



# CITY OF NORTH POLE *Alaska*

## 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- <i>Dep. Mayor Pro Tem</i>	490-9039
Ronald Jones – <i>Alt. Dep Mayor Pro Tem</i>	488-3579
Thomas McGhee - <i>Mayor Pro Tem</i>	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 3<sup>rd</sup> 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.

**Committee of the Whole – 6:30 P.M.  
Regular City Council Meeting – 7:00 P.M.**

A regular meeting of the North Pole City Council was held on 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**

***Absent/Excused***

**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 5<sup>th</sup> 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 4<sup>th</sup> 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 15<sup>th</sup> they will do a 5k run with the Special Olympic kids. NPPD was the 3<sup>rd</sup> 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 Kvitem 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:

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

**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**  
**FNSB ASSEMBLY MEETING.**

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- 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.

**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](mailto: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 4<sup>th</sup> attending the ESGR Bosslift to MacGill Airforce Base in Tampa, Florida. I will give a full report at the February 7<sup>th</sup> 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 15<sup>th</sup>.
- 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 4<sup>th</sup> 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 & 28<sup>th</sup> behind Star of the North school.
- February 26<sup>th</sup> 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 1/500<sup>th</sup> 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**

**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.**

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**DOUGLAS W. ISAACSON**, Mayor

**ATTEST:**

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**KATHRYN M. WEBER**, CMC, City Clerk

**Committee of the Whole – 6:30 P.M.  
Regular City Council Meeting – 7:00 P.M.**

A regular meeting of the North Pole City Council was held on 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**

**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. The 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 web site 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? ARRC will remove the track in the city but wants to keep track available as a spur line for future potential customers.

\* 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](http://www.AlaskaRailroad.com), select projects, Fairbanks. Email comments to: [public\\_comment@akrr.com](mailto: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 Streelight Conversion for \$1.2 million is #2, and FMATS – TIP for \$15 million is #1).

- At the Recent FEDC Board Meeting, Steve Haagenon, 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](http://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.**

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.

**City Clerk, Kathy Weber**

- None

**ONGOING PROJECTS**

None

**CITIZENS COMMENTS – 5 Minutes**

None

**OLD BUSINESS**

None

**CONSENT AGENDA**

**REQUEST BY CHRISTMAS IN ICE FOR 4<sup>TH</sup> QUARTER BED TAX**

**REQUEST BY NORTH POLE COMMUNITY CHAMBER OF COMMERCE FOR 4<sup>TH</sup> 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 You Tube 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.**

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**DOUGLAS W. ISAACSON, Mayor**

**ATTEST:**

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**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 Wagnor; 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 Rehfeld 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 be 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](mailto: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](http://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 73<sup>rd</sup> 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:**

**Jan 29, Jan 30:** Mayor's Commentary on Maximum Benefit published in the Ketchikan Daily News, Alaska Dispatch, and Fairbanks Daily News Miner (attached).

**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.

JANUARY 28, 2011

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## Commentary

# 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!

## Anchorage's only Trauma Center

ALASKA NATIVE MEDICAL CENTER  
where hope begins



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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- The rising tide of advice
- Palin & Co. reverse ruling on Point Thomson
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## State should reduce oil price: Current policy feeds the state, starves its people

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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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Governor Sean Parnell  
STATE OF ALASKA

January 31, 2011

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

*Kathie*  
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.

The Commission has scheduled public hearings on February 23, 2011 and March 23, 2011. Deadlines for written comments differ depending on the Article but range from February 28, 2011 through March 30, 2011.

Sincerely,

*Sean Parnell*  
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



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Governor Sean Parnell  
STATE OF ALASKA

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<sup>st</sup>, 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<sup>st</sup>, 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,

A handwritten signature in blue ink that reads "Sean Parnell".  
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

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

# 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

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



# 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**

Source: Energia Cura (2010) *The Fairbanks Pipeline Company An Alaskan Solution.*

<http://www.fairbankspipelinecompany.com/>

Note: Some issues are solely the opinion of FEDC

# 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

FNG Trucking Pricing Details						
GVEA expected Demand 3.4Bcf / yr	+	Existing Customers Demand 1Bcf / yr	=	FNG supply 4.4Bcf / yr	→	<div>GVEA Price \$14.67 / Mcf</div> <div>Consumer Price \$16.75 / Mcf</div>

GVEA + Existing Customers 4.4Bcf / yr	+	Excess Supply Available 2.6Bcf / yr	=	Total FNG Supply 7 Bcf / yr	→	<div>GVEA Price \$ 9.67 / Mcf</div> <div>Consumer Price \$ 11.75 / Mcf</div>
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# Fairbanks Pipeline Company / Energia Cura pipeline project Pricing Details – Best Case Scenario

Fairbanks Pipeline Company / Energia Cura Pipeline Project						
GVEA + Existing Customers 4.4Bcf / yr	+	Excess Supply Available 14.6Bcf / yr	=	Total FPC Supply 7 Bcf / yr	→	<div>GVEA Price \$ 9.66 / Mcf</div> <div>Consumer Price \$ 11.74 / Mcf</div>

Note: FEDC assumed FPC delivery cost ≈ \$2.00

Note: 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

January 2011

Fairbanks Pipeline Company / Energia Cura

Cost per unit Unit Measure

Cost per unit	Unit	Measure	Total Dollars	Costs per mmmBTU
<b>PETROLEUM:</b>				
\$ 3.50*	21,741,048 gal	HAGO	\$ 76,093,668	\$ 24,795.09
\$ 2.95*	1,569,330 gal	LAGO	\$ 23,047.18	\$ 23,047.18
	- gal	Diesel	\$ -	
\$ 2.26*	0.0001 gal	Naptha	\$ 0.00023	\$ 19,877.94
		COAL		
\$ 44.16*	207,432 tons	HLP	\$ 9,106.197	\$ 3,680.00
\$ .055*	202,610,000 Kwh	AE	\$ 11,213,126	\$ 16,215.47
\$ 50.00*	0.001 tons	HCCP	0.050	4,166.67
<b>NATURAL GAS:</b>				
\$ 10.04*	1,712,088 mcf	Anchorage Basin	\$ 17,185,461	\$ 10,037.72
\$ 5.25*	- mcf	North Slope: Frame 7	\$ -	
\$ 9.66*	3,145,385 mcf	North Slope: LM6000	\$ 30,384,422	\$ 9,660.00
<b>HYDROELECTRIC:</b>				
\$ 0.053*	72,332,000 kwh	Bradley Lake	\$ 3,808,814	\$ 14,657.05
	- kwh	Wind	\$ -	
	- kwh	GEOTHERMAL:	\$ -	
			\$ 152,475,212	\$ 126,137.11

## ELECTRIC

includes O&M and I&D

Capital Cost: \$ -  
Interest: 6%  
Life (years): 35  
Int. & Depr.: \$ -  
Ops. & Maint.: \$ -

## Total Fuel Costs ELECTRIC

RESIDENTIAL	\$ 66,780,032
COMMERCIAL	\$ 88,101,568
INDUSTRIAL	\$ 62,502,186

**\$ 217,383,788**

## Total Fuel Costs RESIDENTIAL

\$ 66,780,032	ELECTRIC
\$ 98,670,150	SPACE HEATING
\$ 96,547,291	TRANSPORTATION
<b>\$ 261,997,473</b>	

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

Cost per unit	Unit	Measure	Total Dollars	Costs per mmmBTU
<b>PETROLEUM:</b>				
\$ 3.24*	27,263,427 gal	Heating Fuel	\$ 88,333,504	\$ 23,478.26
<b>NATURAL GAS:</b>				
\$ 11.74*	1,000,000 mcf	Anchorage LNG	\$ 11,740,000	\$ 11,740.00
\$ 11.74*	2,854,615 mcf	North Slope LNG	\$ 33,513,177	\$ 11,740.00
	- gal	Propane	\$ -	
<b>COAL:</b>				
\$ 20.00*	25,000 ton	AE	\$ 500,000	\$ 1,428.57
	- ton	UAF		
\$ 200.00*	1,000 cord	WOOD:	\$ 200,000	\$ 11,494.25
<b>ELECTRIC:</b>				
\$ 0.136*	3,600,000 kwh		\$ 489,600	\$ 39,847.64
			\$ 134,776,280	

## SPACE HEATING

Capital Cost: \$ 2,800,000  
Interest: 6%  
Life (years): 30  
Int. & Depr.: \$ 2,800,000  
Ops. & Maint.: \$ -

## Total Fuel Costs SPACE HEATING

RESIDENTIAL	\$ 98,670,150
COMMERCIAL	\$ 25,842,182
INDUSTRIAL	\$ 12,921,091

**\$ 137,433,423**

## Total Fuel Costs COMMERCIAL

\$ 88,101,568	ELECTRIC
\$ 25,842,182	SPACE HEATING
\$ 42,178,243	TRANSPORTATION
<b>\$ 156,121,992</b>	

Cost per unit	Unit	Measure	Total Dollars	Costs per mmmBTU
<b>PETROLEUM:</b>				
\$ 3.67*	18,000,000 gal	Diesel	\$ 66,042,000	\$ 26,586.96
\$ 3.57*	33,500,000 gal	Gasoline	\$ 119,561,500	\$ 28,712.79
\$ 7.00*	- mcf	North Slope LNG	\$ -	
\$ 7.00*	- mcf	North Slope LNG	\$ -	
			\$ 185,603,500	

## TRANSPORTATION

## Total Fuel Costs TRANSPORTATION

RESIDENTIAL	\$ 96,547,291
COMMERCIAL	\$ 42,178,243
INDUSTRIAL	\$ 46,877,967

**\$ 185,603,500**

## Total Fuel Costs INDUSTRIAL

\$ 62,502,186	ELECTRIC
\$ 12,921,091	SPACE HEATING
\$ 46,877,967	TRANSPORTATION
<b>\$ 122,301,245</b>	

**Savings in year 7 \$56,304,572**

**Savings in year 8 \$67,766,768**

**Savings in year 9 \$78,002,788**



# FNG/ Port Authority LNG Trucking Project

January 2011  
FNG

Cost per unit	Unit	Measure	Total Dollars	Costs per mmmBTU
<b>PETROLEUM:</b>				
\$ 3.50*	21,741,048 gal	HAGO	\$ 76,093,668	\$ 24,795.09
\$ 2.95*	1,569,330 gal	LAGO	\$ 23,047,18	\$ 23,047.18
	- gal	Diesel	\$ -	
\$ 2.28*	0.0001 gal	Napiha	\$ 0.00023	\$ 19,877.94
		COAL		
\$ 44.16*	207,432 tons	HLP	\$ 9,106,197	\$ 3,680.00
\$ .055*	202,610,000 Kwh	AE	\$ 11,213,126	\$ 16,215.47
\$ 50.00*	0.001 tons	HCCP	\$ 0.050	\$ 4,166.67
<b>NATURAL GAS:</b>				
\$ 10.04*	1,712,088 mcf	Anchorage Basin	\$ 17,185,461	\$ 10,037.72
\$ 5.25*	- mcf	North Slope, Frame 7	\$ -	
\$ 9.67*	- mcf	North Slope, LM6000	\$ 30,415,876	\$ 9,670.00
<b>HYDROELECTRIC:</b>				
\$ 0.053*	72,332,000 kwh	Bradley Lake	\$ 3,808,814	\$ 14,657.05
	- kwh	Wind	\$ -	
	- kwh	GEOTHERMAL:	\$ -	
			\$ 152,506,665	\$ 126,147.11

**ELECTRIC**  
includes O&M and I&D

Capital Cost: \$ -  
Interest: 6%  
Life (years): 35  
Int. & Depr.: \$ -  
Ops. & Maint.: \$ -

Total Fuel Costs	ELECTRIC
RESIDENTIAL	\$ 66,788,560
COMMERCIAL	\$ 88,114,042
INDUSTRIAL	\$ 62,512,640
<b>\$ 217,415,241</b>	

Total Fuel Costs	RESIDENTIAL
\$ 66,788,560	ELECTRIC
\$ 98,697,824	SPACE HEATING
\$ 96,547,291	TRANSPORTATION
<b>\$ 262,033,674</b>	

**\$9.67 price delivered to GVEA**  
**\$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

Cost per unit	Unit	Measure	Total Dollars	Costs per mmmBTU
<b>PETROLEUM:</b>				
\$ 3.24*	27,263,427 gal	Heating Fuel	\$ 88,333,504	\$ 29,776.26
<b>NATURAL GAS:</b>				
\$ 11.75*	1,000,000* mcf	Anchorage LNG	\$ 11,750,000	\$ 11,750.00
\$ 11.75*	2,854,615 mcf	North Slope LNG	\$ 33,541,723	\$ 11,750.00
	- gal	Propane	\$ -	
<b>COAL:</b>				
\$ 20.00*	25,000 ton	AE	\$ 500,000	\$ 1,428.57
	- ton	UAF	\$ -	
<b>WOOD:</b>				
\$ 200.00*	1,000* cord		\$ 200,000	\$ 11,494.25
<b>ELECTRIC:</b>				
\$ 0.136*	3,600,000 kwh		\$ 489,600	\$ 39,847.64
			\$ 134,814,826	

**SPACE HEATING**

Capital Cost: \$ 30,000,000  
Interest: 6%  
Life (years): 30  
Int. & Depr.: \$ 2,800,000  
Ops. & Maint.: \$ -

Total Fuel Costs	SPACE HEATING
RESIDENTIAL	\$ 98,697,824
COMMERCIAL	\$ 25,849,430
INDUSTRIAL	\$ 12,924,715
<b>\$ 137,471,969</b>	

Total Fuel Costs	COMMERCIAL
\$ 88,114,042	ELECTRIC
\$ 25,849,430	SPACE HEATING
\$ 42,178,243	TRANSPORTATION
<b>\$ 156,141,715</b>	

Cost per unit	Unit	Measure	Total Dollars	Costs per mmmBTU
<b>PETROLEUM:</b>				
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\$ 3.57*	33,500,000 gal	Gasoline	\$ 119,561,500	\$ 28,712.79
\$ 7.00*	- mcf	North Slope LNG	\$ -	
\$ 7.00*	- mcf	North Slope LNG	\$ -	
			\$ 185,603,500	

**TRANSPORTATION**

Total Fuel Costs	TRANSPORTATION
RESIDENTIAL	\$ 96,547,291
COMMERCIAL	\$ 42,178,243
INDUSTRIAL	\$ 46,877,967
<b>\$ 185,603,500</b>	

Total Fuel Costs	INDUSTRIAL
\$ 62,512,640	ELECTRIC
\$ 12,924,715	SPACE HEATING
\$ 46,877,967	TRANSPORTATION
<b>\$ 122,315,322</b>	

**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

NPV @ 5 year intervals	2015	2020	2025
FNG / Port Authority	\$153,136,650	\$380,964,123	\$543,401,963
FPC / Energia Cura	\$0	\$156,585,544	\$319,169,287

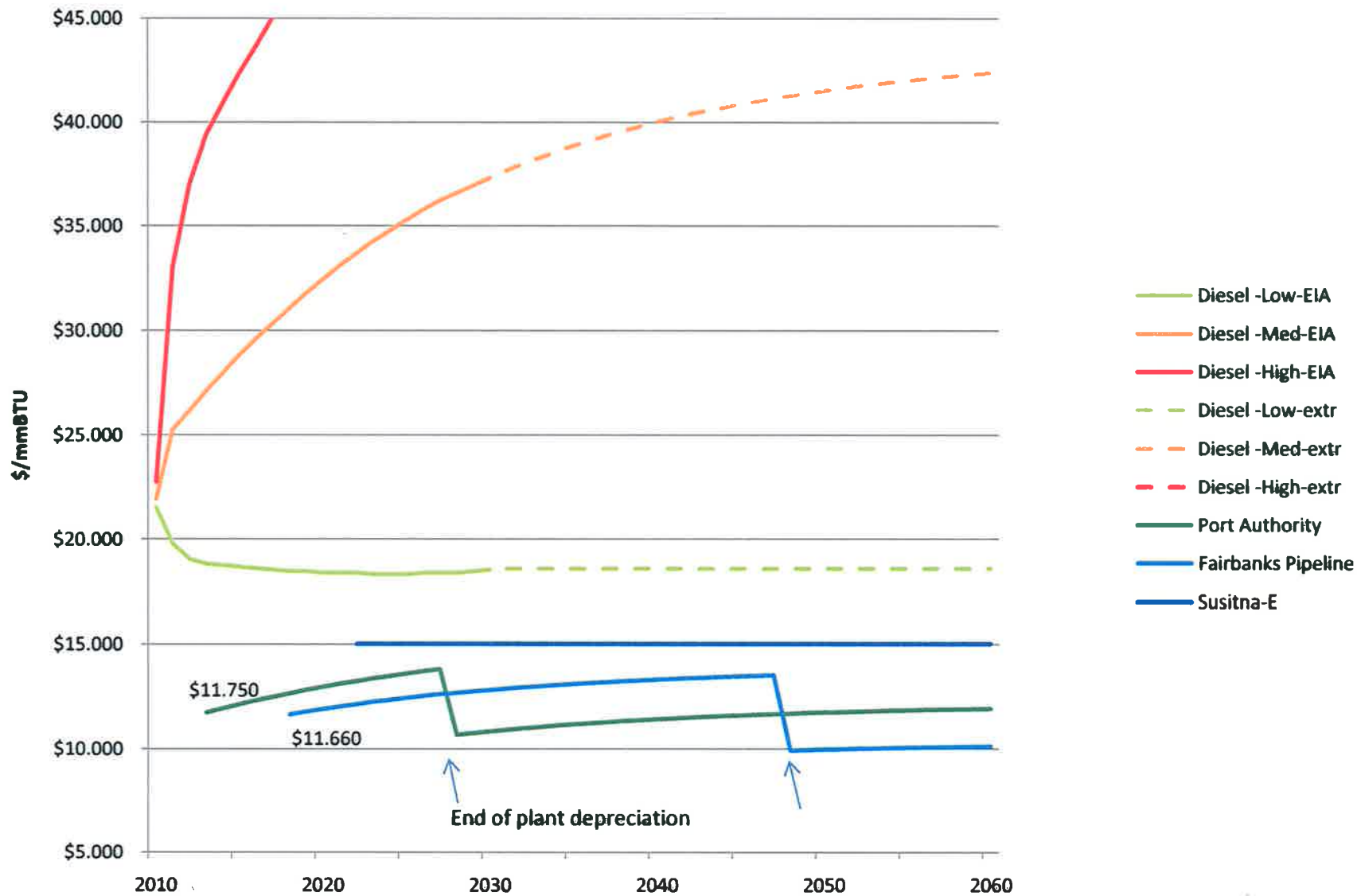
## Discount Rate – 7%

Based on Office of Management and Budget  
discount rate

**Note:** This evaluation assumes no escalation  
in future fuel prices

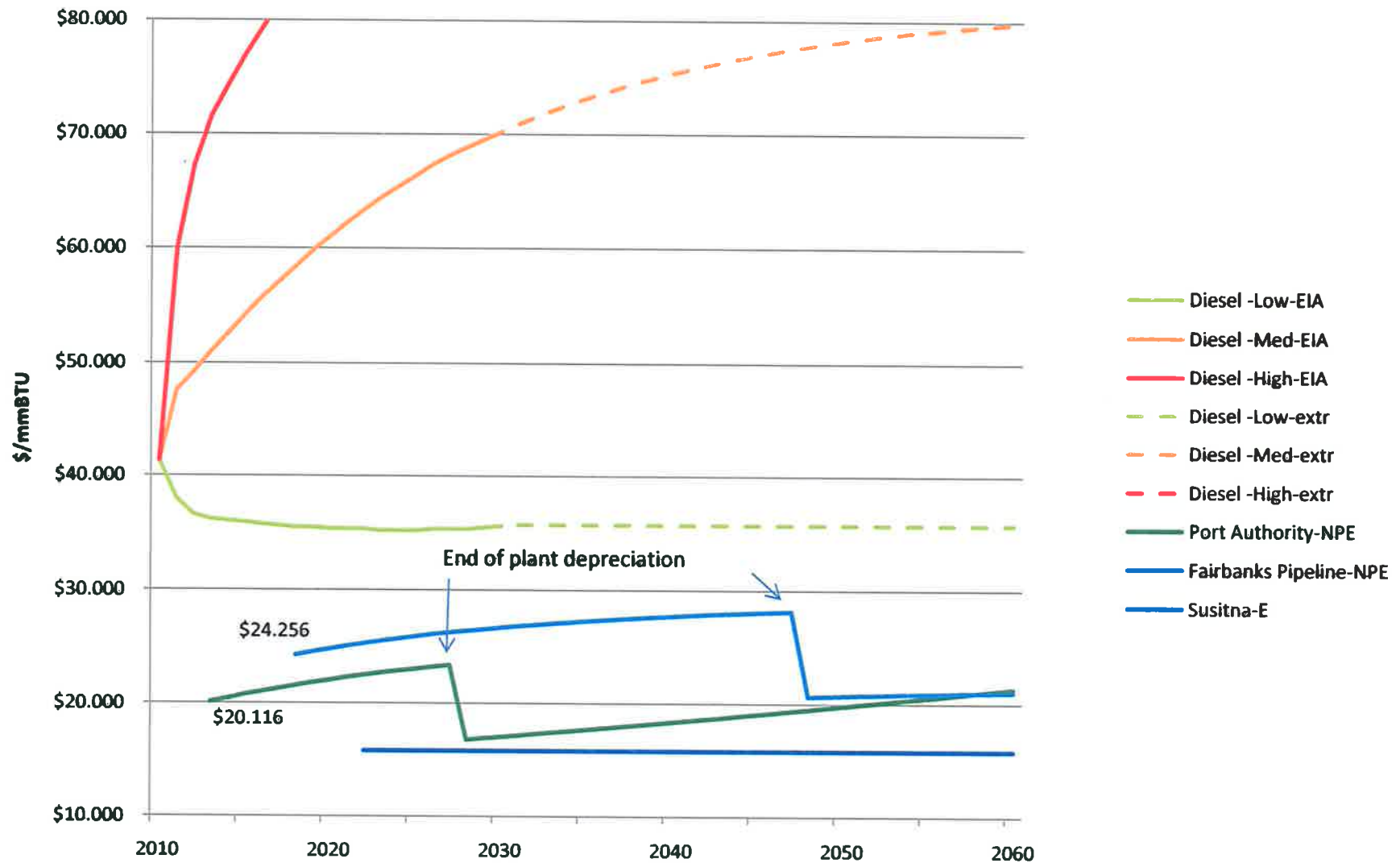
**Note:** This evaluation also accounts for a 3  
year build out of the distribution system to  
residential customers

## 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 14

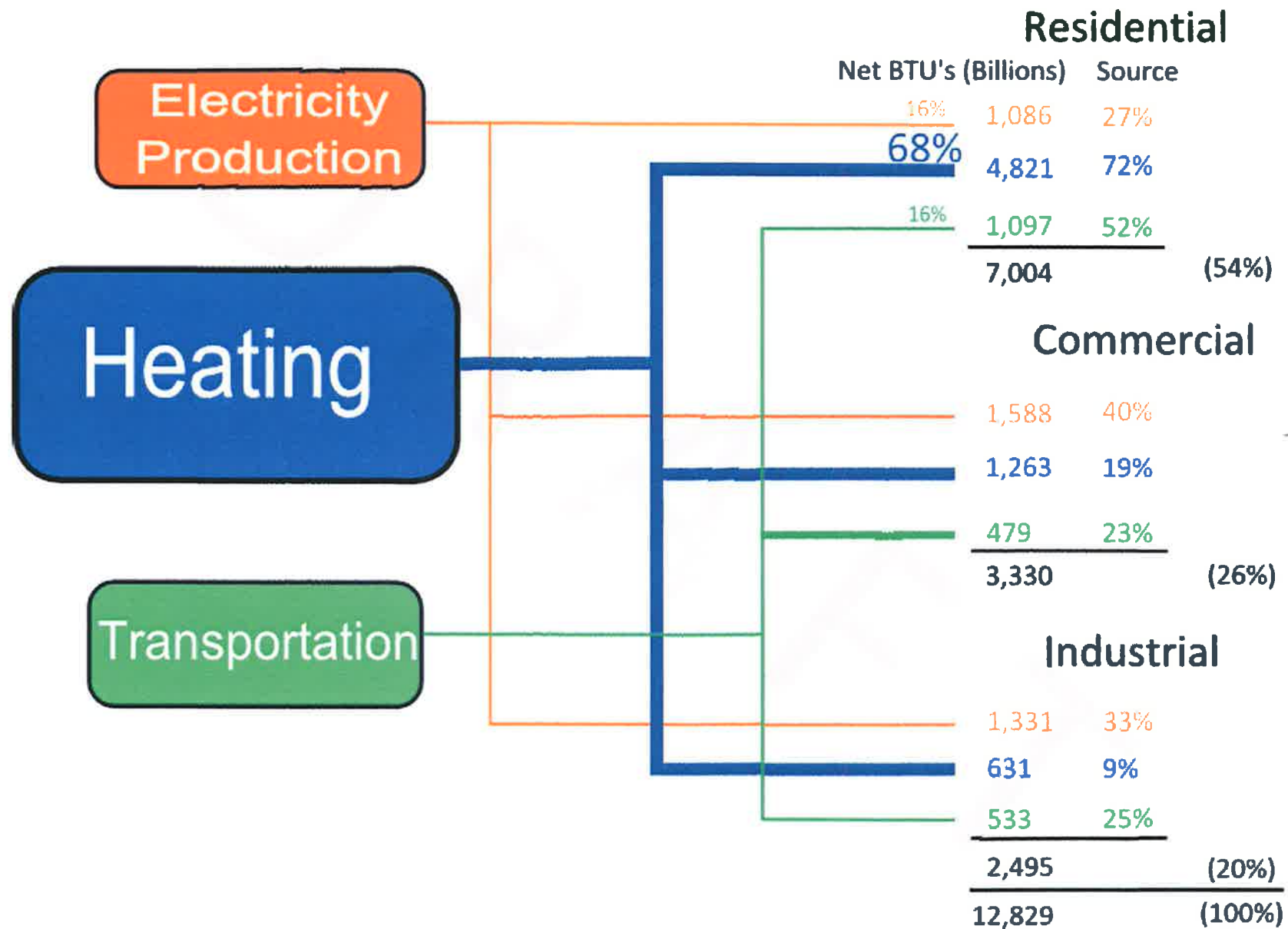
## Graphical Representation of Cost Savings of Different Projects: Cost of Alternative Fuels for Electricity



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 15



# Percentage of Energy Usage in Fairbanks by Type



# FNG/Port Authority Trucking is a Higher Certainty Project

FNG/ Port Authority Trucking is Fairbanks best short term solution based on:		The Fairbanks Pipeline Company
<b>Start Date</b>	Time schedule 2 years ✓	7 years
<b>Delivered Gas</b>	Cost of Energy 7 Bcf/yr ✓	19 Bcf/yr
<b>Supply Contract</b>	Capital Cost Supply Contracts 7 Bcf/yr ✓	No contract
<b>Capital Cost</b>	Permits \$5,000,000 ✓	\$716,000,000
<b>Delivered Price</b>	Financing (Bonding) \$9.67 Mcf	\$9.66 Mcf
<b>Price</b>	Dependant on 7Bcf/yr \$11.75 Mcf	Dependant on 19Bcf/yr \$11.74 Mcf
<b>Residential Price</b>	Dependant on 7Bcf/yr	Dependant on 19Bcf/yr
<b>Permits in Place</b>	yes ✓	no
<b>Financing</b>	50% Complete ✓	none
<b>Contracts (consumer) for Capacity</b>	63% ✓	none

# 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

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

Alaska Natural Gas In-State Demand Study  
ASP 2001-1000-2650 Jan 2002

# Future Potential Interior Alaska Industrial Gas Demand

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

# Present Value of Estimated Savings Adjusting for Build Out Delay

Project	Estimated Time until Operational	PV Savings 1st operating year @ .9 Bcf	PV Savings 2nd operating year @ 1.8 Bcf	PV Savings 3rd operating year @ 2.6 Bcf	Net Present value of Savings in 2037
FNG @ 9.67 & \$11.75	2	\$45,919,401	\$51,652,247	\$55,565,001	767,754,486
Energia @ \$9.66 & \$11.74	7	\$35,063,658	\$39,440,876	\$42,428,348	543,723,326
Discount Rate As prescribed by OMB	7%				^ holding all other variables constant
		non discounted savings @ .9Bcf	non discounted savings @ 1.8Bcf	non discounted savings @ 2.6Bcf	
FNG @ 9.67 & \$11.75		\$56,253,241	\$67,705,560	\$77,932,788	
Energia @ \$9.66 & \$11.74		\$56,304,572	\$67,766,768	\$78,002,788	

# Current Alaska Oil and Gas Coupling Tax Scheme

Volume per day	700,000 barrels		4.06 BCF		
Gross Value	\$20,991,880,000.00		\$5,557,125,000.00		
Transportation Costs P/bbl	\$ (5.00)	Pipeline tariff/mcf	\$ (3.00)		
Upstream Capital Costs P/bbl	\$ (10.00)				
Upstream Operational Costs P/B	\$ (10.00)				
Total deductible costs	\$ (25.00)		\$ (3.00)		
Net Value after deductible costs	\$ 14,604,380,000.00		\$1,111,425,000.00		
12.5% State Royalty	\$ 1,825,547,500.00		\$ 138,928,125.00		
25% Production Tax	\$ 3,651,095,000.00		\$ 277,856,250.00		
Investment and Exploration Credits	\$ (600,000,000.00)				
Progressivity Tax	\$ 1,586,619,843.20				
State Revenue	\$ 6,463,262,343.20		\$ 416,784,375.00		
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 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					
.00304 = average value (30.76) minus 30.00 X .004 or progressivity tax					

average value  
av \* Barrel of Oil Equivalent

Total Value (avX365)

12.5% State Royalty  
25% Production Tax  
Investment and Exploration Credits

0.00304 cents

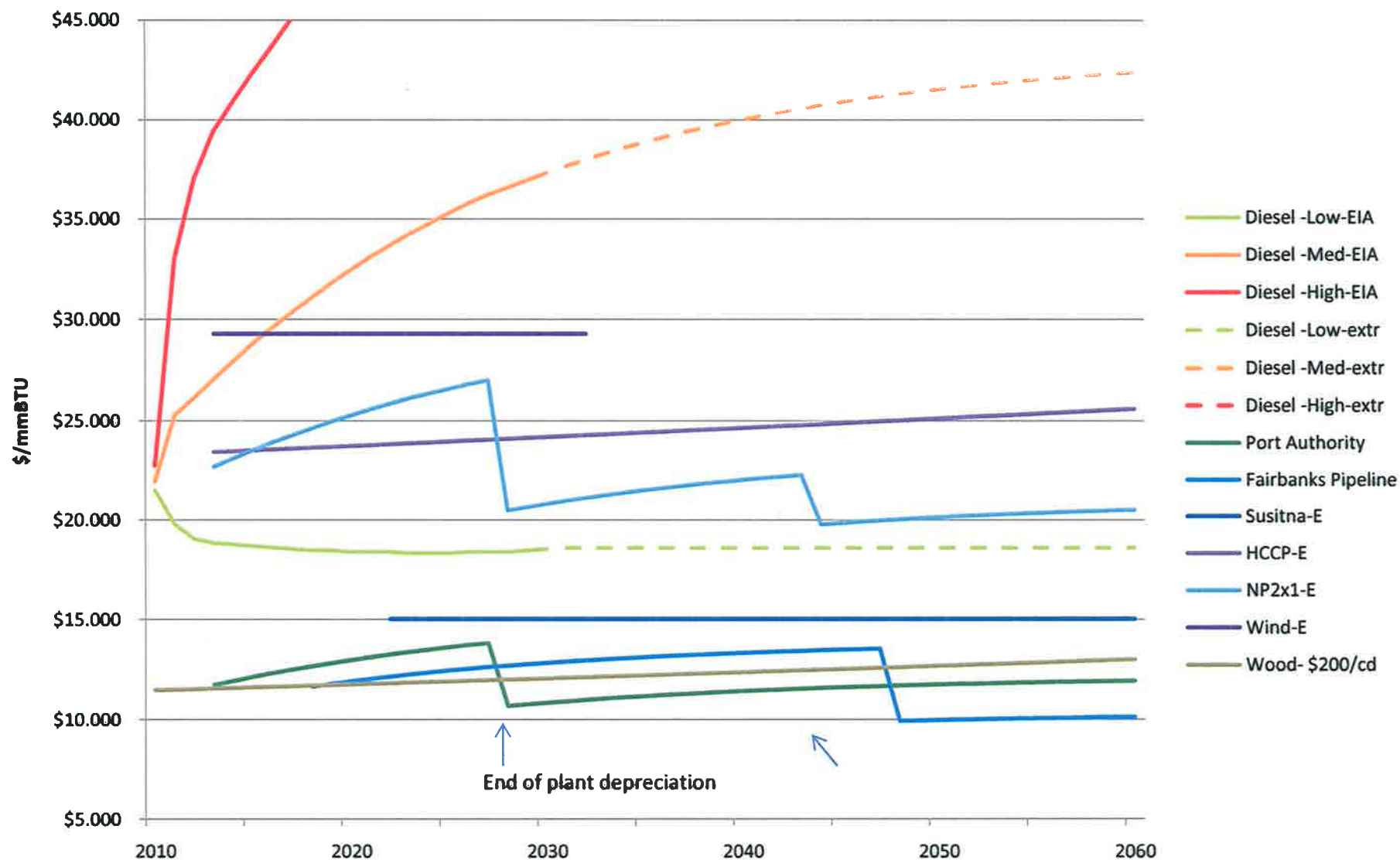
700,000 bb/d & 4.06BCG	\$ 15,715,805,000.00
	30.76
	\$ 43,057,000.00
	\$ 15,715,805,000.00
	\$ 1,964,475,625.000
	\$ 3,928,951,250.00
	\$ (600,000,000.00)
	\$ 47,776,047.20
	\$ 5,341,202,922.20

## Energy Cost Comparison on Price per MMBtu basis

Fuel Value Calculation							
	Units	Cost per Unit	# Btu per Unit	MMBTU	Price per MMBtu	Plant efficiency	Useable cost per MMBtu
<b>Coal Electric only</b>	1 ton	\$50.00	15,000,000	15.00	\$3.33	30%	\$11.10
<b>Coal Combined Cycle</b>	1 ton	\$ 50.00	15,000,000	15.00	\$ 3.33	50%	\$ 6.67
<b>Electric</b>	1kw	\$ 0.11	3,413	0.003413	\$ 32.23	100%	\$ 32.23
<b>Heating Oil</b>	1 gal	\$ 3.15	130,000	0.13	\$ 24.23	87%	\$ 27.85

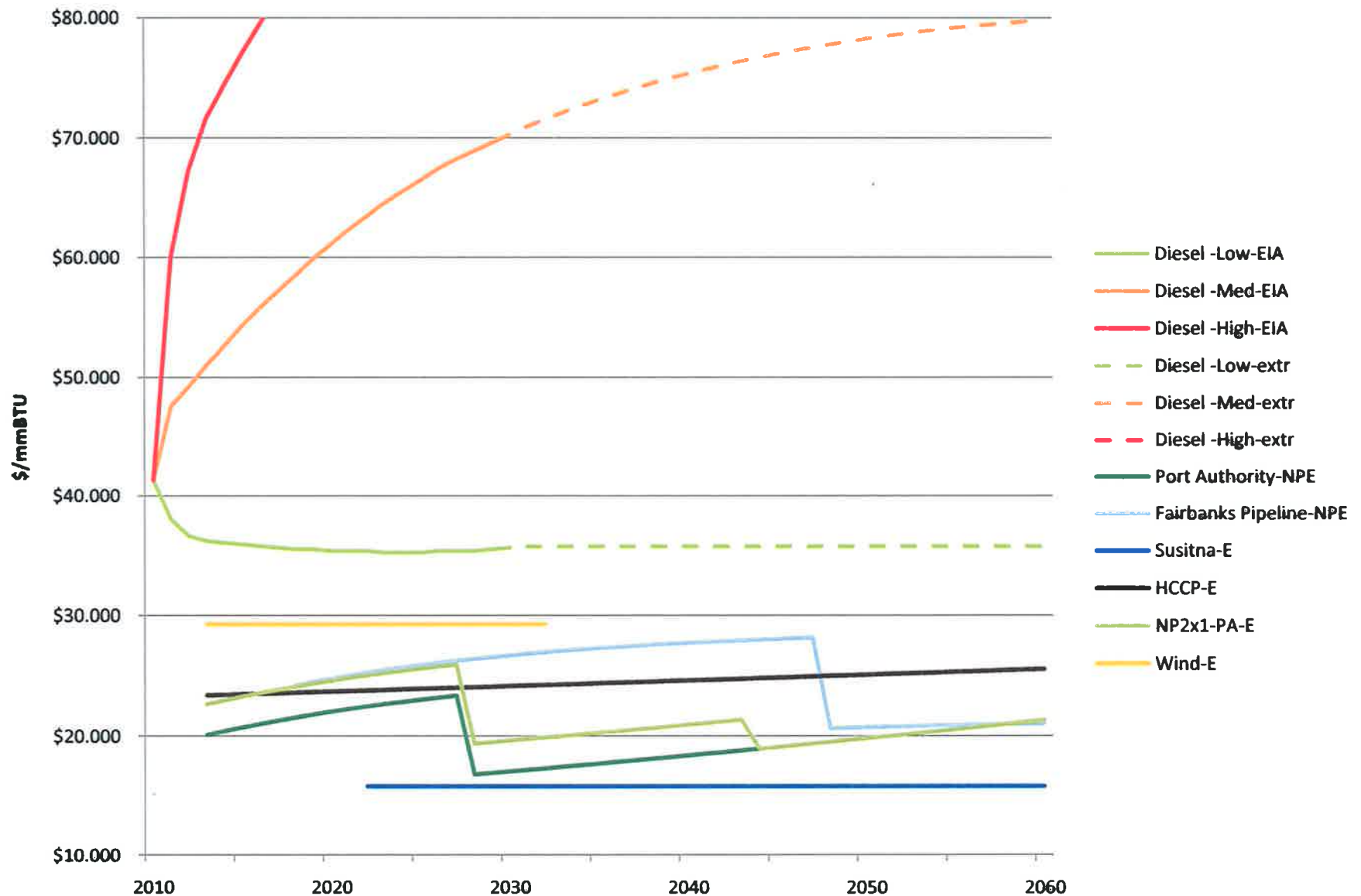


# Costs of Alternative Fuels for Heat



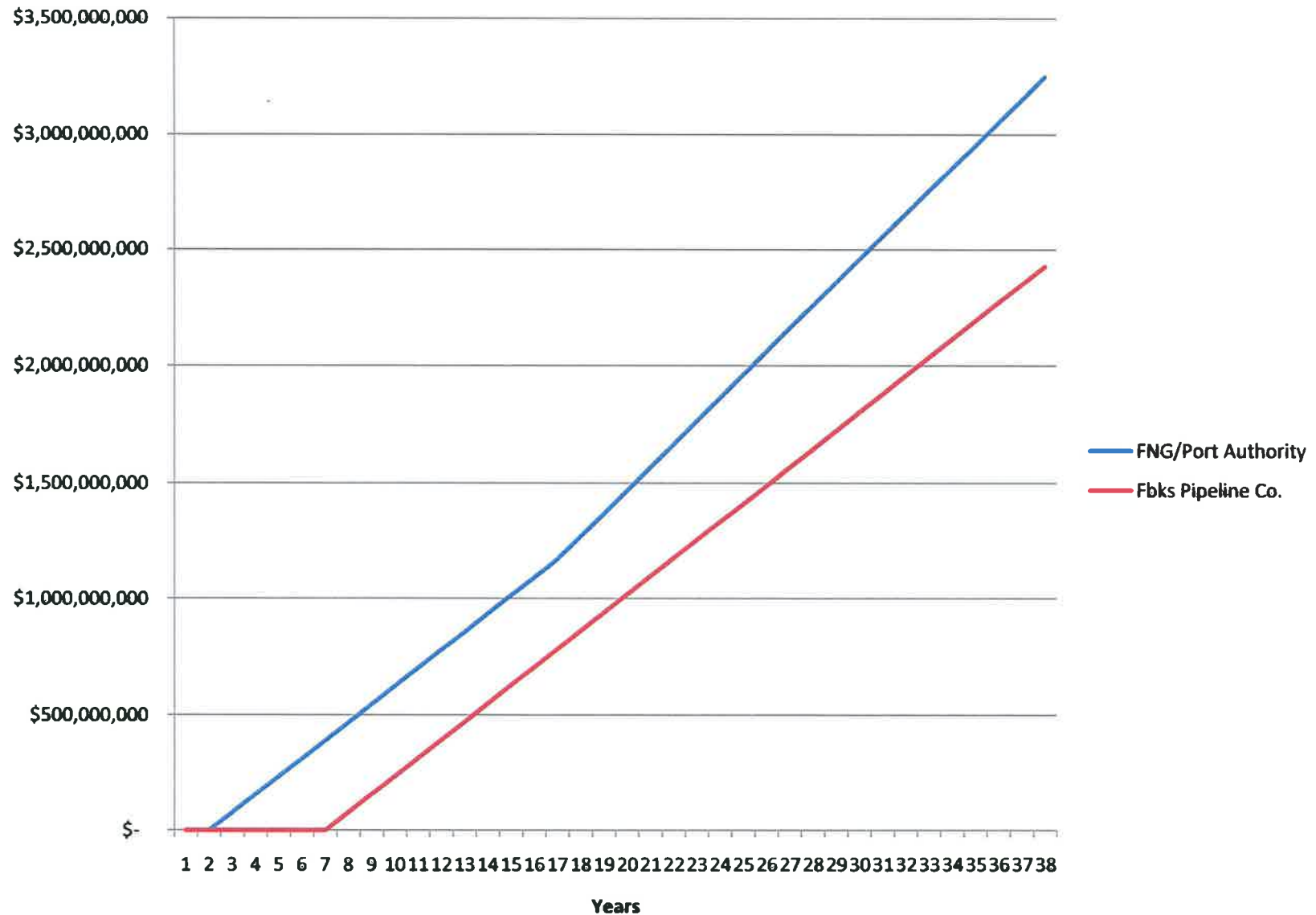
Diesel price projections are from The Institute of Social and Economic Research projections on Alaska diesel prices, which use the EIA national price projections as a basis 24

# 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 25

# 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



## PRESS RELEASE

Karsten Rodvik  
Project Manager, External Affairs  
907.771.3024

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](http://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 1<sup>st</sup> 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)



*North Pole Community Chamber of Commerce*

PO Box 55071, North Pole, Alaska 99705 ~ 907-488-2242 / 488-8538 / fax 907-488-3200

[www.northpolechamber.us](http://www.northpolechamber.us)

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 J. Zucker, Interim Secretary*

North Pole Chamber Board Members

2:42 PM

01/27/11

Accrual Basis

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

	<u>Dec 31, 10</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
Mt. McKinley Bank	9,828.50
Total Checking/Savings	9,828.50
Accounts Receivable	
Accounts Receivable	2,452.00
Total Accounts Receivable	2,452.00
Other Current Assets	
Undeposited Funds	620.00
Total Other Current Assets	620.00
Total Current Assets	12,900.50
<b>TOTAL ASSETS</b>	<b><u>12,900.50</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
Accounts Payable	-101.40
Total Accounts Payable	-101.40
Other Current Liabilities	
Payroll Liabilities	56.00
Total Other Current Liabilities	56.00
Total Current Liabilities	-45.40
Total Liabilities	-45.40
<b>Equity</b>	
Opening Bal Equity	3,146.58
Unrestricted Net Assets	3,930.49
Net Income	5,868.83
Total Equity	12,945.90
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>12,900.50</u></b>



2:14 PM

01/27/11

Accrual Basis

**North Pole Community Chamber of Commerce**  
**Profit & Loss**  
 January through December 2010

	Jan - Dec 10
<b>Ordinary Income/Expense</b>	
Income	
Bed Tax Income	18,190.34
Cabin Sales	14,720.34
Luncheon Sales	931.83
Other Types of Income	25.00
Program Income	
Membership Dues	6,175.00
Web Services	835.00
Program Income - Other	550.00
Total Program Income	7,560.00
Taste of North Pole Sponsorship	2,594.00
Visitor Guide Ad Sales	505.00
Winter Festival Booths	610.00
Total Income	45,136.51
<b>Gross Profit</b>	45,136.51
Expense	
Advertising	
Webpage	670.20
Advertising - Other	8,041.88
Total Advertising	8,712.08
bank card fee	917.92
Contract Services	
Accounting Fees	1,811.00
Outside Contract Services	2,716.00
Contract Services - Other	240.00
Total Contract Services	4,767.00
Electric	331.21
Facilities and Equipment	
Equip Rental and Maintenance	135.00
Facilities and Equipment - Other	757.97
Total Facilities and Equipment	892.97
Ground Maintenance	318.00
Luncheon	1,049.44
Operations	
Books, Subscriptions, Reference	49.50
Cabin Inventory	
Commission Sales	
consignment	3,502.92
Total Commission Sales	3,502.92
Cabin Inventory - Other	7,497.94
Total Cabin Inventory	11,000.86
Postage, Mailing Service	458.06
Printing and Copying	95.96
Supplies	803.62
Telephone, Telecommunications	1,002.51
Total Operations	13,410.51
Other Types of Expenses	
Insurance - Liability, D and O	325.00
reimburse expenses	46.90
Other Types of Expenses - Other	1,254.35
Total Other Types of Expenses	1,626.25
Payroll Expenses	8,257.02
property Taxes	406.74

2:14 PM

01/27/11

Accrual Basis

**North Pole Community Chamber of Commerce**  
**Profit & Loss**  
**January through December 2010**

	Jan - Dec 10
Taste of North Pole	
donation	2,072.00
Taste of North Pole - Other	912.66
Total Taste of North Pole	2,984.66
Travel and Meetings	
Conference, Convention, Meeting	140.00
Total Travel and Meetings	140.00
Winter Festival	423.88
Total Expense	44,237.68
Net Ordinary Income	898.83
Other Income/Expense	
Other Income	
Taste of North Pole / Sale	4,970.00
Total Other Income	4,970.00
Net Other Income	4,970.00
Net Income	5,868.83

2:45 PM

01/27/11

Accrual Basis

**North Pole Community Chamber of Commerce**  
**Statement of Financial Income and Expense**  
 January through December 2010

	Unclassified	TOTAL
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Bed Tax Income	18,190.34	18,190.34
Cabin Sales	14,720.34	14,720.34
Luncheon Sales	931.83	931.83
Other Types of Income	25.00	25.00
<b>Program Income</b>		
Membership Dues	6,175.00	6,175.00
Web Services	835.00	835.00
Program Income - Other	550.00	550.00
<b>Total Program Income</b>	7,560.00	7,560.00
Taste of North Pole Sponsorship	2,594.00	2,594.00
Visitor Guide Ad Sales	505.00	505.00
Winter Festival Booths	610.00	610.00
<b>Total Income</b>	45,136.51	45,136.51
<b>Gross Profit</b>	45,136.51	45,136.51
<b>Expense</b>		
Advertising		
Webpage	670.20	670.20
Advertising - Other	8,041.88	8,041.88
<b>Total Advertising</b>	8,712.08	8,712.08
bank card fee	917.92	917.92
<b>Contract Services</b>		
Accounting Fees	1,811.00	1,811.00
Outside Contract Services	2,716.00	2,716.00
Contract Services - Other	240.00	240.00
<b>Total Contract Services</b>	4,767.00	4,767.00
Electric	331.21	331.21
<b>Facilities and Equipment</b>		
Equip Rental and Maintenance	135.00	135.00
Facilities and Equipment - Other	757.97	757.97
<b>Total Facilities and Equipment</b>	892.97	892.97
Ground Maintenance	318.00	318.00
Luncheon	1,049.44	1,049.44
<b>Operations</b>		
Books, Subscriptions, Reference	49.50	49.50
Cabin Inventory		
Commission Sales		
consignment	3,502.92	3,502.92
<b>Total Commission Sales</b>	3,502.92	3,502.92
Cabin Inventory - Other	7,497.94	7,497.94
<b>Total Cabin Inventory</b>	11,000.86	11,000.86
Postage, Mailing Service	458.06	458.06
Printing and Copying	95.96	95.96
Supplies	803.62	803.62
Telephone, Telecommunications	1,002.51	1,002.51
<b>Total Operations</b>	13,410.51	13,410.51
<b>Other Types of Expenses</b>		
Insurance - Liability, D and O	325.00	325.00
reimburse expenses	46.90	46.90
Other Types of Expenses - Other	1,254.35	1,254.35
<b>Total Other Types of Expenses</b>	1,626.25	1,626.25
Payroll Expenses	8,257.02	8,257.02
property Taxes	406.74	406.74

2:45 PM  
01/27/11  
Accrual Basis

**North Pole Community Chamber of Commerce**  
**Statement of Financial Income and Expense**  
**January through December 2010**

	Unclassified	TOTAL
Taste of North Pole donation	2,072.00	2,072.00
Taste of North Pole - Other	912.66	912.66
Total Taste of North Pole	2,984.66	2,984.66
Travel and Meetings		
Conference, Convention, Meeting	140.00	140.00
Total Travel and Meetings	140.00	140.00
Winter Festival	423.88	423.88
Total Expense	44,237.68	44,237.68
Net Ordinary Income	898.83	898.83
Other Income/Expense		
Other Income		
Taste of North Pole / Sale	4,970.00	4,970.00
Total Other Income	4,970.00	4,970.00
Net Other Income	4,970.00	4,970.00
Net Income	5,868.83	5,868.83

# 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

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

SERGEY STRELTSOV

PO BOX 74023

FAIRBANKS AK 99707-4023

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

READ DATE	PREV READ	CURR READ	DAYS	USAGE	CODE	AMOUNT
-----------	-----------	-----------	------	-------	------	--------

12/30/2010	45430	62308	31	16878		
------------	-------	-------	----	-------	--	--

One Prior Period	2	GAL
Two Prior Periods	12	GAL
Three Prior Periods	9	GAL
Four Prior Periods	8	GAL
Five Prior Periods	62	GAL
Six Prior Periods	0	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
Twelve Prior Periods	0	GAL

PREV BAL	10.05
PAYMENTS	10.05 CR
Water Base	5.00
Water Usage	247.09
FRR Water	16.88
Sewer Base	5.00
Sewer Usage	148.86
FRR Sewer	16.88
Customer Deposit	.00
Miscellaneous-Water	.00
Late Fees	.00

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 .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-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 [northpolealaska.com](http://northpolealaska.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

5922.04

DUE DATE

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

SERGEY STRELTSOV

PO BOX 74023  
FAIRBANKS AK 99707-4023

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

READ DATE	PREV READ	CURR READ	DAYS	USAGE	CODE	AMOUNT
-----------	-----------	-----------	------	-------	------	--------

01/31/2011	62308	148317	31	86009		
------------	-------	--------	----	-------	--	--

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
Twelve Prior Periods	0	GAL

PREV BAL	439.71
PAYMENTS	439.71 CR
Water Base	5.00
Water Usage	1,259.17
FRR Water	129.01
Sewer Base	5.00
Sewer Usage	758.60
FRR Sewer	129.01
Customer Deposit	.00
Miscellaneous-Water	.00
Late Fees	.00

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-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 [northpolealaska.com](http://northpolealaska.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	02/28/2011

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**

## Report Criteria:

Customer, Customer number = 592204

5922.04 STRELTISOV, SERGEY 2704 PERIMETER DR

## Account Summary:

Period	Water	L Fee	W Usq	FRRW	Sewer	S Usq	FRRS	Depos	Misc	Billings	Billing Adjustments	Payments	Other	Balance
05/31/2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
06/30/2010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
07/31/2010	5.00		.91	.06	5.00		.06			11.03				11.03
08/31/2010	5.00		.12	.01	5.00		.01			10.24				21.27
09/30/2010	5.00	.10	.13	.01	5.00	.08	.01			10.42				31.69
10/31/2010	5.00	.19	.18	.01	5.00	.11	.01			10.59				42.28
11/30/2010	5.00	.28	.03		5.00	.02				10.05		42.28 -		10.05
12/31/2010	5.00		247.09	16.88	5.00	148.86	16.88			439.71		10.05 -		439.71
01/31/2011	5.00		1,259.17	129.01	5.00	758.60	129.01			2,285.79		439.71 -		2,285.79
02/28/2011	-		-		-	-	-			-		-		2,285.79
Totals:	35.00	.57	1,507.63	145.98	35.00	907.67	145.98			2,777.83		492.04 -		

## Metered Services:

Report Dates: 06/01/2010 - 02/28/2011

Feb 16, 2011 11:02AM

5922 04 STRELTSOV, SERGEY 2704 PERIMETER DR (Continued)

Period Date	Read Date	Meter ID	Begin Read	End Read	Usage	Multiplier	Amount	Status
W Usg Current Rate: 202 Water - Residential - Usage								
Period Date	Read Date	Meter ID	Begin Read	End Read	Usage	Multiplier	Amount	Status
06/30/2010	06/01/2010	81828758	32,769	45,337	0	1.0000		
07/31/2010	07/30/2010	81828758	45,337	45,399	62	1.0000	.91	
08/31/2010	08/31/2010	81828758	45,399	45,407	8	1.0000	.12	
09/30/2010	09/30/2010	81828758	45,407	45,416	9	1.0000	.13	
10/31/2010	10/29/2010	81828758	45,416	45,428	12	1.0000	.18	
11/30/2010	11/30/2010	81828758	45,428	45,430	2	1.0000	.03	
12/31/2010	12/30/2010	81828758	45,430	62,308	16,878	1.0000	247.09	
01/31/2011	01/31/2011	81828758	62,308	148,317	86,009	1.0000	1,259.17	
02/28/2011		81828758	148,317					
Totals:					102,980		1,507.63	

Report Criteria:

Customer Customer number = 592204

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

Honorable Mayor and Members of the City Council  
City of North Pole  
Page two

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

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.

Honorable Mayor and Members of the City Council  
City of North Pole  
Page six

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: \_\_\_\_\_



## City of North Pole Office of the Mayor

125 Snowman Lane • North Pole, AK 99705

Phone: 907-488-8584 • Fax: 907-488-3002

**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:

<u>Item</u>	<u>Cost per Day</u>	<u>Estimated Total</u>
Hotel (Baranof?)	no more than 5 days @~\$133/night	est. \$665
AK Air	\$20 + 30,000 miles	\$20
Per Diem	no more than 5 days @ \$42	est. \$210
Taxi	est. \$28 Juneau airport-hotel x2	est. \$56
<b>Estimated total:</b>		<b>\$951</b>

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 17<sup>th</sup> 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:

Customer class	Per gallon water	Monthly base water charge	Per gallon sewer charge <sup>1</sup>	Monthly base sewer charge	FRR <sup>2</sup> - Water per gallon charge	FRR <sup>2</sup> - Sewer per gallon charge	FRR <sup>2</sup> Signifi- cant Industrial Discharger- Sewer
Single family residential	\$0.01464	\$5	\$0.00882	\$5	\$0.0015	\$0.0015	--
<del>Senior Low-income</del> single family residential	\$0.00732	\$5	\$0.00441	\$5	\$0.0015	\$0.0015	--
Multi-family, residential	\$0.01464	\$25	\$0.00882	\$25	\$0.0015	\$0.0015	--
<del>Senior Low-income,</del> multi-family residential	\$0.00732	\$25	\$0.00441	\$25	\$0.0015	\$0.0015	--
Commercial	\$0.01464	\$25	\$0.00882	\$25	\$0.0015	\$0.0015	--
Commercial/ Significant Industrial Discharger	\$0.01464	\$25	\$0.00882	\$25	--	--	\$0.00345

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 22<sup>nd</sup> day of February, 2011

---

Douglas W. Isaacson, Mayor

ATTEST:


---

Kathryn M. Weber, CMC, City Clerk



## City of North Pole Office of the Mayor

125 Snowman Lane • North Pole, AK 99705  
Phone: 907-488-8584 • Fax: 907-488-3002

**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.



Introduced By: Mayor Cleworth  
Date: January 24, 2011

**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



# Fairbanks North Star Borough

ASSEMBLY

809 Pioneer Road \* PO Box 71267 \* Fairbanks, Alaska 99707-1267 \* (907) 459-1401 FAX 459-1224

## 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.



# Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1000

www.co.fairbanks.ak.us

## MEMORANDUM

TO: Fairbanks North Star Borough Assembly

THROUGH: Luke T. Hopkins, Mayor *for LH*

FROM: Bernardo Hernandez, Director  
Department of Community Planning *Bernardo*

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 19<sup>th</sup>, 26<sup>th</sup> and November 9<sup>th</sup>, taking public testimony on October 19<sup>th</sup>. The Planning Commission held a public hearing on these items on November 16<sup>th</sup> and because of time issues, had to recess and reconvene on November 30<sup>th</sup> and December 7<sup>th</sup> to complete its deliberations. On December 28<sup>th</sup>, 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.

1 **REVISED FOR INTRODUCTION**

By: Natalie Howard  
Introduced: January 13, 2011

2  
3  
4 **FAIRBANKS NORTH STAR BOROUGH**

5  
6 **ORDINANCE NO. 2010-55**

7  
8  
9 **AN ORDINANCE AMENDING CHAPTER 18.56 OF THE FAIRBANKS NORTH STAR**  
10 **BOROUGH CODE OF ORDINANCES AS IT RELATES TO NONCONFORMING AND**  
11 **GRANDFATHERED BUILDINGS STRUCTURES, USES AND LOTS AND ADDING A**  
12 **SECTION TO CHAPTER 18.58 CONCERNING THE INITIATION OF TITLE 18**  
13 **COMPLAINTS**  
14

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

19  
20 WHEREAS the purpose of Title 18 is to implement the Fairbanks North Star  
21 Borough Comprehensive Plan; and

22  
23 WHEREAS the first goal of the FNSB Comprehensive Land Use Plan is: "To  
24 recognize that the foremost aspect of land use involving private property is the retention  
25 and maintenance of private property rights"; and

26  
27 WHEREAS strategy 1 of the FNSB Comprehensive Land Use Plan is to: "Work  
28 for decision by commissioners and the assembly that protects individual private property  
29 rights to the maximum extent possible"; and

30  
31 WHEREAS strategy 2 of the FNSB Comprehensive Land Use Plan is to: "Work  
32 for community end goals with a minimum impact and disruption of individual private  
33 property rights"; and

**AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT**  
Text to be added is **underlined & bold**  
Text to be deleted is **[BRACKETED, CAPITALIZED & BOLD]**

34 WHEREAS The Purpose of The FNSB Title 18 Zoning Ordinance  
35 (Section 18.04.020) states: "This title is intended to protect private property rights, to  
36 promote the public health, safety and general welfare of the residents of the borough,  
37 and safety from fire and to promote the efficient distribution of water, sewage, schools,  
38 parks; to promote economic development and the growth of private enterprise; and  
39

40 WHEREAS Application of the FNSB Title 18 Zoning Ordinance (Section  
41 18.04.030) in pertinent part states: "Structures and land use that becomes  
42 nonconforming as a result of implementation of this chapter shall have grandfather  
43 rights"; and  
44

45 WHEREAS Implementation of the FNSB Title 18 Zoning Ordinance (Section  
46 18.04.070 Implementation) states in pertinent part: "Grandfathering of all land uses shall  
47 take precedent when a conflict arises"; and  
48

49 NOW, THEREFORE, BE IT ORDAINED by the Assembly of the Fairbanks North  
50 Star Borough:  
51

52 Section 1. Classification. This ordinance is of a general and permanent  
53 nature and shall be codified.  
54

55 Section 2. Chapter 18.56 of the Fairbanks North Star Borough Code of  
56 Ordinances is hereby amended as follows:  
57

58 NONCONFORMING (GRANDFATHERED) USES AND LOTS  
59 18.56.010 Purpose.

AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT  
Text to be added is underlined & bold  
Text to be deleted is [BRACKETED, CAPITALIZED & BOLD]

60 The purpose of this chapter is to provide for the regulation of nonconforming  
61 buildings, structures, uses and lots, and to specify those circumstances and conditions  
62 under which they shall be allowed to continue as legal nonconforming uses and lots.

63  
64 18.56.020 Authority to Continue.

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

71  
72 18.56.025 Affirmative Recognition of Grandfather Rights.

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

86 B. Within 15 days after the filing of the owner affidavit, the Department shall  
87 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

AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT  
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116 purpose of the use prevailing when the zoning took effect and there is no difference in  
117 the quality or character of the use.

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

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

124 4. In the event that a nonconforming use of a building, structure or  
125 premises, or part thereof, is discontinued for any reason for a period of [12 MONTHS]  
126 36 months, the subsequent use of the same building, structure, or premises, or part  
127 thereof, shall thereafter be in conformance with the zoning district in which it is located.  
128 The director of community planning, with the concurrence of the borough assembly,  
129 may extend this [12 MONTH] 36 month period to allow relief from emergencies or other  
130 extenuating circumstances which are outside the control of the landowner.

131 C. Nonconforming Lots.

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

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

140  
141 Section 3. Chapter 18.58 is amended to add the following section:

142  
143 18.58. Initiation of Complaints.

AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT  
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Text to be deleted is [BRACKETED, CAPITALIZED & BOLD]

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

AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT  
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1 **REVISED FOR INTRODUCTION**  
2 By Luke T. Hopkins, Mayor  
3  
4  
5

By: Luke T. Hopkins, Mayor  
Introduced: January 13, 2011

6 **FAIRBANKS NORTH STAR BOROUGH**  
7  
8 **ORDINANCE NO. 2010-56**  
9

10 **AN ORDINANCE AMENDING TITLE 18 OF THE FAIRBANKS NORTH STAR**  
11 **BOROUGH CODE OF ORDINANCES AS IT RELATES TO NONCONFORMING**  
12 **(GRANDFATHERED) BUILDINGS, STRUCTURES, USES AND LOTS AND ADDING**  
13 **PROCEDURES FOR NONCONFORMING STATUS DETERMINATIONS,**  
14 **CHANGE PERMITS AND APPEALS**  
15

16 WHEREAS, Chapter 18.56 of the zoning code contains provisions for non-  
17 conformities regarding use of land, structures and lots; and  
18

19 WHEREAS, it is necessary to clarify the requirements for establishing  
20 nonconforming rights and nonconforming status determinations, including notice and  
21 appeal procedures; and  
22

23 WHEREAS, codifying existing practices of the planning department will  
24 ensure the public is aware of the requirements to establish nonconforming rights for  
25 their property, and adding set procedures will provide for fair and consistent  
26 determinations after appropriate notice and input from interested parties; and  
27

28 WHEREAS, in some cases the expansion of legal nonconforming  
29 buildings, structures and uses will not significantly increase any adverse impacts on  
30 neighboring properties and can be approved through a nonconforming change permit  
31 procedure.  
32  
33

CODE AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT  
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34 NOW, THEREFORE, BE IT ORDAINED by the Assembly of the Fairbanks  
35 North Star Borough:

36  
37 Section 1. Classification. This ordinance is of a general and permanent  
38 nature and shall be codified.

39  
40 Section 2. FNSBC 18.52.020(C) is hereby added as follows:  
41 18.52.020 Planning Commission.

42 The planning commission shall:

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

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

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

49  
50 Section 3. Chapter 18.56 is amended as follows:

51 Chapter 18.56

52 NONCONFORMING (GRANDFATHERED) BUILDINGS, STRUCTURES, USES AND  
53 LOTS

54 18.56.010 Purpose and Intent.

55 The purpose of this chapter is to provide for the regulation of nonconforming  
56 buildings, structures, uses and lots, and to specify those circumstances and conditions  
57 under which they [SHALL BE ALLOWED TO CONTINUE AS LEGAL  
58 NONCONFORMING USES AND LOTS] are recognized as legal nonconforming  
59 buildings, structures, uses and lots. It is the intent of this chapter to permit these  
60 nonconformities to continue unless they are abandoned or replaced by conforming

CODE AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT

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61 buildings, structures, uses or lots, but not to encourage any adverse impacts that may  
62 result from the perpetuation of these rights.

63  
64 18.56.020 Authority to continue.

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

73  
74 18.56.030 [RESTRICTIONS.] Provisions.

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

79 A. Nonconforming Buildings and Structures.

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

85 Nonconforming structures are subject to the following provisions:

86 1. Except as otherwise provided in this subsection, a nonconforming  
87 structure may be enlarged or altered in a way which does not increase its nonconformity  
88 or create a new nonconformity;

CODE AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT  
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89                   2.     A nonconforming structure may be enlarged or altered in a way that  
90 increases its existing nonconformity if a change permit is obtained in accordance with  
91 the nonconforming use and building change permit procedure outlined in FNSBC  
92 18.56.040;

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

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

98           B.     Nonconforming Uses.

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

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

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

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

CODE AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT

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Text to be deleted is [BRACKETED AND CAPITALIZED]

117 PLANNING, WITH THE CONCURRENCE OF THE BOROUGH ASSEMBLY, MAY  
118 EXTEND THIS 12-MONTH PERIOD TO ALLOW RELIEF FROM EMERGENCIES OR  
119 OTHER EXTENUATING CIRCUMSTANCES WHICH ARE OUTSIDE THE CONTROL  
120 OF THE LANDOWNER.]

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

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

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

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

134 C. Nonconforming Lots.

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

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

143 3. Structures and accessory buildings erected on nonconforming lots  
144 must meet all applicable provisions of the zoning district in which they are located.

CODE AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT

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Text to be deleted is [BRACKETED AND CAPITALIZED]

145           4. Alteration of lot lines shall be allowed for a legal nonconforming lot  
146 only if such alteration does not result in an increase in the nonconformity.

147       D. Abandonment.

148           1. A nonconforming use of a building or premises which has been  
149 abandoned shall not thereafter be returned to such nonconforming use. A  
150 nonconforming use shall be considered abandoned:

151               a. when it has been replaced by a conforming use; or  
152               b. where the use is discontinued or deserted for a period of  
153 more than 12 months.

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

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

161  
162       Section 4.   FNSBC Chapter 18.56 is amended by adding a new section  
163 as follows:

164 18.56.040. Nonconforming Use and Building Change Permits

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

168       B. The planning commission shall review, hear and decide whether or not to  
169 approve a request for a change permit to a legal nonconforming building, structure or  
170 use. In its deliberations, the planning commission shall consider all oral and written  
171 statements from the applicant, the public and the department of community planning.

CODE AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT

Text to be added is underlined

Text to be deleted is [BRACKETED AND CAPITALIZED]



172 C. The planning commission shall determine whether the following standards  
173 are met and adopt findings on each:

174 1. The proposed change conforms to the intent and purpose of this  
175 title and of other ordinances and state statutes;

176 2. The proposed change will protect the public health, safety and  
177 welfare.

178 3. The proposed change complies with the standards, restrictions, or  
179 uses of the zoning in place just prior to the time the building, structure or use became  
180 nonconforming;

181 4. The proposed change does not significantly increase any adverse  
182 impact on neighboring properties in accordance with the standards of the current zone.

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

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

190  
191 Section 5. FNSBC 18.54.047 is hereby added as follows:

192 18.54.047 Procedures for nonconforming status determinations.

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

195 1. An applicant for nonconforming status shall complete and submit  
196 the approved application form in accordance with the procedures set forth herein. The  
197 applicant shall be the owner of the property described in the application, the contract  
198 purchaser of said property, the holder of an option to purchase said property, or such  
199 persons that possess a substantial proprietary interest in the property being considered.

CODE AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT  
Text to be added is underlined

Text to be deleted is [BRACKETED AND CAPITALIZED]

200 The written consent of the owner, or an authorized representative having power of  
201 attorney, shall accompany all applications. Any applicable fees shall be waived if the  
202 request for nonconforming status is brought within 90 days of a rezone or amendment  
203 to Title 18 creating the nonconformity.

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

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

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

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

227

CODE AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT  
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Text to be deleted is [BRACKETED AND CAPITALIZED]

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

230 PASSED AND APPROVED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2011  
231

232  
233  
234  
235 \_\_\_\_\_  
236 Joseph C. Blanchard II  
237 Presiding Officer  
238

239  
240 ATTEST:

APPROVED:

241  
242  
243 \_\_\_\_\_  
244 Mona Lisa Drexler, MMC  
245 Borough Municipal Clerk  
246  
247

\_\_\_\_\_  
A. René Broker  
Borough Attorney

CODE AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT  
Text to be *added* is underlined  
Text to be *deleted* is [BRACKETED AND CAPITALIZED]

## **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).