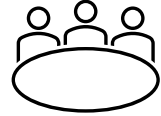




**FAIRBANKS CITY COUNCIL
SPECIAL WORK SESSION AGENDA
FRIDAY, JUNE 28, 2024 AT 7 A.M.**
MEETING WILL BE HELD VIA [ZOOM WEBINAR](#)
AND AT FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA



-
1. Roll Call
 2. Resolution No. 5116 – A Resolution Authorizing an Agreement Between the Fairbanks North Star Borough, the City of North Pole, and the City of Fairbanks to Jointly Provide for Economic Development.
 3. Mayor and Council Member Comments
 4. Next Regular Work Session – Tuesday, July 2, 2024
 5. Adjournment

RESOLUTION NO. 5116

**A RESOLUTION OF THE CITY OF FAIRBANKS AUTHORIZING AN
AGREEMENT BETWEEN THE FAIRBANKS NORTH STAR BOROUGH, THE
CITY OF NORTH POLE, AND THE CITY OF FAIRBANKS TO JOINTLY
PROVIDE FOR ECONOMIC DEVELOPMENT**

WHEREAS, A.S. § 29.35.110(c) authorizes second-class boroughs, including the Fairbanks North Star Borough (Borough), to expend tax revenue collected on an areawide basis for economic development if there is an agreement in place with a city located in the borough to cooperatively or jointly provide for economic development; and

WHEREAS, A.S. § 29.35.110(c) was recently amended to include using revenue from other sources of funding including grants; and

WHEREAS, AS § 29.71.800 defines economic development as "an action intended to result in an outcome that causes an increase in, or avoids a decrease of economic activity, gross domestic product, or the tax base;" and

WHEREAS, Borough Resolution No. 2023-27 supports areawide cooperation and the joint provision of economic development stating that it is in the best interest of all borough citizens for the Borough to be able to spend tax revenue on economic development that will benefit the entire borough; that the cities of Fairbanks and North Pole and the Borough have been operating under an agreement signed by the Mayors of each jurisdiction since 2004; that economies are not bound by governmental boundaries; and that regardless of the source of the revenue, the Borough is not interested in acquiring an areawide power of economic development which would prohibit the City of North Pole or the City of Fairbanks from exercising economic development within their boundaries; and

WHEREAS, Borough Resolution No. 2023-27 further states that the Borough has tracked areawide economic indicators since the 1970's through the Community Research Quarterly publication; that it is a resource for the exchange of local economic information between and amongst local businesses and municipal, state, and federal governments; and that the Economic Development Commission is a necessary and integral part of the coordination of economic development activities of the Borough and participates in specific economic development projects as they are proposed; and

WHEREAS, approval of the proposed Memorandum of Agreement does not amend or modify the role of the Economic Development Commission nor does it infringe on, or eliminate, the appropriating power of the Borough Assembly, North Pole City Council, or Fairbanks City Council.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Fairbanks authorizes the Mayor to enter into a Memorandum of Agreement with the Fairbanks North Star Borough and City of North Pole to jointly provide for economic development and authorizing each

municipality to:

1. Apply for, receive, and administer grants.
2. Take other action to develop, encourage, study, or finance economic development projects that benefit the City of Fairbanks and the entire borough, such as:
 - a. Supporting economic development organizations that support key industries outlined in the Comprehensive Economic Development Strategy (CEDS) such as the Fairbanks Economic Development Corporation and Explore Fairbanks.
 - b. Promoting, supporting, and facilitating projects for key economic industries as identified in the CEDS.
3. Develop and maintain key economic indicators and metrics to be used for informing economic development decisions for the City of Fairbanks and the entire borough.
4. Create and disseminate information on the economic status of the City of Fairbanks and entire borough in support of economic development actions.

PASSED AND APPROVED this ____ day of April 2024.

David Pruhs, City Mayor

YEAS:
NAYS:
ABSENT:
APPROVED:

ATTEST:

APPROVED AS TO FORM:

D. Danyielle Snider, MMC, City Clerk

Thomas A. Chard II, City Attorney

**ATTACHMENT TO
CITY OF FAIRBANKS RESOLUTION NO. 5116**

1 AGREEMENT BETWEEN THE CITY OF FAIRBANKS, CITY OF NORTH POLE,
2 AND THE FAIRBANKS NORTH STAR BOROUGH TO JOINTLY PROVIDE
3 FOR ECONOMIC DEVELOPMENT
4

5 WHEREAS, AS 29.35.110(c) authorizes a second-class borough to expend
6 tax revenue collected on an areawide basis for economic development if an agreement is
7 in place with a city located in the borough; and
8

9 WHEREAS, AS 29.35.110(c) was recently amended to include using revenue
10 from other source of funds to include grants; and
11

12 WHEREAS, The City of Fairbanks, the City of North Pole, and the Borough
13 have been operating under an agreement signed by the Mayors of each jurisdiction since
14 2004; and
15

16 WHEREAS, It is in the best interest of all borough citizens for the Borough
17 to be able to spend tax revenue on economic development that will benefit the entire
18 borough, regardless of the source of the revenue; and
19

20 WHEREAS, Economies are not necessarily bound by governmental
21 boundaries; and
22

23 WHEREAS, The Borough is not interested in acquiring an areawide power
24 of economic development, which would prohibit the City of Fairbanks and the City of
25 North Pole from exercising economic development within their boundaries; and
26

27 NOW THEREFORE that the parties agree to jointly provide for borough-wide
28 economic development and authorizing each municipality to:
29

- 30 1. Apply for, receive, and administer grants.

- 31 2. Take other action to develop, encourage, study, or finance economic
32 development projects that benefit the entire borough, such as:
33 a. Support economic development organizations that support key
34 industries outlined in the Comprehensive Economic Development
35 Strategy (CEDS), such as the Fairbanks Economic Development
36 Corporation and Explore Fairbanks.
37 b. Promote, support, and facilitate projects for key economic industries as
38 identified in the CEDS.
39 3. Develop and maintain key economic indicators and metrics to be used for
40 informing economic development decisions for the entire borough.
41 4. Create and disseminate information on the economic status of the entire
42 borough in support of economic development actions.

43
44 IN WITNESS WHEREOF, we have hereunto set our hands this _____ DAY
45 OF _____ 20____.

46
47
48 _____
49 Bryce Ward, Mayor
50 Fairbanks North Star Borough

51
52 _____
53 David Pruhs, Mayor
54 City of Fairbanks

55 ATTEST:

56
57 _____
58 April Trickey, MMC
59 Borough Clerk

57 _____
58 Michael Welch, Mayor
59 City of North Pole

1) When was the economic development tax first implemented? Was there an implementing ordinance that required a vote of non-area wide residents? We would like to see a copy of the ordinance and any ordinances that have amended it since then.

1. Economic Development is a non-areawide power given to second class boroughs in AS 29.35.110, the subsections explain how revenue can be generated and spent in accordance with this statute on a non-areawide basis. Subsection C explains how the Borough can “jointly provide” for economic development if they have an agreement to do so.

AS 29.35.110. Expenditure of Borough Revenues.

(a) Borough revenues received through taxes collected on an areawide basis by the borough may be expended on general administrative costs and on areawide functions only. Borough revenues received through taxes collected on a nonareawide basis may be expended on general administrative costs and functions that render service only to the area outside all cities in the borough.

(b) Use of borough revenues from a sales tax levied upon room rentals for a tourism marketing campaign is not subject to (a) of this section.

(c) Notwithstanding (a) of this section, a borough that has entered into an agreement with a city located in the borough to cooperatively or jointly provide for economic development may use borough revenue from taxes, whether collected on an areawide or nonareawide basis, to carry out the terms of the agreement.

FNSBC 1.12.060 conferred nonareawide (NAW) powers list economic development as a power that may be exercised. The Borough Assembly adopted Economic Development nonareawide powers in ordinance 87-056 (attached) and did not require a vote of the people to adopt, just the assembly.

1.12.060 Conferred nonareawide powers.

A. The Borough by ordinance exercises the following powers on a nonareawide basis:

- 1. Regulate the offering for sale, exposure for sale, use or explosion of fireworks;*
- 2. Provide for economic development.*

2) How was the mill rate percentage set, and at what number? Is it a fixed rate?

2. Mill levy are set each year with the mill levy resolution. The Borough Assembly just approved the most current levies for FY25 on the 13th of June with Resolution 2024-20 (attached). Since there is not a signed joint powers agreement with the City of Fairbanks for Economic Development, the budget line was removed from the Areawide budget and added back into the NAW budget. It now will show up as a tax line item for NAW: Economic Development, the levy is .034 Mills or \$3.40 per \$100,000 of value (City will not pay this) it is now in the NAW budget.

3) Until recently, this had been a separate line item on the property tax billings - non-area wide only. Now it is included in the general government assessment- why did this happen?

3. on your tax bill residents will all see different service tax lines (depending on if you are in the City or in a service area. Non-Areawide is **ONLY** paid for by properties outside of the City of Fairbanks and North Pole. Areawide functions are paid for by every areawide resident to include city residents. Page 3 of the attached mill levy resolution shows the difference for Borough taxes and the subsequent borough services by district to include NAW.

The Borough had to include a separate NAW function mill levy because it cannot use general fund money on economic development without an agreement by the City. Now economic development must be spent from the NAW fund and not include areas within the city of Fairbanks as we cannot jointly provide for economic development without the agreement.

4) The general government assessment for 2023 was 5.219 mills, and for city residents it is the same. Apparently, this tax is now levied area wide. Has the FNSB been charging city residents this tax incorrectly?

4. General government mill levies are the same, all borough residents (including city residents) pay this tax. It is the NAW or other service areas that are different (depending on where your property lies). This year the NAW fund will have a .034 mill levy for all non-city property. Last year this was a budget line in the general government budget under the 2004 agreement. FY 24 (current budget) has a section in the FNSB appropriation that outlines this was done under the 2004 agreement (see attached). It was not done for FY 25 because the assembly approved a new agreement that required signature from the city councils.

5) How was this tax created within the restrictions of the borough's tax cap?

5. The tax revenue cap limits the amount of tax revenue that can be generated by the FNSB for providing services. Economic Development is a conferred power that was taken on in 1987 as outlined in statute, the Borough cannot add to the tax revenue cap for a service that is already authorized by the Assembly or statute.

By: Juanita Helms
Introduced: 10/22/87
Advanced: 10/22/87
Adopted: 11/05/87

ORDINANCE NO. 87-056

AN ORDINANCE PROVIDING FOR THE EXERCISE OF
NONAREAWIDE ECONOMIC DEVELOPMENT POWERS

BE IT ORDAINED by the Assembly of the Fairbanks North Star
Borough, Alaska;

Section 1. Classification. This ordinance is of a general applicability
having the force and effect of law and shall become a part of the code of the
Fairbanks North Star Borough.

Section 2. FNSB 1.02.060 is amended as follows:

1.02.060 Conferred nonareawide powers. A. The borough by
ordinance exercises the following powers on a nonareawide basis:

1. Regulates the offering for sale, exposure for sale, sale,
use or explosion of fireworks;

2. Provides for economic development.

B. The borough may by ordinance exercise the following powers
on a nonareawide basis:

. . .

[7. PROVIDE FOR ECONOMIC DEVELOPMENT;]


[8]. . .

[9]. . .

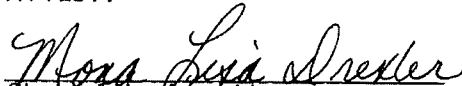
[10]. . .

Section 3. Effective date. This ordinance shall be effective at 5:00
p.m. on the first borough business day following its adoption.

PASSED AND APPROVED THIS 5TH DAY OF NOVEMBER, 1987.


Presiding Officer

ATTEST:


Clerk of the Assembly

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

By: Bryce J. Ward, Mayor
Introduced: 04/13/2023
Advanced: 04/13/2023
Substituted: 05/11/2023
Amended: 05/11/2023
Adopted: 05/11/2023
Immediate
Reconsideration Failed 05/11/2023
Adopted: 05/11/2023

FAIRBANKS NORTH STAR BOROUGH

ORDINANCE NO. 2023-20

AN ORDINANCE APPROPRIATING FUNDS AS LISTED FOR THE FISCAL YEAR BEGINNING JULY 1, 2023; RATIFYING FISCAL POLICIES AND USER FEES; AND LEVYING TAXES

WHEREAS, The Mayor shall deliver to the Assembly, on or before the first Thursday following April 1st of each year, the total proposed comprehensive budget of the Borough as required by FNSBC 7.12.020.

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

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

Section 2. Appropriations for All Departments and Funds. There is hereby appropriated for the fiscal year beginning July 1, 2023, the amounts set forth in Attachment A, attached hereto and made a part of this ordinance. Appropriations to recipients named in the worksheets and budget document underlying this ordinance and its attachment are hereby made notwithstanding the provisions of FNSBC Title 16.

Section 3. Education Appropriation. As required by AS 14.14.060(c) and FNSBC 7.12.040(A), the sum of \$154,551,145 plus the amount of the final Borough adopted contribution to education plus the amount of on-behalf payments from the State of Alaska for PERS and TRS is hereby approved as the total amount of the Fairbanks North Star Borough School District budget for the fiscal year beginning July 1, 2023 and ending June 30, 2024. This total approved amount is approximate and may be updated to match the published approved budget of the Fairbanks North Star Borough School District when it becomes available if the Borough Chief Financial Officer determines there is no material difference. This amount is not appropriated. The appropriation for

45 Education set forth in Attachment A of this ordinance is the total amount of money, from
46 local sources for school purposes, which shall be made available during said fiscal year.
47 The Borough operates a central treasury; consequently, it may receive, throughout the
48 fiscal year, sums from other entities for use by the School District. Said sums are not
49 appropriated by the Borough as relates to specific uses, which is the purview of the School
50 Board. Individual amounts received and added to the District budget after approval of
51 this ordinance shall be added to the total approved amount, provided that the amounts
52 are communicated in writing to the Borough. In accordance with state law, the
53 appropriation contained in this ordinance for local support to Education is stated only as
54 a lump sum and individual School District appropriation items are not included in this
55 ordinance.

56
57 Section 4. Appropriation Level. The appropriations set forth in
58 Attachment A of this ordinance are at the department and fund level, with expenditure
59 allocations at the division level. Transfers of appropriations or supplemental
60 appropriations may be made by the Assembly by ordinance.

61
62 Section 5. Promoting Operational Programs. Monies appropriated in the
63 commodities and contractual services categories authorizes the use of those funds for
64 giveaways, prizes, and awards that promote the operational programs of the Borough.

65
66 Section 6. All Funds Contingent Appropriations.

67 A. Health Benefits. Contingent upon the Health Care Contingency Reserve
68 contribution requirements, as outlined in the current collective bargaining agreements,
69 not being met, the respective actual amounts required by department and fund are
70 appropriated to cover the requirements and Contributions from Fund
71 Balance/Unrestricted Net Position, as applicable, are increased by like amounts.

72 B. Insufficient Funds. These department and fund appropriations are further
73 contingent on each fund/department not having sufficient funds available for these
74 purposes.

75
76 Section 7. State Community Assistance Program for Unincorporated
77 Communities. Contingent upon receipt of the funds and in accordance with AS 29.60.850
78 - 29.60.879, amounts received from the State, for eligible unincorporated communities
79 within the Borough, are appropriated in General Fund - Non-Departmental and shall be
80 distributed to those communities' selected non-profit(s) which have complied with the
81 Borough's administrative procedures for receipt of the funds.

82
83 Section 8. General Fund - Mayor's Office Appropriation. The allocation
84 for areawide economic development in the Mayor's Office appropriation is made in
85 accordance with AS 29.35.110(c) and an agreement, dated May 20, 2004, among the
86 Mayors of the Borough and the Cities of Fairbanks and North Pole.

87

88 Section 9. General Fund - Non-Departmental Reappropriation. The
89 amount in the Non-Departmental - Areawide appropriation for Reserve for Unforeseen
90 Time-Critical Events is reappropriated to the respective areawide departments and funds
91 for the purpose described in the Budget Document.

92
93 Section 10. Non-Areawide Fund - Non-Departmental Reappropriation. The
94 amount in the Non-Departmental - Non-Areawide appropriation for Reserve for
95 Unforeseen Time-Critical Events is reappropriated to the respective departments within
96 the Non-Areawide Fund for the purposes described in the Budget Document.

97
98 Section 11. Provisions for Grants, Multi-Year Programs, and the Capital
99 Budget for the Capital Improvement Program (CIP).

100 A. Grants. The appropriations for "Recurring Grants to the Borough," all set forth in
101 Attachment A of this ordinance, are estimated amounts. Actual amounts will be
102 appropriated contingent, and based upon, the respective signed grant agreements. Any
103 material differences, as determined by the Chief Financial Officer, will be communicated
104 to the Assembly.

105 The appropriations for these grants are effective for the periods specified in the
106 respective signed grant agreements. Expenditures incurred within the effective dates of
107 the signed grant agreements are eligible for reimbursement. Furthermore, these
108 appropriations are to be recorded and accounted for on the Borough's books using the
109 most suitable fund(s) and methods, as determined by the Chief Financial Officer.

110 B. Disallowed Costs. For positions that are grant-funded, if immaterial personnel
111 costs are incurred by a position, which are not eligible to be funded by grants
112 ("disallowed"), the Borough shall record those costs against any other allowable funding
113 source(s), as determined by the Chief Financial Officer.

114 C. Multi-Year Programs (MYP). The appropriations for these programs are to be
115 recorded and accounted for on the Borough's books using the most suitable fund(s) and
116 methods as determined by the Chief Financial Officer.

117 D. Reserve for Personnel Services (MYP). The amounts in this program are
118 reappropriated to the respective departments and funds for the purposes described in
119 the Budget Document.

120 E. Capital Budget for the CIP. The appropriations for these projects are to be
121 recorded and accounted for on the Borough's books using the most suitable funds(s) and
122 methods as determined by the Chief Financial Officer.

123
124 Section 12. Intent for Recurring Match Assistance Grants Funded by the
125 Borough. The \$200,000 General Fund operating transfer to "Recurring Grants Funded by
126 the Borough" for the "Match Assistance Grant" program is set aside as a funding source
127 for any required local match assistance needed for grants received by non-profit
128 organizations serving the health and social services needs of the Borough community.
129

RESOLUTION NO. 2024-20
ATTACHMENT A

2024 RATE OF REAL PROPERTY TAX LEVY

	<u>Mill Rate Allocation</u>	<u>Mill Rate</u>
<u>Areawide Functions</u>		
Areawide General Government		
General Government	4.834	
General Gov't Bonds	<u>0.045</u>	
Total Areawide General Government Mill Rate	4.879	
Areawide Education		
Education	5.440	
School Bonds	<u>0.280</u>	
Total Areawide Education Mill Rate	5.720	
Total Areawide Mill Rate		10.599
<u>Non-Areawide Functions</u>		
Economic Development	0.034	
Emergency Medical Services	0.540	
Total Non-Areawide Mill Rate		0.574
<u>Solid Waste Collection District</u>		
Solid Waste Collection District Mill Rate		1.621
 <u>Service Areas</u>		
		<u>Mill Rate</u>
Airway		1.244
Arctic Fox		2.409
Aztec		1.541
Ballaine Lake Sewer & Water		16.321
Becker Ridge		2.261
Birch Hill		2.194
Bluebird Road		2.817
Borda Road		1.270
Brookside		0.946
Chena Goldstream Volunteer Fire		2.302
Chena Hills Road		1.057
Chena Marina		0.939
Chena Point Road		2.660
Chena Spur		2.938
College		0.929
College Hills		1.204
Cooper Estates		3.421
Cordes Drive		1.451
Cripple Creek		2.020
Deep Forest		0.978
Denali View		2.685
Diane Subdivision		0.371
Drake Estates		0.886
Edanella Heights Road		1.951
Ester Lump Road		4.205
Ester Volunteer Fire		3.256
Fairfields		0.734

ARDOR	External Funding
Anchorage Economic Development Corporation	\$386,000
Bering Strait Development Council	\$4,800,000
Copper Valley Development Association	\$67,000
Fairbanks North Star Borough Economic Development	\$0
Kenai Peninsula Economic Development District	\$564,000
Northwest Arctic Borough	\$44,776,000
Prince William Sounds Economic Development District	\$442,000
Southeast Conference	\$1,734,000
Southwest Alaska Municipal Conference	\$216,000