

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5218 SCRA SB 367 - SB 372

790

*James Egan  
Dev. Council.*

1 IN THE SENATE

BY DUNCAN

2

SENATE BILL NO. 367

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to optional exemptions from munic-  
7 ipal taxes."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 29.45.050(b) is amended to read:

10 (b) A municipality may by ordinance

11 (1) classify boats and vessels for the purposes of taxation  
12 and may establish the assessed valuation of boats and vessels on the  
13 basis of their registered or certificated net tonnage;

14 (2) classify and exempt from taxation

15 (A) the property of an organization not organized for  
16 business or profit-making purposes and used exclusively for  
17 community purposes if the income derived from rental of that  
18 property does not exceed the actual cost to the owner of the use  
19 by the renter;

20 (B) historic sites, buildings, and monuments;

21 (C) land of a nonprofit organization used for agricul-  
22 tural purposes if rights to subdivide the land are conveyed to  
23 the state and the conveyance includes a covenant restricting use  
24 of the land to agricultural purposes only; rights conveyed to the  
25 state under this subparagraph may be conveyed by the state only  
26 in accordance with AS 38.05.069(c);

27 (3) exempt personal property from taxation;

28 (4) exempt business inventories from taxation;

29 (5) classify as to type and exempt or partially exempt any

Interior Public Employees Coalition

452-2023

2118 Cushman  
Fairbanks, Alaska 99701

File 4

Feb. 8, 1988

Dear Anissa,

Enclosed are those documents related to S.B. 372 that you requested.

I appreciate the time you spent with me. I always enjoy our talks.

Sincerely  
Barry

Barry Haight

A roll call vote was heard on the motion to postpone said resolution, as follows:

YEAS: Cleworth, Hajdukovich, Hayes  
NAYS: Halvarson, Purcell  
ABSENT: Norum  
The Mayor declared Resolution No. 2933,  
POSTPONED INDEFINITELY, which is as follows:

(Copy Resolution No. 2933)

l) Resolution No. 2934 - A resolution recommending approval of a contract to purchase two police cars from Seekins Ford under terms of FE-87-71 and subsequent reimbursement from a Highway Safety Planning Project, was presented. Hayes, seconded by Purcell, moved to adopt Resolution No. 2934.

The City Manager stated the city is in process of receiving grant funds for the funding of these vehicles as well as other items for the Police Department, which will be submitted at a later date as an amendment to the appropriation ordinance.

A roll call vote was heard on the motion to postpone said resolution, as follows:

YEAS: Hayes, Halvarson, Cleworth,  
Hajdukovich, Purcell  
NAYS: None  
ABSENT: Norum  
The Mayor declared Resolution No. 2934,  
PASSED and APPROVED, which is as follows:

(Copy Resolution No. 2934)

m) Resolution No. 2935 - A resolution to encourage developers to construct the upcoming 801 Housing Project within the city limits of Fairbanks, was presented. Halvarson, second by Purcell, moved to adopt Resolution No. 2935.

The Mayor asked if there was objection to the motion and, hearing none, declared the motion CARRIED.

The Mayor declared Resolution No. 2935,  
PASSED and APPROVED, which is as follows:

(Copy Resolution No. 2935)

n) Resolution No. 2936 - A resolution opposing continuance of PERA provisions for binding arbitration for municipalities, was presented. Cleworth moved to adopt Resolution No. 2936. without a second.

The Mayor declared Resolution No. 2936,  
DIED for lack of a second.

o) Ordinance No. 4734 - An ordinance to FGC Section 2.482 (F), renewal of certificate, by allowing plumbing contractors and journeyman plumbers to renew certificates that have been expired more than ninety days; and setting an effective date, was presented. Halvarson, seconded by Purcell, moved that a public hearing be scheduled for the next regular meeting of 2/8/88, the ordinance be advanced from first to second reading to be read by title only and come up for final passage at that time.

# ★ Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 1267

Fairbanks, Alaska 99707

907 452-4761

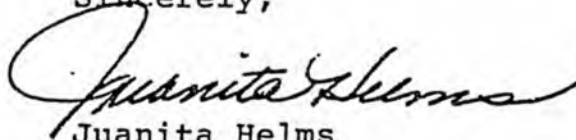
February 1, 1988

Honorable Mitch Abood  
Chairman  
Senate State Affairs Committee  
P.O. Box V  
Juneau, AK 99811

Dear Senator Abood:

I urge you to defeat SB 372. As a strong supporter of collective bargaining, I see this bill as the beginning of the end for public employee collective bargaining.

Sincerely,



Juanita Helms  
Borough Mayor

JH:rlf

cc: Members, Senate State Affairs Committee  
Interior Delegation

TESTIMONY TO SENATE STATE AFFAIRS COMMITTEE

SENATE BILL 372

February 3, 1988

My name is Barry Haight. I represent the Fairbanks Fire Fighters Association and I am also a professional fire fighter. The Fairbanks Fire Fighters oppose S.B. 372 and support the right of municipal employees to bargain collectively. That support includes binding arbitration as the appropriate method of impasse resolution for public safety employees.

While Fairbanks had originally opted out of the Public Employee Relations Act; bargaining of sorts continued with some employee groups. Then in the fall of 1983 due to discord; and lack of uniformity in dealing with employees, the City Council voted unanimously to place the City under PERA. Today you have before you legislation proposing to change that law as a solution to a local issue. We maintain that changing state law is not the answer and will not solve the local problem.

According to news reports, Fairbanks' Mayor requested this legislation so the City can avoid going to binding arbitration with police and fire fighters. He claims this is necessary because an arbitrator won't award pay and benefit concessions in favor of the City. Then the assertion is made that layoffs of fire and police personnel will be the result. Such statements and conclusions are not based on fact or experience and leave out relevant information.

I would like to take a couple minutes and provide some of that information to this committee.

The Fairbanks Fire Fighters have negotiated only one contract with the City since coming under PERA. That contract was amicably concluded five months ago without impasse or arbitration. It was approved by the City Council and not vetoed by the Mayor. It is remarkable that while negotiations were in progress, the Mayor was making public demands for concessions that were not made by the City's actual negotiator.

I think it is important for the committee to know agreements reached with the fire fighters contained wage and benefit concessions. In fact, all City employee groups have made a variety of wage, benefit and reduction of hours concessions.

Staffing levels in both the police and fire departments have been less than adequate for nearly a decade. In 1979 fire fighters and policemen were laid off and attrition by nonreplacement was begun and continues to date. The lack of public safety employees in Fairbanks today is not simply the result of the current revenue crisis. To attempt to draw a connection between lack of fire fighters and binding arbitration is deceptive and untrue. The present City Mayor has opposed hiring the proper number of fire fighters for almost six years, and this includes those years when huge amounts of shared revenue were available from the state and federal government.

The Fairbanks City Council does not share this negative view of binding arbitration or bargaining and rejected a resolution opposing binding arbitration at the January 25th council meeting. The resolution died for lack of a second.

Fairbanks has a local problem and part of that problem is revenue. While other communities have that same revenue problem they have reacted differently to it. Unlike Fairbanks they have a sales tax, and unlike Fairbanks their property taxes are considerably more than 2.8 mills.

Two Budget Committees selected and appointed by the Mayor within the last two years have urged increases in local effort for revenues. These recommendations were shelved and twice the council's efforts at raising local revenues were vetoed by the Mayor.

City employees are doing their part; in addition to wage and benefit concessions, other noncontractual money saving work arrangements have been accomplished. Now all that is needed is a property tax increase of less than one mill to deterr further layoffs and start Fairbanks off in a more positive direction for the future.

Senate Bill 372 will not solve our problem. It will add to the mistrust and may deterr voluntary cooperation between employee groups and local government.

We ask you to allow Fairbanks to solve its own difficulties and not pass S.B. 372 from committee.

February 10, 1988

Honorable Arliss Sturgelewski  
P.O. Box V  
Juneau, AK  
99811

Dear Senator Sturgelewski:

Senate bill SB 372, regarding PERA, is a solution being proposed for a non-existent problem. SB 372 is proposing to undo that which is already working well.

The argument that more local control is needed by municipalities is a smoke screen to the real issue. Accountability of government must rest with the elected officials. Disenfranchising public employees is not the way to assert tighter fiscal controls.


The Fairbanks Firefighters have NEVER used binding arbitration to settle an impasse on wages in its contract negotiations. During the contract talks in 1987 the Association agreed to wage reductions and changes in working conditions which led to cost savings.

Binding arbitration is being held up as the "boogey man" to Fairbanks' budget problems. Nothing could be further from the truth. The Mayor of the Northstar Borough has stated her opposition to this bill. The Council of the City of Fairbanks refused to advance a resolution favoring SB 372. Only the Mayor of Fairbanks is making SB 372 a personal crusade.

The need to restore public confidence in local government is of paramount importance. SB 372 does nothing toward this goal except to set the stage for disrupting the stable relationship between the employees who provide essential city services and the residents who expect such services. PERA has worked well and continues to work well giving a stable framework for the City and its employees to bargain in good faith with each other.

I urge you to vote against SB 372.

Thank you,

  
Peter Stern  
Box 60285  
Fairbanks AK 99706

February 10, 1988

Senator Arliss Sturgulewski  
Alaska Senate  
P.O. Box V, MS-3100  
Juneau, Alaska 99811

Dear Senator Sturgulewski:

As a person involved in an effort to start a secondary seafood processing business in Southeast Alaska, I want to express support for several measures currently before the House and Senate.

In our business planning, it is clear that secondary processing is on the verge of being viable in Alaska when compared with existing locations, primarily Seattle. Although it is still more practical to produce in Seattle, I believe the combination of HB 400 (SB 350), HB 408, and SB 367 will tip the scale and be the decisive factor in making possible ventures such as the one we plan.

The resulting growth of the processing industry in Alaska will shift a major source of employment and revenues from Seattle to Alaska and add year-round stability to the fisheries industry in Alaska.

I am sure you will find much resistance from existing companies who already base their operations outside the state. Keep in mind that your decision will not affect the total market for Alaskan resources ... all our fish are seeing increasing demand beyond our current supplies. However, your decision will affect the portion of money and jobs related to our fisheries that stays in the state! Please refer to the many studies, articles, and seafood usage reports which will substantiate this point (ex: U.S. Dept. of Commerce "Fisheries of the United States, 1986"). Even while frozen supplies of eastern cod are in surplus this year, frozen supplies of Alaskan fish are selling more rapidly each year.

It is time to increase Alaska's share of the money created from our fish resources. I encourage your support of these measures!

Sincerely,

  
Larry J. Smith

Box 901  
Haines, AK. 99827

# STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

- P.O. BOX B  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

February 3, 1988

## POSITION PAPER

RE: Senate Bill 367: "An Act relating to optional exemptions from municipal taxes."

SPONSOR: Senator Duncan

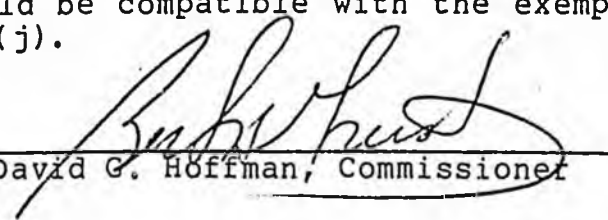
### Program Summary

This bill relates to property taxes and adds two sections to the optional exemptions that municipalities may adopt under AS 29.45.050. Under current law, municipalities may exempt all business inventories from taxation. Paragraph (6) of this bill would allow municipalities to classify and exempt certain inventories from taxation, specifically, those inventories made in Alaska from Alaska resources.

Paragraph (7) of the bill would allow municipalities to exempt real and personal property used in the processing of marine resources. This is similar to existing language which currently allows municipalities to exempt up to 75% of timber processing property [AS 29.45.050 (j)].

### Comments

The Department supports passage of this bill with two amendments. We recommend that the percentage of exemption currently allowed under AS 19.45.050(j) (see attached) be changed from 75% to 100% to be consistent with paragraph (7) of this bill. In addition, we suggest the bill be amended to provide for an exemption which would not exceed five years in duration. That amendment would be compatible with the exemption allowance under AS 29.45.050 (j).

  
David G. Hoffman, Commissioner

ATTACHMENT

Section 1.(7) amend by adding:

An ordinance adpoted under this subsection may not provide for an exemption that exceeds five years in duration.

Section 2. AS 29.45.050(j) is amended to read:

A municipality may by ordinance approved by the voters exempt real or personal property in a taxing unit used in processing timber after it has been delivered to the processing site from up to 100 [75] percent of the rate of taxes levied on other property in that taxing unit. An ordinance adopted under this subsection may not provide for an exemption that exceeds five years in duration.

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: "An Act relating to optional exemptions from municipal taxes."  
Sponsor: Duncan  
Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
BRU: Local Government Assistance  
Components: State Assessor

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

**ANALYSIS : (Attach a separate page if necessary)**

Prepared by: Jim Plasman, Deputy Director  
Division: Municipal & Regional Assistance  
Approved by Commissioner: [Signature]  
Agency: Community & Regional Affairs

Phone: 465-4750  
Date: 1-27-88  
Date: 1-27-88

**Distribution (by preparer):**


Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

# Alaska MUNICIPAL League

TELEPHONE  
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301  
JUNEAU, ALASKA 99801

TO: The Honorable Jim Duncan, Senator

FROM: Scott A. Burgess, Executive Director 

DATE: February 2, 1988

SUBJECT: SB 367 - Optional exemptions from municipal taxes

On behalf of its 135 municipal members, the Alaska Municipal League supports SB 367, allowing municipalities to exempt inventory and property taxes on certain natural resources industries. In addition, I would like to offer the following comments.

The AML's support is based on the 1988 AML Policy Statement language below:

PART X - ECONOMIC DEVELOPMENT, B. INCENTIVES:

1. Local Incentives: The League urges the Legislature to adopt legislation which would allow local municipalities greater flexibility through the use of local options in offering property tax incentives to new and expanding industry and business.

The bill would accomplish this in the area of optional exemptions on "inventories produced from the processing or manufacturing in the state of a natural resource originating in the state" and optional exemptions on "real and personal property used in the processing or manufacturing of fisheries resources". A similar provision is provided in AS 29.45.050(j), allowing a more limited exemption for timber processing.

The AML would request that you or the Senate Community and Regional Affairs Committee broaden the language to allow municipalities the option of exempting taxes on any business or industry. Many municipalities do not enjoy the wealth of natural resources available to Juneau and, therefore, cannot attract resource-related industries or businesses. However, once a municipality identifies the type of industry or business it wishes to attract or support, it should have similar "tools" available such as offering tax incentives.

Again, the AML supports SB 367 but asks that it be broadened to allow all municipalities to benefit from flexibility in the statutes dealing with local taxing powers. Allowing optional tax exemptions for all businesses and industries will provide municipalities another option in developing community development strategies to fit their unique circumstances.

cc: Senator Sturgulewski, Chair, Senate Community and Regional Affairs Committee

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

Senate C+R.A 2-9-88 3:35p.m.

FORMULA FUNDING DEMONSTRATION

	SMART BOROUGH	NOTSO BOROUGH	LOCAL REVENUE LOSS
locally assessed			
REAL PROPERTY	\$2,365,476,800	\$2,539,851,700	
PERSONAL PROP.	\$169,156,760	\$358,626,570	
OIL & GAS	\$4,119,140	\$4,199,140	
	2,538,752,700	2,902,677,410	
MILLRATE SET	5.30	5.30	
DC&RA full value	2,902,677,410	2,902,677,410	
LESS optional exempt			
WHATEVER	0	60,000,000	
INCENTIVES	0	10,000,000	
TOTAL EXEMPT AS 29 45 050		70,000,000	\$371,000 TAX EXEMPT (2.4%)
full value determina	2,902,677,410	2,972,677,410	
TAX REVENUE B9XB11	13,455,389	13,084,389	
MILLAGE RATE EQUIVAL	4.64	4.40	
POPULATION	44,200	44,200	
REVENUE SHARING			
POPULATION	44,200	44,200	
MILLRATE EQUIV	0.00464	0.00440	
ENTITLEMENT	205	195	
APPLIED TO POPULATIO	9,056,117	8,599,045	\$457,072 REVENUE SHARING \$1.23 PER \$ EXEMPT
SCHOOL FOUNDATION FUNDING			
INSTRUCT UNITS	539	539	
VALUE PER UNIT	60,000	60,000	
BASIC NEED	32,340,000	32,340,000	
LOCAL CONTRIBUTION			
max 6 mills CURREN	17,416,064	17,836,064	
ENTITLEMENT	\$14,923,936	\$14,503,936	\$420,000 FNDATION FUNDING \$1.13 PER \$ EXEMPT
TOTAL FISCAL LOSS		<u>\$1,248,072</u>	
LOCAL COST PER TAX DOLLAR EXEMPTED		\$3.36	

THIS IS A DEMONSTRATION OF THE RELATIONSHIP BETWEEN OPTIONAL PROPERTY TAX EXEMPTION (AS29.45.050) AND AFFECT ON TOTAL REVENUES OF A MUNICIPALITY. IT SHOWS THAT THE INCREASED REVENUE BURDEN ON OTHER TAXPAYERS IS FAR GREATER THAN JUST THE AMOUNT OF TAX DOLLARS EXEMPTED. THE RESULTS OF EXERCISE WILL VARY IN DIFFERENT MUNICIPALITIES AND DIFFERENT LEVELS OF LOCAL CONTRIBUTION TO EDUCATION HOWEVER IN ALL CASES THERE ARE HIDDEN COSTS TO BE CONSIDERED IN DECISION TO OPTIONALLY EXEMPT PROPERTY FROM LOCAL LEVY.



# Matanuska-Susitna Borough

BOX B. PALMER, ALASKA 99645 • PHONE 745-9642  
DEPARTMENT OF ASSESSMENT

February 26, 1988

*McKie*  
Mr. McKie Campbell  
Aide to Senate Committee  
on Community & Regional Affairs  
Capitol, Room 427  
Juneau, AK. 99811

Dear Mr. Campbell:

I have read with interest Mr. Worley's rebuttal to testimony given regarding a demonstration of relationship of optional property exemptions and Municipal Revenue Sharing and School Foundation Funding.

The statements I made were intended to emphasize the fact that optional exemptions have effect on state funding received and little more. Inaccuracies exist but, in theory and fact, the concept of local effort and mill rate equivalent are affected by Full Value Determination and hence affect revenues of the respective programs.

I will not belabor the fact of whether 70 million is a possible and realistic "could be" estimate. It certainly is reasonable in view of AS29.45.050(a) based on about 14000 residences, to say nothing of other optional exemptions a municipality may adopt.

It is surprising "the number" issue is presented in that motor vehicle value optionally exemption, under AS29.45.050, for which a tax is specifically levied in AS10.431 is added to the Full Value Determination of even those municipalities which have not exempted other personal property. This addition to Full Value Determination for the MSB in 1987 was over 180 million of assessed value.

The second page, paragraph two, contains statement "the granting of optional exemptions does not influence the Full Value Determination". I trust this is offered in the heat of debate as you will note that the report attached to Mr. Worley's memo even indicates, in handwritten notation, that the value of optional exemptions be added to Full Value Determination. Also, it is common knowledge that vehicle value, AS29.45.050(b)(2)(C)(5) was appealed by 10 municipalities this past year.

All of this aside, my purpose in discussing the cost of optional exemptions from property taxation is to call attention to results, not specifics.

1. It results in lost tax revenue
2. It affects Revenue Sharing receipts
3. It affects School Foundation Funding

It is the subsidiary financial aspects of additions to AS29.45.050 which need to be carefully considered in regard to proposals such as SB367 and HB429.

Granted, adoption of such exemptions would rest in local municipalities and I heartily agree that legislative and local governing bodies fully understand the impact of such options.

Sincerely,



Gary A. Lewis  
Borough Assessor

ys

cc: Scott Burgess, AML  
Wayne Haerer, President AAAO  
Mike Worley, State Assessor

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

### MUNICIPAL & REGIONAL ASSISTANCE DIVISION

- |   |   |   |   |
|---|---|---|---|
| <input type="checkbox"/> 949 E. 36TH AVENUE, SUITE 400<br>ANCHORAGE, ALASKA 99508-4302<br>PHONE: (907) 561-8586 | <input type="checkbox"/> P.O. BOX 348<br>BETHEL, ALASKA 99559-0348<br>PHONE: (907) 543-3475     | <input type="checkbox"/> P.O. BOX 10041<br>DILLINGHAM, ALASKA 99576-1041<br>PHONE: (907) 842-5135 | <input type="checkbox"/> 1514 CUSHMAN STREET, ROOM 210<br>FAIRBANKS, ALASKA 99701-6286<br>PHONE: (907) 452-7126 |
| <input checked="" type="checkbox"/> P.O. BOX BH<br>JUNEAU, ALASKA 99811-2110<br>PHONE: (907) 465-4750           | <input type="checkbox"/> 710 MILL BAY RD.<br>KODIAK, ALASKA 99615-6340<br>PHONE: (907) 486-5736 | <input type="checkbox"/> P.O. BOX 350<br>KOTZEBUE, ALASKA 99752-0350<br>PHONE: (907) 442-3696     | <input type="checkbox"/> P.O. BOX 41<br>NOME, ALASKA 99762-0041<br>PHONE: (907) 443-5457                        |

February 18, 1988

Mr. McKie Campbell  
Aide to Senate Committee  
on Community and Regional Affairs  
Capitol, Room 427  
Juneau, AK, 99811

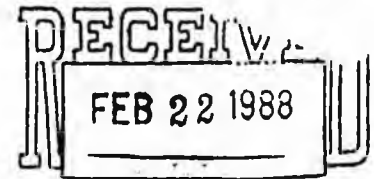
Dear Mr. *McKie* Campbell:

The "Formula Funding Demonstration" (copy enclosed) presented to the Senate Community and Regional Affairs Committee on February 9, 1988 during testimony by the Alaska Municipal League (AML) pointed to several examples which supposedly showed the relationship between optional property tax exemptions and their effect on total revenues of a municipality. We believe each of these examples was presented incorrectly. Following are the same examples as we believe they would actually occur.

The "demonstration" assumes \$70,000,000 to be optionally exempted for purposes of illustration. The municipality used as the model for this exercise was Matanuska-Susitna Borough. Mat-Su presently exempts \$4,708,8000 of assessed value under AS 29.45.050 as certified to our office in last year's Annual Report from the Borough (see copy attached). At a millage rate of 5.30, the revenues "lost" from those exemptions amount to \$24,957, or about \$.56 per capita annually. That loss of revenues is about 15 times lower than the \$371,000 used in the example.

It is important to remember that passing legislation to allow municipalities the option of exempting property does not create a loss in revenues. Municipal assemblies and councils bear the responsibility of deciding whether or not optional exemptions will be adopted into law. We do not believe it is realistic to think the assembly of a borough such as Mat-Su would exempt \$70,000,000 in assessed values to benefit commerce or industry, considering the current amount of assessed value actually exempted there. The \$70,000,000 used in the example appears to us to have been arbitrarily and inappropriately selected.

ASSESSMENT DEPT.



Mr. McKie Campbell  
February 18, 1988  
Page Two

In order for revenue sharing entitlements to be affected by property tax exemptions, one must assume the loss in revenues created by the exemptions would not be offset by shifting the tax burden to other taxable properties. In fact, municipal budgets usually stay the same or increase each year, which necessarily causes such a shift in the tax burden to occur.

For that reason, we believe the granting of an optional exemption would have no impact on the level of revenue sharing funds received by municipalities. The amount of local effort required by municipalities is based on the Full Value Determination which is developed by our office. The granting of optional exemptions does not influence the Full Value Determination. Therefore, it is not possible for the level of local education funding to change due to the granting of such an exemption.

Summary:

We believe the \$70,000,000 hypothetical level of exemption in the "demonstration" is unrealistic. We further believe the shift of the tax burden to other taxable property would cause no negative impact to the municipality in the state revenue sharing program. In any event, granting exemptions would have no impact on local effort for education funding. Instead of the \$1,248,072 of fiscal loss alleged by the "ML" document, the total fiscal impact which actually exists in the borough due to the granting of local option exemptions is \$24,957.

Our Position on SB 367:

Proposals to exempt property from taxation are usually met with little resistance from the general taxpaying public. We believe one reason for this is that many people do not fully understand the concept of shifting the tax burden. But even if there were a widespread understanding of that concept, the impact to individual taxpayers resulting from such a shift is normally so minimal as to go almost unnoticed. That argument is often used by those who speak against bills which provide for optional exemptions. We do not believe, however, that argument is a valid one when dealing with a bill which intends to provide long term economic benefits for the good of the community by granting a short term exemption.

We believe the answer to this issue is not to deny municipalities choices by defeating proposals such as those contained in SB 367. The proper way to address the problem is for municipal assessing offices and offices like ours to be

Mr. McKie Campbell  
February 18, 1988  
Page Three

certain municipal governing bodies understand all the ramifications of granting optional property tax exemptions to certain sectors of the taxpaying public. If the benefits accruing to a community as a result of granting an exemption are greater than the cost to the taxpaying public of shifting the tax burden, we believe the exemption should be granted.

Sincerely



Michael W. Worley  
State Assessor

Enclosures

cc: Scott Burgess, AML  
Gary Lewis ✓

FORMULA FUNDING DEMONSTRATION

	SMART BOROUGH	NOTSO BOROUGH	LOCAL REVENUE LOSS
locally assessed			
REAL PROPERTY	\$2,365,476,800	\$2,539,851,700	
PERSONAL PROP.	\$169,156,760	\$358,626,570	
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	2,538,752,700	2,902,677,410	
MILLRATE SET	5.30	5.30	
DC&RA full value	2,902,677,410	2,902,677,410	
LESS optional exempt			
WHATEVER	0	60,000,000	
INCENTIVES	0	10,000,000	
TOTAL EXEMPT AS 29.45.050		70,000,000	\$371,000 TAX EXEMPT (2.4%)
full value determina	2,902,677,410	2,972,677,410	
TAX REVENUE B9XB11	13,455,389	13,084,389	
MILLAGE RATE EQUIVAL	4.64	4.40	
POPULATION	44,200	44,200	
REVENUE SHARING			
POPULATION	44,200	44,200	
MILLRATE EQUIV	0.00464	0.00440	
ENTITLEMENT	205	195	
APPLIED TO POPULATIO	9,056,117	8,599,045	\$457,072 REVENUE SHARING \$1.23 PER \$ EXEMPT
SCHOOL FOUNDATION FUNDING			
INSTRUCT UNITS	539	539	
VALUE PER UNIT	60,000	60,000	
BASIC NEED	32,340,000	32,340,000	
LOCAL CONTRIBUTION			
max 6 mills CURREN	17,416,064	17,836,064	
ENTITLEMENT	\$14,923,936	\$14,503,936	\$420,000 FNDATION FUNDING \$1.13 PER \$ EXEMPT
TOTAL FISCAL LOSS			<u>\$1,248,072</u>
LOCAL COST PER TAX DOLLAR EXEMPTED			\$3.36

THIS IS A DEMONSTRATION OF THE RELATIONSHIP BETWEEN OPTIONAL PROPERTY TAX EXEMPTION (AS29.45.050) AND AFFECT ON TOTAL REVENUES OF A MUNICIPALITY. IT SHOWS THAT THE INCREASED REVENUE BURDEN ON OTHER TAXPAYERS IS FAR GREATER THAN JUST THE AMOUNT OF TAX DOLLARS EXEMPTED. THE RESULTS OF EXERCISE WILL VARY IN DIFFERENT MUNICIPALITIES AND DIFFERENT LEVELS OF LOCAL CONTRIBUTION TO EDUCATION HOWEVER IN ALL CASES THERE ARE HIDDEN COSTS TO BE CONSIDERED IN DECISION TO OPTIONALLY EXEMPT PROPERTY FROM LOCAL LEVY.

ANNUAL REPORT  
OF  
ASSESSMENT AND TAXATION

The information published in Alaska Taxable, and in other documents, is based upon the annual reporting of full and true assessment and taxation from each municipality. Your cooperation in completing this report is essential to the accuracy of the publications and information distributed by the Department of Community and Regional Affairs. This report is also a requirement under AS 29.20.640(a)(3) as a prerequisite for receipt of state shared revenue under AS 29.60, and will be used to develop the Full Value Determination for that and other state programs, including education funding under AS 14.17.140.

It is required that the report be certified -- both by the Assessor, who has chief responsibility for values, and the Chief Administrator, who has a large degree of responsibility for rates and overall administration.

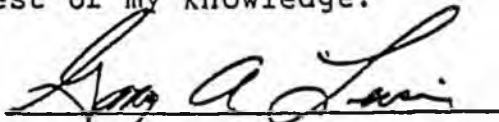
CERTIFICATION

I, Gary A. Lewis, Assessor for the  
(type or print name)

Matanuska-Susitna Borough, hereby certify  
(municipality)

the information contained in the attached forms is complete and correct according to the best of my knowledge.

Signed



Dated

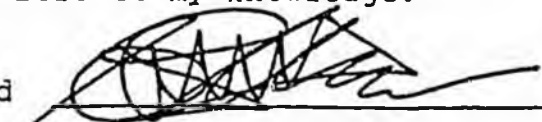
7-23-87

I, John Hale, Chief Administrator  
(type or print name)

for the Matanuska-Susitna Borough, hereby certify  
(municipality)

the information contained in the attached forms is complete and correct according to the best of my knowledge.

Signed



Dated

7/23/87

AS 29.45.050  
OPTIONAL EXEMPTIONS AND EXCLUSIONS

(do not include property required to be exempt under state statutes.)

Please break down your optional exemptions and exclusions into three categories as follows:

- 1) a \$10,000 residential exemption;
- 2) an exemption for Seniors/Disabled Veterans, adopted by ordinance, for assessed value that exceeds \$150,000; and
- 3) any other optional exemptions adopted by the municipality.

AS 29.45.050(a) Residential Property Exemption

This exemption is up to the first \$10,000 of residential property.

Has your municipality adopted this exemption? \_\_\_\_\_ yes X no

° Total Amount Exempted: \$ \_\_\_\_\_

AS 29.45.050(i) states:

(i) A municipality may by ordinance approved by the voters exempt from taxation the assessed value that exceeds \$150,000 of real property owned and occupied as a permanent place of abode by a resident who is

(1) 65 years of age or older;

(2) a disabled veteran; or

(3) at least 60 years old and a widow or widower of a person who qualified for an exemption under (1) or (2) of this subsection.

Has your municipality passed such an ordinance? \_\_\_\_\_ yes X no

° Total Estimated Value  
Exempt Beyond \$150,000: \$ \_\_\_\_\_

AS 29.45.050 Remainder of Optional Exemptions

Real Property Exempt

° No. of Properties Tax Exempt: 43

° Estimated Value of Properties: \$ 4,708,800

Citation of Statute(s) Authorizing Exemption(s):

AS 29. 45.050(b)(2)(A)

AS 29. \_\_\_\_\_

AS 29. \_\_\_\_\_

SB

372

S.B. 372 resolution vote on bottom of  
page 9 + top of page 10

MINUTES

RESCHEDULED MEETING

*Fairbanks*  
CITY COUNCIL

March 28, 1988

A rescheduled meeting of the City Council was held at 7:00 p.m., on the above date, in the Council Chambers, 620 Fifth Avenue, Mayor Bill Walley presiding, and with the following Council Members in attendance:

Jerry Cleworth, Mary Hajdukovich, Janet Halvarson,  
Jim Hayes, Jerry Norum, Lowell Purcell

Also Present: Brian C. Phillips, City Manager  
Herb Kuss, City Attorney  
Virgil Gillespie, Deputy City Manager - Utilities  
Carma B. Roberson, City Clerk

INVOCATION

The invocation was given by W. R. Blackburn, First Shiloh Missionary Baptist Church.

PRESENTATION OF EMPLOYEE SERVICE AWARDS

The Mayor and City Manager presented a service award to the following employee:

Robert Helstrom, Utility Meter Reader, MUS/Billing Dept., 5 years

The following employee received a service award but was not present to accept the award in person:

Suzanne Drew, Account Specialist, MUS/Accounting Dept., 5 years

APPROVAL OF PREVIOUS MINUTES

- a) Regular Meeting, dated March 7, 1988, were presented.
- b) Reconvened Meeting, dated March 9, 1988, were presented.

Halvarson, seconded by Cleworth, moved to approve items a) and b). Without objection, the Mayor declared the motion CARRIED and ordered the minutes filed as presented.

SPECIAL ORDERS

None

MAYOR'S COMMENTS

The Mayor informed Council of recommendation of the following individual to serve on the Transportation Commission and requested Council's approval:

Dan Charles Mussatti                      Term to expire: August 31, 1989  
P.O. Box 83110  
Fairbanks, Alaska 99708

Purcell, seconded by Norum, moved to concur with the Mayor's recommendation. Without objection, the Mayor declared the motion CARRIED.

The Mayor briefed Council on the recent meeting of FDA regarding his suggestion of purchasing Savoy Bar Block, negotiation team with owners, and possible condemnation proceeding. The Mayor informed Council the FDA voted 4-3 to pursue the parking garage complex and explained public use and friendly condemnation proceedings.

The Mayor discussed briefly Ordinance No. 4755, saying Council will probably postpone action until regular meeting of April 18.

The Mayor discussed the coal contract. He said even though Utility Board almost unanimously supports contract, he feels ten years is too long. The Mayor discussed his veto power regarding a contract such as this, and uncertain if coal will be required 7-8 years from now, in regards to the gas line.

The Mayor said a Mayors' Group has been formed and briefly explained a "4 Point Program" being taken to Legislature regarding school funding, municipal assistance, shared revenue, etc. The Mayor and City Manager will be meeting with the Governor April 6 to discuss his position on these programs. A meeting will be scheduled, at a later date, with all railbelt mayors to meet with the Governor. The Mayor briefly commented on the Governor's ideas of potential local taxation.

The Mayor spoke in favor of Resolution No. 2954 regarding PERA, saying it is a matter of local option for municipalities. The Mayor discussed reasons for support saying binding arbitration has caused tremendous pressure on the budgetary process of City of Fairbanks.

The Mayor reported the Telephone Divestiture Committee conducted a meeting today and he was requested to inform Council of their decision. Due to none of the offers being of high enough value, the committee is recommending no action to be take at this time.

Hayes queried as to how much this report has cost the city, regarding committee, study, advertising, etc. Discussion of council and City Manager concluded it has been an 18-month venture and would be difficult to compute the exact amount, and would have to be an estimate.

#### UNFINISHED BUSINESS

a) Ordinance No. 4739 - An ordinance to submit to the qualified voters of the City of Fairbanks the question of a charter amendment to change the fiscal year of city government from a calendar fiscal year to a June - May fiscal year. (Postponed from 3/7/88), was presented and, without objection, read by title only. Cleworth, seconded by Hajdukovich, moved to adopt Ordinance No. 4739.

The Mayor noted this had been postponed for PUB's recommendation. Memorandum from PUB indicates unanimous decision to defeat the ordinance.

Cleworth asked for clarification as to whether an ordinance states MUS and City must have same fiscal year. After a brief discussion, Mr. Kuss, City Attorney, stated this was Charter Rule with the Mayor adding a charter amendment would have to be put to voters for change.

Cleworth said his concern for the presentation of this ordinance was for the city, not concerned about MUS ramifications. A lot of people over the years recommend change and he concurs. Cleworth added this is an issue to be resolved and should be put on ballot.

A roll call vote was heard on the motion to adopt, as follows:

YEAS: Cleworth, Hajdukovich  
NAYS: Halvarson, Hayes, Norum, Purcell  
The Mayor declared Ordinance No. 4739,  
FAILED.

b) Ordinance No. 4752 - An ordinance to amend FGC Chapter 7, Traffic, Sec. 7.08.118, Authority to Impound Vehicles, by adding a new subsection providing for Post-Towing hearing. Second reading and public hearing, was presented and, without objection, read by title only. Hayes, seconded by Purcell, moved to adopt Ordinance No. 4752.

Council was resolved to a Committee of the Whole to hear public testimony and the Mayor inquired if anyone in the audience or council member desired to be heard. There being none, the Committee reverted back to Council.

A roll call vote was heard on the motion to adopt, as follows:

YEAS: Hajdukovich, Halvarson, Hayes,  
Norum, Purcell, Cleworth  
NAYS: None  
The Mayor declared the motion CARRIED  
and Ordinance No. 4752, ADOPTED, which  
is as follows:

(Copy Ordinance No. 4752)

c) Ordinance No. 4753 - An ordinance to amend Ordinance No. 4718, the fourth amendment, to increase funding for the budget in the amount of \$10,000 for updating the 1986 comprehensive human needs assessments. Second reading and public hearing, was presented and, without objection, read by title only. Hayes, seconded by Purcell, moved to adopt Ordinance No. 4753.

Council was resolved to a Committee of the Whole to hear public testimony and the Mayor inquired if anyone in the audience or council member desired to be heard.

Elaine McKenzie, Chairperson of Health and Social Services Commission, addressed Council. Ms. McKenzie discussed the necessity of updating report emphasizing changes in local economy.

Cleworth voiced objections to 5% of administration costs to be used for update.

Hajdukovich complimented McKenzie for her efforts and expressed her support for the assessment plan and funding.

Hayes spoke in favor of the block grant for health and social services, and supports the ordinance.

There being no further testimony, the Committee reverted back to Council.

Norum commented on memorandum from City Manager with recommendation for approval and gave reasons for his support of the ordinance.

A roll call vote was heard on the motion to adopt, as follows:

YEAS: Halvarson, Hayes, Norum, Purcell  
Hajdukovich  
NAYS: Cleworth  
The Mayor declared the motion CARRIED  
and Ordinance No. 4753, ADOPTED, which  
is as follows:

(Copy Ordinance No. 4753)

d) Ordinance No. 4754 - An ordinance to amend Ordinance No. 4718, the fifth amendment to increase funding for the Engineering Division in the amount of \$220,000. Second reading and public hearing, was presented and, without objection, read by title only. Halvarson, seconded by Norum, moved to adopt Ordinance No. 4754.

Council was resolved to a Committee of the Whole to hear public testimony and the Mayor inquired if anyone in the audience or council member desired to be heard. There being none, the Committee reverted back to Council.

Halvarson explained costs are covered by the MUS bond sale and grant funds, this is not an incurring cost to city general fund. Halvarson spoke in support of ordinance.

Norum commented in favor of ordinance and said funds are from non-local tax funding and suggested projects begin since funds are from the projects themselves.

A roll call vote was heard on the motion to adopt, as follows:

YEAS: Hayes, Norum, Purcell, Cleworth,  
Hajdukovich, Halvarson  
NAYS: None  
The Mayor declared the motion CARRIED  
and Ordinance No. 4754 ADOPTED, which  
is as follows:

(Copy Ordinance No. 4754)

e) Ordinance No. 4755 - An ordinance to amend FGC Chapter 5, Taxation, Article IV, Hotel/Motel Tax, Sec. 5.402, purpose and limitation, and Sec. 5.402.A, reports. Second reading and public hearing, was presented and, without objection, read by title only. Purcell, seconded by Norum, moved to adopt Ordinance No. 4755.

Purcell, seconded by Norum, moved to postpone to regular meeting of April 18, 1988 and also set a work session for April 11, 1988 at 5:00 p.m.

The Mayor informed the public this postponement, without objection, was made at a prior work session. The Mayor asked if anyone in the audience desired to be heard and give testimony at this time.

The Mayor asked if there was objection to the motion and, hearing none, declared the motion CARRIED and the ordinance POSTPONED.

f) Ordinance No. 4756 - An ordinance to amend Ordinance No. 4718, the sixth amendment, to increase funding for the Building Department in the amount of \$109,296 and a decrease in the Police Department in the amount of \$6,000. Second reading and public hearing, was presented and without objection, read by title only. Hayes, seconded by Norum, moved to adopt Ordinance No. 4756.

Council was resolved to a Committee of the Whole to hear public testimony and the Mayor inquired if anyone in the audience or council member desired to be heard. There being none, the Committee reverted back to Council.

Cleworth, seconded by Hajdukovich, moved to amend ordinance to say: eliminate one (1) fire inspector and one (1) clerk in fire inspection office. Cleworth continued to explain his reasons.

The Mayor asked if there was objection to the motion. Norum objected.

A roll call vote was heard on the motion, as follows:

YEAS: Cleworth, Hajdukovich  
NAYS: Norum, Purcell, Halvarson, Hayes  
The Mayor declared the motion FAILED.

A roll call vote was heard on the motion to adopt, as follows:

YEAS: Purcell, Cleworth, Hajdukovich,  
Halvarson, Hayes, Norum  
NAYS: None  
The Mayor declared the motion CARRIED  
and Ordinance No. 4756, ADOPTED, which  
is as follows:

(Copy Ordinance No. 4756)

Norum, seconded by Purcell, moved for immediate reconsideration.

A roll call vote was heard on the motion, as follows:

YEAS: None  
NAYS: Cleworth, Hajdukovich, Halvarson,  
Hayes, Norum, Purcell  
The Mayor declared the motion FAILED.

#### CITIZEN'S COMMENTS

Frank Turney, P.O. Box 1015, Fairbanks, Alaska, informed council he was a prison advocate. Mr. Turney discussed "sting" operations involving felons carrying guns, releasing confidential information from City Attorney and City Police Departments, and computer work plan for prisoners.

Andy Warwick, 3200 Riverview Drive, addressed Council. Mr. Warwick commented on bill pending in legislature to authorize construction of gas line from Wasilla to Fairbanks. He also discussed Resolution No. 2950 and wondered if council has considered a shorter term, possibly 5 years. Mr. Warwick commented on benefits of

gas and voiced his opinion of a coal contract for 5 years in which time the gas line should be completed.

Marty Rose, 1600 Washington Drive, addressed Council. Mr. Rose agreed with Mayor and Mr. Warwick regarding Resolution No. 2950, saying 10 years is a long contract and gave reasons.

Mr. Rose spoke in favor of Resolution No. 2954 in that employees should not be obligated to PERA. Mr. Rose referred to an article in the Arizona Republic of February 22, 1988 and requested council read thoroughly and stated reasons.

Ann Smith, 1903 Capitol Avenue, addressed Council. Ms. Smith addressed Resolution No. 2954 and read a letter she received from Senator Fanning. The letter explained reason behind bill by clarifying intent of original 1972 law, by giving a municipality or political subdivision the choice to either opt in or out of PERA. Ms. Smith distributed copies of the bill and letter from Fanning to Council members. (Clerk's note: Copies were not given to City Clerk)

Ms. Smith also commented on Fairbanks North Star Borough's delinquent tax list published in the All Alaska Weekly.

Donna Gilbert, 2223 South Cushman, addressed Council. Ms. Gilbert spoke in favor of Resolution No. 2954 (PERA).

Ms. Gilbert said council needs to represent city as a whole, not one little group. In two elections, voters sent message to make some differences in city and give a little bit, so voters would want to work together but the city won't listen.

Rick Hundrup, Controller for Usibelli Coal Mine, Box 332, Healy, Alaska, urged Council to pass Resolution No. 2950. Mr. Hundrup discussed savings by city on a 10 year contract for coal rather than year-by-year. Mr. Hundrup commented savings to city of \$600,000 yearly could help fund other needs for city, i.e. from payback of bond issues to upgrade the existing plant. Mr. Hundrup further added contract removes an uncertainty from power plant and thus city operating budget, thereby adds stability at lower cost to rate base being passed to Fairbanks utility customers. Another reason it would add to moral and efficiency to MUS power plant employees knowing a commitment to burn coal for another ten years. Mr. Hundrup stated coal still controls 57% of market in power production in the United States.

Discussion as to comparative prices on last 10-year contract and proposed contract, and tonnage prices of coal shipped to Korea and to Fairbanks.

Mr. Hundrup concluded by saying Usibelli can be competitive with whatever alternative fuels available, but cannot compete with "phantom" projects and prices.

The Mayor informed Mr. Hundrup reason the Utilities Board signed short term contracts and involved with long negotiations was due to price being too high for the 10-year contract.

Amy Gossett, 5520 Old Steese North, addressed Council. Ms. Gossett commented briefly against Resolution No. 2954, saying she supports PERA. Ms. Gossett also mentioned she has property within city limits.

Don Allmond, Sr., 1103 Nenana Street, urged council to defeat Resolution No. 2954 and said PERA is stability to public employees. Mr. Allmond said he understands this is just a bill, but this is sending a message to employees that the city does not want to improve labor relations. He added PERA is "backbone" to collective bargaining.

Cleworth commented Resolution No. 2954 does not take collective bargaining away.

Joe Thomas, 17 Bridget Street, addressed Council. Mr. Thomas spoke against Resolution No. 2954 and agreed with Mr. Allmond's testimony. Mr. Thomas also mentioned the city can't depend on grants continuously, sooner or later a tax will have to be implemented, possibly a one-percent sales tax with no exemptions. Mr. Thomas agreed with approving contract with CJM Construction which will create more jobs in the area.

Richard Clauson, 5520 Old Steese, addressed Council. Mr. Clauson voiced opposition to Resolution No. 2954 (PERA).

Hugh Dugan, 359 Slater Street, told council he believed in binding arbitration. Mr. Dugan also commented in favor of Resolution No. 2950, regarding the coal contract.

Mr. Dugan questioned when Resolution regarding Illinois Street project will be before council, with the Mayor responding next regular meeting of April 4, 1988.

Charles Malin, Sr., 989 Cranberry Ridge Drive, addressed Council. Mr. Malin told council he owns property within city limits. He spoke against Resolution No. 2954. He said the National Labor Relations Act guarantees any workers in the United States the right to collective bargaining, if they so desire. He said bargaining is a two-way street and should be achieved to the best interest of both parties.

Mr. Malin said he had a question for ITA, since a couple of hundred people have been layed off, has anyone noticed any improvement in economy. Many foreclosures are listed, notice the people burdened now are the 12,000-13,000 property owners in Fairbanks.

Cleworth asked Mr. Malin if he was a union member and whether he worked for the city or borough. Mr. Malin said he was in the operator's union and did not work for either the city or borough.

At 8:40 p.m., without objection, the Mayor called a 5-minute recess.

The Mayor called the meeting back to order

#### NEW BUSINESS

a) Resolution No. 2948 - A resolution authorizing the City Manager to execute an agreement with the Department of Environmental Conservation for grant funds in the amount of \$142,431 for the Northeast Water and Sewer, Phase III (Derby Tract Subdivision Project), was presented and, without objection, read by title only. Halvarson, seconded by Norum, moved to adopt Resolution No. 2948.

A roll call vote was heard on the motion to adopt, as follows:

YEAS: Hajdukovich, Halvarson, Hayes,

Norum, Purcell, Cleworth  
NAYS: None  
The Mayor declared the motion CARRIED  
and Resolution No. 2948 PASSED and  
APPROVED, which is as follows:

(Copy Resolution No. 2948)

b) Resolution No. 2949 - A resolution amending the professional services contract with R.W. Beck and Associates, Inc. for record drawing preparation for the Downtown Utility/Street Upgrade Project - Phase I in an amount not to exceed \$30,065, was presented and, without objection, read by title only. Hajdukovich, seconded by Halvarson, moved to adopt Resolution No. 2949.

A roll call vote was heard on the motion to adopt, as follows:

YEAS: Halvarson, Hayes, Norum, Purcell,  
Cleworth, Hajdukovich  
NAYS: None  
The Mayor declared the motion CARRIED  
and Resolution No. 2949 PASSED and  
APPROVED, which is as follows:

(Copy Resolution No. 2949)

c) Resolution No. 2950 - A resolution authorizing the Fairbanks Municipal Utilities System to enter into a ten (10) year coal contract with Usibelli Coal Mines, was presented and, without objection, read by title only. Hayes, seconded by Cleworth, moved to adopt Resolution No. 2950.

Cleworth said with all the opposition from public regarding a 10-year contract he would like Mr. Joe Usibelli, Jr. to come forward for questions from council.

Discussion between Council and Mr. Usibelli regarding negotiation possibilities in the event a better energy source becomes available during the 10-year coal contract and a price freeze included in contract for the first three years.

The Mayor asked if management was completely supportive of the contract, with Mr. Gillespie responding in the affirmative.

The time being 8:58 p.m., Halvarson  
moved to extend the meeting until  
finished. Without objection, the  
Mayor so ORDERED.

A roll call vote was heard on the motion to adopt, as follows:

YEAS: Hayes, Norum, Purcell, Cleworth,  
Hajdukovich, Halvarson  
NAYS: None  
The Mayor declared the motion CARRIED  
and Resolution No. 2950 PASSED and  
APPROVED, which is as follows:

(Copy Resolution No. 2950)

d) Resolution No. 2951 - A resolution urging the Governor and Alaska Legislature to reconsider the current plans for the Alaska State Telephone Network and for the State to attempt to cut Telecommunications Services costs in such a manner as to not force local telephone rates to rise, was presented and, without objection, read by title only. Purcell, seconded by Hayes, moved to adopt Resolution No. 2951.

A roll call vote was heard on the motion to adopt, as follows:

YEAS: Norum, Purcell, Cleworth,  
Hajdukovich, Halvarson, Hayes

NAYS: None

The Mayor declared the motion CARRIED  
and Resolution No. 2951 PASSED and  
APPROVED, which is as follows:

(Copy Resolution No. 2951)

e) Resolution No. 2952 - A resolution authorizing the City Manager to enter into a grant agreement with the Alaska Department of Administration for funds for City Wide Street Improvements, Royal Court Street Improvements, Kantishna Way Water Main, Lift Station 44 Improvements, Shannon Park Post Indicator Valve, Techite Sewer Interceptor Repair and the Sewer Manhole Safety Project, for a total of \$1,742,000, was presented and, without objection, read by title only. Halvarson, seconded by Norum, moved to adopt Resolution No. 2952.

A roll call vote was heard on the motion to adopt, as follows:

YEAS: Purcell, Cleworth, Hajdukovich,  
Halvarson, Hayes, Norum

NAYS: None

The Mayor declared the motion CARRIED  
and Resolution No. 2952 PASSED and  
APPROVED, which is as follows:

(Copy Resolution No. 2952)

f) Resolution No. 2953 - A resolution amending Resolution No. 2945, check signing authority for General and Enterprise accounts, for Special accounts of the City of Fairbanks, Alaska, was presented and, without objection, read by title only. Purcell, seconded by Halvarson, moved to adopt Resolution No. 2953. Without objection, the Mayor so ordered.

The Mayor declared Resolution  
No. 2953 PASSED and APPROVED,  
which is as follows:

(Copy Resolution No. 2953)

g) Resolution No. 2954 - A resolution endorsing Senate Bill #372 introduced by Senator Ken Fanning to allow Municipalities to opt out of PERA, was presented and, without objection, read by title only. Cleworth, seconded by Hajdukovich, moved to adopt Resolution No. 2954.

Cleworth disagreed with citizens making this resolution sound anti-union or anti-collective bargaining. Cleworth supported resolution and gave reasons.

Hajdukovich agreed with resolution and voiced her opinions.

The Mayor responded to a question from Halvarson stating according to State Statutes we would adopt a collective bargaining ordinance if City did opt out of PERA.

A roll call vote was heard on the motion to adopt, as follows:

YEAS: Cleworth, Hajdukovich  
NAYS: Halvarson, Hayes, Norum,  
Purcell  
The Mayor declared Resolution  
No. 2954 FAILED

h) Resolution No. 2955 - A resolution recommending the award of a construction contract to CJM Construction, Inc. and Associates Joint Venture, of Fairbanks, for the Water Treatment Plant Expansion Project, Phase B, in the amount of \$8,501,000, was presented and, without objection read by title only. Norum, seconded by Purcell, moved to adopt Resolution No. 2955.

At Norum's request, the City Manager explained process of events for awarding bid to CJM Construction.

Norum and Purcell voiced support for the resolution.

The City Manager interjected he would like to take this opportunity to introduce the new City Engineer, Ken Rydberg, to Council and Mayor. He also mentioned contacting Ken on questions or technical information regarding this bids process.

Hajdukovich said the public she has been in contact with are very pleased with the choice of Ken as City Engineer.

A roll call vote was heard on the motion to adopt, as follows:

YEAS: Hajdukovich, Halvarson, Hayes,  
Norum, Purcell, Cleworth  
NAYS: None  
The Mayor declared the motion CARRIED  
and Resolution No. 2955 PASSED and  
APPROVED, which is as follows:

(Copy Resolution No. 2955)

i) Ordinance No. 4758 - An ordinance amending FGC Chapter 12, Utilities, repealing and reenacting Sec. 12.119.10, Telecommunications Utility Line Extension and special construction charges; and setting an effective date, was presented and, without objection, read by title only. Purcell, seconded by Hayes, moved that a public hearing be scheduled for the next regular meeting of 4/4/88, the ordinance be advanced from first to second reading to be read by title only and come up for passage at that time.

The Mayor asked if there was objection to

the motion and, hearing none, declared the motion CARRIED and the ordinance ADVANCED.

j) Ordinance No. 4759 - An ordinance to amend FGC Chapter 12, Utilities, by repealing, amending or enacting numerous portions of FGC 12.119; Telephone Utility General Regulations; and setting an effective date, was presented and, without objection, read by title only. Halvarson, seconded by Hayes, moved that a public hearing be scheduled for the next regular meeting of 4/4/88, the ordinance be advanced from first to second reading to be read by title only and come up for passage at that time.

The Mayor asked if there was objection to the motion and, hearing none, declared the motion CARRIED and the ordinance ADVANCED.

k) Ordinance No. 4760 - An ordinance to amend FGC Chapter 2, Article V, Personnel System, Sec. 2.509, pay ranges, to create the position of Budget Director for MUS; and setting an effective date, was presented and, without objection, read by title only. Purcell, seconded by Halvarson, moved that a public hearing be scheduled for the next regular meeting of 4/4/88, the ordinance be advanced from first to second reading to be read by title only and come up for passage at that time.

The Mayor asked if there was objection to the motion and, hearing none, declared the motion CARRIED and the ordinance ADVANCED.

#### WRITTEN COMMUNICATIONS TO COUNCIL

a) Memorandum from Purchasing Department, Re: FGC-Sec. 2.712 (E)(1) - Purchase Authority Limit; Purchase Order Summary for the month of December 1987, dated March 3, 1988, was presented.

b) Memorandum from Purchasing Department, Re: FGC-Sec. 2.712 (E)(1) - Purchase Authority Limit; Purchase Order Summary for the month of January 1988, dated March 3, 1988, was presented.

c) Memorandum from Purchasing Department, Re: FGC-Sec. 2.712 (E)(1) - Purchase Authority Limit; Purchase Order Summary for the month of February 1988, dated March 3, 1988, was presented.

Without objection, the Mayor ordered items a), b), and c) memorandums filed as presented.

d) Memorandum from Brian C. Phillips, City Manager, dated March 23, 1988, Re: Confidential correspondence proposed for compensation settlement, was presented.

The City Manager said direction is required from council as to approve or denial, specifics should be discussed in Executive Session.

Norum said since time is a factor, one of his questions is it still pertinent for council's comments, there was reference to a middle March date and wants to know if this can still be resolved. The City Manager said this is on hold pending a decision from council.

The Mayor said there will be a request for Executive Session during Council Member Comments. [NOTE: Item considered during Executive Session]

e) Resolution 2956 - A resolution prioritizing funding requests to the Alaska Legislature, was presented. Norum, seconded by Halvarson, moved to postpone Resolution No. 2956 to next regular meeting of April 4, 1988.

The Mayor asked if there was objection to the motion and, hearing none, declared Resolution No. 2956 POSTPONED.

f) Correspondence to Governor Cowper, Re: Funding Municipal Assistance FY 1989, was presented. Without objection, the Mayor ordered the correspondence filed as presented.

g) Letter from Pat Olds, Acting Executive Director, Fairbanks Development Authority (FDA), Re: "Blanchfield" parking lot, dated March 18, 1988, was presented.

The Mayor said he was present during the meeting, referenced in letter, when FDA voted on this. FDA's assumption is they can take parking lot by request. The Mayor was told earlier by City Manager that city cannot until a hotel is built there. The Mayor directed the question to the City Attorney, Mr. Kuss agreed FDA could take it back by request.

The City Manager said at time of negotiations there was representation the city could continue to use property as public parking lot until construction of hotel began. That was intent of negotiations of transfer of property.

Norum said the important part is that property be used for parking. The only difference would be possibly an improvement in overall appearance of area, but having the same operation. Norum suggested Council, FDA, Downtown Association, and people affected schedule a meeting addressing parking needs and parking meters.

City Manager said FDA Board moved to withdraw proposal made to city November 1987 regarding takeover of city parking pending act by city to develop parking plan.

The Mayor mentioned he is meeting with the City Manager regarding removal of meters in that area and will present this to Council, FDA, and Downtown Association.

Cleworth voiced objection to another Diamond control parking lot. Cleworth agreed with Norum to proceed with a decision regarding parking meters.

Discussions as to reviewing procedure Anchorage went through regarding the same situation, 2 or 4 hour free parking, and employee parking for downtown businesses.

Halvarson suggested a joint meeting be scheduled with Downtown Association Board, FDA, and Transportation Commission after information is gathered.

Norum requested a letter be transmitted to FDA stating Council's action.

Without objection, the Mayor ordered letter filed as presented and commented upon.

h) Public Utilities Board Meeting minutes, dated February 9, 1988, was presented. Without objection, the Mayor ordered the minutes filed as presented.

i) Senior Citizens Advisory Board Meeting minutes, dated March 16, 1988, was presented. Without objection, the Mayor ordered the minutes filed as presented.

COUNCIL MEMBER'S COMMENTS

Purcell said he would have a report for Council at next regular meeting of April 4, 1988 regarding his trip to Washington D.C. Purcell attended an Economic Development Conference but informed council information was not what he had expected for our area.

Norum commended City Manager and Department Heads for brief summaries submitted to council. Norum urged returning to planning sessions, time to engage city in process of involving voters regarding city and next budget session.

Norum briefly commented on report regarding burglary, robbery activity and arrests from Chief Cummings. Norum noted specific actions regarding this information might be considered and taken at planning sessions.

Hajdukovich commented she was pleased to see Far North Sanitation and City Sanitarian reach an amicable settlement.

Hajdukovich said she received police report of activity of the downtown core area.

Hajdukovich supports idea of removal of parking meters.

Hayes reported he enjoyed his trip to Washington D.C. and has given a report to each Council Member, the Mayor, and the City Manager. He briefly explained some of the seminars he attended. Hayes thanked Purcell for assistance in Washington D.C.

Hayes also thanked City Manager for information he requested regarding "take home" policy of city vehicles. He said he noticed several city vehicles at various places and times and was unsure of limitation in policy. Hayes asked the City Manager about authorization of city vehicles in regards to taking home the vehicle, with the City Manager responding the requests from 1983 are still in effect.

Hayes mentioned receiving calls on garbage collection for vacant rental property being charged for garbage pickup.

Cleworth asked City Manager about a meeting with MUS for employees to speak of problems, suggestions, cost savings ideas, etc. directly to upper management. The City Manager mentioned there was a meeting Friday, March 25, 1988, and will continue on a monthly basis. After a brief discussion the City Manager will announce to council members the dates of upcoming MUS meetings.

The City Manager said there is a meeting with Public Works Department scheduled March 31, 1988 regarding equipment configuration and refuse collection.

Halvarson, seconded by Purcell, moved to enter into Executive Session for discussion of settlement recommendations, the immediate knowledge of which will clearly have an adverse effect upon the finances of the city.

Discussion revealed Executive Session would commence when the agenda is finished, without objection, the Mayor so ORDERED.

Halvarson mentioned Project "Main Street" Steering Committee continues to meet and are looking into a statewide organization which would help Fairbanks financially. Lobbying efforts with the Interior Delegation have been started.

Halvarson commended everyone in the community for excellent participation during Arctic Winter Games and Ice Festival. A spectacular show was exhibited.

CITY ATTORNEY'S REPORT

None

CITY CLERK'S REPORT

a) Memorandum from Carma Roberson, City Clerk, Re: Report on vacancies and expired terms on Boards and Commissions, dated March 22, 1988, was presented. Without objection, the Mayor ordered the memorandum filed as presented.

DEPUTY CITY MANAGER - UTILITIES REPORT

a) Memorandum from Virgil Gillespie, Deputy City Manager - Utilities, Re: Miscellaneous Report, dated March 15, 1988, was presented. Without objection, the Mayor ordered the memorandum filed as presented.

CITY MANAGER'S REPORT

a) Memorandum from Brian C. Phillips, City Manager, Re: Applications for Games of Chance, dated March 21, 1988,

American Federation of Government Employees, Local 1834, P.O. Box 3526,  
Ft. Wainwright, AK 99703

Fairbanks Racing Lions, P.O. Box 75333, Fairbanks, AK 99707

State Aerie, Fraternal Order of Eagles, Creek St., Ketchikan, AK  
99901

World Eskimo-Indian Olympics, Inc., P.O. Box 2433, Fairbanks, AK  
99707-2433

Halvarson, seconded by Purcell, moved to approve the applications. Without objection, the Mayor declared the motion CARRIED.

At 9:45 p.m., without objection, the Mayor called for a 5-minute recess and declared Council would go into Executive Session, upon its return. No objections were voiced.

The Council Chambers were vacated of all but Mayor, Council Members, City Manager, City Attorney, and City Clerk upon calling Session to order.

Council member Hayes left the meeting at 9:50 p.m.

At 10:30 p.m., Council reverted back to regular session and Halvarson reported Council discussed matters of settlement recommendations which clearly had an adverse effect on City finances and no action was taken.

Halvarson, seconded by Purcell, moved to approve the C & R Settlement as recommended by City Administration under Item (d), Written Communications to Council. Mayor asked if there were objections and, hearing none, declared the motion CARRIED.

There being no further business to come before Council, the meeting adjourned at 10:32 p.m.

Attest:

\_\_\_\_\_  
CARMA B. ROBERSON, City Clerk

\_\_\_\_\_  
BILL WALLEY, Mayor

Minutes prepared by: Jeanne Marks

PUBLIC OPINION MESSAGE

DEAR: SENATOR STURGULEWSKI

NAME: DONALD R. ALLMOND, SR.  
TITLE:  
ADDRESS: 1103 NENANA STREET  
CITY: FAIRBANKS ZIP: 99709  
PHONE: 479-4913  
BILL NO: SB 372

SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES  
MESSAGE: THIS IS TO ADVISE YOU THAT THE FAIRBANKS CITY COUNCIL DOES NOT ENDORSE SEN FANNING'S SB372 WHICH WOULD GIVE MUNICIPALITIES ANOTHER CHANCE TO OPT OUT OF PERA COVERAGE FOR IT'S EMPLOYEES. CONTRARY TO MAYOR WALLEY'S PERSONAL OPINION ON SB372, THE COUNCIL ON 3/28 VOTED DOWN (4-2) CITY RESOLUTION 2954 WHICH WOULD HAVE ENDORSED SB372. THE CITY DOES NOT SUPPORT THIS BILL WHICH IS A CLEAR ATTACK ON COLLECTIVE BARGAINING AND PUBLIC EMPLOYEE RIGHTS. I URGE YOU TO VOTE NO.

POMID: 07160409  
DATE: 03/31/88  
TIME: 16:04:09  
LIONAME: FAIRBANKS LIO

COPIES: REPRESENTATIVES REPRESENTATIVES SENATORS

ADAMS	BARNES	ABOOD
BOUCHER	BOYER	BINKLEY
BROWN	CATO	COGHILL
COLLINS	COTTEN	DUNCAN
DAVIDSON	DAVIS	ELIASON
DONLEY	ELLIS	FAHRENKAMP
FRANK	FURNACE	FAIKS
GOLL	GRUENBERG	FANNING
GRUSSENDORF	HANLEY	FISCHER
HERRMANN	HOFFMAN	HALFORD
HUDSON	KOPONEN	HENSLEY
LARSON	MARTIN	JONES
MENARD	MILLER	JOSEPHSON
NAVARRE	PEARCE	KELLY
PETTYJOHN	PHILLIPS	KERTTULA
POURCHOT	RIEGER	RODEY
SHULTZ	SPRINGER	SZYMAWSKI
SUND	SWACKHAMMER	UEHLING
TAYLOR	ULMER	ZHAROFF
WALLIS	ZAWACKI	

PUBLIC OPINION MESSAGE

D. : SENATOR STURGULEWSKI

NAME: DAVID ROCKNEY  
TITLE:  
ADDRESS: PO BOX 10164  
CITY: FAIRBANKS ZIP: 99710  
PHONE: 457-8029  
BILL NO: SB 372  
SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES  
MESSAGE: I WOULD LIKE TO URGE ALL COMMITTEE MEMBERS TO NOT PASS SB 372.  
EOM/MJO

POMID: 07151323  
DATE: 04/15/88  
TIME: 15:13:23  
LIONAME: FAIRBANKS LIO

COPIES: SENATORS

HALFORD  
KELLY  
SZYMANSKI  
ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: SENATOR STURGULEWSKI

NAME: GARY WOODY

TITLE:

ADDRESS: P.O. BOX 55189

CITY: NORTH POLE

ZIP: 99705

PHONE: 488-0296

BILL NO: SB 372

SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES

MESSAGE: I MOST STRONGLY OPPOSE SB 372. IT STRIKES AT THE HEART OF EMPLOYEE  
RIGHT TO BARGAIN. FURTHER, IT GOES AGAINST ALL. THE STATE OF ALASKA HAS SPENT  
MONEY TO TEACH ME ABOUT MANAGEMENT IN THE FIRE SERVICE.

EOM-FZ

POMID: 07163707

DATE: 04/15/88

TIME: 16:37:07

LIONAME: FAIRBANKS LIO

COPIES: SENATORS

FAHRENKAMP

FANNING

COGHILL

HALFORD

KELLY

SZYMANSKI

ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: SENATOR STURGULEWSKI

NAME: LEE DESPAIN  
TITLE:  
ADDRESS: P.O.BOX 73246  
CITY: FAIRBANKS ZIP: 99707  
PHONE: 479-4062  
BILL NO: SB 372  
SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES  
MESSAGE: I URGE YOU TO DEFEAT SB372. IT WILL ELIMINATE MEANINGFUL COLLECTIVE BARGAINING FOR PUBLIC EMPLOYEES.

POMID: 07090730  
DATE: 04/18/88  
TIME: 09:07:30  
LIONAME: FAIRBANKS LIO

COPIES: SENATORS

HALFORD  
KELLY  
SZYMANSKI  
ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: SENATOR STURGULEWSKI

NAME: JIM RICE  
TITLE:  
ADDRESS: PO BOX 1622  
CITY: FAIRBANKS ZIP: 99707  
PHONE: 477-3018  
BILL NO: SB 372  
SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES  
MESSAGE: I URGE YOU TO VOTE AGAINST SB 372. I URGE YOU TO CONSIDER THE  
BARGAINING RIGHTS OF PUBLIC EMPLOYEES. THANK YOU. EOM/MJO

POMID: 07102128  
DATE: 04/18/88  
TIME: 10:21:28  
LIONAME: FAIRBANKS LIO

COPIES: SENATORS

HALFORD  
KELLY  
SZYMANSKI  
ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: SENATOR STURGULEWSKI

NAME: ALDEN A WOODY  
TITLE:  
ADDRESS: PO BOX 55189  
CITY: NORTH POLE ZIP: 99705  
PHONE: 488-0296  
BILL NO: SB 372  
SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES  
MESSAGE: I WANT TO VOICE MY OPINION AGAINST THIS BILL. THANK YOU.  
EOM/MJO

POMID: 07143256  
DATE: 04/20/88  
TIME: 14:32:56  
LIONAME: FAIRBANKS LIO

COPIES: SENATORS

HALFORD  
KELLY  
SZYMANSKI  
ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: SENATOR STURGULEWSKI

NAME: DON CALLAHAN

TITLE:

ADDRESS: 475 HALVORSON

CITY: FAIRBANKS

ZIP: 99709

PHONE: 479-2678

BILL NO: SB 372

SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES

MESSAGE: I AM AGAINST PASSAGE OF SB 372. IT WILL ELIMINATE BINDING  
ARBITRATION. JUST A THOUGHT. IF THE NATIONS OF THE WORLD HAD BINDING  
ARBITRATION MAY BE THERE WOULD BE MORE SETTLEMENTS OF THE DISCORD IN  
THE WORLD. EOM/MJO/C

POMID: 07143022

DATE: 04/20/88

TIME: 14:30:22

LIONAME: FAIRBANKS LIO

COPIES: SENATORS

HALFORD

KELLY

SZYMANSKI

ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: SENATOR STURGULEWSKI

NAME: SALLY HEFLINGER

TITLE:

ADDRESS: 1228 9TH AVE.

CITY: FAIRBANKS

ZIP: 99701

PHONE: 452-3231

BILL NO: SB 372

SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES

MESSAGE: I WOULD LIKE THIS READ INTO THE RECORD IF POSSIBLE. I WOULD LIKE TO EXPRESS MY STRONG OPPOSITION TO SB372, AND URGE YOU TO PREVENT IT'S PASSAGE.  
EOM-FZ

POMID: 07141310

DATE: 04/22/88

TIME: 14:13:10

LIONAME: FAIRBANKS LIO

COPIES: SENATORS

HALFORD

KELLY

SZYMANSKI

ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: SENATOR STURGULEWSKI

NAME: KAYLE SCHOENBORN

TITLE:

ADDRESS: 440 SHANNON DRIVE

CITY: FAIRBANKS

ZIP: 99701

PHONE: 452-8683

BILL NO:

SUBJECT: SB 372

MESSAGE: I WISH TO EXPRESS VIOLENT OPPOSITION TO THIS BILL AND URGE YOU TO STOP ITS PASSAGE. AND I WANT THAT IN THE RECORD PLEASE. EOM/MJO

POMID: 07091336

DATE: 04/22/88

TIME: 09:13:36

LIONAME: FAIRBANKS LIO

COPIES: SENATORS

HALFORD

KELLY

SZYMANSKI

ZHAROFF

PUBLIC OPINION MESSAGE

DEAR: SENATOR STURGULEWSKI

NAME: WALTER HOOVER  
TITLE:  
ADDRESS: 1613 KENNEDY ST.  
CITY: FAIRBANKS ZIP: 99709  
PHONE: 474-9551  
BILL NO: SB 372  
SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES  
MESSAGE: AS A PUBLIC EMPLOYEE, I BELIEVE SB 372 IS EXTREMELY PREJUDICIAL  
TOWARD ME. I WOULD THEREFORE ASK YOU NOT TO PASS THIS BILL. THANK YOU.  
EOM-FZ-C

POMID: 07164732  
DATE: 04/20/88  
TIME: 16:47:32  
LIONAME: FAIRBANKS LIO

COPIES: SENATORS

HALFORD  
NELLY  
SZYMANSKI  
ZHAROFF

PUBLIC OPINION MESSAGE

DIAR: SENATOR STURGULEWSKI

NAM : ERIC MOHRMANN

TITLE:

ADDRESS: P.O.BOX 83688

CIT: FAIRBANKS

ZIP: 99708

PHONE: 479-5294

BILL NO: SB 372

SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES

MESSAGE: I URGE YOU TO KILL SB372 IN YOUR COMMITTEE. CLASS ONE EMPLOYEES ARE PROHIBITED FROM UTILIZING THE RIGHTS OTHER WORKERS ENJOY FOR THE REASON OF PUBLIC SAFETY. WITHOUT BINDING ARBITRATION WE WILL BE PLACED IN VIRTUAL BONDAGE AS DISPLAYED IN PAST INCIDENTS. PLEASE DO NOT PASS THIS BILL FROM YOUR COMMITTEE.

POMID: 07091741

DATE: 04/21/88

TIME: 09:17:41

LIONAME: FAIRBANKS LIO

COPIES: SENATORS

HALFORD  
KELLY  
SZYMANSKI  
ZHAROFF

# Interior Public Employees Coalition

452-2023

2118 Cushman  
Fairbanks, Alaska 99701

April 17, 1988

The Honorable Senator  
Arliss Sturgulewski,  
Chairwoman  
Community & Regional Affairs Committee  
Pouch V  
Juneau, AK 99811

Dear Senator *Arliss* Sturgulewski:

The Interior Public Employees Coalition opposes Senate Bill 372 and disputes the rationale for such Legislation.

Our organization does support fair and equitable collective bargaining as provided under current statute and declared in AS 23.40.070.

SB 372 has been offered, with no small amount of inaccurate justification, as a form of relief for the City of Fairbanks. A notion the City itself rejects; having, on two occasions since the introduction of SB 372, refused to endorse it or its concept. Furthermore, Fairbanks North Star Borough Mayor Juanita Helms has stated her opposition to this Legislation.

If your committee does hear this bill, it is my intent to testify and I would appreciate early notification.

Sincerely,

*Barry*  
Barry L. Haight  
Chairman

WILLIAM K. HAO, Jr.  
PO Box 82310  
Fairbanks, AK 99708

April 21, 1988

Senator Arliss Sturgulewski, Chairman  
Community & Regional Affairs  
The Senate of Alaska  
PO Box V  
Juneau, AK 99811

RE: SB 372

Dear Senator Sturgulewski:

I am against SB 372 and would like this bill held in committee. Additionally, I ask this letter be read into the record of your committee.

The sponsor of SB 372, Sen. Fanning, claims his bill is to clarify the intent of PERA (Public Employment Relations Act). I contend this bill is a veiled attempt by Sen. Fanning to thwart the public employees' right to collective bargaining.

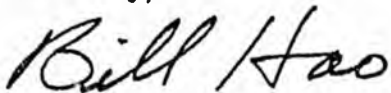
There is no evidence that PERA's intent is unclear to anyone except Sen. Fanning. In fact, for now, neither the City of Fairbanks nor the Fairbanks North Star Borough support SB 372. Both participate in PERA and both are in his election district.

Sen. Fanning's claim that binding arbitration is costly to local governments is based on only one ruling involving the City of Fairbanks and its police association. Hardly overwhelming evidence to compel, or justify, the enactment of this bill.

I see SB 372 as the product of an one session politician playing to the dictates of one person, Dick Randolph. The same person who will be running for Sen. Fanning's seat in the senate this year, and whose campaign treasurer happens to be Ken Fanning.

I ask therefore that SB 372 be held in committee.

Sincerely,



William K. Hao, Jr.  
City of Fairbanks Employee

# FAIRBANKS CENTRAL LABOR COUNCIL

## A. F. of L. - C. I. O.

819 FIRST AVENUE  
FAIRBANKS, ALASKA 99701



Honorable Arliss Sturgulewski  
Alaska State Legislature  
P.O. Box V (MS3100)  
Juneau, Alaska 99811

April 12, 1988

RE: Senate Bill 372 and House Bill 164

Dear Senator Sturgulewski:

I ask for your support in defeating Senate Bill 372. This bill introduced by Senator Fanning serves no legitimate purpose. It only denies working people the ability to bargain collectively on equal footing with their employers.

There is very little support in Fairbanks at any level for this legislation. An ordinance was introduced twice in the City Council this year to support Senate Bill 372, it failed once for the lack of a second and the other time it was seconded for discussion purposes and failed 4 against and 2 for. This is the type of legislation that creates problems and should be shelved as it does not deserve consideration and time which could be devoted to productive legislation.

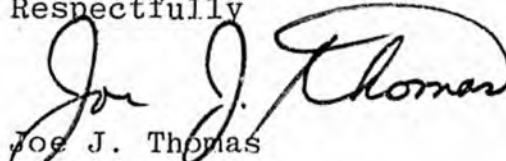
Productive legislation such as the re-evaluation of the Economic Limit Factor (ELF) and a realistic approach to what was intended by a "marginal oil field". No one has to tell you how ridiculous the situation is regarding ELF. Prudhoe Bay being considered a marginal field, although at the rate we are allowing extraction it may be by 1994, is similar to considering tourism in Alaska a waning industry.

Senate Bill 372 and House Bill 164  
April 12, 1988  
Page Two

In closing I urge you to put Senate Bill 372 on the shelf in your committee where it belongs and pursue a fair airing and debate of House Bill 164 which would allow a reasonable approach to the question of the ELF at Prudhoe Bay.

Thank you very much for your consideration in these two extremely important matters.

Respectfully

A handwritten signature in cursive script that reads "Joe J. Thomas". The signature is written in black ink and is positioned above the typed name.

Joe J. Thomas  
President

Fairbanks Central Labor Council

JJT/jw

cc: file



EDUCATION SUPPORT STAFF ASSOCIATION  
2118 Cushman Street  
Fairbanks, Alaska 99701  
(907) 452-2023

April 12, 1988

Senator Arliss Sturgulewski, Chair  
Community and Regional Affairs  
Alaska State Legislature  
P.O. Box V (MS 3100)  
Juneau, AK 99811

Dear Senator Sturgulewski:

I have been informed that SB 372 has been moved into your committee. I wish to express strong opposition to this bill and have enclosed written testimony stating our position.

I sincerely hope you'll find our views and testimony meritorious of consideration.

Sincerely,

H. Frank Belts  
Business Manager

enclosure

cc: Interior Public Employees Coalition  
Interior Delegation

HFB/nr



EDUCATION SUPPORT STAFF ASSOCIATION  
2118 Cushman Street  
Fairbanks, Alaska 99701  
(907) 452-2023

TESTIMONY

S.B. 372

SENATE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

I am writing in opposition to SB 372.

This bill, as I read it, would cause utter chaos in labor/management relations and could virtually eliminate all collective bargaining in our political subdivisions. Why? Because if a political subdivision chose to opt out of PERA (under the provisions of this bill) there is not a procedure for continuing a collective bargaining relationship once existing agreements have expired. Once existing agreements have expired, the collective bargaining process and other labor/management relations cease to exist, at least in any form that provides some semblance of equality. This bill in effect disenfranchises thousand of public employees from the decision-making and problem-solving processes now provided by law.

Senator Fanning told us here in Fairbanks on Saturday, February 13, that none of the above would occur if SB 372 is enacted into law.

The driving forces for the recent attacks on PERA are based on misinformation and misconceptions.

(continued)

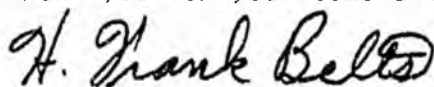
For the past two years we here in Fairbanks have been privy to hearing the attacks on PERA. More Specifically, the criticism seems to be aimed at the binding arbitration provisions for Class I employees. Arbitrators are being blamed for their lack of sensitivity to local issues as they relate to wages and fringe benefits. Arbitrators are accused of not taking under consideration the employers' ability to pay, the status of the local economy, and comparable wages locally and across the state.

These criticisms are a profound distortion of the facts. I have been in this business for 18 years and my experience leads me to state that the very first consideration an American Arbitration Association arbitrator gives to any salary issue dispute is the EMPLOYER'S ABILITY TO PAY and numerous related issues, i.e. comparable salaries, the local economy, etc.

The testimony I am giving can be verified if you will only read a AAA arbitrators' decision in any wage dispute.

You must remember that the issues before an arbitrator have been seriously discussed and negotiated prior to the arbitrator even receiving the issue for determination. In addition, it is also important to remember that not many collective bargaining issues go through the arbitration process because both parties would, in most cases, desire an at the table agreement.

Thank you for your time and interest.



H. Frank Belts  
Business Manager

Alaska State Legislature

STATE AFFAIRS

SENATOR KEN FANNING  
P.O. BOX 80929  
COLLEGE, ALASKA 99708



P.O. BOX V—STATE CAPITOL  
JUNEAU, ALASKA 99811  
(907) 465-3880

Senate

RECEIVED  
FEB 5 1988

MEMORANDUM

TO: Senator Mitch Abood

FROM: Senator Ken Fanning *KF*

DATE: February 5, 1988

SUBJ: Public Employment Relations Act (PERA) and SB 372

C  
*W*

In response to several queries I have had from legislators regarding SB 372 and the effect it will have on Alaskan communities, I would like to provide you with a synopsis of the bill and some backup materials. Briefly, what SB 372 will do is allow any municipality or political subdivision to either opt in or out of PERA, the Public Employment Relations Act. Currently all but seven communities in Alaska have opted out of PERA. This bill would provide the opportunity for the remaining seven communities to opt out of PERA if they so desire. Likewise, if a community had opted out of PERA some time ago, this would allow that community to opt back in.

The bill in no way prohibits collective bargaining. In fact, the communities we have contacted (who have opted out of PERA) have adopted their own local ordinances which include collective bargaining, and in some cases, binding arbitration. Based on our research, this bill does not introduce a new concept, it merely reinforces the intent of the original Act, that of providing a framework for the bargaining process between public employers and employees, while at the same time, giving local governments control of their own affairs.

If you have any questions regarding SB 372, please feel free to call and speak with me or Gail Thibodeau of my staff (3880).

Bill No. Senate Bill 372

Date February 2, 1988

Title "An Act relating to the applicability of the Public Employment Relations Act to municipalities and political subdivisions."

Contact: Eileen Plate  
465-2700

This legislation repeals Section 4, Chapter 113, SLA 1972, which permits municipalities and political subdivisions to elect not to be covered by the Public Employment Relations Act; and replaces it with language that permits municipalities and political subdivisions to opt in, or out, of PERA coverage at will, subject to a lapse of three years between each action.

Under this bill, political subdivisions who are currently under PERA coverage would have the opportunity to opt out by adopting an ordinance or resolution to that effect. Similarly, as is provided under current law, political subdivisions who opted out in 1972 could rescind that exemption and come under PERA coverage. The only restriction placed on exercising one option or the other is that three years must have elapsed since the time an option was last exercised.

This has no practical effect on those political subdivisions who elected to opt out when PERA was passed in 1972. They may presently rescind that action by ordinance or resolution and come within coverage of PERA, as the City of Fairbanks did in 1983. However, this bill would allow those political subdivisions currently under PERA to exempt themselves from coverage, an option that does not currently exist.

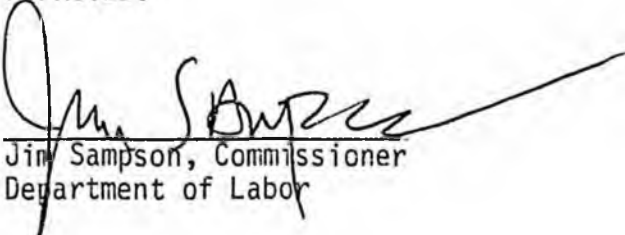
The municipality or political subdivision could, at its discretion, therefore rescind rights previously extended to employees without any participation by the workers in that decision. This clearly goes against the intent of the act which is to promote harmonious employer/employee relationships. The provisions of this bill are, therefore, contrary to the principals upon which collective bargaining laws are premised.

There are presently six communities that are covered by PERA - City of Fairbanks, Fairbanks North Star Borough, City of Petersburg, Ketchikan Gateway Borough, City of Unalaska, and City of Nome. These communities could, under this bill, exempt themselves and discontinue the collective bargaining relationship at the expiration of existing contracts.

This bill is not in the interest of good management and labor relations; and the Department is opposed to it.

There is no fiscal impact on the Department.

APPROVED:



Jim Sampson, Commissioner  
Department of Labor

**POSITION PAPER/**Department of Labor

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act relating to Public  
Employment Relations Act.."  
Sponsor: Fanning  
Requestor: State Affairs

Agency Affected: Labor  
BRU: Labor Standards and Safety  
Components: Wage and Hour

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Tom Stuart, Director *Stuart* Phone: 264-2452  
Division: Labor Standards and Safety Date: 2/2/88

Approved by Commissioner: Jim Sandson *Jim Sandson* Date: 2/2/88  
Agency: Labor

Distribution (by preparer) :

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

**SPONSOR STATEMENT**  
**for Senate Bill 372**

The purpose of this bill is to clarify the conditions under which a municipality or political subdivision may opt in or out of PERA, the Public Employment Relations Act. Section 4 of Chapter 113, SLA 1972 indicates that PERA applies to all boroughs and political subdivisions of the state, "unless the legislative body of the political subdivision, by ordinance or resolution, rejects having its provisions apply." It seems clear that the legislature intended to give full control to the local governments, allowing them to decide whether or not they wished to come under the provisions of PERA, however the courts have not interpreted that provision of the law the way the legislature intended.

This bill merely clarifies the intent of the original 1972 law by giving a municipality or political subdivision the choice to either opt in or out of PERA. The Mat-Su Borough, Anchorage, Juneau, and Kenai have opted out of PERA; In fact, only seven communities in Alaska are currently covered by PERA. Passage of this bill would provide the opportunity for all local governments in Alaska to be on an equal footing - allowing them to retain local control of their bargaining process. This bill does not preclude collective bargaining, but rather allows the local governments, not the State of Alaska, to set the parameters.

In 1983 when Fairbanks chose to opt back into PERA, Alaska's economy was in good shape. The state's budget was \$600 million more for FY83 than it was for FY88. That, of course, also affected the revenues available to Fairbanks. Now the economic picture has changed, and communities across the state are tightening their belts. Binding arbitration, a measure mandated by PERA, can be extremely costly to local governments. In Fairbanks those employees who, under PERA, were mandated to go to binding arbitration, took substantively smaller pay and benefit reductions than those taken by other municipal employees. Since the city cannot, under PERA, achieve equitable and necessary pay cuts, they must resort to layoffs. Last year the City laid off 105 employees; an additional 42 layoffs are expected this year. We only have 300 employees - 1/2 the work force has been cut. It's bleak. This bill would give local governments the flexibility needed to ensure that all city and municipal employees would receive fair treatment.

While the legislation should be noncontroversial - in that it only clarifies current law, and while there are only seven communities in our state covered by PERA - those who want more and more pay, at the expense of their fellow employees who are being laid off, will undoubtedly protest loudly. This bill is supported by the Alaska Municipal League, which is composed of 135 municipal members.

## SYNOPSIS OF SB 372

Section 1 (a) allows a municipality or a political subdivision to exempt itself from the provisions of PERA (the Public Employment Relations Act) by adopting an ordinance or resolution. If the municipality or political subdivision are not currently covered by PERA, this allows them to adopt the provisions of PERA through an ordinance or resolution.

Section 1 (b) mandates that a municipality or political subdivision who either adopt PERA or opt out of PERA, as provided for in Section 1(a), may not change their status for at least three years following that action.

Section 2 repeals a non-codified section of the original Public Employment Relations Act (PERA) that defines which political subdivisions are to be covered by the Act. SB 372 more clearly spells out this provision of PERA, so the old language is no longer needed.



P.O. Box 23, Craig, Alaska 99921

(907) 826-3275 ✓ ↗

FEB 22 1988

February 16, 1988

Senator Ken Fanning  
Box V  
Juneau, Ak 99811

Dear Senator Fanning:

This is to support your efforts in passing SB 372, a bill to allow a municipality or political subdivision of the state to either opt in or out of PERA.

The City of Craig supports the efforts to clarify the issues as proposed by the bill, and supports the concept of "local control" and "local options" wherein the people most affected by the actions are the ones who make the choices.

Sincerely,

A handwritten signature in black ink, appearing to read "David Palmer".

David Palmer  
Executive Assistant to the Mayor



# Matanuska-Susitna Borough

BOX B. PALMER, ALASKA 99645 • PHONE 745-4801

BOROUGH ASSEMBLY

February 24, 1988

Senator Ken Fanning  
Pouch V, State Capitol  
Juneau, Alaska 99811

Dear Senator Fanning:

We did participate in the teleconference on SB372, February 17, and enforced our view of local control. Lee Hall our personnel officer testified at that time. We currently are not under PERA and enjoy a very good relationship with our employees local union, but believe strongly for municipalities to have the options available to them.

Thank you for bringing this to our attention so that we may participate.

Sincerely,

A handwritten signature in cursive script that reads "Dorothy A. Jones".

Dorothy Jones  
Mayor

Senator John B. (Jack) Coghill  
Alaska State Legislature

Box V  
Juneau, Alaska 99811  
(907) 465-4797

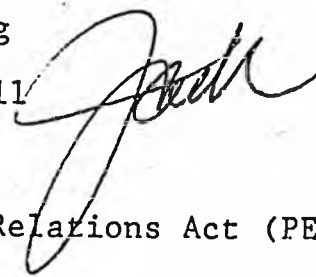
Box 55028  
North Pole, Alaska 99705  
(907) 488-0862

File ✓  
PERA



MEMORANDUM

FEB 10 1988

TO: Senator Ken Fanning  
FROM: Senator Jack Coghill   
DATE: February 9, 1988  
RE: Public Employment Relations Act (PERA) and SB 372

Thank you very much for sending me a copy of SB 372. I will do everything I can to help support this bill.

# STATE OF ALASKA

## DEPARTMENT OF LABOR

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 1149  
JUNEAU, ALASKA 99802-0700  
PHONE: (907) 465-2700

March 8, 1988

Ms. Carol Horos  
Professional Assistant  
State Affairs Committee  
Alaska State Senate  
P.O. Box V  
Juneau, AK 99811

Dear Carol:

As you requested last week, following is a summary of the cases handled by the Department during the last three years which have gone to binding arbitration for final resolution.

1. Operating Engineers Local 302 vs. Fairbanks Municipal Utility System (1985).

Union asking: 4% wage increase plus 50¢/hr. health and welfare  
City offering: 2.6% wage increase  
Award: 4% wage increase

2. Fairbanks Police Employees Association vs. City of Fairbanks (1985).

Union asking: 8.5 to 22% wage increase  
City offering: 2.6% wage increase  
Award: 2.6% wage increase

3. Fairbanks Police Employees Association vs. City of Fairbanks (1986)

Union asking: 3.1% wage increase  
City offering: wage freeze  
Award: 3.1% wage increase

If you have any questions or need additional information, please let me know.

Sincerely,



Eileen Plate  
Legislative Liaison

EP/gw  
06703

PUBLIC OPINION MESSAGE

✓fe

DEAR: SENATOR FANNING

NAME: ANNE M. SMITH  
TITLE:  
ADDRESS: 1903 CAPITOL AVE.  
CITY: FAIRBANKS  
PHONE: 456-5576

ZIP: 99709

BILL NO: SB 372  
SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES  
MESSAGE: FOR THE RECORD, I URGE YOU TO SUPPORT SB 372. RESEARCH BY ITA SHOWS  
EMPLOYEE REPRESENTATIVES IN FAIRBANKS LACKED INCENTIVE TO NEGOTIATE IN GOOD  
FAITH BECAUSE OF BINDING ARBITRATION BACK PROCEDURES. DEMANDS MADE BY  
ASSOCIATIONS AND CONCESSIONS GIVEN BY MANAGEMENT REFLECTED IN RESULTING  
CONTRACT VERIFY THIS FACT.

EOM-FZ

POMID: 07145414  
DATE: 02/18/88  
TIME: 14:54:14  
LIONAME: FAIRBANKS LIO

COPIES: SENATORS

ABOOD  
HENSLEY  
JOSEPHSON  
UEHLING

11

PUBLIC OPINION MESSAGE

6TV

DEAR: SENATOR FANNING

NAME: JIM WEIDNER  
TITLE:  
ADDRESS: 5479 CHSR  
CITY: FAIRBANKS ZIP: 99712  
PHONE: 488-6366  
BILL NO: SB 372  
SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES  
MESSAGE: I SUPPORT SB 372 AND URGE PROMPT PASSAGE.

EOM/MJO

POMID: 07120612  
DATE: 02/16/88  
TIME: 12:06:12  
LIONAME: FAIRBANKS LIO

COPIES: SENATORS

ABOOD  
HENSLEY  
JOSEPHSON  
UEHLING  
HALFORD  
KELLY  
STURGULEWSKI  
SZYMANSKI  
ZHAROFF

11

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1

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61  
PUBLIC OPINION MESSAGE

DEAR: SENATOR FANNING

NAME: ANNE M. SMITH  
TITLE:  
ADDRESS: 1903 CAPITOL AVE.  
CITY: FAIRBANKS  
PHONE: 456-5576  
BILL NO: SB 372  
SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES  
MESSAGE: MUNICIPALITIES, ESPECIALLY FAIRBANKS, NEED TO REGAIN CONTROL OF LOCAL SPENDING. PERA'S BINDING ARBITRATION PROVISION HAS HAMSTRUNG LOCAL GOVERNMENT. I URGE YOU TO SUPPORT SB 372 ALLOWING LOCAL GOVERNMENT TO OPT OUT OF PERA.  
EOM/MJO

068 11 1988  
ZIP: 99709

POMID: 07105001  
DATE: 02/03/88  
TIME: 10:50:01  
LIONAME: FAIRBANKS LIO

COPIES: SENATORS

HALFORD  
KELLY  
STURGULEWSKI  
SZYMANSKI  
ZHAROFF  
BINKLEY  
DUNCAN  
FISCHER  
HENSLEY  
UEHLING  
JONES  
JOSEPHSON  
KERTTULA  
FAIKS  
RODEY  
ELIASON  
FAHRENKAMP  
COGHILL  
ABOOD

PUBLIC OPINION MESSAGE

gt ✓

DEAR: SENATOR FANNING

FEB 3 1988

NAME: FRANCIS ROSS  
TITLE:  
ADDRESS: 337 HAGELBARGER AVE.  
CITY: FAIRBANKS ZIP: 99712  
PHONE: 457-2439  
BILL NO: SB 372  
SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES  
MESSAGE: LOCAL GOVERNMENT NEEDS MORE CONTROL. WE NEED TO BE ABLE TO OPT  
IN OR OUT OF PERA.

POMID: 07082221  
DATE: 02/03/88  
TIME: 08:22:21  
LIONAME: FAIRBANKS LIO

7  
0  
7

PUBLIC OPINION MESSAGE

51

DEAR: SENATOR FANNING

NAME: ANN ROBERTS  
TITLE:  
ADDRESS: 2821 TOTEM DRIVE  
CITY: FAIRBANKS  
PHONE: 479-6375

ZIP: 99709

BILL NO: SB 372  
SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES  
MESSAGE: PLEASE SUPPORT THE PEOPLE'S RIGHT TO CHOOSE. IF WE CAN OPT INTO PERA, WE SHOULD BE ABLE TO OPT OUT! PERA DOESN'T ADEQUATELY ADDRESS DECLINING REVENUES. WITH BINDING ARBITRATION FREEZING INFLATED WAGES, WE'RE FORCED TO LAY OFF EMPLOYEES RATHER THAN CUT BACK WAGES A LITTLE AND KEEP EVERYONE WORKING.

POMID: 07082425  
DATE: 02/03/88  
TIME: 08:24:25  
LIONAME: FAIRBANKS LIO

COPIES: SENATORS

FAIKS  
JOSEPHSON  
KERTTULA  
RODEY  
STURGULENSKI  
COGHILL  
DUNCAN  
ELIASON  
FISCHER  
ZHAROFF  
FAHRENKAMP  
KELLY  
SZYMANSKI  
UEHLING  
HALFORD  
BINKLEY  
HENSLEY  
JONES  
ABOOD

PUBLIC OPINION MESSAGE

GTV

FEB 3 1988

DEAR: SENATOR FANNING

NAME: MARLENE LEAK  
TITLE:  
ADDRESS: 771 8TH AVE.  
CITY: FAIRBANKS  
PHONE: 452-1015

ZIP: 99701

BILL NO:  
SUBJECT: SB372  
MESSAGE: IT IS ONLY PROPER FOR A MUNICIPALITY TO HAVE THE OPTION TO  
DISASSOCIATE ITSELF FROM PERA, UPON THE VOTE OF ITS ELECTED REPRESENTATIVE BODY,  
SINCE ADOPTING PERA WAS OPTIONAL AND NOT MANDATORY TO BEGIN WITH. ALL  
EMPLOYEES ARE PROTECTED BY STATE LABOR LAWS IN THE ABSENCE OF PERA.

POMID: 07093029  
DATE: 02/03/88  
TIME: 09:30:29  
LIONAME: FAIRBANKS LIO

COPIES: SENATORS

ABOOD  
HENSLEY  
JOSEPHSON  
UEHLING

PUBLIC OPINION MESSAGE

67

DEAR: SENATOR FANNING

FEB 5 1988

NAME: DOUG DIMBAT  
TITLE:  
ADDRESS: 135 LAKE DRIVE  
CITY: NORTH POLE  
PHONE: 488-9694  
BILL NO:  
SUBJECT: SB 372  
MESSAGE: I BELIEVE THE LEGISLATURE SHOULD APPROVE FOR LOCAL GOVERNMENTS TO  
OPTED OUT OF PERA.

ZIP: 99705

EOM-FZ

POMID: 07100149  
DATE: 02/03/88  
TIME: 10:01:49  
LIONAME: FAIRBANKS LIO

1  
0  
1

BT ✓

PUBLIC OPINION MESSAGE

DEAR: SENATOR FANNING

NAME: KATE DESROCHERS  
TITLE:  
ADDRESS: P.O. BOX 61056  
CITY: FAIRBANKS  
PHONE: 474-8821

ZIP: 99706

BILL NO:  
SUBJECT: SB 372  
MESSAGE: FAIRBANKS VOTERS SHOULD BE ABLE TO CHOOSE FOR OR AGAINST PERA  
AS OUR ECONOMY DICTATES. FAIRBANKS CANNOT AFFORD PERA AND BINDING ARBITRA-  
TION AT THIS TIME.

ECT-FZ

POMID: 07200310  
DATE: 02/02/88  
TIME: 20:03:10  
LIONAME: FAIRBANKS LIO

COPIES: SENATORS

ABOOD  
HENSLEY  
JOSEPHSON  
UEHLING

PUBLIC OPINION MESSAGE

DEAR: SENATOR FANNING

SEP 3 1988

NAME: GEORGE DESROCHERS  
TITLE:  
ADDRESS: PO BOX 60456  
CITY: FAIRBANKS  
PHONE: 479-6652

ZIP: 99706

BILL NO: SB 372  
SUBJECT: APPLICABILITY OF PERA TO MUNICIPALITIES  
MESSAGE: I WOULD LIKE TO HAVE YOU PASS THIS BILL. THE REASON BEING IS  
THAT THE LOCAL GOVERNMENT NEEDS MORE CONTROL OVER THE PERA. GIVE THEM THE  
OPTION OF BEING IN IT OR OUT OF IT. EOM/MJO

POMID: 07085701  
DATE: 02/03/88  
TIME: 08:57:01  
LIONAME: FAIRBANKS LIO

COPIES: SENATORS


ABOOD  
HENSLEY  
JOSEPHSON  
UEHLING

# Alaska MUNICIPAL League

TELEPHONE  
(907) 586-1325

105 MUNICIPAL WAY, SUITE 301  
JUNEAU, ALASKA 99801

TO: Senator Mitch Abood, Chair  
Members of the Senate State Affairs Committee

FROM: Scott A. Burgess, Executive Director 

DATE: February 3, 1988

SUBJECT: SB 372 - Applicability of Public Employment Relations Act to municipalities and political subdivisions

On behalf of its 135 municipal members, the Alaska Municipal League supports SB 372, allowing municipalities and political subdivisions of the State to exempt themselves from the Public Employees Relations Act (PERA).

The AML's support is based on the language contained in the 1988 AML Policy Statement adopted by the membership at its annual meeting in Anchorage in November 1987:

1. Alaska Public Employees Labor Relations Act: The League strongly opposes any legislation that would force municipalities to be subject to the provisions of the Alaska Public Employees Labor Relations Act. The League opposes, just as strongly, any legislative efforts to dictate the provisions of local public employee labor relations ordinances. The League supports legislation to allow each municipality to reject or withdraw from the terms of the Alaska Public Employees Labor Relations Act at any time. The scope of decisions as to local government finance and labor policies is best left to the local governing body.

The bill would clarify existing exemptions provided by Section 4, Chapter 113, SLA 1972 which allowed municipalities to opt out of PERA by ordinance or resolution when the Act was first passed. The bill would place this into statute but would also allow municipalities and political subdivisions to change their status after three years.

While not opposed to collective bargaining, the membership supports each community's ability to determine its own process of dealing with its employees based on their unique circumstances. The AML is opposed to the State dictating provisions of local public employee relations ordinances. I have attached a policy paper developed by the AML Legislative Committee in 1986.

Again, the AML supports SB 372, and urges its passage.

Position Paper  
of  
AML Legislative  
Subcommittee on Education  
March 1986

RE: Proposed Legislation Relating to Local Governments  
and Alaska Public Employees Labor Relations Act.

The 1986 Alaska Municipal League Policy, Part VIII, Local Government Powers, Section B(1), Alaska Public Employees Relations Act states "the League strongly opposes any legislation which would force municipalities to be subject to the provisions of the Alaska Public Employees Labor Relations Act. In addition, the League opposes just as strongly, any legislative efforts to dictate the provisions of local public employees labor relations ordinances. The League supports legislation to allow each municipality at anytime to reject or withdraw from the terms of the Alaska Public Employees Relation Act." In addition, Section B(2) states, that the League also opposes any legislation which forces municipalities to develop collective bargaining procedures ending in strike or binding arbitration. The following is in support of the League position:

1. Binding arbitration/PERA limits the authority of the Council/Assembly. If wages are set by binding arbitrator, the Council/Assembly has to work any arbitration wage increases into the budget. If it is necessary to make cuts, cuts must be made in areas other than the arbitrated wages. The Council/Assembly would no longer have the authority to determine wages or control budgets.
2. Arbitrators tend to be from outside and do not have to deal with the overall budget or raise the funds to finance employee costs.
3. Municipal employees do have recourse -- the election process. They can influence voters to elect Council/Assembly members supportive of their positions. Also, employees still have the right to form employee organizations.
4. Each municipality is unique and should be allowed to handle collective bargaining in a manner that fits the community. Large communities have employee circumstances that are very different from small, and rural is different than urban. In addition, most of our local governments in Alaska are small, population under 1000, and there are not many staff members in any one category. This makes collective bargaining extremely impractical.
5. The provisions of PERA or binding arbitration are costly. There is the cost of the negotiation process itself. Municipalities in general do not have excess staff or staff time to prepare bargaining positions. Cost of hiring a negotiator is beyond most local budgets.

6. Government wages in Alaska tend to exceed those of private business and industry. Therefore, employees seem to be doing well without the added regulation.
7. In a time of funding cutbacks, increasing the cost of government doing business does not make much sense.
8. In regard to strikes, if a strike provision would ever be required, the municipality as an employer should have the same options that exist in private industry; for example, the employer (the municipality) should be able to continue services and hire others if employees strike.

In the end, it is, of course, the taxpayer who must bear any financial burden. The taxpayer now has control through the election process. With binding arbitration, the taxpayer gives up this control to the employee and arbitrator.

# City of Soldotna

P.O. Box 409 • 177 North Birch • Soldotna, Alaska 99669 • Phone: 262-9107



February 11, 1988

Alaska Senate State Affairs Committee  
c/o Senator Ken Fanning  
P.O. Box V - State Capital  
Juneau, Alaska 99811

*DHL DELIVERY*

Re: SB 372

Ladies and Gentlemen:

I would like to add my name to the growing list of municipal officials who have supported Senator Ken Fanning's effort to provide an opportunity for municipalities to opt out of PERA.

The Soldotna City Council recently reconsidered whether we should opt back into PERA and unanimously concluded that we should retain the right to govern our labor relations at the local level. I am enclosing a few pages of our local collective bargaining ordinance. The preamble to the ordinance and Section 2.30.020 set forth our findings as to why we think a local collective bargaining ordinance is more appropriate to our particular situation.

Our ordinance prohibits closed shops and strikes, but it also provides a binding arbitration procedure as the final step of the collective bargaining process if all other impasse resolution steps fail. In Soldotna, however, our voters will be the final arbitrators. Final and best offers will be put to the test of a referendum at the next general election.

I encourage you to approve SB 372 and to oppose any legislative effort that would force municipalities to be subject to provisions of PERA.

Sincerely,

A handwritten signature in cursive script that reads "Dolly M. Farnsworth".

Dolly M. Farnsworth  
Mayor of Soldotna

Enclosure (1)

cc: Senator Paul Fischer  
Representative Mike Navarre  
Representative C.E. Swackhammer  
Scott Burgess, Executive Director, Alaska Municipal League

CITY OF SOLDOTNA, ALASKA

ORDINANCE NO. 447

(As Amended October 21 and December 2 and Adopted December 16, 1987)

AN ORDINANCE CONCERNING COLLECTIVE BARGAINING WITH CITY EMPLOYEES

---

WHEREAS, the 1972 Alaska State Legislature adopted the "Public Employee Relations Act" and provided that it would be applicable to all political subdivisions, unless political subdivisions took action within six months after its effective date to exempt themselves from this Act; and,

WHEREAS, the Soldotna City Council voted to reject application of the "Public Employee Relations Act" pursuant to Resolution No. 72-17, adopted August 24, 1972; and,

WHEREAS, on consideration of this subject again on July 5, 1979, the Soldotna City Council rejected a request to rescind Resolution No. 72-17; and,

WHEREAS, it has been reported that some of the City's employees may want to affiliate with a labor organization for the purpose of collective bargaining with the City; and,

WHEREAS, the City Council is aware of the right of employees to join a union and to become subject to terms of a collectively bargained agreement;

WHEREAS, the Soldotna City Council desires to grant employees the right to become covered by a collectively bargained agreement, but under terms of a local ordinance, rather than by terms of the "Public Employee Relations Act", in order to retain local control over labor relations and to codify provisions on issues which might be in dispute among the various courts; and,

WHEREAS, the City Council wishes to make known some of its reasons for adopting a local ordinance concerning collective bargaining, rather than being bound by the State's "Public Employee Relations Act", now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SOLDOTNA, ALASKA AS FOLLOWS:

Section 1. Chapter 2.30 is hereby added to the Soldotna Municipal Code to read as follows:

## Chapter 2.30

### COLLECTIVE BARGAINING

#### Sections:

2.30.010	Declaration of Policy
2.30.020	Legislative Findings
2.30.030	Rights of Employees
2.30.040	Employee Relations Board
2.30.050	Collective Bargaining Unit
2.30.060	Exemptions from Collective Bargaining
2.30.070	Representatives and Elections
2.30.080	Collective Bargaining
2.30.090	Mediation and Fact Finding
2.30.100	Final Determination of Disputed Issues
2.30.110	Grievance Resolution
2.30.120	Prohibited Activities
2.30.130	Unfair Labor Practices
2.30.140	Agreement
2.30.150	Reservation of Management Rights
2.30.160	Funding
2.30.170	Payroll Deduction for Dues & Fees
2.30.180	Definitions

#### 2.30.010 Declaration of Policy.

A. The Soldotna City Council hereby declares that it is the policy of the City to promote harmonious and cooperative relations between the government and its employees and to protect the public by assuring orderly and effective operations of government. The City Council desires to govern its labor relations at a local level and, therefore, continues to exempt the City from application of the provisions of Chapter 113, SLA 1972 (Article 2 of AS 23.40, known as the Public Employment Relations Act) as prescribed in prior resolutions and actions.

B. The City's labor relations policies are to be effectuated (1) by recognizing the right of employees to organize for the purpose of collective bargaining under this Chapter, (2) by negotiating according to this Chapter with employee organizations on matters of wages, hours, and other terms and conditions of employment, and (3) by maintaining merit system principles among City employees.

C. Nothing in this Chapter shall be construed so as to make membership in any union or other employee organization a condition of employment with the City, nor to allow an agency shop, closed shop or union shop arrangement.

2.30.020 Legislative Findings. The Soldotna City Council makes the following legislative determinations in support of its reasons for adopting a local ordinance concerning collective bargaining, rather than being bound by the State's "Public Employee Relations Act":

A. The City of Soldotna provides essential public services including police protection, street repair, snow removal, water, sewer and other services critical to public health, safety and convenience.

B. Granting City employees the right to strike pertaining to wages, benefits and working conditions may be construed as granting employees the right to override the authority of the local governing body, and, as a first class municipality, the City of Soldotna desires its authorities, as provided by Alaska Constitution and Statutes, to be broadly construed.

C. Employees of the City of Soldotna, being agents of the City and serving only public purposes, are entirely different from employees in the private sector and a strike by them could contravene the public welfare and paralyze the City and endanger the public health, safety and convenience.

D. Since the terms of employment of City employees include economic obligations and commitments which under this Code can only be determined by the City Council, granting a right to strike would, in effect, permit employees to place undue pressure and influence on the City Council by striking. The City Council may be influenced to accede to the demands of the employees in order to protect the public from the affect of a strike, even though the concessions granted in so doing may be against the public interest. Employees should not be allowed to place the local government in such a dilemma.

E. Unlike private enterprise, the City of Soldotna does not perform its public functions and activities for profit. Thus, purely economic considerations may not appropriately be the most important considerations and should not be allowed to become the most important through public employee labor relations law and ordinances.

F. For the foregoing reasons, a strike or a work stoppage by public employees should not be condoned or permitted.

G. The efficient operation of the City and harmonious labor relations between the City and its employees will best be served when each individual employee has the maximum freedom possible to choose individually whether to affiliate with other employees or a labor organization for the purpose of collective bargaining.

H. The interests of the majority of the City employees should not infringe on the interests of the minority provided the interests of the majority can be accomodated.

I. Because the City of Soldotna has a long-standing set of personnel procedures and ordinances which, for the most part, have resulted in stable and harmonious labor relations, the public interest would be best served by permitting each individual employee the right to choose to continue to be subject to the existing personnel policies and procedures (as they may be amended from time to time), thus permitting each employee the widest freedom to choose while at the same time permitting those who wish to collectively bargain the right to do so. The City realizes that this approach could be construed as a possible violation under Section 8(a)(1) of the National Labor Relations Act in the private sector, but also realizes, for reasons set forth in this Chapter, that the City has the right to determine its own labor relations policies, and has determined, as a legislative matter, that the greatest freedom of choice for individual employees serves the public interest.

J. The City Council realizes its obligation never to surrender the power of taxation as set forth in Alaska Statutes. The City Council determines that the accountability of the City Council to the public can only be maintained if this power to tax remains exclusively with the City Council. Since the commitment of public monies in the form of wages, benefits and working conditions can result in a tax adjustment, the City Council determines that it is essential that the City Council approve any collective bargaining agreement before it can become effective. Because of the budget requirements set forth in Alaska Statutes, and in order to preserve the public's opportunity to be heard on the budget, any collective bargaining agreement which would result in a change in the amounts budgeted for City employees must be concluded in time for the changes to be considered in the annual budget prior to the end of the fiscal year.

K. The City Council finds that it would disrupt the orderly operation of the City if collective bargained agreements were to expire at any time other than the close of the fiscal year.

L. In recognition of certain commitments made by the City in a "memorandum of understanding" pertaining to wages, benefits and working conditions for a term beginning July 1, 1987, the City Council herein represents that in the event any employees affected thereby engage in collective bargaining that the provisions of this memorandum of understanding shall serve to establish the minimum standards upon which any such bargaining will be based during the term of the "memorandum of understanding".

2.30.030 Rights of Employees. City employees may self-organize and form, join or assist an organization for the purpose of collective bargaining through representatives of their own choosing in accordance with the terms and conditions of this Chapter.

2.30.040 Employee Relations Board.

A. There is hereby established an Employee Relations Board which shall administer the policy established by this Chapter and shall have duties which shall include but are not limited to:

- (1) Determining the units appropriate to collective bargaining;
  - (2) Certifying or decertifying employee organizations as exclusive representatives;
  - (3) Conducting representation elections; and
- (4) Handling the procedures for resolution of disputes and grievances, as provided in this Chapter.

B. The Employee Relations Board shall consist of three members. One member shall be appointed by the Mayor and confirmed by the City Council. One member shall be appointed by the City's employees pursuant to appropriate procedures devised by the employees' collective bargaining agent(s). If there is no collective bargaining agent, the employee member shall be elected by a majority of the City's employees under election procedures to be administered by the City Clerk. The third member shall be chosen by and mutually acceptable to the other two board members.

(1) The term of office of Employee Relations Board members shall be three years and shall run with the term of the Mayor.

(2) Members of the Employee Relations Board must be residents of the City of Soldotna. Members of the Board may not be employees of the City, nor members of any labor organization which represents or is attempting to represent City employees.

2.30.100 Final Determination of Disputed Issues:

A. If, upon conclusion of negotiation and after use of mediation and fact finding as appropriate, no agreement is reached, the City Council shall formulate a last best offer. The offer shall be reduced to writing and represent the proposed collective bargaining agreement for a term not to exceed three years.

B. If the Employee Organization is not satisfied with the last best offer of the City Council, the Employee Organization shall formulate its last best offer. This offer shall, likewise, be reduced to writing and represent the Employee Organization's proposed collective bargaining agreement for a term not to exceed three years.

C. The Council shall thereupon hold a public hearing on the proposed collective bargaining agreements, on at least seven days' notice. At the conclusion of the hearing, the Council shall: either approve the Employee Organization's last best offer; or, submit the last best offer of each party to a referendum of the Soldotna voters at the next general election. The results of the election shall be binding for the period of the agreement upon both parties, who in the interest of facilitating the prompt resolution of any and all labor disputes shall forebear from any judicial appeal of the decision.

(1) The question submitted at the election shall be substantially in the following form: "To resolve an impasse between the City and an Employee Organization over a collective bargaining agreement, each party has been asked to submit its last best offer to public referendum. Which offer shall be approved?"

The City Council's last offer.

The Employee Organization's last offer.


(2) The Clerk shall publish, with the regular notice of election, a summary, in 300 words or less, of the last best offers of the City and the Employee Organization, as prepared by a representative of each party, with a notice that copies of the full text of the last best offers of each party are available at the Office of the Clerk.

2.30.110 Grievance Resolution. Except as these provisions may be modified for covered employees by the terms of a collective bargaining agreement, employee grievances shall be handled according to Section 2.28.260 of the Soldotna Municipal Code.

2.30.120 Prohibited Activities.

A. Strikes or Other Concerted Cessation of Work.

(1) No City employee shall have the right to strike.

(2) A strike is defined as a concerted failure to report for duty, a willful absence from work, a stoppage of work, or an abstinence from the full and proper performance of duties for the purpose of inducing or coercing a change in working conditions or compensation. The term strike includes any refusal to perform regular duties while other City employees, or any other persons, are engaged in picketing or any other work stoppage, slowdown or refusal.

(3) An employee shall be subject to discipline, according to the City's Personnel Code, for an unauthorized absence from work or a failure or refusal to perform regular duties in a full and proper manner whether or not the unauthorized absence, action or inaction is in relation to a strike.

(4) Upon a finding by the City Council that employees are engaging or are about to engage in a strike or other concerted cessation of work, the City Council may petition the Courts for an injunction, restraining order or other such order as may be appropriate. The City Council may file a petition with the Courts without first submitting an unfair labor practice complaint to the Employee Relations Board.

**B. Agency shop, Closed Shop or Union Shop Arrangements.**

(1) No collective bargaining agreement shall contain terms which mandate affiliation with a designated labor organization as a prerequisite to employment or as condition of continued employment with the City.

(2) Neither the City nor any City employee shall discriminate against any employee solely by reasons of that employee's exercise of this right to choose whether or not to affiliate with a labor organization, although differences between terms and conditions of employment set forth in the City Personnel Code and those terms and conditions set forth in a collectively bargained agreement that result in differential treatment will not be a violation of this section.

(3) Each new employee shall, likewise, have the right to choose between the Personnel Code and any collectively bargained agreement after being offered a position, but before beginning work.