



**City Council Minutes  
August 1, 2017 ~ 5:00PM**

**Regular Meeting  
City Hall, Delta Junction, Alaska**

The regular meeting of the Delta Junction City Council was held on Tuesday, August 1, 2017 at City Hall. Mayor Hallgren called the meeting to order at 5:00pm.

City Council members present: Mayor Pete Hallgren, Deputy Mayor JW Musgrove (telephonically)  
Lou Heinbockel, Jennifer Brant, Audrey Brown, Freda Degnan

City Council member excused: Will Brennan

City employees present: City Administrator Mary Leith, Finance Officer Stephanie Prestwich, City Clerk Pat White  
Administrative Assistant Flower Cole, Library Director Joyce McCombs

Two residents and one out-of-town guest were in attendance and the meeting was broadcast over KDHS 95.5 FM radio.

**AMENDMENTS ~ APPROVAL OF AGENDA**

Degnan moved to approve the August 1, 2017 agenda as presented; Brown seconded

White reported CK# 219040 was added to *City Purchases over \$1,000*.

Motion passed by unanimous consent to approve the amended agenda.

**AMENDMENTS ~ APPROVAL OF MINUTES FROM PREVIOUS MEETING**

Brant moved to approve the minutes from the July 18, 2017 regular meeting as presented; Degnan seconded.

White explained minor changes.

Motion passed on a roll call vote with six in attendance.

**UNFINISHED BUSINESS**

**Airport Subdivision II**

Leith reported the final survey plat for Airport Subdivision II and the SWPPP (Storm Water Pollution Prevention Plan) must be done before any road clearing.

Heinbockel referenced the cost to build West Second Street (\$15,500 in 2016), which was approximately 300 yards, and questioned whether there are enough funds budgeted (\$96,000) to pay for the SWPPP and develop approximately one-mile of roads in the new subdivision.

**Park Paving**

Leith reported M2C1 Construction & Engineering will advertise the pre-bid conference for park paving on August 14 and the bid opening on August 22. Paving should be complete as early as September.

Heinbockel asked if the process can be expedited because of Great Northwest's batch plant set up at Pump 9 to replace the Ruby Creek Bridge on August 10. It would be advantageous to do the park paving while material is available locally.

Discussion followed regarding grant fund deadline (June 30, 2018) and option to extend it if the project is progressing.

**Permanent Fund Investment**

Steven McSharry, Morgan Stanley Vice President, distributed documents detailing several investment models. Model 3 is a moderate portfolio; growth without excessive risk. Every month Morgan Stanley leaders, the Global Investment Committee (GIC), meet in New York to review world investments and examine the most practical and appropriate solutions for clients. Portfolios are adjusted based on the GIC analysis (and the most current trend is to invest in markets outside the United States).

Discussion followed regarding strategic allocation (investing over a seven-year cycle), active management versus passive, other investment terms, and no guarantee on investments, except historical averages.

McSharry reported the City's \$1.5-million Permanent Fund lost \$500 last year. If invested with the Model 3 portfolio, it would have grossed 10.92% in the past 12 months, earning \$141,300 (\$163,800 total growth minus Morgan Stanley fee of

1.50% or \$22,500). Not investing is betting against capitalism. The City currently owns half a million in U.S. government bonds and one million in cash with only \$500,000 of it FDIC-insured.

Discussion followed regarding the percentage of management fees decreasing as investment grows, Hallgren's opinion per a July 27 memo, "to operate the Delta Junction Permanent Fund match like a perpetual endowment that continues to grow the principle (with some inflation proofing) while providing a reliable annual income to the general fund," reliable income of around \$53,000 to put toward operations, and not touching the principle of the Permanent Fund without the vote of the people.

Brown suggested putting surplus funds into laddered Certificate of Deposits (CDs), so money becomes available upon renewals.

Hallgren reported undedicated reserves were put into laddered CDs, which provide a guaranteed return.

McSharry advised not investing any funds that would be needed within 36 months.

Discussion followed regarding staying conservative or taking higher risks, reviewing the investment portion of the Code of Ordinances and/or possibly editing it, and inability to speculate what the market will do.

Brant suggested investing in Model 2 and considering changing to Model 3 at a later time. Model 2 is more appealing because growth is minimal (4.1% vs. 4.7%), but volatility is more significant (7.2% vs. 9.6%).

McSharry cautioned against "flipping," making frequent changes, because Morgan Stanley is already doing it internally. He did recommend regrouping in three months, six months, 12 months, or whenever the Council decides.

Brown expressed concern that the Council consensus favored Model 3 for the past several months and that she felt it would give a better return than Model 2.

Heinbockel moved to approve investing the \$1.5+ Permanent Fund in Model 2; Brant seconded.

Hallgren asked that it not be implemented until the Code of Ordinances is reviewed.

Musgrove said he agreed with investing, but preferred smaller cash amounts be available within three or four months.

Discussion followed regarding the status of City finances.

Motion passed on a roll call vote with four in favor (Heinbockel, Brant, Degnan, Hallgren) and two opposed (Musgrove, Brown).

Heinbockel said tonight's decision is one of the most important steps made. He asked if earnings from the Morgan Stanley account are deposited back into the Permanent Fund or if they are accessible as discretionary/operating funds.

Hallgren said 90% of the previous year's annual earnings can be used in the general budget. If not, it is returned to the Permanent Fund principle.

## NEW BUSINESS

### City Purchases over \$1,000

CK# 219027 to Wells Fargo Credit Card in the amount of \$12,103.75 for credit card purchases (\$482.22 – postage, \$179.99 – Public Work supplies, \$73.84 – Fire Hall fuel, \$303.00 – electricity at Ice Arena, \$4,814.45 – new gear for Fire Department, \$1,038.00 – library materials, \$149.00 – Mary Leith's attendance at Human Resources class in Fairbanks on June 28, \$347.95 – crank replacement on dumpsters at landfill, \$410.00 – contracted services for City Hall emails, \$1,139.00 – fireplace replacement at library, \$3,113.35 – four more trash cans and six changing stations for park, and \$52.95 – flowers delivered to Audrey Brown after surgery in Florida in June)

CK# 219034 to Arctic Office Product in the amount of \$5,031.00 for desk for Finance Officer and new fireproof file cabinet for City Clerk's office

CK# 219035 to Airport Equipment Rentals in the amount of \$9,244.20 for snow gate for grader

CK# 219036 to Overhead Doors in the amount of \$2,747.16 for maintenance and repair of garage doors at landfill and Ice Arena

CK# 219037 to Advance Printing in the amount of \$2,018.21 for light pole banners (150th anniversary of the purchase of Alaska and 75th anniversary of building the Alaska Highway and Allen Army Airfield)

CK# 219038 to State of Alaska in the amount of \$50,411.00 to return unused grant funds

CK# 219039 to GVEA in the amount of \$2,643.52 for June electricity

CK# 219040 to Bill's Small Tractor Service in the amount of \$4,803.71 for lawn maintenance at park and cemetery

Degnan moved to approve checks 219027 and 219034 through 219040 as presented; Brant seconded.

Prestwich referred to a portion of CK# 219027 (\$303) that was charged for rink electricity in May and said the June bill is \$126 because usage dropped from 1200kw to 400kw. The rink bill has remained under the Delta-Greely Skating Association, so monthly statements are not received at City Hall with statements for other City facilities. Shipping played a big part of the \$3,500 cost for the four-drawer fireproof cabinet for the City Clerk's office (CK# 219034). Returned funds (CK# 219038) were from unused grants: the library heating repair/replacement grant paid to replace the fireplace because of damages caused from a power surge, but the majority was returned to the State (\$23,861 returned out of \$25,000); front doors were repaired, but the rest of the library improvements grant was returned (\$5,550 out of \$30,000); \$19,000 was spent to level gravel over the septic tank at the Liewer-Olmstead Ice Arena. That and hot water resolved ice buildup issues, so the rest of the Liewer-Olmstead Septic System Repair grant was returned (\$21,000 out of \$40,000).

Heinbockel said he would vote against returning funds to the State of Alaska (CK# 219038).

**Motion passed** on a roll call vote with five in favor (Brant, Musgrove, Degnan, Brown, Hallgren) and one opposed (Heinbockel).

Heinbockel said he appreciated Musgrove voting against paying the annual \$50,000 prison payment to the State of Alaska during the July 18 meeting.

## REPORTS

**Mayor** – Pete Hallgren reported:

- He and Brown will not be at the August 15 meeting because they will be attending the Alaska Municipal League Summer Legislative Conference in Haines, August 16/17.
  - The City Code of Ordinances requires the City Council meet twice a month per §1.10.040(a) and §29.20.160(b) in Alaska State Statutes says, “a governing body shall hold at least one regular meeting each month ...”
- Discussion followed regarding whether to meet less often during the summer months.

**City Administrator** – Mary Leith reported:

- The title agency accepted a resolution drafted by the State of Alaska to remove “viewing and wildlife easements” language in the patent for Airport Subdivision I. It awaits official signatures.
- The annual inspection of the Delta Junction Class II Municipal Solid Waste Landfill was conducted on July 14. The July 18 report read, “The facility ... received a compliance score of 96%...” Faults were litter control (plastic bags caught in trees), in part caused by high winds on Windy Ridge and not enough contribution to the Landfill Closure Fund. Discussion followed regarding fees to run the landfill operation (\$2,500 paid annually to the State for the landfill inspection plus \$3,000 to renew the landfill permit, and \$500 to Phillips Scales to certify the landfill scales every two years) and difficulty in having to formalize the plan for the septic operation because of changing rules.
- ECC (Environmental Compliance Consultants) would be at the landfill on August 2 to test soil from the glycol leak that was found between the scale house and the shop. The ECC contract would cover costs to rent equipment to remove soil, analyze it, and establish a plan that is approved by the Department of Environmental Conservation (DEC). Heinbockel questioned why polypropylene glycol (non-toxic household product) could not be abandoned; why it was treated the same as ethylene glycol (poisonous).

Discussion followed regarding the process moving smoother and faster than first anticipated, turning soil again in the spring, and whether to heat the scale house with glycol or electricity.

Heinbockel said he would vote against using any type of glycol or any heat tape. He expressed disgust with the engineer firm that designed the heating setup for the scale house. Heating the scale house with electricity will be safer.

Brown moved to not reactivate the copper pipe (glycol and heat tape); Heinbockel seconded.

**Motion passed** on a roll call vote with six in favor (Heinbockel, Brown, Degnan, Musgrove, Brant, Hallgren).

**City Clerk** – Pat White reported:

- Four Council seats will be on the October 3, 2017 Municipal ballot: Seat C (currently held by Audrey Brown) – three-year term, Seat E (Jennifer Brant) – one-year term, Seat F (Will Brennan) – three-year term, and Seat G (Pete Hallgren) – two-year term. Candidate packets will be available at City Hall on August 14, but not accepted back until the filing period, August 24 through September 8.

Hallgren reported he will submit his resignation, effective October 10 during the meeting to certify the election results.

- September 3 is the last day to register or make changes to voter information to be eligible to vote in the Municipal Election.
- Deadline to file for a seat on the School Board (REAA #15) is August 4. Candidate forms are available at City Hall, the Division of Elections office in Fairbanks, or online (elections.alaska.gov).

**Finance** – Stephanie Prestwich reported:

- Unreserved savings were deposited in Certificate of Deposits (CDs). Approximately \$337,000 in the landfill closure fund was deposited in two three-year CDs, earning 1.9% return. Two-year CDs earned 1.7% and one-year CDs earned 1.5%.
- The budget reconciliation will be introduced at the August 15 meeting for adoption on September 5.
- \$1,206 in 75th memorabilia (t-shirts and hoodies) was sold during the Deltana Fair.

**Library** – Freda Degnan reported *Build a Better World*, the theme of this year’s six-week summer reading programs, ended the third week of July:

- A total of 97 children registered. Elementary readers (56) were divided into two Tuesday sessions, one at 11:00 and one at 1:00. Preschoolers met on Wednesdays. Youth readers, grades 4-8, met on Thursdays.
- 691 books were read by the first group of elementary readers and 736 were read by the second group. The youth group read a total of 835 hours.

- Readers received t-shirts, book bags, bookmarks, stickers, reading folders, etc. They took home new books three different times during the six-week program. Reward parties were held on the last meeting day.
- Thirty-three readers were recognized for perfect attendance during the reward party and given certificates for free kid meals at the Buffalo Drive-in.
- The Library Association provided nine \$25 gift certificates as prizes for the youth group and purchased a Barnes and Noble Nook e-reader as the grand prize.
- Angie Barnard, supervisor of the elementary and preschool reading groups, reported this was the best summer yet. A favorite activity was using the library iPad as a timer for 60-second book reports. Even the quietest readers loved trying to beat the clock while they talked about their favorite book of the week.

Brown said she is grateful for library services, including trade through the library's revolving rack of paperbacks.

McCombs reported Senator Mike Dunleavy and Representative George Rauscher presented Legislative Citations to Battle of Books champions during the Deltana Fair. "It was a sweet moment for the three girls and the first time in 25 years that there has been a State Championship in Delta."

**Airport** – JW Musgrove reported a good, used mower for the John Deere tractor will cost \$2,000 to \$3,000, but, for now, the existing mower is still functioning. A wider mower would be more suitable for mowing at the airport.

Heinbockel offered to research purchasing a new mower for next year's budget.

**School District** – Audrey Brown reported the new school year starts on August 17.

**Park / Recreation** – Jennifer Brant reported:

- Hand sanitizer dispensers were ordered for park outhouses and trash can receptacles are being purchased.
- Baseball winds down around the end of June and soccer starts around the first of July. This year there are 150 soccer players in the Delta Youth Soccer Association plus a new group, ages 3-5, will host a soccer tournament. Discussion followed regarding the Public Works crew cleaning up accumulated grass clippings at the end of the season. (Volunteers dump grass in the corner of the park after mowing ball fields.)

**LEPC / Emergency Preparedness / Public Health** – Audrey Brown reported:

- The Local Emergency Planning Committee (LEPC) will meet next in September.
- The Senior Companion Program is designed to assist seniors with household chores, preparing meals, etc. Volunteers, 55 or older with an annual income of less than \$25,000, are given a non-taxable stipend through the grant program. To qualify, volunteers must pass a physical and a background check. Anyone interested in receiving assistance from a Senior Companion is asked to contact Deborah Snyder, local coordinator (907-987-2976).
- The LEPC recently initiated a street address signage project.

Degnan reported the purpose of the project is to help emergency responders locate residences.

Prestwich said free applications are available at City Hall. Delta Medical Transport personnel have offered to post the addresses in street rights-of-way. Refrigerator magnets listing a physical address will be helpful to children who might not know their location while communicating with dispatch or an emergency responder. LEPC Chair, Mike Paschall, is soliciting support for the signage project.

- Medication disposal packets are free to the public and available at the local Public Health Office (895-4292). The self-explained disposal packets provide safe, effective, and convenient ways to properly dispose of unused medications.

**Public Works** – Lou Heinbockel asked the City Administrator to contact Great Northwest (set up batch plant to work on the Ruby Creek Bridge south of Delta Junction) to repair radiuses on street corners, bumps, and other repairs. He questioned whether the Public Works crew could do the work. Changing subjects, he expressed concern with paying millions to install a certified septic system at the landfill and a local business given a DEC-issued permit to spread septic waste on open ground. He asked to consider getting out of the business if it is not cost effective to provide the service.

## **ADDITIONAL PUBLIC AND COUNCIL COMMENTS**

Craig Cugini reported the Fort Greely Garrison will host 101 Critical Days of Summer Safety Stand Down at the Aurora Community Activities Center on August 3. The invite-only event focuses on safety around boats, ATVs, snow machines, etc. Ahtna tribal dancers will also perform.

## **ADJOURNMENT**

Hallgren declared the meeting adjourned at 8:00pm; Heinbockel seconded.