td>
<td>Naphtha</td>
<td>$ 0.00</td>
<td>10,767.94</td>
<td></td>
</tr>
<tr>
<td>$ 0.10</td>
<td>1,267,322 tons</td>
<td>HLP</td>
<td>$ 11,163,716</td>
<td>$ 3,660.00</td>
<td></td>
</tr>
<tr>
<td>$ 0.05</td>
<td>12,100,000 gal</td>
<td>AE</td>
<td>$ 11,123,326</td>
<td>$ 18,213.47</td>
<td></td>
</tr>
<tr>
<td>$ 0.00</td>
<td>0.000 tons</td>
<td>NCCP</td>
<td>$ 5.40</td>
<td>4,166.67</td>
<td></td>
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<tr>
<td>$ 0.95</td>
<td>1,712,000 rcf</td>
<td>NATURAL GAS:</td>
<td>Anchorage Basin</td>
<td>$ 17,856,461</td>
<td>$ 10,037.22</td>
</tr>
<tr>
<td>$ 9.95</td>
<td>3,165,385 rcf</td>
<td>North Slope:</td>
<td>Frame 7</td>
<td>$ 30,386,422</td>
<td>$ 9,660.00</td>
</tr>
<tr>
<td>$ 0.05</td>
<td>72,332,000 kwh</td>
<td>HYDRO-ELECTRIC:</td>
<td>Bradley Lake</td>
<td>$ 3,808,814</td>
<td>$ 14,897.05</td>
</tr>
</tbody>
</table>

**Total Dollars: $ 217,383,788**

<table>
<thead>
<tr>
<th>ELECTRIC Cost per unit</th>
<th>Measure</th>
<th>Total Dollars</th>
<th>Costs per mmBTU</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 11.74</td>
<td>1,600,000 mcf</td>
<td>NATURAL GAS:</td>
<td>Anchorage LNG</td>
</tr>
<tr>
<td>$ 0.00</td>
<td>0.000 gal</td>
<td>Propane</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>$ 0.00</td>
<td>0.000 gal</td>
<td>COAL</td>
<td>$ 0.00</td>
</tr>
<tr>
<td>$ 20.08</td>
<td>25,000 ton</td>
<td>AL</td>
<td>$ 500,000</td>
</tr>
<tr>
<td>$ 200.00</td>
<td>1,000 cord</td>
<td>WOOD</td>
<td>$ 200,000</td>
</tr>
<tr>
<td>$ 0.10</td>
<td>3,600,000 kwh</td>
<td>ELECTRIC</td>
<td>$ 489,600</td>
</tr>
</tbody>
</table>

**Cost per unit | Measure | Total Dollars | Costs per mmBTU |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 0.36</td>
<td>27,000,000 gal</td>
<td>PETROLEUM:</td>
<td>Fuel Oil</td>
</tr>
<tr>
<td>$ 3.50</td>
<td>39,500,000 gal</td>
<td>Gasoline</td>
<td>$ 116,561,500</td>
</tr>
<tr>
<td>$ 7.00</td>
<td>12,100,000 gal</td>
<td>North Slope LNG</td>
<td>$ 185,603,500</td>
</tr>
</tbody>
</table>

**Total Dollars: $ 185,603,500**

- **$9.66 price delivered to GVEA**
- **$11.74 price delivered to residents**
- Both prices are determined by 19Bcf/yr supply estimate

- **Savings in year 7 $56,304,572**
- **Savings in year 8 $67,766,768**
- **Savings in year 9 $78,002,788**

Source: FEDC Interior Issues Council Cost of Energy Task force – Cost of Energy Model
### FNG/ Port Authority LNG Trucking Project

#### Total Fuel Costs

<table>
<thead>
<tr>
<th>Type</th>
<th>Residential</th>
<th>Commercial</th>
<th>Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$66,788,560</td>
<td>$98,697,824</td>
<td>$62,512,640</td>
</tr>
<tr>
<td>Commercial</td>
<td>$88,114,042</td>
<td>$25,849,430</td>
<td>$42,178,243</td>
</tr>
<tr>
<td>Industrial</td>
<td>$62,512,640</td>
<td>$46,877,967</td>
<td>$122,315,322</td>
</tr>
</tbody>
</table>

#### Total Fuel Costs Summary

- **Electric**: $9.67 price delivered to GVEA
- **Electric**: $11.75 price delivered to residents

Both prices are determined by 7Bcf/yr supply estimate. Higher price estimates are based on 4.6 Bcf/yr supply

#### Savings in Year 3

$56,253,241

#### Savings in Year 4

$67,705,559

#### Savings in Year 5

$77,932,788

Source: FEDC Interior Issues Council Cost of Energy Task Force – Cost of Energy Model
## Net Present Value of Savings

<table>
<thead>
<tr>
<th>NPV @ 5 year intervals</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>FNG / Port Authority</td>
<td>$153,136,650</td>
<td>$380,964,123</td>
<td>$543,401,963</td>
</tr>
<tr>
<td>FPC / Energia Cura</td>
<td>$0</td>
<td>$156,585,544</td>
<td>$319,169,287</td>
</tr>
</tbody>
</table>

Discount Rate – 7%
Based on Office of Management and Budget discount rate

**Note:** This evaluation assumes no escalation in future fuel prices
**Note:** This evaluation also accounts for a 3 year build out of the distribution system to residential customers
Graphical Representation of Cost Savings of Different Projects:
Costs of Alternative Fuels for **Heat**

Diesel price projections are from The Institute of Social and Economic Research projections on Alaska diesel prices, which use the EIA national price projections as a basis.
Graphical Representation of Cost Savings of Different Projects: Cost of Alternative Fuels for **Electricity**

Diesel price projections are from The Institute of Social and Economic Research projections on Alaska diesel prices, which use the EIA national price projections as a basis.
Percentage of Energy Usage in Fairbanks by Type

**Residential**
- Electricity: 68% (1,086 Billion BTUs, 27%)
- Heating: 16% (4,821 Billion BTUs, 72%)
- Transportation: 16% (1,097 Billion BTUs, 52%)
- Total: 7,004 Billion BTUs (54%)

**Commercial**
- Heating: 40% (1,588 Billion BTUs, 19%)
- Total: 3,330 Billion BTUs (26%)

**Industrial**
- Heating: 23% (1,263 Billion BTUs, 19%)
- Transportation: 33% (1,331 Billion BTUs, 33%)
- Total: 2,495 Billion BTUs (20%)

**Total Usage**: 12,829 Billion BTUs (100%)
FNG/Port Authority Trucking is a Higher Certainty Project

<table>
<thead>
<tr>
<th>FNG/Port Authority Trucking is Fairbanks best short term solution based on:</th>
<th>The Fairbanks Pipeline Company</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Start Date</strong></td>
<td>2 years</td>
</tr>
<tr>
<td>Delivered Gas</td>
<td>17 Bcf/yr</td>
</tr>
<tr>
<td>Capital Cost</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Supply Contracts</td>
<td>17 Bcf/yr</td>
</tr>
<tr>
<td>Permits</td>
<td>yes</td>
</tr>
<tr>
<td>Financing (Bonding)</td>
<td>50% Complete</td>
</tr>
<tr>
<td>Price</td>
<td>$9.67 Mcf Dependant on 7Bcf/yr</td>
</tr>
<tr>
<td>Residential Price</td>
<td>$11.75 Mcf Dependant on 7Bcf/yr</td>
</tr>
<tr>
<td>Permits in Place</td>
<td>yes</td>
</tr>
<tr>
<td>Financing</td>
<td>50% Complete</td>
</tr>
<tr>
<td>Contracts (consumer) for Capacity</td>
<td>63%</td>
</tr>
</tbody>
</table>
Additional Slides:

- Estimated FNSB Gas Demand
- Detailed Present Value Analysis with Build Out of Gas Distribution System
- Current Alaska Oil and Gas Coupling Tax Scheme
- Energy Cost Comparison on Price per MMBtu basis
- Graph of costs of alternative Fuels for heat
- Graph of cost of alternative fuels for electricity
- Graph of cumulative savings for each project over 30 year plant life
- 2009 average natural gas prices – Well head and Henry Hub
## Fairbanks Estimated Gas Demand

<table>
<thead>
<tr>
<th>Consumer</th>
<th>2008</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>GVEA</td>
<td>0</td>
<td>3,219,500</td>
</tr>
<tr>
<td>Flint Hills</td>
<td>0</td>
<td>4,878,000</td>
</tr>
<tr>
<td>Petro Star</td>
<td>0</td>
<td>329,500</td>
</tr>
<tr>
<td>Residential</td>
<td>63,500</td>
<td>173,200</td>
</tr>
<tr>
<td>Small Commercial</td>
<td>432,000</td>
<td>1,153,000</td>
</tr>
<tr>
<td>Large Commercial</td>
<td>192,200</td>
<td>506,700</td>
</tr>
<tr>
<td>Hospital</td>
<td>107,900</td>
<td>107,900</td>
</tr>
<tr>
<td>UAF</td>
<td>50,600</td>
<td>200,000</td>
</tr>
<tr>
<td>CIRI Talkeetna Lodge</td>
<td>13,400</td>
<td>13,000</td>
</tr>
<tr>
<td><strong>Total Volume Sold</strong></td>
<td><strong>859,600</strong></td>
<td><strong>10,580,800</strong></td>
</tr>
</tbody>
</table>

Alaska Natural Gas In-State Demand Study
ASP 2001-1000-2650 Jan 2002
## Future Potential Interior Alaska Industrial Gas Demand

<table>
<thead>
<tr>
<th>Load (Mcf)</th>
<th>Count</th>
<th>Energy Source</th>
<th>Consumption</th>
<th>Unit Consumption</th>
<th>Unit Measure</th>
<th>Lbs/Ton</th>
<th>Btus</th>
<th>Mcf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eielson AFB</td>
<td>1</td>
<td>Coal</td>
<td>183,000</td>
<td>Tons</td>
<td>6,900 lbs</td>
<td>2,240</td>
<td>2,828,448,000,000</td>
<td>2,828,448</td>
</tr>
<tr>
<td>North Pole</td>
<td>1</td>
<td>Diesel/Oil</td>
<td>28,000,000</td>
<td>Gallons</td>
<td>141,000 Gallon</td>
<td>2,240</td>
<td>3,948,000,000,000</td>
<td>3,948,000</td>
</tr>
<tr>
<td>Ft Wainwright</td>
<td>1</td>
<td>Coal</td>
<td>195,000</td>
<td>Tons</td>
<td>6,900 lbs</td>
<td>2,240</td>
<td>3,013,920,000,000</td>
<td>3,013,920</td>
</tr>
<tr>
<td>Fairbanks</td>
<td>1</td>
<td>Coal</td>
<td>130,000</td>
<td>Tons</td>
<td>6,900 lbs</td>
<td>2,240</td>
<td>2,009,280,000,000</td>
<td>2,009,280</td>
</tr>
<tr>
<td>College/UAF</td>
<td>1</td>
<td>Coal/Oil</td>
<td>60,000</td>
<td>Tons</td>
<td>6,900 lbs</td>
<td>2,240</td>
<td>927,360,000,000</td>
<td>927,360</td>
</tr>
<tr>
<td>Clear AFs</td>
<td>1</td>
<td>Coal</td>
<td>61,770</td>
<td>Tons</td>
<td>6,900 lbs</td>
<td>2,240</td>
<td>954,717,120,000</td>
<td>954,717</td>
</tr>
<tr>
<td>Healy, GVEA</td>
<td>1</td>
<td>Coal</td>
<td>170,000</td>
<td>Tons</td>
<td>6,900 lbs</td>
<td>2,240</td>
<td>2,627,520,000,000</td>
<td>2,627,520</td>
</tr>
<tr>
<td>Healy, Clean Coal</td>
<td>1</td>
<td>Coal</td>
<td>195,000</td>
<td>Tons</td>
<td>6,900 lbs</td>
<td>2,240</td>
<td>3,013,920,000,000</td>
<td>3,013,920</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>19,323,165,120,000</strong></td>
<td><strong>19,323,165</strong></td>
</tr>
</tbody>
</table>

---

Alaska Natural Gas In-State Demand Study
ASP 2001-1000-2650 Jan 2002
### Present Value of Estimated Savings Adjusting for Build Out Delay

<table>
<thead>
<tr>
<th>Project</th>
<th>Estimated Time until Operational</th>
<th>PV Savings 1st operating year @ .9 Bcf</th>
<th>PV Savings 2nd operating year @ 1.8 Bcf</th>
<th>PV Savings 3rd operating year @ 2.6 Bcf</th>
<th>Net Present value of Savings in 2037</th>
</tr>
</thead>
<tbody>
<tr>
<td>FNG @ 9.67 &amp; $11.75</td>
<td>2</td>
<td>$45,919,401</td>
<td>$51,652,247</td>
<td>$55,565,001</td>
<td>767,754,486</td>
</tr>
<tr>
<td>Energia @ $9.66 &amp; $11.74</td>
<td>7</td>
<td>$35,063,658</td>
<td>$39,440,876</td>
<td>$42,428,348</td>
<td>543,723,326</td>
</tr>
</tbody>
</table>

**Discount Rate**

As prescribed by OMB

7%

<table>
<thead>
<tr>
<th>Project</th>
<th>non discounted savings @ .9Bcf</th>
<th>non discounted savings @ 1.8Bcf</th>
<th>non discounted savings @ 2.6Bcf</th>
</tr>
</thead>
<tbody>
<tr>
<td>FNG @ 9.67 &amp; $11.75</td>
<td>$56,253,241</td>
<td>$67,705,560</td>
<td>$77,932,788</td>
</tr>
<tr>
<td>Energia @ $9.66 &amp; $11.74</td>
<td>$56,304,572</td>
<td>$67,766,768</td>
<td>$78,002,788</td>
</tr>
</tbody>
</table>

^ holding all other variables constant
## Current Alaska Oil and Gas Coupling Tax Scheme

<table>
<thead>
<tr>
<th>Volume per day</th>
<th>700,000 barrels</th>
<th>Gross Value</th>
<th>$20,991,880,000.00</th>
<th>Pipeline tarrif/mcf</th>
<th>$5,557,125,000.00</th>
<th>4.06 BCF</th>
<th>700,000 bb/d &amp; 4.06BCG</th>
<th>$15,715,805,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation Costs P/bbl</td>
<td>$ (5.00)</td>
<td>Pipeline tarrif/mcf</td>
<td>$ (3.00)</td>
<td>av * Barrel of Oil Equivalent</td>
<td>$43,057,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upstream Capital Costs P/bbl</td>
<td>$ (10.00)</td>
<td>Total Value (avX365)</td>
<td>$15,715,805,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upstream Operational Costs P/B</td>
<td>$ (10.00)</td>
<td>12.5% State Royalty</td>
<td>$1,964,475,625.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total deductible costs</td>
<td>$ (25.00)</td>
<td>25% Production Tax</td>
<td>$3,928,951,250.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Value after deductible costs</td>
<td>$ 14,604,380,000.00</td>
<td>Investment and Exploration Credits</td>
<td>$ (600,000,000.00)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.5% State Royalty</td>
<td>$ 1,825,547,500.00</td>
<td>$ 138,928,125.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25% Production Tax</td>
<td>$ 3,651,095,000.00</td>
<td>$ 277,856,250.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progressivity Tax</td>
<td>$ 1,586,619,843.20</td>
<td>Investment and Exploration Credits</td>
<td>$ (600,000,000.00)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Revenue</td>
<td>$ 6,463,262,343.20</td>
<td>Total Value (avX365)</td>
<td>$15,715,805,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

One barrel of oil equals 5.8 million Btu
One cubic foot of natural gas equals 1000 Btu
One barrel of oil equals 5,800 cubic feet of gas
One barrel of oil equals 5.8 Mcf of gas
700,000 barrels of oil per day is approximately equal to today's production
4.06 per day gasline is equal in Btu value to 700,000 barrels of crude
0.00304 = average value (30.76) minus 30.00 X .004 or progressivity tax

0.00304 cents = $47,776,047.20

$5,341,202,922.20
# Energy Cost Comparison on Price per MMBtu basis

<table>
<thead>
<tr>
<th>Fuel Value Calculation</th>
<th>Units</th>
<th>Cost per Unit</th>
<th># Btu per Unit</th>
<th>MMBTU</th>
<th>Price per MMBtu</th>
<th>Plant Efficiency</th>
<th>Useable cost per MMBtu</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal Electric only</td>
<td>1 ton</td>
<td>$50.00</td>
<td>15,000,000</td>
<td>15.00</td>
<td>$3.33</td>
<td>30%</td>
<td>$11.10</td>
</tr>
<tr>
<td>Coal Combined Cycle</td>
<td>1 ton</td>
<td>$50.00</td>
<td>15,000,000</td>
<td>15.00</td>
<td>$3.33</td>
<td>50%</td>
<td>$6.67</td>
</tr>
<tr>
<td>Electric</td>
<td>1 kw</td>
<td>$0.11</td>
<td>3,413</td>
<td>0.003413</td>
<td>$32.23</td>
<td>100%</td>
<td>$32.23</td>
</tr>
<tr>
<td>Heating Oil</td>
<td>1 gal</td>
<td>$3.15</td>
<td>130,000</td>
<td>0.13</td>
<td>$24.23</td>
<td>87%</td>
<td>$27.85</td>
</tr>
</tbody>
</table>
Costs of Alternative Fuels for Heat

Diesel price projections are from The Institute of Social and Economic Research projections on Alaska diesel prices, which use the EIA national price projections as a basis.
Cost of Alternative Fuels for Electricity

Diesel price projections are from The Institute of Social and Economic Research projections on Alaska diesel prices, which use the EIA national price projections as a basis.
Cumulative Savings over 30 Year Plant Life
2010 Average Gas Prices

- 2010 Average Well Head price of US Natural Gas $3.67

- 2010 Average US Natural Gas price Henry Hub $4.66

Source: U.S. Energy Information Administration.
PRESS RELEASE

FOR IMMEDIATE RELEASE: February 10, 2011

AEA Announces Railbelt Hydro Meetings
Open Houses Scheduled for Five Communities

(Anchorage) – The Alaska Energy Authority (AEA) will host Railbelt Hydroelectric Energy Open Houses in five communities, starting February 24 in Fairbanks and concluding March 15 in Kenai.

In November 2010, AEA announced its recommendation that the Low Watana site on the Susitna River should be the primary hydroelectric project for Alaska’s Railbelt. The Open Houses will provide opportunity for the public to learn more about the Susitna Hydro Project.

“Alaska’s goal of producing 50% of our power from renewable resources by 2025 can only be met by building a large hydroelectric project on the Railbelt,” said AEA Executive Director Sara Fisher-Goad. “The Susitna Project will help us reach this target and will provide cost-effective, reliable, long-term power for generations. I encourage the public to take advantage of these opportunities to learn why the Susitna Hydro Project is favored.”

Meeting Schedule:

Fairbanks: February 24, 5-8 PM Open House, 6 PM Presentation. Princess Riverside Lodge.
Talkeetna: February 28, 5-7 PM Open House, 5:30 PM Presentation. Talkeetna Elementary School Gym.
Palmer: March 1, 5-8 PM Open House, 6 PM Presentation. Palmer Community Center (Depot).
Anchorage: March 2, 5-8 PM Open House, 6 PM Presentation. Dena’ina Center.
Kenai: March 15, 5:30-7:30 PM Open House, 6 PM Presentation. Challenger Learning Center.

Additional information can be found at www.akenergyauthority.org.

Alaska Energy Authority is a public corporation of the state whose mission is to reduce the cost of energy in Alaska.

###
North Pole Branch Library Project
Library Feasibility Committee
01.19.2011 Sub-Committee Report
Project Information and Communications

Persons Present: Jeff Jacobson, Bill Robertson, Sharron Hunter, and Judy Andrijanoff

I Purpose of the Committee
- Organize, craft and disseminate Library Feasibility Committee and project information
- Judi’s work is community support development and advocacy planning

II Funding Plan
- 50% (of the est. cost of the building) grant from the 2012 legislature
- Potential borough-wide bond initiative on 2011 and/or 2012 election ballot to provide local funding—not to exceed ½ cost and to be reduced by potential agency and private grants
- This potential bond initiative will be the first non-school bond proposal
- There is a 5 year window in which to spend bond money once it is voter approved.
- It is typical for library bond initiatives to pass on the first attempt
- It is not typical for the library bond to be presented to voters who are not also the patrons. Discussion ensued of the pros and cons of including the costs for the Noel Wien’s repair and expansion in the same initiative.
- Advocacy is the key to bonding success.
- Suggestion offered to pursue monetary contribution from City of North Pole as show of local support

III Project Materials
- Reviewed several examples of public outreach materials created for other library projects in the state
- Possible NP library themes: NPL Snowman logo, something suggesting progression of life long learning
- Judy will begin drafting public outreach material mock ups.

IV Communications/Media
- Create a press release for review at the Feb 1st meeting (Bill volunteered)
- Whether or when to invite the press to future a meeting
- Create a brief outline report for the Feasibility Committee (Sharron volunteered)
January 27, 2011

City of North Pole
125 Snowman Lane
North Pole, AK 99705

RE: Request for Bed Tax Funds

Dear Mayor Isaacson and City Council:

The North Pole Chamber of Commerce would like to formally request the designated 30% portion of the third and fourth quarter 2010 bed tax, as set forth in North Pole Municipal Code 4.09.020C. These funds are vital to the Chamber for its continued operation of the North Pole Visitor Information Center and related activities.

A portion of the 2010 first and second quarter bed tax funding we received in October 2010, was used for operation expenses, Winter fest and Candle Lighting Ceremony advertising, restocking inventory for the North Pole Visitor Cabin, payroll for a part time admin coordinator, website design and web hosting along with other miscellaneous expenses i.e. phone service, internet services, postage and mailing expenses.

Additional expenses in the coming months will include Taste of North Pole and operational expenses for the North Pole Visitors Cabin, continued admin support, and website development.

It is vital for the community of North Pole to be promoted by the North Pole Community Chamber of Commerce through the many activities and festivals provided. The Chamber is committed to serving the North Pole business community through effective operation of our web site, the Visitor Center, and through our year-round promotion of North Pole as a great place to live, work, shop, visit, and relocate.

Sincerely,

Marilyn F. Zuckerp
North Pole Chamber Board Members
# Balance Sheet

**North Pole Community Chamber of Commerce**  
**Balance Sheet**  
**As of December 31, 2010**  

## ASSETS

<table>
<thead>
<tr>
<th>Category</th>
<th>Dec 31, 10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Checking/Savings</td>
<td>9,828.50</td>
</tr>
<tr>
<td>Mt. McKinley Bank</td>
<td></td>
</tr>
<tr>
<td><strong>Total Checking/Savings</strong></td>
<td>9,828.50</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>2,452.00</td>
</tr>
<tr>
<td><strong>Total Accounts Receivable</strong></td>
<td>2,452.00</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>620.00</td>
</tr>
<tr>
<td>Undeposited Funds</td>
<td></td>
</tr>
<tr>
<td><strong>Total Other Current Assets</strong></td>
<td>620.00</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>12,900.50</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**  
12,900.50

## LIABILITIES & EQUITY

<table>
<thead>
<tr>
<th>Category</th>
<th>Dec 31, 10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>-101.40</td>
</tr>
<tr>
<td>Accounts Payable</td>
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</tr>
<tr>
<td><strong>Total Accounts Payable</strong></td>
<td>-101.40</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>56.00</td>
</tr>
<tr>
<td>Payroll Liabilities</td>
<td></td>
</tr>
<tr>
<td><strong>Total Other Current Liabilities</strong></td>
<td>56.00</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>-45.40</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>-45.40</td>
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</tbody>
</table>

**Equity**

<table>
<thead>
<tr>
<th>Category</th>
<th>Dec 31, 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Bal Equity</td>
<td>3,146.58</td>
</tr>
<tr>
<td>Unrestricted Net Assets</td>
<td>3,930.49</td>
</tr>
<tr>
<td>Net Income</td>
<td>5,868.83</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>12,945.90</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES & EQUITY**  
12,900.50
## North Pole Community Chamber of Commerce
### Profit & Loss
#### January through December 2010

<table>
<thead>
<tr>
<th>Category</th>
<th>Jan - Dec 10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ordinary Income/Expense</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
</tr>
<tr>
<td>Bed Tax Income</td>
<td>18,190.34</td>
</tr>
<tr>
<td>Cabin Sales</td>
<td>14,720.34</td>
</tr>
<tr>
<td>Luncheon Sales</td>
<td>931.83</td>
</tr>
<tr>
<td>Other Types of Income</td>
<td>25.00</td>
</tr>
<tr>
<td><strong>Program Income</strong></td>
<td></td>
</tr>
<tr>
<td>Membership Dues</td>
<td>6,175.00</td>
</tr>
<tr>
<td>Web Services</td>
<td>835.00</td>
</tr>
<tr>
<td>Program Income - Other</td>
<td>550.00</td>
</tr>
<tr>
<td><strong>Total Program Income</strong></td>
<td>7,560.00</td>
</tr>
<tr>
<td>Taste of North Pole Sponsorship</td>
<td>2,594.00</td>
</tr>
<tr>
<td>Visitor Guide Ad Sales</td>
<td>505.00</td>
</tr>
<tr>
<td>Winter Festival Booths</td>
<td>610.00</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>45,136.51</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>45,136.51</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
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<tr>
<td>Advertising</td>
<td></td>
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<tr>
<td>Webpage</td>
<td>670.20</td>
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<tr>
<td>Advertising - Other</td>
<td>8,041.98</td>
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<tr>
<td><strong>Total Advertising</strong></td>
<td>8,712.08</td>
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<tr>
<td>bank card fee</td>
<td>917.92</td>
</tr>
<tr>
<td>Contract Services</td>
<td></td>
</tr>
<tr>
<td>Accounting Fees</td>
<td>1,811.00</td>
</tr>
<tr>
<td>Outside Contract Services</td>
<td>2,716.00</td>
</tr>
<tr>
<td>Contract Services - Other</td>
<td>240.00</td>
</tr>
<tr>
<td><strong>Total Contract Services</strong></td>
<td>4,787.00</td>
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<tr>
<td>Electric</td>
<td>331.21</td>
</tr>
<tr>
<td>Facilities and Equipment</td>
<td></td>
</tr>
<tr>
<td>Equip Rental and Maintenance</td>
<td>135.00</td>
</tr>
<tr>
<td>Facilities and Equipment - Other</td>
<td>757.97</td>
</tr>
<tr>
<td><strong>Total Facilities and Equipment</strong></td>
<td>892.97</td>
</tr>
<tr>
<td>Ground Maintenance</td>
<td>318.00</td>
</tr>
<tr>
<td>Luncheon</td>
<td>1,049.44</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td></td>
</tr>
<tr>
<td>Books, Subscriptions, Reference</td>
<td>49.50</td>
</tr>
<tr>
<td>Cabin Inventory</td>
<td></td>
</tr>
<tr>
<td>Commission Sales</td>
<td>3,502.92</td>
</tr>
<tr>
<td><strong>Total Commission Sales</strong></td>
<td>3,502.92</td>
</tr>
<tr>
<td>Cabin Inventory - Other</td>
<td>7,497.94</td>
</tr>
<tr>
<td><strong>Total Cabin Inventory</strong></td>
<td>11,000.86</td>
</tr>
<tr>
<td>Postage, Mailing Service</td>
<td>458.06</td>
</tr>
<tr>
<td>Printing and Copying</td>
<td>95.96</td>
</tr>
<tr>
<td>Supplies</td>
<td>803.62</td>
</tr>
<tr>
<td>Telephone, Telecommunications</td>
<td>1,002.51</td>
</tr>
<tr>
<td><strong>Total Operations</strong></td>
<td>13,410.51</td>
</tr>
<tr>
<td><strong>Other Types of Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Insurance - Liability, D and O</td>
<td>325.00</td>
</tr>
<tr>
<td>reimburse expenses</td>
<td>46.90</td>
</tr>
<tr>
<td>Other Types of Expenses - Other</td>
<td>1,254.35</td>
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<td>Winter Festival</td>
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<td>Net Income</td>
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North Pole Community Chamber of Commerce  
Statement of Financial Income and Expense  
January through December 2010  

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**Gross Profit**  
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45,136.51

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<tr>
<td><strong>Net Income</strong></td>
<td>5,868.83</td>
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</table>
Memo

To: North Pole City Council
From: Tricia Fogarty, Utility Billing Clerk
Date: 2/16/2011
Re: Sergey Streltsov Utility Billing

Please see the attached letter from Mr. Streltsov, Disputing his December & January Utility Bill.

I have included a memo responding to his request.

A copy of his December & January utility bill.

7 month account history.

If you have any questions please contact Bill Butler at 488-8593 or Tricia Fogarty at 488-8538.
To: Counsel of City of North Pole, AK

From: Sergey Streltsov

2704 Perimeter Dr, NP, AK

I, Sergey Streltsov, respectfully asking City Counsel to dismiss the water bills for the months of December 2010, and January 2011, because of the failure of water meter, that has caused water leak in the basement of above mentioned residence. All the leaked out water has drained into the ground of the basement. The residence is currently unoccupied. It is and has been heated. I visit it weekly to work on it. Please, contact me for any further information at 907-590-7221.

Thank you very much

Sincerely, Sergey Streltsov

February 3, 2011
Memo

To: North Pole City Council
From: Tricia Fogarty, Utility Billing Clerk
Date: 2/16/2011
Re: Sergey Streltsov Utility Bill

This house has been vacant; Mr. Streltsov lives in Fairbanks and has rented this property out in the past. The account history shows that there has been little or no usage for the previous five months prior to the water break.

My recommendation would be to wave the sewer usage charges and the sewer FRR charge for the months of December 2010 and January 2011. The total of these charges is $1,053.35.

If you have any questions please give me a call at 488-8538.

Thank you,
Tricia Fogarty
City of
North Pole Utilities
125 Snowman Lane
North Pole, AK 99705-7708
907-488-6111

SERGEY STRELTSOV
PO BOX 74023
FAIRBANKS AK 99707-4023

BILLING DATE: 12/31/2010
ACCOUNT NO: 5922.04
SERVICE ADDRESS:
2704 PERIMETER DR
L10 B05 HWY PK II

Total Due if Paid BY
01/31/2011  439.71

Total Due if Paid AFTER
01/31/2011  443.56

Utility Billing Cycle from 12/01/2010 to 12/31/2010

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<th>PREV READ</th>
<th>CURR READ</th>
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<tr>
<td>FRR Water</td>
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</tr>
<tr>
<td>Sewer Base</td>
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<tr>
<td>Sewer Usage</td>
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<td>FRR Sewer</td>
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<tr>
<td>Customer Deposit</td>
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<tr>
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<tr>
<td>Late Fees</td>
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ADJUSTMENTS: .00

CURRENT CHARGES: 439.71
TOTAL AMOUNT DUE: 439.71
PAY THIS AMOUNT: 439.71

30+ days past due: the maximum rate allowable by law .0075 will be added to the balance.

60+ days past due: the maximum rate allowable by law .0075 will be added to the balance. If your account remains 60+ days past due or falls 60+ days past due again the deposit is non-refundable.

90+ days past due: the maximum rate allowable by law will be added to the unpaid balance; and a disconnect/lien notice will be served.

You Can Pay Your Bill On Line At northpolcalaska.com, Click On Pay My Utility Bill.

North Pole Utilities
125 Snowman Lane
North Pole, AK 99705

SERGEY STRELTSOV
PO BOX 74023
FAIRBANKS AK 99707-4023

Please detach and return LOWER portion with payment.

ACCOUNT NO  DUE DATE
5922.04      01/31/2011

Pay $ 439.71 if by 01/31/2011
Pay $ 443.56 after 01/31/2011

Do Not Pay/Account Is Set Up On Auto Pay
City of
North Pole Utilities
125 Snowman Lane
North Pole, AK 99705-7708
907-488-6111

BILLING DATE: 01/31/2011
ACCOUNT NO: 5922.04
SERVICE ADDRESS:
2704 PERIMETER DR
L10 B05 HWY PK II

Total Due if Paid BY
02/28/2011 2,285.79

Total Due if Paid AFTER
02/28/2011 2,305.79

Utility Billing Cycle from 01/01/2011 to 01/31/2011

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One Prior Period 16878 GAL
Two Prior Periods 2 GAL
Three Prior Periods 12 GAL
Four Prior Periods 9 GAL
Five Prior Periods 8 GAL
Six Prior Periods 62 GAL
Seven Prior Periods 0 GAL
Eight Prior Periods 0 GAL
Nine Prior Periods 0 GAL
Ten Prior Periods 0 GAL
Eleven Prior Periods 0 GAL

You Can Pay Your Bill On Line At northpolealaska.com, Click On Pay My Utility Bill.

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<td>Late Fees</td>
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ADJUSTMENTS: .00
CURRENT CHARGES: 2,285.79
TOTAL AMOUNT DUE: 2,285.79
PAY THIS AMOUNT: 2,285.79

30+ days past due: the maximum rate allowable by law .00875 will be added to the balance.

60+ days past due: the maximum rate allowable by law .00875 will be added to the balance. If your account remains 60+ days past due or falls 60+ days past due again the deposit is non-

90+ days past due: the maximum rate allowable by law will be added to the unpaid balance; and a disconnect/lien notice will be served.

North Pole Utilities
125 Snowman Lane
North Pole, AK 99705

SERGEY STRELTSOV
PO BOX 74023
FAIRBANKS AK 99707-4023

Please detach and return LOWER portion with payment.

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Pay $ 2,285.79 if by 02/28/2011
Pay $ 2,305.79 after 02/28/2011

Do Not Pay/Account Is Set Up On Auto Pay
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<tr>
<td>11/30/2010</td>
<td>81828758</td>
<td>45,428</td>
<td>45,430</td>
<td>2</td>
<td>1.0000</td>
<td>247.09</td>
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<td>12/31/2010</td>
<td>81828758</td>
<td>45,430</td>
<td>62,308</td>
<td>16,878</td>
<td>1.0000</td>
<td>1,259.17</td>
<td></td>
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<tr>
<td>01/31/2011</td>
<td>81828758</td>
<td>62,308</td>
<td>148,317</td>
<td>86,009</td>
<td>1.0000</td>
<td>1,507.53</td>
<td></td>
</tr>
<tr>
<td>02/28/2011</td>
<td>81828758</td>
<td>148,317</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Totals:

- Usage: 102,980
- Amount: 1,507.53
January 31, 2011

Honorable Mayor and Members of the City Council
City of North Pole
125 Snowman Lane
North Pole, AK 99705

Attention: Mayor Doug Isaacson and Members of the City Council

This letter is to explain our understanding of the arrangements for the services we are to perform for City of North Pole for the year ending December 31, 2010. We ask that you either confirm or amend this understanding.

**Audit Services**

We will perform an audit of City of North Pole’s governmental activities, business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparisons as of and for the year ended December 31, 2010 which collectively comprise the basic financial statements. We understand that these financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America. The objective of an audit of financial statements is to express an opinion on those statements.

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the City Council are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

We will also perform the audit of the City of North Pole as of December 31, 2010 so as to satisfy the audit requirements imposed by the Federal and State Single Audit Acts and the U.S. Office of Management and Budget (OMB) Circular No. A-133.

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America and "Government Auditing Standards" issued by the Comptroller General of the United States; the provisions of the Federal and State Single Audit Acts; OMB Circular A-133; and OMB's Compliance Supplement. Those standards, circulars, supplements, or guides require that we plan and perform the audit to obtain reasonable rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error.
or fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not
designed to detect errors or fraud that is immaterial to the financial statements. The
determination of abuse is subjective; therefore, Government Auditing Standards do not expect us
to provide reasonable assurance of detecting abuse.

An audit of financial statements also includes obtaining an understanding of the entity and its
environment, including its internal control, sufficient to assess the risks of material misstatement
of the financial statements, and to design the nature, timing, and extent of further audit
procedures. An audit is not designed to provide assurance on internal control or to identify
significant deficiencies or material weaknesses. However, we will communicate to management
and the City Council any significant deficiencies or material weaknesses that become known to
us during the course of the audit.

We will also communicate to the City Council (a) any fraud involving senior management and
fraud (whether caused by senior management or other employees) that causes a material
misstatement of the financial statements, (b) any fraud, illegal acts, violations of provisions of
contracts or grant agreements and abuse that come to our attention (unless they are clearly
inconsequential), (c) any disagreements with management and other serious difficulties
encountered in performing the audit, and (d) various matters related to the entity's accounting
policies and financial statements.

In addition to our reports on the City's financial statements, we will also issue the following
reports or types of reports:

A report on the fairness of the presentation of the City's schedule of expenditures of federal
awards and state financial assistance for the year ending December 31, 2010.

Reports on internal control related to the financial statements and major programs. These
reports will describe the scope of testing of internal control and the results of our tests of
internal controls.

Reports on compliance with laws, regulations, and the provisions of contracts or grant
agreements. We will report on any noncompliance which could have a material effect on
the financial statements and any noncompliance which could have a direct and material
effect on each major program.

A schedule of findings and questioned costs.

Our reports on internal control will include any significant deficiencies and material weaknesses
in the system of which we become aware as a result of obtaining an understanding of internal
control and performing tests of internal control consistent with requirements of the standards and
circular identified above. Our reports on compliance will address material errors, fraud, abuse,
violations of compliance requirements, and other responsibilities imposed by state and federal
statutes and regulations and assumed by contracts; and any state or federal grant, entitlement or
Honorable Mayor and Members of the City Council
City of North Pole
Page three

loan program questioned costs of which we become aware, consistent with requirements of the standards and circulars identified above.

City of North Pole's Responsibilities

Management is responsible for the financial statements, including the selection and application of accounting policies, adjusting the financial statements to correct material misstatements, and for making all financial records and related information available to us. Management is responsible for providing us with a written management representation letter confirming certain representations made during the course of our audit of the financial statements and affirming to us that it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and to the opinion units of the financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge.

Management is responsible for identifying and ensuring that the entity complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

Management is also responsible for (a) making us aware of significant vendor relationships where the vendor is responsible for program compliance, (b) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan, and (c) report distribution including submitting the reporting packages.

The City Council is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity.
Honorable Mayor and Members of the City Council
City of North Pole
Page four

City of North Pole agrees that our report on the financial statements will not be included in an official statement or other document involved with the sale of debt instruments without our prior consent. Additionally, if City of North Pole intends to publish or otherwise reproduce the financial statements and/or make reference to us or our audit, you agree to provide us with printer's proofs or a master for our review and consent before reproduction and/or release occurs. You also agree to provide us with a copy of the final reproduced material for our consent before it is distributed or released. Our fees for any additional services that may be required under our quality assurance systems as a result of the above will be established with you at the time such services are determined to be necessary. In the event our auditor/client relationship has been terminated when the City seeks such consent, we will be under no obligation to grant such consent or approval.

During the course of our engagement, we may accumulate records containing data that should be reflected in the City’s books and records. The City will determine that all such data, if necessary, will be so reflected. Accordingly, the City will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by City personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Lisa Vaughn, Finance Director. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Other Terms of our Engagement

City of North Pole hereby indemnifies Mikunda, Cottrell & Co. and its shareholders, principals, and employees and holds them harmless from all claims, liabilities, losses, and costs arising in circumstances where there has been a known misrepresentation by a member of City of North Pole's management, regardless of whether such person was acting in the City’s interest. This indemnification will survive termination of this letter.

Any claim arising out of services rendered pursuant to this agreement shall be resolved in accordance with the laws of the State of Alaska. It is agreed by City of North Pole and Mikunda, Cottrell & Co. or any successors in interest that no claim arising out of services rendered pursuant to this agreement by or on behalf of City of North Pole shall be asserted more than two years after the date of the last audit report issued by Mikunda, Cottrell & Co.

Our fees are based upon the time required by the individuals assigned to the engagement, plus direct expenses. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission. Our fee for the services described in the letter will not exceed $33,500, plus out of pocket costs for travel, lodging, typing, printing, etc. unless the scope of the engagement is changed, the assistance which the City has agreed to furnish is not provided, or unexpected conditions are encountered, in which case we will discuss the situation with you before proceeding. For example, a significant increase in the number of major federal
Honorable Mayor and Members of the City Council
City of North Pole
Page five

or state programs for single audit purposes, and/or ARRA programs, may result in an increase in the fee that cannot be anticipated at this time. The above fees also do not include preparation of the OMB data collection form, or presentation of the financial statements to the City Council. All other provisions of this letter will survive any fee adjustment.

In the event we are requested or authorized by City of North Pole or are required by City of North Pole or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for City of North Pole, City of North Pole will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The working papers for this engagement are the property of Mikunda, Cottrell & Co. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit working papers upon their request; and that we shall maintain the working papers for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested work papers will be provided under the supervision of Mikunda, Cottrell & Co. audit personnel and at a location designated by our Firm.

If circumstances arise relating to the conditions of your records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, misappropriation of assets, or noncompliance which in our professional judgment prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

The two overarching principles of the independence standards of the "Government Auditing Standards" issued by the Comptroller General of the United States provide that management is responsible for the substantive outcomes of the works, and therefore, has a responsibility and is able to make any informed judgment on the results of the services described above. Accordingly, the City of North Pole agrees to the following:

Management of the City will be accountable and responsible for overseeing the draft of the financial statements, trial balance adjustments, and updates to the depreciation schedules.

City of North Pole will establish and monitor the performance of the draft of the financial statements, trial balance adjustments, and depreciation schedules to ensure that they meet management's objectives.
City of North Pole will make any decisions that involve management functions related to the drafting of the financial statements, trial balance adjustments, and depreciation schedules and accept full responsibility for such decisions.

City of North Pole will evaluate the adequacy of services performed and any findings that result.

This letter constitutes the complete and exclusive statement of agreement between Mikunda, Cottrell & Co. and City of North Pole, superseding all proposals, oral or written, and all other communication, with respect to the terms of the engagement between the parties.

In accordance with Government Auditing Standards, a copy of our most recent peer review report and applicable letter of comment is enclosed for your information.

If this letter defines the arrangements as you understand them, please sign and date below and return this letter to us. We appreciate your business and look forward to working with everyone at the City again.

Mikunda, Cottrell & Co.

John M. Bost, Audit Director

Confirmed on behalf of the City of North Pole:

Signature: ___________________________ Title: ___________________________

Date: ___________________________
Date: February 17, 2011
To: Council Members
Cc: City Clerk
From: Mayor Douglas W. Isaacson
RE: Request for travel funds for the Mayor to be present in Juneau prior to the End of the Session, as necessary, for North Pole Priorities

I am requesting funds for one trip if necessary, dates to be determined, to push our North Pole Priorities, including funding for:
- North Pole Capital Projects
- Sulfolane mediation, water pipe system build-out
- North Pole library
- Energy projects impacting North Pole
- Transportation funding

No trip is currently planned, but with so many projects competing during this rapidly moving session more face-to-face time may be necessary to successfully secure funding necessary for our priorities. This approval will allow me to depart as necessary on short notice, which would be more likely near the end of the Session.

Funds have been budgeted and will come from line item 01-01-00-7004 / Travel as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost per Day</th>
<th>Estimated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel (Baranof?)</td>
<td>no more than 5 days @~$133/night</td>
<td>est. $665</td>
</tr>
<tr>
<td>AK Air</td>
<td>$20 + 30,000 miles</td>
<td>$20</td>
</tr>
<tr>
<td>Per Diem</td>
<td>no more than 5 days @ $42</td>
<td>est. $210</td>
</tr>
<tr>
<td>Taxi</td>
<td>est. $28 Juneau airport-hotel x2</td>
<td>est. $56</td>
</tr>
</tbody>
</table>

Estimated total: $951

Thank you.
ORDINANCE NO. 11-01
SUBSTITUTE A

AN ORDINANCE OF THE CITY OF NORTH POLE, ALASKA TO
AMEND TITLE 13, PUBLIC SERVICES

WHEREAS, changes to the public services practices and policies is a continually changing requirement; and

WHEREAS, the City of North Pole Municipal Code should be amended to conform to the requirements of the City.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of North Pole:

Section 1. This ordinance is of a general and permanent nature and shall be codified.

Section 2. Title 13 is amended in the North Pole Code of Ordinances to correct a misprint. Substitute A is required to correct a misprint replacing the words “Low income” with “Senior” in the attached rate table.

Section 3. Effective date.
This ordinance shall become effective upon passage and publication.

PASSED AND APPROVED by a duly constituted quorum of the North Pole City Council this 17th day of January, 2011.

DOUGLAS W. ISAACSON, Mayor

ATTEST:

KATHRYN M. WEBER, CMC, City Clerk
### Title 13
**PUBLIC SERVICES**

**Chapters:** 13.24 Utility Rates

13.24.020 Metered Water and Sewer Utility Rates

Monthly water and sewer utility rates beginning January 1, 2011 shall be the following:

<table>
<thead>
<tr>
<th>Customer class</th>
<th>Per gallon water</th>
<th>Monthly base water charge</th>
<th>Per gallon sewer charge</th>
<th>Monthly base sewer charge</th>
<th>FRR²- Water per gallon charge</th>
<th>FRR²- Sewer per gallon charge</th>
<th>FRR² Significant Industrial Discharger-Sewer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single family residential</td>
<td>$0.01464</td>
<td>$5</td>
<td>$0.00882</td>
<td>$5</td>
<td>$0.0015</td>
<td>$0.0015</td>
<td>--</td>
</tr>
<tr>
<td><strong>Senior Low-income single family residential</strong></td>
<td>$0.00732</td>
<td>$5</td>
<td>$0.00441</td>
<td>$5</td>
<td>$0.0015</td>
<td>$0.0015</td>
<td>--</td>
</tr>
<tr>
<td>Multi-family, residential</td>
<td>$0.01464</td>
<td>$25</td>
<td>$0.00882</td>
<td>$25</td>
<td>$0.0015</td>
<td>$0.0015</td>
<td>--</td>
</tr>
<tr>
<td><strong>Senior Low-income, multi-family residential</strong></td>
<td>$0.00732</td>
<td>$25</td>
<td>$0.00441</td>
<td>$25</td>
<td>$0.0015</td>
<td>$0.0015</td>
<td>--</td>
</tr>
<tr>
<td>Commercial</td>
<td>$0.01464</td>
<td>$25</td>
<td>$0.00882</td>
<td>$25</td>
<td>$0.0015</td>
<td>$0.0015</td>
<td>--</td>
</tr>
<tr>
<td>Commercial/Significant Industrial Discharger</td>
<td>$0.01464</td>
<td>$25</td>
<td>$0.00882</td>
<td>$25</td>
<td>--</td>
<td>--</td>
<td>$0.00345</td>
</tr>
</tbody>
</table>

1. The monthly sewer charge for the months of May, June, July and August will be capped at an amount not to exceed the average of the water usage during the months September through April for Single family and Senior Low-income single-family residential customers only.

2. Facility Repair and Replacement: Funds generated to repair and replace utility capital infrastructure.
CITY OF NORTH POLE

RESOLUTION 11-06

A RESOLUTION OF THE CITY OF NORTH POLE REQUESTING THREE AMENDMENTS TO PROPOSED FNSB ORDINANCE 2010-56 AND AMENDMENTS TO TITLE 18 OF THE BOROUGH CODE OF ORDINANCES

WHEREAS, the FNSB Assembly is currently considering two ordinances that propose amendments to Title 18 of the FNSB Code of Ordinances as it relates to nonconforming (grandfathered) buildings, structures, uses and lots; and

WHEREAS, under FNSB Code Section 18.52.030, the North Pole City Council sits as the Board of Adjustment for decisions regarding land within the City of North Pole and hears and decides appeals of planning commission determinations on requests for conditional uses and variances, and of decisions or determinations made by the Department of Community Planning in the enforcement of Title 18; and

WHEREAS, Ordinance No. 2010-56 provides that an appeal of a nonconforming status determination would be made to the Planning Commission and that the decision of the Planning Commission could be appealed to the Superior Court; and

WHEREAS, the North Pole City Council believes that such appeals should be made to the Board of Adjustment, whether that be the Borough Assembly, the Fairbanks City Council, or this Council; and

WHEREAS, Ordinance No. 2010-56 would limit to twelve months the grace period wherein an otherwise legal non-conforming use would be considered abandoned, with extensions for extenuating circumstances left to the discretion of the Planning Director; and

WHEREAS, the Council believes that the twelve month period is too short, especially in the case of serious incident such as fire damage to a building; and

WHEREAS, Ordinance No. 2010-56 would only allow enlargement or alteration to a grandfathered structure if the owner received a change permit, a requirement the Council believes is overly restrictive considering the relatively low impact development within the City of North Pole.

NOW, THEREFORE BE IT RESOLVED that the City of North Pole has serious concerns about the three sections specified in Ordinance 2010-56 and requests the Borough Assembly to amend the three sections addressed.

PASSED AND APPROVED BY THE NORTH POLE CITY COUNCIL, on this 22nd day of February, 2011

_________________________________________
Douglas W. Isaacson, Mayor

ATTEST:

_________________________________________
Kathryn M. Weber, CMC, City Clerk
Date: February 17, 2011
To: Council Members
Cc: City Clerk
From: Mayor Douglas W. Isaacson
RE: Resolution 11-06 Regarding Borough Ordinance 2010-56

Attached to this resolution are the following associated documents:

- Copy of City of Fairbanks Resolution No. 4454
- Memo to FNSB Assembly from Natalie Howard regarding Ordinance 2010-55 dated January 6, 2011
- Memo to FNSB Assembly from Bernardo Hernandez regarding Ordinances 2010-55 and 2010-56 dated January 13, 2011
- Revised FNSB Ordinance 2010-55
- Revised FNSB Ordinance 2010-56
- Fairbanks City Attorney Paul Ewers' “Summary of Proposed Changes to Chapter 18.56 of the Borough Code”

Thank you.
RESOLUTION NO. 4454

A RESOLUTION EXPRESSING CONCERNS ABOUT FNSB ORDINANCE 2010-56 AND AMENDMENTS TO TITLE 18 OF THE BOROUGH CODE OF ORDINANCES

WHEREAS, the Borough Assembly is currently considering two ordinances that propose amendments to Title 18 of the Fairbanks North Star Borough Code of Ordinances relating to nonconforming (grandfathered) buildings, structures, uses and lots; and

WHEREAS, under FNSB Code Section 18.52.030, the Fairbanks City Council sits as the Board of Adjustment for decisions regarding land within the City of Fairbanks and hears and decides appeals of planning commission determinations on requests for conditional uses and variances, and of decisions or determinations made by the department of community planning in the enforcement of Title 18; and

WHEREAS, Ordinance No. 2010-56 provides that an appeal of a nonconforming status determination would be made to the planning commission and that the decision of the planning commission could be appealed to the superior court; and

WHEREAS, the council believes that such appeals should be made to the Boards of Adjustment, whether that be the Borough Assembly, the North Pole City Council, or this council; and

WHEREAS, Ordinance No. 2010-56 would limit to twelve months the grace period wherein an otherwise legal non-conforming use would be considered abandoned, with extensions for extenuating circumstances left to the discretion of the planning director; and

WHEREAS, the council believes that the twelve month period is too short, especially in the case of a serious incident such as fire damage to a building; and

WHEREAS, Ordinance No. 2010-56 would only allow enlargement or alteration to a grandfathered structure if the owner received a change permit, a requirement the council believes is overly restrictive.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, that the council has serious concerns about parts of Ordinance 2010-56 and would urge the Borough Assembly to take these concerns into consideration.
PASSED and APPROVED this 24th Day of January, 2011

JERRY CLEWORTH, MAYOR

AYES:
NAYS:
ABSENT:
APPROVED:

ATTEST:

APPROVED AS TO FORM:

Janey Hovenden, CMC, CITY CLERK
Paul J. Ewers, CITY ATTORNEY
MEMORANDUM

TO: Fairbanks North Star Borough Assembly
FROM: Natalie Howard, Assembly Member
DATE: January 6, 2011
SUBJECT: Ordinance No 2010-55

In 2007, during an appeal of a grandfather rights determination made by the planning department, a Hearing Officer suggested the Fairbanks North Star Borough (FNSB) develop an administrative process for grandfather rights determinations.

In 2009 the Administration proposed an ordinance to the Assembly to include an administrative process for grandfather rights determinations in the FNSB Title 18 Zoning Ordinance. In addition to the administrative process, the proposed ordinance included several changes to the grandfather rights chapter of FNSB Title 18 that went beyond the Hearing Officer recommendation. The additional changes were inconsistent with the goals of the FNSB Comprehensive Land Use Plan, the purpose of FNSB Title 18, and drew considerable public opposition. As a result, the Assembly remanded the Administration’s proposed ordinance to the planning department for public hearing.

The planning department held eight public hearings. Testimony and written comments were overwhelmingly against the administration’s proposed changes. The public made it clear that they wanted:

- Relaxed restrictions on their ability to continue established uses of their property in the event of a rezone.
- An increase in the amount of time that can lapse before forfeiting grandfather rights.
- An administrative appeals process to the Board of Adjustment (Assembly and respective City Councils).
- Assurance that grandfather rights/property complaints are only initiated by neighbors that bears the burden of proof for an allegation.

The planning department indicated that the public could expect a revised ordinance in May or June of 2010. When no revision was produced, Assembly Member Howard introduced Ordinance NO 2010-55 which was referred to the planning commission. Modifications were made to the ordinance as a result of work sessions with the planning commission and public testimony which was consistent with testimony received from the original 8 public hearings.

Ordinance NO 2010-55 includes the administrative process suggested by the Hearing Officer and responds to the 4 clear recommendations from the public. This ordinance is comprehensible. Ordinance NO 2010-55 is consistent with the goals of the FNSB Comprehensive Land Use Plan, purpose of Title 18, and the stated desires of public.
MEMORANDUM

TO: Fairbanks North Star Borough Assembly

THROUGH: Luke T. Hopkins, Mayor

FROM: Bernardo Hernandez, Director
Department of Community Planning

DATE: January 13, 2011

SUBJECT: Ordinance NO 2010-55 An Ordinance Amending Title 18.56 Of The Fairbanks North Star Borough Code Of Ordinances As It Relates To Nonconforming and Grandfathered Buildings, Structures, Uses And Lots And Amending Chapter 18.54 To Add A Complaint Process.

Ordinance NO 2010-56 An Ordinance Amending Title 18 Of The Fairbanks North Star Borough Code Of Ordinances As It Relates To Nonconforming (Grandfathered) Buildings, Structures, Uses And Lots And Adding Procedures For Nonconforming Status Determinations And Appeals.

Ordinance NO 2010-55 and Ordinance NO 2010-56 were referred by the Borough Assembly to the Planning Commission for review and recommendation. Both of these Ordinances deal with the administration of legal non-conforming buildings, structures, uses and lots. Ordinance NO 2010-55 was prepared by Assembly person Howard and Ordinance NO 2010-56 was prepared by Mayor Hopkins. These ordinances, although treating the same issue, take divergent approaches. It was the Planning Commission's task to review both ordinances and recommend to the Assembly one of the ordinances for approval and the other for denial, or perhaps recommend both for denial and recommend a substitute ordinance that takes ideas from both.

Because of the uniqueness of this situation of competing ordinances, the Planning Commission made special efforts to take citizen comment and to carefully review all of the information. In completing this effort the Planning Commission worked 22 hours, meeting on seven different days. The Planning Commission held work-sessions on October 19th, 26th and November 9th, taking public testimony on October 19th. The Planning Commission held a public hearing on these items on November 16th and because of time issues, had to recess and reconvene on November 30th and December 7th to complete its deliberations. On December 28th, the Planning Commission met once more to address and correct a legal issue on a substitute ordinance.

On December 7, 2010 the Planning Commission voted five (5) in favor and one (1) opposed to make the following recommendations:

The Planning Commission recommended denial of Ordinance NO 2010-55.

The Planning Commission recommended denial of Ordinance NO 2010-56.

On December 28, 2010, the Planning Commission voted six (6) in favor and one (1) opposed to recommend a substitute ordinance, incorporating ideas from both ordinances, and is based on Ordinance NO.2010-56.

I urge the adoption of the substitute ordinance.
REVISED FOR INTRODUCTION

By: Natalie Howard
Introduced: January 13, 2011

FAIRBANKS NORTH STAR BOROUGH

ORDINANCE NO. 2010-55

AN ORDINANCE AMENDING CHAPTER 18.56 OF THE FAIRBANKS NORTH STAR
BOROUGH CODE OF ORDINANCES AS IT RELATES TO NONCONFORMING AND
GRANDFATHERED BUILDINGS STRUCTURES, USES AND LOTS AND ADDING A
SECTION TO CHAPTER 18.58 CONCERNING THE INITIATION OF TITLE 18
COMPLAINTS

WHEREAS Chapter 18.56 of the FNSB zoning ordinance contains provisions for
recognizing that a property owner maintains existing uses of their property in the event
that buildings, structures, and/or uses become nonconforming as a result of zoning
ordinance changes and;

WHEREAS the purpose of Title 18 is to implement the Fairbanks North Star
Borough Comprehensive Plan; and

WHEREAS the first goal of the FNSB Comprehensive Land Use Plan is: “To
recognize that the foremost aspect of land use involving private property is the retention
and maintenance of private property rights”; and

WHEREAS strategy 1 of the FNSB Comprehensive Land Use Plan is to: "Work
for decision by commissioners and the assembly that protects individual private property
rights to the maximum extent possible"; and

WHEREAS strategy 2 of the FNSB Comprehensive Land Use Plan is to: "Work
for community end goals with a minimum impact and disruption of individual private
property rights"; and

AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT
Text to be added is underlined & bold
Text to be deleted is [BRACKETED, CAPITALIZED & BOLD]
WHEREAS The Purpose of The FNSB Title 18 Zoning Ordinance (Section 18.04.020) states: "This title is intended to protect private property rights, to promote the public health, safety and general welfare of the residents of the borough, and safety from fire and to promote the efficient distribution of water, sewage, schools, parks; to promote economic development and the growth of private enterprise; and

WHEREAS Application of the FNSB Title 18 Zoning Ordinance (Section 18.04.030) in pertinent part states: "Structures and land use that becomes nonconforming as a result of implementation of this chapter shall have grandfather rights"; and

WHEREAS Implementation of the FNSB Title 18 Zoning Ordinance (Section 18.04.070 Implementation) states in pertinent part: "Grandfathering of all land uses shall take precedent when a conflict arises"; and

NOW, THEREFORE, BE IT ORDEINBy the Assembly of the Fairbanks North Star Borough:

Section 1. Classification. This ordinance is of a general and permanent nature and shall be codified.

Section 2. Chapter 18.56 of the Fairbanks North Star Borough Code of Ordinances is hereby amended as follows:

NONCONFORMING (GRANDFATHERED) USES AND LOTS
18.56.010 Purpose.
The purpose of this chapter is to provide for the regulation of nonconforming buildings, structures, uses and lots, and to specify those circumstances and conditions under which they shall be allowed to continue as legal nonconforming uses and lots.

18.56.020 Authority to Continue.

Any nonconforming building, structure, use or lot which existed lawfully prior to the effective date of the ordinance codified in this title or any lawful building, structure, use or lot which has become nonconforming upon the adoption of the ordinance codified in this title or any subsequent amendment thereto may be continued, subject to the restrictions in this chapter. Any change in ownership of such a building, structure, use or lot does not void grandfather rights.

18.56.025 Affirmative Recognition of Grandfather Rights.

A. An applicant may seek an affirmative recognition of their grandfather rights by submitting an application and affidavit to the department of community planning director or his designee describing the nonconforming building(s), structure(s), use(s) or lot(s) that existed prior to the date of the zoning change that caused the nonconformance. The applicant shall be the owner of the property described in the application, the contract purchaser of said property, the holder of an option to purchase said property, or such persons that possess a substantial proprietary interest in the property being considered. The written consent of the owner, or an authorized representative having power of attorney, shall accompany all applications. The application must contain a written positive assertion that said building(s), structure(s), use(s) or lot(s) existed prior to the date of the zoning change. This application may be made at any time. The application may be accompanied by pictures, statements of support, and other evidence.

B. Within 15 days after the filing of the owner affidavit, the Department shall schedule an administrative hearing. Notice of the application and the hearing shall be

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provided using the procedures set forth in FNSBC 18.54.010 B, 1 and 2. Lot size
determinations are exempt from the requirements of this subsection.

C. Within 15 days of the hearing the Department shall issue an administrative
determination of the grandfather rights. That determination may be appealed to the
Board of Adjustment (as designated by FNSBC 18.52.030) within 15 days of the date of
the determination. Appeals shall be heard de novo. The Board of Adjustment shall
uphold or reverse the determination and adopt specific findings of fact after considering
the oral and written statements of the applicant, the public, and the department of
community planning. This decision is appealable to the superior court in accordance
with the civil rules.

18.56.030 Restrictions.

Except for agricultural buildings, structures, and livestock, and any other
agricultural activities, any nonconforming building, structure, use or lot which does not
conform with the regulations of the zoning district in which it is located shall be subject
to the following restrictions which shall be interpreted to the extent allowable by law in a
manner that ensures that property owners are not deprived of reasonable use of their
property:

A. Nonconforming Buildings and Structures.

1. A nonconforming building or structure may be enlarged or altered
as long as the enlargement or alteration [IS IN CONFORMANCE WITH THIS TITLE
AND] does not [INCREASE THE EXISTING NONCONFORMITY OR RESULT IN]
create a new [OR ADDITIONAL] nonconformity of this code except that expansion is
permitted within the standards that were in place when the zone changed.

B. Nonconforming Uses.

1. Except as otherwise provided in this subsection, a building,
structure or premises devoted to or designed for, in whole or in part, a nonconforming
use, may [NOT] be enlarged or altered as long as the use reflects the nature and

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purpose of the use prevailing when the zoning took effect and there is no difference in
the quality or character of the use.

2. Junkyards. A junkyard shall be allowed to continue or expand only
within the boundaries of the fence required by FNSB 18.50.130(B) in place at the time it
became nonconforming.

3. Natural Resource Extraction and Outside Storage. Natural
resource extraction and outside storage uses shall be allowed to expand to the
boundaries of the lot on which they are located at the time they became nonconforming.

4. In the event that a nonconforming use of a building, structure or
premises, or part thereof, is discontinued for any reason for a period of [12 MONTHS]
36 months, the subsequent use of the same building, structure, or premises, or part
thereof, shall thereafter be in conformance with the zoning district in which it is located.
The director of community planning, with the concurrence of the borough assembly,
may extend this [12 MONTH] 36 month period to allow relief from emergencies or other
extenuating circumstances which are outside the control of the landowner.

C. Nonconforming Lots.

1. In any zoning district, a lot, which was lawfully subdivided and
recorded prior to the adoption of the ordinance codified in this title or any subsequent
amendment thereto, and that because of said adoption or amendment fails to meet the
minimum lot size requirements of the zoning district in which it is located, shall be
considered as a usable lot.

2. If a structure on a nonconforming lot encroaches onto an adjoining
lot under common ownership, the two lots shall thereafter be considered a single lot for
purposes of this title.

Section 3. Chapter 18.58 is amended to add the following section:

18.58, Initiation of Complaints.

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Any complaints brought under this Title must meet the following conditions:
A. To initiate a complaint the alleged violation must personally and adversely affect a matter in which a person has a specific interest or property right in a way different than that of the general public.
B. The complainant bears the burden of proving the adverse effect the alleged violation has on their own property.
C. The complaint shall:
   1. Be in writing.
   2. State in ordinary and precise language the provisions of Title 18 alleged to have been violated and the facts alleged to constitute the violation.
   3. Include statements of support and/or other evidence supporting the allegations.
D. The Department unit may investigate a complaint provided that the above conditions have been met.

Section 4. Effective Date. This ordinance shall be effective at 5:00 p.m. of the first Borough business day following its adoption.

PASSED AND APPROVED THIS _____ DAY OF __________, 2010.

Joseph Blanchard II
Presiding Officer

ATTEST:

APPROVED:

Mona Lisa Drexler, MMC
Borough Municipal Clerk

A. René Broker
Borough Attorney

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FAIRBANKS NORTH STAR BOROUGH

ORDINANCE NO. 2010-56

AN ORDINANCE AMENDING TITLE 18 OF THE FAIRBANKS NORTH STAR
BOROUGH CODE OF ORDINANCES AS IT RELATES TO NONCONFORMING
(GRANDFATHERED) BUILDINGS, STRUCTURES, USES AND LOTS AND ADDING
PROCEDURES FOR NONCONFORMING STATUS DETERMINATIONS,
CHANGE PERMITS AND APPEALS

WHEREAS, Chapter 18.56 of the zoning code contains provisions for non-
conformities regarding use of land, structures and lots; and

WHEREAS, it is necessary to clarify the requirements for establishing
nonconforming rights and nonconforming status determinations, including notice and
appeal procedures; and

WHEREAS, codifying existing practices of the planning department will
ensure the public is aware of the requirements to establish nonconforming rights for
their property, and adding set procedures will provide for fair and consistent
determinations after appropriate notice and input from interested parties; and

WHEREAS, in some cases the expansion of legal nonconforming
buildings, structures and uses will not significantly increase any adverse impacts on
neighboring properties and can be approved through a nonconforming change permit
procedure.

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NOW, THEREFORE, BE IT ORDAINED by the Assembly of the Fairbanks North Star Borough:

Section 1. Classification. This ordinance is of a general and permanent nature and shall be codified.

Section 2. FNSBC 18.52.020(C) is hereby added as follows:

18.52.020 Planning Commission.

The planning commission shall:

A. Make determinations on requests for conditional uses and variances in the manner prescribed herein.

B. Make recommendations on requests for rezonings and amendments to this title in the manner prescribed herein and transmit same to the borough assembly.

C. Hear appeals from platting board decisions and nonconforming status determinations.

Section 3. Chapter 18.56 is amended as follows:

Chapter 18.56

NONCONFORMING (GRANDFATHERED) BUILDINGS, STRUCTURES, USES AND LOTS

18.56.010 Purpose and Intent.

The purpose of this chapter is to provide for the regulation of nonconforming buildings, structures, uses and lots, and to specify those circumstances and conditions under which they [SHALL BE ALLOWED TO CONTINUE AS LEGAL NONCONFORMING USES AND LOTS] are recognized as legal nonconforming buildings, structures, uses and lots. It is the intent of this chapter to permit these nonconformities to continue unless they are abandoned or replaced by conforming
buildings, structures, uses or lots, but not to encourage any adverse impacts that may
result from the perpetuation of these rights.

18.56.020 Authority to continue.

Any nonconforming building, structure, use or lot which existed lawfully prior to the
effective date of the ordinance codified in this title or any lawful building, structure,
use or lot which has become nonconforming upon the adoption of the ordinance codified in this title or any subsequent amendment thereto may be continued, subject to
the [RESTRICTIONS] provisions in this chapter. Any change in ownership of such a
building, structure, use or lot does not void grandfather rights. Nonconforming
buildings, structures, uses and lots shall have legal nonconforming status when a
determination has been made in accordance with the requirements of this title.


Except for agricultural buildings, structures and livestock, and any other
agricultural activities, any nonconforming building, structure, use or lot which does not
conform with the regulations of the zoning district in which it is located shall be subject
to the following [RESTRICTIONS] provisions:

A. Nonconforming Buildings and Structures.

[A NONCONFORMING BUILDING OR STRUCTURE MAY BE ENLARGED OR ALTERED AS LONG AS THE ENLARGEMENT OR ALTERATION IS IN CONFORMANCE WITH THIS TITLE AND DOES NOT INCREASE THE EXISTING NONCONFORMITY OR RESULT IN A NEW OR ADDITIONAL NONCONFORMITY OF THIS CODE.]

Nonconforming structures are subject to the following provisions:

1. Except as otherwise provided in this subsection, a nonconforming structure may be enlarged or altered in a way which does not increase its nonconformity or create a new nonconformity:
2. A nonconforming structure may be enlarged or altered in a way that increases its existing nonconformity if a change permit is obtained in accordance with the nonconforming use and building change permit procedure outlined in FNSBC 18.56.040:

3. Any structure or portion thereof may be altered to decrease its nonconformity;

4. Should such structure be moved for any reason for any distance whatsoever, it shall thereafter conform to the standards of the zoning district in which it is located.

B. Nonconforming Uses.

[1. EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A BUILDING, STRUCTURE OR PREMISES DEVOTED TO OR DESIGNED FOR, IN WHOLE OR IN PART, A NONCONFORMING USE, MAY NOT BE ENLARGED OR ALTERED.

2. JUNKYARDS. A JUNKYARD SHALL BE ALLOWED TO CONTINUE OR EXPAND ONLY WITHIN THE BOUNDARIES OF THE FENCE REQUIRED BY FNSBC 18.50.130(B) IN PLACE AT THE TIME IT BECAME NONCONFORMING.

3. NATURAL RESOURCE EXTRACTION AND OUTSIDE STORAGE. NATURAL RESOURCE EXTRACTION AND OUTSIDE STORAGE USES SHALL BE ALLOWED TO EXPAND TO THE BOUNDARIES OF THE LOT ON WHICH THEY ARE LOCATED AT THE TIME THEY BECOME NONCONFORMING.

4. IN THE EVENT THAT A NONCONFORMING USE OF A BUILDING, STRUCTURE OR PREMISES, OR PART THEREOF, IS DISCONTINUED FOR ANY REASON FOR A PERIOD OF 12 MONTHS, THE SUBSEQUENT USE OF THE SAME BUILDING, STRUCTURE OR PREMISES, OR PART THEREOF, SHALL THEREAFTER BE IN CONFORMANCE WITH THE ZONING DISTRICT IN WHICH IT IS LOCATED. THE DIRECTOR OF THE DEPARTMENT OF COMMUNITY

CODE AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT
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PLANNING, WITH THE CONCURRENCE OF THE BOROUGH ASSEMBLY, MAY EXTEND THIS 12-MONTH PERIOD TO ALLOW RELIEF FROM EMERGENCIES OR OTHER EXTENUATING CIRCUMSTANCES WHICH ARE OUTSIDE THE CONTROL OF THE LANDOWNER.]

A nonconforming use lawfully existing at the time of the enactment of this title or any amendment thereto may be continued subject to the following provisions:

1. Except as otherwise provided in this subsection, a nonconforming use, including any infrastructure devoted to or designed for, in whole or in part, the nonconforming use, may be enlarged, altered or relocated to any portion of the lot or parcel if a change permit is obtained in accordance with the nonconforming use and building change permit procedure outlined in FNSBC 18.56.040.

2. A junkyard shall be allowed to continue or expand only within the boundaries of the fence required by FNSBC 18.50.130(b) in place at the time it became nonconforming.

3. Natural resource extraction and outside storage uses shall be allowed to expand to the boundaries of the lot on which they are located at the time they become nonconforming.

C. Nonconforming Lots.

1. In any zoning district, a lot, which was lawfully subdivided and recorded prior to the adoption of the ordinance codified in this title or any subsequent amendment thereto, and that because of said adoption or amendment fails to meet the minimum lot size requirements of the zoning district in which it is located, shall be considered as a usable lot.

2. If a structure on a nonconforming lot encroaches onto an adjoining lot under common ownership, the two lots shall thereafter be considered a single lot for purposes of this title.

3. Structures and accessory buildings erected on nonconforming lots must meet all applicable provisions of the zoning district in which they are located.
4. Alteration of lot lines shall be allowed for a legal nonconforming lot only if such alteration does not result in an increase in the nonconformity.

D. Abandonment.

1. A nonconforming use of a building or premises which has been abandoned shall not thereafter be returned to such nonconforming use. A nonconforming use shall be considered abandoned:
   a. when it has been replaced by a conforming use; or
   b. where the use is discontinued or deserted for a period of more than 12 months.

2. The planning director may grant extensions of time for a maximum of three years for a nonconforming use of a building or premises which would otherwise be considered abandoned under this section if the abandonment was directly caused by an act of God or other emergency situation outside of the control of the property owner.

3. In the event a more specific abandonment, discontinuance or amortization provision is stated elsewhere in borough code for a specific nonconforming structure, land use, or land area, the more specific provision shall apply.

Section 4. FNSBC Chapter 18.56 is amended by adding a new section as follows:

18.56.040. Nonconforming Use and Building Change Permits

A. Application for a change permit to a legal nonconforming building, structure or use pursuant to FNSBC 18.56.030(A)(2) or (B)(1) must follow the general application and notice procedures set forth in FNSB 18.54.010

B. The planning commission shall review, hear and decide whether or not to approve a request for a change permit to a legal nonconforming building, structure or use. In its deliberations, the planning commission shall consider all oral and written statements from the applicant, the public and the department of community planning.
C. The planning commission shall determine whether the following standards are met and adopt findings on each:

1. The proposed change conforms to the intent and purpose of this title and of other ordinances and state statutes;
2. The proposed change will protect the public health, safety and welfare;
3. The proposed change complies with the standards, restrictions, or uses of the zoning in place just prior to the time the building, structure or use became nonconforming;
4. The proposed change does not significantly increase any adverse impact on neighboring properties in accordance with the standards of the current zone.

D. The planning commission may approve or deny a change permit request or may approve a change permit with conditions to ensure the protection of the public health, safety and welfare.

E. A decision of the Planning Commission on a change permit may be appealed pursuant to FNSB 18.54.070 by the applicant for the change permit, any governmental agency, or any person aggrieved by the change permit determination as defined in FNSB 18.54.070(A)(3).

Section 5. FNSBC 18.54.047 is hereby added as follows:

18.54.047 Procedures for nonconforming status determinations.

A. Determinations of Nonconforming (Grandfathered) status of properties shall be made by the planning director or his designee.

1. An applicant for nonconforming status shall complete and submit the approved application form in accordance with the procedures set forth herein. The applicant shall be the owner of the property described in the application, the contract purchaser of said property, the holder of an option to purchase said property, or such persons that possess a substantial proprietary interest in the property being considered.
The written consent of the owner, or an authorized representative having power of
attorney, shall accompany all applications. Any applicable fees shall be waived if the
request for nonconforming status is brought within 90 days of a rezone or amendment
to Title 18 creating the nonconformity.

2. Notice shall be provided of the pending determination using the
procedures set forth in FNSBC 18.54.010.B. Lot size determinations are exempt from
this requirement.

3. It is the responsibility of the applicant to provide or obtain proof of
nonconforming status of the property. For nonconforming use determinations, this
includes providing evidence that there has been continuous and actual use of the
premise which meets the standards set forth in Chapter 18.56. Actual use means
actually conducted on a lot or in a structure, and for which the lot or structure
is actually occupied and maintained, regardless of intent. Actual use includes uses not
actively exercised on the date of zoning but which were exercised prior to the date of
zoning and not abandoned pursuant to section 18.56.030(D).

4. The planning director or designee shall consider all evidence
presented. If the preponderance of evidence demonstrates that a property has legal
nonconforming status under this title, the application shall be granted. The planning
director or designee shall issue a written administrative determination of legal
nonconforming status. This determination is subject to the provisions in Chapter 18.56.

B. Appeals. An appeal of a nonconforming status determination shall be
made to the planning commission within 15 days of the date of the decision. Appeals
shall be heard de novo. The planning commission shall uphold or reverse the decision
of the planning director and adopt specific findings of fact after considering the oral and
written statements of the applicant, the public, and the department of community
planning. This decision is appealable to the superior court in accordance with the civil
rules.

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Section 6. **Effective date.** This ordinance shall be effective at 5:00 p.m. on the first borough business day following its adoption.

PASSED AND APPROVED THIS _____DAY OF____________, 2011

Joseph C. Blanchard II  
Presiding Officer

ATTEST:  

A. Rané Broker  
Borough Attorney

Mona Lisa Drexler, MMC  
Borough Municipal Clerk

CODE AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT  
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Fairbanks North Star Borough, Alaska  
REVISED FOR INTRODUCTION FOR ORDINANCE NO. 2010-56
Summary of Proposed Changes to Chapter 18.56 of the Borough Code

Two ordinances proposing changes to Chapter 18.56 of the Borough Code are currently before the Borough Assembly. That chapter is entitled: “Nonconforming (Grandfathered) Uses and Lots.” Ordinance No. 2010-55 is sponsored by Assembly Member Natalie Howard. Ordinance No. 2010-56 is sponsored by the administration. Both ordinances also propose changes to other code sections related to “grandfathered” uses.

The following is a summary of the proposals contained in the two ordinances. I have attached copies of both ordinances along with the sponsors’ memos to the Assembly.

**Ordinance 2010-55 (Assembly Member Howard’s proposed)**

ADDS a new section 18.56.025 Affirmative Recognition of Grandfather Rights.

This new section allows an owner (or person with substantial proprietary interest) to apply at any time for an affirmative recognition of their grandfather rights. A hearing on the application must be held within 15 days, and a decision on the application must be issued in 15 days. The applicant may appeal to the Board of Adjustment and then to the superior court.

AMENDS section 18.56.030 Restrictions

This section adds language that states that restrictions are to be interpreted to the extent allowable by law “in a manner that ensures that property owners are not deprived of reasonable use of their property.”

Changes the language on restrictions so that a non-conforming building or structure may be enlarged or altered if the enlargement or alteration does not create a new nonconformity, but allows expansion within the standards that were in place before the zoning changed.

Changes the restrictions on non-conforming uses to allow enlargement or alteration of the use “as long as the use reflects the nature and purpose of the use prevailing when the zoning took effect and there is no difference in the quality or character of the use.”

Extends the “abandonment” period from 12 months to 36 months.

ADDS a new section in 18.58, Initiation of Complaints.

Only a person who is “personally and adversely” affected may initiate a complaint alleging a violation. The complainant must also have a specific interest or property right in the matter different from that of the general public.
Ordinance 2010-56 (Administration’s proposed)

AMENDS section 18.56.010 Purpose

Would add the words “and Intent” to the title and intent language: “it is the intent of this chapter to permit these nonconformities unless they are abandoned or replaced by conforming buildings, structures, uses or lots, but not to encourage any adverse impacts that may result from the perpetuation of these rights.”

AMENDS section 18.56.020 Authority to continue

Adds language to specify that nonconforming structures and uses have “legal nonconforming status” when a determination has been made by the borough.

AMENDS section 18.56.030 Restrictions

Would change the word “Restrictions” to “Provisions”

Prohibits an enlargement or alteration of a nonconformity if it would increase the nonconformity or create a new nonconformity (the current law), but would provide for a “change permit” and adds a new section 18.56.040 Nonconforming Use and Building Change Permits which sets out how and when change permits are issued.

Provides that if a structure is moved for any reason for any distance, it must thereafter conform to the current zoning standards.

Modifies subpart B Nonconforming Uses and subpart C Nonconforming Lots and adds a new subpart D Abandonment.

The 12 month abandonment limit is maintained, but the planning director may grant extensions of time up to a maximum of three years if the cause of the abandonment was outside the control of the property owner.

ADDS a new section 18.56.040 Nonconforming Use and Building Change Permits

Provides regulations and set standards for applications for change permits, to be reviewed and decided by the planning commission. Provides for appeals to the Board of Adjustment.

AMENDS section 18.52.020 Planning Commission

Adds a new section (c) which gives the planning commission the authority to hear appeals from platting board decisions and nonconforming status determinations.
ADDS a new section 18.54.047 Procedures for nonconforming status determinations

Provides that grandfather determinations will be made by the planning director

Provides for the application process

Provides that appeals of the planning director's decision would be made to the planning commission and then to the superior court. This appears designed to eliminate the right to appeal to the Board of Adjustment (Assembly Council).