Monday, August 19, 2019
Committee of the Whole: 6:30 p.m.
Regular City Council Meeting – 7:00 p.m.

1. Call to Order/Roll Call
2. Pledge of Allegiance to the US Flag
3. Invocation
4. Approval of the Agenda
5. Approval of the Minutes
   a. August 05, 2019 (page 3)
6. Communications from the Mayor
7. Council Member Questions of the Mayor
8. Communications from Department Heads, Borough Representative and the City Clerk
9. Ongoing Projects Report
10. Citizens Comments (Limited to Five (5) minutes per Citizen)

11. Old Business
   a. Ordinance 19-14, An Ordinance of the City of North Pole, Alaska to Amend the 2019 Utility Department Budget to Hire a Utility Assistant. (page 11)

12. New Business
   a. Resolution 19-04, A Resolution of the North Pole City Council Establishing a Transfer of Funds From Mt. McKinley Bank to the City of North Pole AML Investment Pool Account. (page 14)
   c. Request the Approve the Creation of a Second Bank Account for the Moose Creek Project to Track Interest Earned on Advance Payments for the Phase 1 Construction Grant. (page 20)

13. Council Comments

14. Adjournment

Detailed information and copies of agenda documents may be obtained at the Office of the City Clerk, 125 Snowman Lane or on the City website www.northpolealaska.com. Notice of Council Action is available at City Hall and on the City website following the meeting. Council Meetings are aired live via audio streaming from the City’s website. Inquiries concerning ADA compliance or accommodations should be directed to the City Clerk.
Mayor Michael Welch called the regular City Council meeting of Monday, August 05, 2019 to order at 7:00 p.m with the following Council Members in attendance:

Council Members Present: Doug Isaacson, Mayor Pro Tem
                        Avery Thompson, Deputy Mayor Pro Tem
                        Perry Walley, Alt Dep Mayor Pro Tem
                        Aino Welch
                        David Skipps
                        DeJohn Cromer

Also Present: Judy Binkley, City Clerk/HR Manager
              William Butler, Director of City Services,
              Tricia Fogarty, Chief Financial Officer,
              Steve Dutra, Police Chief
              Geoff Coon, Fire Chief

PLEDGE OF ALLEGIANCE TO THE FLAG
Mayor Welch asked everyone to join him in the Pledge of Allegiance.

INVOCATION
The Invocation was given by City Council Member Welch.

APPROVAL OF AGENDA
Mr. Isaacson moved to approve the agenda of August 05, 2019.

Seconded by Ms. Welch.

Discussion
Mr. Isaacson moved to consent the following items:

Old Business:
   a. Ordinance 19-13, An Ordinance of the City of North Pole to Accept a $10,000 Grant from the Fairbanks North Star Borough to Support Economic Development Activities in the City.
New Business:
   a. Ordinance 19-14, An Ordinance of the City of North Pole, Alaska to Amend the 2019 Utility Department Budget to Hire a Utility Assistant.
   c. Request to Approve the Business Associate Agreement Between the FNSB and the City of North Pole.
   d. Request to Approve the Appointment of Mike Miller to the IGU Board for the Term Ending December 31, 2019.

Seconded by Ms. Welch

Discussion
None

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO AMEND THE AGENDA OF AUGUST 05, 2019 AS FOLLOWS:

YES: 7 – Skipps, Thompson, Isaacson, Cromer, Walley, Welch, Welch
NO: 0
ABSTAIN: 0
Mayor Welch declared the MOTION CARRIED

Discussion on the agenda as amended
None

A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE THE AMENDED AGENDA OF AUGUST 05, 2019 AS FOLLOWS:

YES: 7 – Skipps, Thompson, Isaacson, Cromer, Walley, Welch, Welch
NO: 0
ABSTAIN: 0
Mayor Welch declared the MOTION CARRIED

APPROVAL OF MINUTES
Mr. Isaacson moved to approve the Minutes of July 15, 2019.

Seconded by Ms. Welch.

Discussion
None
A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO APPROVE THE MINUTES OF JULY 15, 2019 AS FOLLOWS:

YES: 7 – Skipp, Thompson, Isaacson, Cromer, Walley, Welch, Welch
NO: 0
ABSTAIN: 0
Mayor Welch declared the MOTION CARRIED

COMMUNICATIONS FROM THE MAYOR (Audio 3:50)
- July 17 – Three Mayors’ Meeting Fairbanks City Hall 1100-1200; FAST Policy Board
  Fairbanks City Hall 1200-1355.
- July 23 – FNSB Parks and Rec and Community Economic Development.
- July 24 – FNSB 2020 Homecoming Celebration monthly planning committee.
- July 26 – Received cashier’s check from Key Bank drawn on Moody Brews account to cover sales and alcohol tax due.
- July 26 – FNSB Tiger Team Meeting 1030-1200.
- July 26 – Met with David Hale of Hale and Associates to get copies of policies.
- July 26 – Picked up at Interior Graphics the POW Banner from Vicky Paddock.
- July 30 – Staff meeting to alert CNP directors to start preparing their discretionary budget needs in August.
- July 31 – Finance Committee met with Perry Walley, Benny Williams, and Tricia Fogarty.
- August 1 – MIL/CIV meeting at FNSB. EAFB may be the preferred bed down facility for the new KC-46 Supertanker for PACAF. Because the CNP, Fairbanks, and the FNSB are active in the Employer Support of the Guard and Reserve, all 3 mayors and select officials will be scheduled to travel to the Lockheed Martin F-35 facility in Ft. Worth, Texas. We will witness the rollout of the first F-35 that will reincarnate the 356 Fighter Squadron as part of the 354 TFW; Wing Commander Bishop intends to also take us to Luke AFB, AZ to see the active F-35 Wing that he was an instructor and later a squadron commander before EAFB. The trip is scheduled for November 18-20 so I will miss AML in ANC.
- August 13-16 – AML/ACOM summer session in Soldotna.
- August 21 or August 23 – The dedication of the Buzz Otis Pumphouse on Peridot at 1730.
- August 29 – Grant Writing Management Class. Hosted by the Alaska Division of Fire and Life Safety. Tuition is $595 and should be beneficial to the CNP coffers.

COUNCIL MEMBER QUESTIONS OF THE MAYOR
None
COMMUNICATIONS FROM DEPARTMENT HEADS, BOROUGH REPRESENTATIVE AND THE CITY CLERK

Police Department, Chief Dutra (Audio 14:54)

- Seizure of 1k meth, 1k of heroin, almost $6k – good job Det. Tibbetts.
- August 10, 2019 will be Ofc. Gibson’s last day. 8 years of service – she will be missed.
- This brings us to the wage discussion – 3 weeks and 1 applicant – things are critical and are going to get worse. AST just received an approx. 12-15% increase in wages, FPD just had an approx/ $900 reduction in health care costs which equates to an approx. $5.63 an hour raise. FPD offers a $20,000 signing bonus for laterals. I was just told they lifted the wage cap (unverified). After 1 year, a NPPD Ofc. is making $22.80/hr. FPD is $29.23 and AST is $35.05, UAF is $25.82. 18 LEO on APSC website – of those I got 13 verified wages and we are ranked 11th. We are going to feel the pinch and I suspect it will get worse before it gets better. PFD is just now crawling out of deficit and we are about to fall in. We cannot lower our standards because it will cause us more problems. This has never happened before – this is an unprecedented nationwide police shortage. Recruitment levels have fallen everywhere. We need to assemble a committee to evaluate what we are doing and we need to do it fast. Short term solutions: we have increased our online presence, put out more ads and we will be posting to multiple police sites by the end of the week. We have physically gone out to recruit. We are now pushing out to Anchorage and looking at other options.

- Sister City – assigned Sgt. Bellant to attend and greet our guests with LEO trinkets.
- Stats – seeing an uptick in the last 3 months of calls per officer.
- Vehicle update – mid October time frame.
- Ofc. Kuplack is at the academy and having a great experience.
- NP Memorial Park Ceremony was an absolute hit. Thank you to PW and Fire.

Ms. Welch asked in regards to recruiting for law enforcement as a whole, is there a way of getting people in a pool of applications in a database so they can be contacted by different agencies. Chief Dutra replied there isn’t anything currently like that and the challenge is a mixture of the pay and not enough qualified candidates.

Finance, Tricia Fogarty (Audio 26:40)

- June financials were sent out by email today. July’s bank statement came in the mail today so I’ll have those financials for you at the next meeting.
- I looked at sales tax revenue and I think we are going to hit our projected target.
- We are working on PFD citations and have auto matched $132,000 and manually matched $62,000. We won’t get that amount but it’s promising we will get some.
- Melanie has been working on Utility billing. This is the first billing with the new meters so we have the old system and the new system and it’s a bit rocky.
• Mr. Skipps asked about Moody Brews and at what point are they going to be back in the same boat. Ms. Fogarty replied time will tell, but probably not long.

Fire Department, Chief Coon (Audio 31:07)
• Captain Haywood’s retirement lunch was on the 26th and I would like to thank Councilman Isaacson as well as all of the City employees that attended.
• Engineer Rossow, has assumed the job of Prevention Officer. This is in addition to his Engineer/EMT duties.
• The City of North Pole has had two Pulsepoint activations in the last month. I would like to praise Mayor Welch for responding to one of the activations. It turns out that the ambulance crew was quick to respond and we did not need the Mayor’s help this time but it shows that the system does work and it makes our City a safer place.
• Department is continuing to send medics to the Moto cross track for races.
• Training:
  o We are preparing for our combined FF-1 class with UAF/CTC and NSFVD. It appears that we have five members signed up to take this class. This is a 12-credit class at the college.
• Maintenance Report:
  o Engine 21 is at Volvo getting our steering box repaired. This is a large project that required removing a lot of parts to inspect and see if it is rebuildable or if we are going to have to replace it. Engine 21 is our first out fire engine and is 18 years old. Engine 22 has the same issue and will go to the shop once Engine 21 is back in service. Engine 22 is 26 years old.
  o The industry standard is to replace fire engines every 20 years. The NPFD would like to remove first out engines at 20 years and replace before 30 years.

Director of City Services, Bill Butler (Audio 35:43)
Building Department
• One new residential building permit issued.
• Building permit for two 4-plexes, foundation only, issued.
• Permit application for one 4-plex submitted.
• As of August 5, permits for over $7.36 million of valuation of construction submitted.

Public Works
• Work progressing on installation at City Hall.
• Work progresses on gravel storage shed at PW Garage.
• Fencing installed around Highway Park Playground, new landscaping and an enlarged parking lot.
• Both flatbed trucks are out-of-service as of today.

Utility Department
• Sulfolane settlement.
  o 152 new customers have been connected to the system to date.
  o We have run out of meters and are waiting for a delivery of 60 new meters.
• Moose Creek Water System Expansion Project.
  o Project is proceeding to the 65% design documents due on August 19.
  o Shooting for August 10 to begin purchasing utility easements – waiting for final approval from USAF related to covenant agreements with property owners being prepared by USAF.
• Ms. Welch asked about a citizen outside of our area that has water delivered to their house but are not part of the expansion project. Mr. Butler replied that he would need more information about the residence and that Flint Hills is responsible for identifying who qualifies to be part of the expansion.

Borough Representative, Council Member Welch (Audio 43:18)
• There was the usual approval of alcohol and marijuana facilities and stuff like that.
• Everything was pretty much consented except for the resolution creating a joint climate change task force.
• There were several people, including myself, that testified to the impact on pesticide use by the companies that go out and spray for mosquitoes. It has had not only an impact on bees, but also other insects, beneficial insects, that are going into our gardens and making sure that we have food to eat.

City Clerk, Judy Binkley (Audio 47:17)
• The candidate filing and withdrawal periods have both passed. We have 3 candidates for City Council: Thomas McGhee, Carly Nelson, and Santa Claus.
• Later this week we will begin working on the ballots for the election.
• The League of Women Voters has a booth at the fair and are providing information about the election so be sure to stop by and say hello if you go to the fair.

ONGOING PROJECTS (Audio 47:51)
• Council Member Walley gave an update on the Finance Committee.
  o There is discussion of updating code for the sales tax exemptions, fees for business licensing, and increasing the amount invested in the AML investment pool and how to better utilize it for the benefit of the City.

CITIZEN’S COMMENTS – (Limited to Five (5) minutes per Citizen) (Audio 52:55)
• Thomas McGhee, 1152 North Star Drive, North Pole: Stated he has filed to run for Council and is looking forward to lively debates with the department heads and Council over the agendas and the works of the City. Stated he testified at the last Fairbanks Borough meeting in regards to the pesticides that are being used and how the companies spraying are not following federal regulations.
OLD BUSINESS
Consented

NEW BUSINESS

RESOLUTION 19-03, A RESOLUTION OF THE CITY OF THE NORTH POLE CITY COUNCIL REAFFIRMING THE ALASKA STATEHOOD ACT AND THE 90/10 PER CENTUM PROVISION REGARDING OIL AND GAS REVENUES PROVIDED FOR IN SECTION 28(A) OF SAID COMPACT. (Audio 1:00:33)

Mr. Isaacson introduced the resolution.

Public Comment
None

Mr. Isaacson moved to Introduce and Adopt Resolution 19-03, A Resolution of the North Pole City Council Reaffirming the Alaska Statehood Act and the 90/10 Per Centum Provision Regarding Oil and Gas Revenues Provided For In Section 28(A) of Said Compact.

Seconded by Ms. Welch

Discussion (Audio 1:05:20)
Mr. Thompson stated he appreciates this being brought to Council and Frank Turney for his work on it, however, it is factually incorrect. The resolution states that it is a 90/10 split on certain resource development but the title of this resolution states it’s a 90/10 provision regarding oil and gas. This has been decided by the Supreme Court of the United States and upheld on appeal in 1996 that they do not have to hold to this. The Secretary of State for the United States in 1914 couldn’t make promises the United States had to hold that and that’s what the Supreme Court decided. Supporting this resolution goes against the ruling in the highest court of the land that has been held up on appeals. The motivation behind the resolution is solid but there isn’t anything the Council can actually do about that when it’s already been decided.

Mr. Isaacson thanked Mr. Thompson for his research and in light of what was just brought up, Council could either pass the resolution knowing that other communities may have passed an inaccurate resolution, or Council could further investigate.

Mr. Isaacson moved to Table Resolution 19-03, A Resolution of the North Pole City Council Reaffirming the Alaska Statehood Act and the 90/10 Per Centum Provision Regarding Oil and Gas Revenues Provided For In Section 28(A) of Said Compact.

Seconded by Ms. Welch
A ROLL CALL VOTE WAS TAKEN ON THE MOTION TO TABLE RESOLUTION 19-03, A RESOLUTION OF THE NORTH POLE CITY COUNCIL REAFFIRMING THE ALASKA STATEHOOD ACT AND THE 90/10 PER CENTUM PROVISION REGARDING OIL AND GAS REVENUES PROVIDED FOR IN SECTION 28(A) OF SAID COMPACT AS FOLLOWS:

YES: 7 – Skipps, Thompson, Isaacson, Cromer, Walley, Welch, Welch
NO: 0
ABSTAIN: 0
Mayor Welch declared the MOTION CARRIED

COUNCIL COMMENTS
None

Mr. Isaacson moved to adjourn the meeting at 8:15 p.m.

Seconded by Ms. Welch.

The regular meeting of Monday, August 05, 2019 adjourned at 8:16 p.m.

These minutes passed and approved by a duly constituted quorum of the North Pole City Council on Monday, August 19, 2019.

____________________________
Michael W. Welch, Mayor

ATTEST:

____________________________
Judy L. Binkley, City Clerk
Memo

To: North Pole City Council
From: Bill Butler
Date: August 1, 2019
Subject: New Utility Assistant position

The expansions occurring with the North Pole Utility are driving the need to add a new Utility Assistant position. At the start of 2014 when the Utility only served its 600+ customers within the city limits, the Utility had four field staff—two operators and two utility assistants. The closure of the North Pole Refinery in 2014 and the subsequent loss of approximately 25 percent of sewer revenue caused the Utility not to fill a utility assistant position when one employee resigned to move out-of-state. Functioning with three utility field staff was manageable, but challenging. All the Utility staff at that time were earning the maximum leave and they rightfully used their leave on occasion throughout the year. When a staff member would be on leave resulted in the Utility having only two field staff to run the Utility. When there were emergency or major repair functions that required two or three staff members, there would be no one to conduct routine operations.

When the legal settlement was finalized in February 2017 and the growth the Utility was going to undertake became apparent, it became clear that the vacant position would need to be filled. The 2018 Utility budget was approved with funding to hire an additional Utility Assistant. The growth the Utility faced was an approximate doubling of the geographic footprint of the service area and a more than doubling of the customer base. The North Pole Expansion went to early construction in April 2018 and full construction in May 2018. To be prepared for the expanding workload, the Utility hired a new Utility Assistant in January 2018 with the intent of training and integrating the new staff member into the Utility’s operations to be able to support the additional workload the expansion would place on the Utility during construction and its later operation.

The Utility has now embarked on additional growth, the Moose Creek Expansion. To be prepared for this new growth, the Utility determined that it will require an additional Utility Assistant. The community of Moose Creek is five miles from the City. A short distance, but the separation does have impacts on the delivery of services and demands on the Utilities employees. The Utility has always cross-trained its field staff so all the Utility’s operators regardless of who is on duty, can support responding to emergency situations and to cover when other staff members are on leave. With the North Pole Expansion and Moose Creek Expansion both being water service only, the greatest system demand is on the Water Division of the Utility. To be prepared for the Moose Creek Expansion that is scheduled to go to construction in spring 2020, the Utility plans to hire a Utility Assistant in September 2019 to support the expanding demands upon the Utility. The new assistant will need to learn the City and North Pole Expansion system to support ongoing demands and to have adequate knowledge and skills to support the growth that will occur as a result of the Moose Creek Expansion.
CITY OF NORTH POLE
ORDINANCE 19-14

AN ORDINANCE OF THE CITY OF NORTH POLE, ALASKA
TO AMEND THE 2019 UTILITY DEPARTMENT BUDGET TO
HIRE A UTILITY ASSISTANT

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

WHEREAS, the City of North Pole budget should be amended to conform to the requirements
of the City; and,

WHEREAS, adjustment in the budget are necessary to remain compliant with council approved
authorizations and budget management rules, and

WHEREAS, fiscal notes are the method prescribed by the code to amend a budget; and,

WHEREAS, fiscal notes have been reviewed by the Accountant and Mayor for accuracy and
will be recorded as amendments to the budget upon approval, and

WHEREAS, the Utility Department proposes to hire a new Utility Assistant to support the
North Pole Expansion and Moose Creek Expansion,

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of North Pole that it
approves changes as listed in the attached fiscal note to this ordinance for the purpose managing
the City budget.

Section 1. This ordinance is of a general nature and shall not be codified.

Section. Effective date.
This ordinance shall become effective immediately upon passage.

PASSED AND APPROVED by a duly constituted quorum of the North Pole City Council this
_____day of ________________, 2019.

_____________________________
Michael W. Welch, Mayor

ATTEST:

________________________________
Judy L. Binkley, City Clerk
Fiscal Note Year: 2019

Accompanying Ordinance/Resolution: 19-14

Originator / sponsor: Bill Butler

Date: 08/05/2019

Does the Ordinance or Resolution have a fiscal impact? ☑ yes ☐ no

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Summary: (Brief description of proposed alterations as defined by accompanying ordinance or resolution. Where did the money come from and how will it be used).

Transfer in from Water and Sewer funds to hire a new Utility Assistant. With Moose Creek Expansion proceeding, it is important to begin training new Utility Assistant to be able to support current Utility needs and to assist with activities related to Moose Creek Expansion.

Prepared By: Bill Butler Date: 7/31/2019

Finance Approval: Tricia Fogarty Date: 

NOTE- Fiscal notes attached to an ordinance are considered amendments to the budget and do not require an additional approval for insertion into the budget document.
CITY OF NORTH POLE
RESOLUTION 19-04

A RESOLUTION OF THE NORTH POLE CITY COUNCIL ESTABLISHING A TRANSFER OF FUNDS FROM MT. MCKINLEY BANK TO THE CITY OF NORTH POLE AML INVESTMENT POOL ACCOUNT

WHEREAS, The purpose of the transfer is to earn an competitive rate of return on our account balances; and

WHEREAS, the City Council had introduced and approved Ordinance 08-10 An Ordinance Of The City Of North Pole Authorizing Participation In The Alaska Municipal League Investment Pool, Inc. For Use By Cities and Boroughs; and

WHEREAS, authorizing the City of North Pole to set up subaccounts to invest general funds, utility funds, fleet funds, Misc. Funds; and

WHEREAS, the interest earned will be returned to investment earned accounts of the fund the investment originated from; and

WHERE AS, AMP Investment Pools average return for the last ten years are 2009-4.124% , 2010-3.71%, 2011-1.41%, 2012-1.57%, 2013-1.03%, 2017-1.02%, 2015-1.27%, 2016-2.96%, 2017-8.75% and 2018-7.84%; and

WHEREAS, the interest rate as of Tuesday, August 13, 2019 was 2.03 percent; and

WHEREAS, the rate of returned earned at Mt. McKinley Bank in June 2019 is 0.24%; and

WHEREAS, the following amounts are to be transferred to the City of North Pole’s AML Investment Pool accounts:

General Fund $3,300,000.00

NOW THEREFORE BE IT RESOLVED, by the Council of the City of North Pole that it approves the funds to be transferred to The Alaska Municipal League Investment Pool, Inc.

PASSED AND APPROVED by a duly constituted quorum of the North Pole City Council this _____day of _____ 2019.

______________________________
Michael W. Welch, Mayor

ATTEST:

______________________________
Judy L. Binkley, City Clerk

PASSED/FAILED
Yes:
No:
Absent:
CITY OF NORTH POLE
ORDINANCE NO. 19-15

AN ORDINANCE OF THE CITY OF NORTH POLE, ALASKA
TO AMEND THE 2019 OPERATING BUDGET AND OTHER FUNDS

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

WHEREAS, the City of North Pole budget should be amended to conform to the requirements of the City; and,

WHEREAS, adjustment in the budget are necessary to remain compliant with council approved authorizations and budget management rules, and

WHEREAS, fiscal notes are the method prescribed by the code to amend a budget; and,

WHEREAS, fiscal notes have been reviewed by the Accountant and Mayor for accuracy and will be recorded as amendments to the budget upon approval,

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of North Pole that it approves changes as listed in the fiscal note to be attached to this ordinance for the purpose managing the City budget.

Section 1. This ordinance is of a general nature and shall not be codified.

Section. Effective date.
This ordinance shall become effective immediately upon passage.

PASSED AND APPROVED by a duly constituted quorum of the North Pole City Council this _____ day of _____, 2019.

_____________________________
Michael W. Welch, Mayor

ATTEST:

_____________________________
Judy L. Binkley, City Clerk

PASSED/FAILED
Yes:
No:
Absent:
### City of North Pole, Alaska

**Fiscal Note Year:** 2019

Accompanying Ordinance/Resolution: Ordinance 19-15

Originator / sponsor: Tricia Fogarty, Chief Dutra & Chief Coon

Date: August 15, 2019

**Does the Ordinance or Resolution have a fiscal impact?**

- [x] yes
- [ ] no

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**Summary:** (Brief description of proposed alterations as defined by accompanying ordinance or resolution. Where did the money come from and how will it be used).

To adjust the 2019 budget between categories.

Prepared By: Tricia Fogarty

Date: July 15, 2019

Finance Approval: Tricia Fogarty

Date: July 15, 2019

**NOTE**- Fiscal notes attached to an ordinance are considered amendments to the budget and do not require an additional approval for insertion into the budget document.
Hi Tricia,

Here are my midyear adjustments.

Please advise what you need me to do.

01-53-1-002 Wages: Holiday Pay add $4,000 Pull from 01-53-1-001 Wages: Full Time ($4,000)
01-53-1-006 Leave Cash Out add $15,500 Pull From 01-53-1-001 Wages: Full Time ($15,500)
01-53-2-225 Legal Fees add $3,000 Pull from 01-53-2-215 Insurance ($3,000)
01-53-3-345 Uniforms add $500 Pull from 01-53-3-350 Promotions and Apparel ($500)

All of these changes above will not require council approval just the Mayors authorization.

01-53-5-510 Travel and Training add $10,000 Pull from 01-53-9-905 Equipment Outlay ($10,000)

This change will require council approval since it is a different category.

Chief Steve Dutra
North Pole Police Department
125 Snowman Lane
North Pole, Alaska 99705
Business Phone : (907) 488-6902
Business Voice Mail : (907) 488-8469
Business Fax : (907) 488-5299
E-mail : sdutra@northpolepolice.org
Website http://www.northpolepolice.org

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Memo

To: Tricia
From: Geoff Coon
Date: 08/12/19
Re: Fiscal Note

Fiscal Note

<table>
<thead>
<tr>
<th>Transfer into:</th>
<th>From:</th>
</tr>
</thead>
<tbody>
<tr>
<td>01-54-6-610 Vehicle Maintenance</td>
<td>$4420.00 01-54-001 Wages: Full Time</td>
</tr>
<tr>
<td>8 Tires for Engine 22</td>
<td></td>
</tr>
<tr>
<td>01-54-2-235 Professional Services</td>
<td>$2000.00 01-54-001 Wages: Full Time</td>
</tr>
<tr>
<td>Dumpster service not budgeted for</td>
<td></td>
</tr>
</tbody>
</table>
Memo

To: North Pole City Council
From: Bill Butler
Date: August 14, 2019
Subject: Creation of a bank account for the construction phase of the Moose Creek Project for advance payments

Recommendation

Approve two authorized signers on behalf of the City to create an interest-earning bank account with Mount McKinley Bank to hold advance payments to the City in support of the Moose Creek Water System Expansion Project, Construction Phase 1. Further, authorize Ms. Fogarty to transfer the funds to and from the bank account to pay project expense thru the City’s central treasury account.

Background

In June 2019, the Council approved creating a bank account with Mount McKinley Bank to hold advance payments to the City for advance payments from the US Army Corps of Engineers (USACE) for the design phase of the project. In July, the Council approved cooperative agreements with the USACE for Phase 1 & 2 construction of the Moose Creek Water System Project. The design and construction are funded separately and any interest earned on advance payments must be tract and applied to each specific project’s expenses. The simplest approach to track each grant’s advance payments is to deposit the payments in separate accounts. The bank will provide an interest statement each month for each grant’s advance payments.

The cooperative agreements between the City and the USACE requires advance payments be held in an interest bearing account as follows:

(8) The non-Federal entity must maintain advance payments of Federal awards in interest-bearing accounts, unless the following apply.
   (i) The non-Federal entity receives less than $120,000 in Federal awards per year.
   (ii) The best reasonably available interest-bearing account would not be expected to earn interest in excess of $500 per year on Federal cash balances.
   (iii) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
(iv) A foreign government or banking system prohibits or precludes interest-bearing accounts.

(9) Interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services, Payment Management System, Rockville, MD 20852. Interest amounts up to $500 per year may be retained by the non-Federal entity for administrative expense.

Ms. Fogarty and I discussed, with advice from Kathleen Thompson, CPA Cook & Haugeberg, different options to satisfy the cooperative agreements’ requirements while placing the least burden upon the Accounting Department and ensuring adherence to City policies and procedures. One option we discussed was holding the advance payments as part of the City’s bank account, but this option would require the City to calculate on an ongoing basis the share of interest earned on project funds separate from the City’s share of the account’s funds. The Accounting Department would also need to generate an annual report of interest earned by project funds.

The other option we discussed and we recommend is to receive the funds by electronic transfer from the USACE to the City’s “sweep account”, electronically transfer the funds to a separate interest-earning project bank account and then transfer the funds to the central treasury account when making payments to contractors. The bank statements would report account activity and interest earned by the project funds. The bank’s statements would be a “paper trail” and the basis of the report to the USACE of interest earned on project funds. Making payments to contractors and to fund City project-related expenses would be subject to all the City’s standard operating procedures and processes to ensure oversight and accountability.