FAIRBANKS CITY COUNCIL
REGULAR WORK SESSION AGENDA
TUESDAY, NOVEMBER 18, 2025 AT 7 A.M.

MEETING WILL BE HELD VIA ZOOM WEBINAR
AND AT FAIRBANKS CITY COUNCIL CHAMBERS
800 CUSHMAN STREET, FAIRBANKS, ALASKA

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1. Roll Call

2. Ordinance No. 6329 – An Ordinance Ratifying a Collective Bargaining Agreement Between the City of Fairbanks and the AFL-CIO Crafts Council. [advanced to November 24]

3. Ordinance No. 6330 – An Ordinance Amending the Collective Bargaining Agreement Between the City of Fairbanks and the Fairbanks Firefighters Union (FFU) IAFF Local 1324. [advanced to November 24]

4. A Resolution Inviting Proposals from Qualified Developers Interested in Redeveloping City Property at 123 Lacey Street. [not introduced]

5. A Resolution Authorizing the City of Fairbanks Fire Department (FFD) to Participate in the U.S. Department of Justice Bureau of Alcohol, Tobacco, Firearms (AFT), and Explosives National Canine Division's (NCD) Canine Program Application. [not introduced]

6. 2026 Draft City Operating and Capital Budget [not introduced]

7. Nomination of EV Charging Station Project for FAST Planning

8. Solicitation for Input by ABC Board and MCB Board on State Regulations

9. Resolution No. 5192, as Amended – A Resolution Stating the City of Fairabnks Legislative and Capital Priorities for 2026. [approved on November 10; for informational purposes only]

10. Finance Committee Report

11. Mayor and Councilmember Comments

12. Next Regular Work Session – Tuesday, November 25, 2025, 7:00 a.m.

13. Adjournment

Introduced by: Mayor O'Neall
Date: November 10, 2025

ORDINANCE NO. 6329

AN ORDINANCE RATIFYING A COLLECTIVE BARGAINING AGREEMENT BETWEEN THE CITY OF FAIRBANKS AND THE AFL-CIO CRAFTS COUNCIL

WHEREAS, the City of Fairbanks and the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) have been operating under the terms of the 2023-2025 Collective Bargaining Agreement, which will expire on December 31, 2025; and

WHEREAS, the City Administration and the AFL-CIO have reached a tentative agreement on terms of a replacement contract; and

WHEREAS, the City of Fairbanks 2026 operating budget will include the increased expenditures reflected in the attached fiscal note.

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NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, as follows:

Section 1. The attached Collective Bargaining Agreement between the City of Fairbanks and the AFL-CIO, effective January 1, 2026, through June 30, 2028, is hereby ratified by the City Council.

Section 2. The City's 2026 operating budget will include the increased expenditures reflected in the attached fiscal note.

Section 3. The effective date of this ordinance is six days after adoption.

____
Mindy O'Neall, City Mayor

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST:

____
D. Danyielle Snider, MMC, City Clerk

APPROVED AS TO FORM:

____
Thomas A. Chard II, City Attorney

CITY OF FAIRBANKS
FISCAL NOTE

I. REQUEST:

Ordinance or Resolution No: 6329

Abbreviated Title: AFLCIO COLLECTIVE BARGAINING AGREEMENT

Department(s): PUBLIC WORKS

Does the adoption of this ordinance or resolution authorize:

1) additional costs beyond the current adopted budget? Yes X No

2) additional support or maintenance costs? Yes No X

If yes, what is the estimate? see below

3) additional positions beyond the current adopted budg Yes No X

If yes, how many positions?

If yes, type of positions? (F - Full Time, P - Part Time, T - Temporary)

II. FINANCIAL DETAIL:

EXPENDITURES:	2026	2027	2028	TOTAL
WAGES AND BENEFITS - JANUARY TO DECEMBER	$ 588,890	$ 588,890	$ 588,890	$ 1,766,670
WAGES AND BENEFITS - JANUARY TO DECEMBER		$ 115,690	$ 115,690	$ 231,380
WAGES AND BENEFITS - JANUARY TO DECEMBER			$ 118,490	$ 118,490
ANNUAL LEAVE ACCRUAL - PER HOUR	$ 10,000	$ 10,300	$ 10,600	$ 30,900
CLOTHING, BOOT, & TOOL ALLOWANCES	$ 11,210	$ 11,210	$ 11,210	$ 33,630
ONE-TIME BONUS	$ 1,750	$ -	$ -	$ 1,750
TOTAL	**$ 611,850**	**$ 726,090**	**$ 844,880**	**$ 2,182,820**

FUNDING SOURCE:	2026	2027	2028	TOTAL
GENERAL FUND [PUBLIC WORKS]	$ 611,850	$ 726,090	$ 844,880	$ 2,182,820
TOTAL	**$ 611,850**	**$ 726,090**	**$ 844,880**	**$ 2,182,820**

This fiscal note provides the cost of the proposed AFLCIO negotiated collective bargaining agreement. The contract provides the following **wage increases**: $2.00 to $10.34 (4% to 19%) in Year 1; 2.2% CPI in Year 2; and 2.2% CPI increase in Year 3. The contract adds one new level for 3 Laborers and two new levels for 7 Operators (annual cost $4,220 for level 1 and $8,440 for level 2). **Health care** will be paid per hour versus a monthly payment which could cost up to $50,900 for overtime hours (based on 2024) . AFLCIO members will earn **annual leave hours** per pay period versus annual hours converted per pay period. The **contract increases allowances** by $100 for clothing, $200 for boots, and $50 for tools. The contract provides a **one-time bonus** for the Custodian in the amount of $1,000 and Trades Specialist Forman in the amount of $750 to provide a similar increase as other staff for Year 1 of the contract. The City will have additional costs for overtime, liability, and workers' compensation due to wage increases.

Reviewed by Finance Department: Initial mb Date 11/3/2025

COLLECTIVE BARGAINING AGREEMENT

Between

THE CITY OF FAIRBANKS

and

FAIRBANKS AFL-CIO CRAFTS COUNCIL

January 1, 2026 - June 30, 2028

Contents

AGREEMENT

This Agreement, made and entered into effective January 1, 2026 between the City of Fairbanks, hereinafter referred to as "the City" or "Employer," and the Plumbers and Pipefitters Local #375, Laborers International Union of North America Local #942, International Union of Operating Engineers Local #302, Painters and Allied Trades Local #1959 Pacific Northwest Regional Council of Carpenters Local #1243, and International Brotherhood of Teamsters Local #959, known together, and hereinafter referred to as the "Fairbanks AFL-CIO Crafts Council" or "the Union(s)." The parties have mutually agreed as follows:

PURPOSE OF AGREEMENT

The purpose of this Agreement is to assure a supply of competent and capable workers, to promote the settlement of labor disagreements by conference, to prevent strikes and lockouts, to avoid interruption or interference with the efficient operation of the City, to promote fair, safe, and healthful working conditions, to assure amicable labor management relations, to encourage the growth and development of City employees, and to record the terms of agreement with respect to rate of pay, hours of work, and other conditions of employment arrived at through the process of collective bargaining.

1. DURATION, MODIFICATIONS AND CHANGES

1.1 Effective Dates

This agreement shall become effective on January 1, 2026 and shall remain in effect until June 30, 2028.

1.2 Modifications

(a) Either party desiring a change or modification in this Agreement shall notify the other party in writing between 90 days and prior to the anniversary date of this Agreement. Upon receipt of such notice, negotiations shall begin within 15 days. Changes or modifications mutually agreed to may be made at any time during the life of the agreement subject to member ratification and City Council approval.

(b) In the event that the parties commence negotiations for a new contract or for amendment of the current contract, each craft may have a negotiator present at negotiations. Three represented employees may attend such negotiations on duty, and others are free to attend if off duty on approved leave.

1.3 Renewal

In the event that the termination date of this Agreement shall occur during the course of negotiations for a renewal of the Agreement, the terms and conditions of this Agreement shall be binding upon the parties until the renewal Agreement is negotiated and executed.

2. COVERAGE

The City recognizes the AFL-CIO Crafts Council as the bargaining representative for all classifications listed under Article 23, Schedule A, of this Agreement. All personnel matters for Union members covered by this contract will be controlled and regulated by this Agreement.

3. EMPLOYER-UNION RELATIONS

3.1 City Management

The City has and will retain the sole right to represent and manage the City and to direct the working forces, including, but not limited to, the right to determine the City's mission, policies, and to set forth all standards of service offered to the public; the right to plan, direct, control, and determine the operations and services to be conducted by employees of the City; the right to determine the methods, means, and number of personnel needed to carry out the City's mission; the right to hire, to promote and demote, to discipline, to reclassify and/or discharge any personnel in its employ for good and just reason in the interest of the City, provided it does not conflict with the provisions of this Agreement. Nothing in this Agreement is intended to interfere with the City’s right to manage and control the business.

3.2 Union and City Responsibilities

(a) The Union assumes the responsibility to supply the City with competent qualified workers. The City may reject any employee it finds unsatisfactory for reasonable cause.

(b) Neither the City, nor the Union shall discriminate against any employee on the basis of race, sex, sexual orientation, age, if the individual is 18 years of age or older, color, religion, disability, genetic information, marital status, sexual orientation, gender identity, or national origin or because of membership in or lawful activity on behalf of the Union. To the extent allowed by law, the City further agrees to give priority of hire and job tenure to residents of the Fairbanks area when such residents possess the requisite skills and abilities and are available. Recognizing the mutual benefits derived from the process of democratic collective bargaining, the City will not discourage new employees from joining the Union.

3.3 Shop Stewards

The City will recognize four Shop Stewards, including one Teamster, one Operator, one Trade Specialist, and one Laborer. Stewards will be selected by the Union and recognized by the City as authorized representatives of the Employees or groups for whom they are selected. In the event that a Steward is selected by the City to be a step-up Foreman or is on absent from work for an extended period of time the Union shall have the right to select an alternate Steward. The Union shall notify the City within 24 hours as to the appointment or official status of any Shop Steward.

3.4 Bulletin Boards

The City shall furnish bulletin boards for the use of the Union.

3.5 Union Access

The authorized Union Business Representatives shall be granted access to the City's premises when any employees represented by this Agreement are on duty but shall not interfere with operations.

3.6 Loyal and Efficient Service

The Union agrees that its members, who are employees of the City, shall individually and collectively perform loyal and efficient service and that they shall use their influence and best efforts to protect the property and interests of the City and to cooperate with the City to this end at all times.

3.7 Craft Jurisdiction

It is agreed that work shall be assigned in accordance with craft jurisdiction. Any jurisdictional disputes between labor organizations affiliated with the AFL-CIO Crafts Council shall be settled in accordance with the rules and procedures established by the Council. However, it is recognized by the parties that conditions of public employment do not always permit work to be performed on the basis of strict craft lines.

(a) Employees may be required to work out of classification for a period of up to, but not exceeding, three workdays in any one calendar month per classification (Trade Specialist, Operator, Teamster, and Laborer). If it is deemed that the project/work will take longer than three days, the City must contact the affected labor organization and mutually agree on an extension or request a member from the Union Hall with adequate job skills. Nothing in this subsection authorizes work to be performed in an unsafe manner in violation of Section 17.

(b) It is also understood that to promote maximum efficiency on certain operations/projects, the composite crew concept may be employed by the City where it does not conflict with Section 3.7(a) above.

(c) Periodic review of such work assignments shall be made for purposes of adjusting such assignments, as appropriate, to take care of changing needs.

3.8 State and Federal Law

Any provision of the Agreement or subsequent amendments thereto, found to be in violation of any applicable State or Federal law shall be null and void, but all other provisions of the Agreement shall remain in full force and effect. In the event any provision of this Agreement is declared unlawful, in a manner described above, the parties agree to meet within 15 days and for a reasonable period thereafter until final negotiations or appropriate substitute clauses have been ratified by the parties.

3.9 Work Stoppage

The Union agrees that it will not engage in any work stoppage because of any jurisdictional dispute with any labor organization.

3.10 Work Study Program

The parties agree to adopt, via Letter of Agreement, a work study program for the Public Works Department similar to the programs adopted by other City Departments.

4. GRIEVANCE PROCEDURES

4.1 Intent

It is the mutual desire of the City and the Union to provide for the prompt adjustment of grievances in a fair and reasonable manner, with a minimum amount of interruption of the work schedules. Every reasonable effort shall be made by both the City and the Union to resolve grievances at the earliest step possible. In the furtherance of this objective, the City and the Union have adopted the following procedures.

4.2 Definition

A grievance is defined as any dispute involving the interpretation, application, or alleged violation of any provision of this Agreement. However, any dispute involving the commencement date or termination date of this contract shall not be considered a grievance, and shall not be submitted to the grievance-arbitration procedure set forth herein, but any such questions concerning commencement or termination of this Agreement shall be specifically reserved for judicial review. A grievance may be initiated by the Union or the City as hereafter specified.

4.3 First Step

When an employee has a grievance, the employee (accompanied by the steward, if the employee so chooses) shall verbally discuss the matter with the immediate supervisor and attempt to resolve the problem. The grievance must be brought to the attention of the immediate supervisor within 30 calendar days after its occurrence or within 30 calendar days of the employee having, through the exercise of reasonable diligence, gained knowledge or should have gained knowledge, that a grievance exists. If the grievance cannot be resolved through verbal discussion, the grievance shall be reduced to writing, signed by the employee, and presented to their immediate supervisor. The immediate supervisor shall investigate the grievance and shall indicate thereon, in writing, their response to the grievance within three working days following the day on which the written grievance was presented. The written grievance containing the response of the immediate supervisor shall be delivered to the Union, with a copy to the aggrieved employee(s), for further handling at the next step of this procedure.

4.4 Second Step

If the grievance is not settled to the satisfaction of all concerned parties in the first step, the written grievance and response thereto, along with a written statement as to why the response to Step One was not acceptable, shall, within five working days, be delivered to the department head, who shall attempt to settle the grievance. If the grievance is not settled, the department head shall deliver their written response, with the original grievance and all previous responses attached, to the appropriate Union, to the President of the Fairbanks AFL-CIO Crafts Council and to the aggrieved employee(s) within five working days after the submission of the grievance. If the written answer of the department head is not satisfactory, then the employee shall have five working days to decide if they wish to appeal the grievance to the third step of this procedure.

4.5 Third Step

(a) If the dispute is not settled to the satisfaction of all concerned parties, then the written grievance with responses thereto shall be submitted by the Union's business agent to the Mayor’s Office who shall investigate and report findings and recommendations to the Mayor within five working days after the matter has been submitted to the Director. The Mayor shall attempt to settle the grievance, but if not successful, the Mayor shall have seven working days after the grievance has been submitted to the Mayor’s Office to answer. If the answer of the Mayor is not satisfactory, and before going to arbitration as provided in 4.6 below, those matters which are unresolved shall be discussed at a meeting between the parties (the employee involved, the Union's business agent, the Mayor, the Human Resources Director, the department head, and such other persons as may be mutually agreeable to the parties) during which time all pertinent facts and information will be reviewed in an effort to resolve the matter through conciliation.

(b) An employer grievance will be filed with the Union's business agent at the Third Step. A grievance may be filed by the Union at the Third Step. A grievance initiated by the Union or the City shall be in writing and shall state the section number of this Agreement alleged to have been violated and the manner it has been violated.

4.6 Arbitration

The moving party shall make demand in writing upon the other party for binding arbitration within 14 calendar days from the date of delivery of the final response of the Mayor or of the Union, as the case may be. Such notice shall include the nature of the matter to be arbitrated and the contract provisions(s) allegedly violated.

(a) ARBITRATOR SELECTION. When a grievance is submitted to binding arbitration, the Union and the City shall meet at a mutually agreeable date and time, within 14 calendar days, to select an arbitrator.

(1) Upon the failure of the parties to agree upon an arbitrator, both parties

agree to request the Federal Mediation and Conciliation Service or the American Arbitration Association to submit a list of seven names of persons who are available for service as arbitrators.

(2) Within five working days of receipt of the list, the City and the Union representatives shall alternately strike one name from the list until one name remains. The side to strike the first name shall be chosen by lot. The person whose name has been chosen shall become the Arbitrator.

(b) TIME LIMITS OF ARBITRATION. Arbitration shall commence as soon as possible at a date and time acceptable to the parties and the arbitrator. The arbitrator shall make a written report of their findings to the Union and the City within 30 working days after the hearing is concluded, unless mutually agreed otherwise.

(c) RULES GOVERNING THE ARBITRATION. Said arbitrator will be governed by the Voluntary Labor Arbitration Rules of the American Arbitration Association as amended. The decision of the arbitrator shall be final and binding on both parties to the dispute.

(d) IMPLEMENTATION OF DECISION. The final decision of the arbitrator shall be implemented as soon as possible, but no later than 30 days after the final decision is rendered.

(e) AUTHORITY OF ARBITRATOR. The authority of the arbitrator shall be limited to the application and interpretation of this Agreement. They shall have no authority to amend, alter, modify, or otherwise change the terms or scope of this Agreement. However, by mutual agreement of the City and the Union, the grievance procedure set forth above may be used in other matters.

4.7 Separate Arbitrators

Each grievance or dispute will be submitted to a separately convened arbitration proceeding, except where the City and the Union mutually agree to have more than one grievance or dispute submitted to the same arbitrator. Multiple grievances filed over the same issue will be combined.

4.8 Arbitration Expense

The City and the Union shall equally share the expense of the arbitrator and shall share equally the other expenses involved in such arbitration proceedings, including stenographic expenses, except each party shall bear the expense of their respective non-employee witnesses.

4.9 Witness Expense

Any City employee called as a witness by either side will continue to receive their regular rate of pay while attending such hearings, not to exceed regular working hours. Should such meetings be scheduled outside of regular working hours, or extended beyond such regular working hours, no compensation shall be paid by the City for the time outside such hours.

4.10 Working Conditions/Award Limits

When any matter in dispute has been referred to the Grievance Procedure set forth above, the conditions and provisions prevailing prior to the time the dispute arose shall, insofar as it is possible and consistent with normal operations, not be changed until the decision is rendered. When the subject matter warrants, the decision shall be made retroactive to the time the dispute began. In cases where it is determined an employee has been discharged unjustly and without cause, the Arbitrator shall order the City to return the employee to their position without loss of seniority or pay.

4.11 Default

In the event that the City fails to answer a grievance within the time required at any step of the Grievance Procedure, or the Union fails to appeal the answer given to the next step of the Grievance Procedure within the time allowed, then the grievance will be considered settled against the side which has defaulted. However, any of the time limits to the grievance or arbitration procedures may be extended by mutual agreement. Grievances resolved by default cannot be the basis of establishing precedent for the settlement of any other grievances. No default may be declared unless the defaulting party has been given notice by the other party and a chance to correct the default.

4.12 Origination Above First Step

Any grievance that originates from a level above the first step of the Grievance Procedure shall be submitted directly to the step or level from which it originates.

5. <u>EMPLOYEE BENEFITS</u>

5.1 Retirement

Employees covered under this Agreement shall participate in their respective unions' retirement trust funds. The City agrees to contribute to the applicable trust funds the amount set forth in Schedule A for each compensable hour credited to employees for the purpose of retirement benefits as specified in said trust agreements. Contributions shall be submitted by the City on or before the 15th day of the month following the month in which the contributions were earned. It is understood and agreed that the contributions are to be computed solely on the total number of compensable hours, including personal leave and paid holidays, and are not to be included in wages or the computations of overtime. Except for the making of hourly contributions under this agreement, the City has no responsibility or liability for the administration or operation of the trust funds, eligibility for employees to receive pension benefits, or future payment of pension benefits to retirees. The Union parties' further agree that the trustees named in each Unions' trust and their successors in trust are and shall be the parties representatives and consent to be bound by the actions and determinations of the trustees.

The City agrees to allow employees to participate in the City's deferred compensation plan. Employees will designate the amount to be deducted from- their paycheck. Deductions will be deposited in the employee's deferred compensation account at least monthly.

5.2 Individual Records

The City agrees to make available to the employee and also, with the employee's permission, to the Union Business Manager or the Manager's appointed representative, the employee's individual records, upon reasonable notification.

5.3 Health and Security

The City agrees to make hourly contribution, as set forth in Schedule A, to the respective Union Health and Welfare Trusts. Except for the making of hourly contributions under this agreement, the City has no responsibility or liability for the administration or operation of the Health & Welfare Heath Trusts, eligibility for employees to receive plan benefits, or the level or terms of future plan benefits. The AFL- CIO Crafts Council and each member Union further agrees that the employer trustees named in the trusts and those successors in trust are and shall be the City's representatives and consent to be bound by the actions and determinations of the trustees. The City's contribution to each Union's respective Health and Welfare Trust will be as specified on Schedule A of this agreement and shall be submitted by the City on or before the 15th day of the month following the month in which the contributions were earned. It is understood and agreed that the contributions are to be computed solely on the total number of compensable hours, including personal leave and paid holidays, and are not to be included in wages or the computations of overtime.

5.4 Prepaid Legal

The City agrees to participate in the various Union- Employer prepaid legal trust plans and to be bound by the Trust Agreements creating and controlling such plans, as may be amended from time to time. Contributions, in an amount designated by the participating crafts involved, shall be submitted by the City on or before the 15th day of the month following the month in which the contributions were earned. The contribution reduces the rate of that particular craft. Said contribution, and any subsequent increases in contributions, shall be deducted from the employee's negotiated wage.

5.5 Physical Examinations

A yearly physical examination is offered to employees of the City for Interstate Commerce Commission (ICC) physicals. Physicals other than Commercial Driver’s License (CDL) physicals are subject to the approval of specific application for such physical examination by the Mayor.

The Unions agree that the City may adopt a pre-employment "Fit for Duty" program.

When in the opinion of the City there arises specific questions as to the physical or mental ability of an employee to perform their normal work assignment, an appropriate examination may be ordered by the City. If such examination demonstrates, in the opinion of the examining medical professional, that the employee is physically or mentally incapable of performing their normal work assignment, the employee shall be allowed to seek a second opinion from a local licensed medical professional of their choice. If the results of these two examinations are not in agreement, then a third opinion shall be solicited from a medical professional mutually agreeable to the City and the employee. The results of this third examination shall be final and shall be binding on both parties. The employer shall pay for first and third physical examinations and connected expenses involved with this section.

5.6 Physical Condition

If an employee is prevented from performing their normal work assignment due to a physical condition, the City agrees to make an effort to place the employee in a classification the employee can perform within their craft under this agreement.

5.7 Clothing and Tool Reimbursement

The City will compensate eligible permanent employees (employees working more than 1,000 hours per year) with a $500 clothing allowance. Employees engaged in road oiling, sewer work, garbage collection, vehicle repair, and maintenance operations will also receive a $500 boot allowance. Permanent mechanics will also receive a $400 tool allowance. The allowances will be paid in a single lump sum with a separate check in July, without the need for employees to provide receipts.

(a) Gloves and coveralls will be provided for employees engaged in road oiling, sewer work, garbage collection, vehicle repair, and maintenance operations, or other similar types of work.

(b) A washer/dryer and detergent will be furnished by the employer for those employees wishing to launder the above-listed items of clothing during their off-duty hours or the employer may, at its option, provide cleaning for gloves and coveralls.

5.8 Lockers

The City shall furnish lockers for clothes and equipment and space reserved for drying personal effects and other equipment for public works employees.

6. WORKING RULES

6.1 Work Week

(a) The work week for Specialized Trades shall consist of five consecutive 8-hour days, Monday-Friday, excluding a lunch break, with a regular start time of 8 am. The start time, work week, and workday may be modified by mutual agreement between Specialized Trades personnel and the Public Works Director.

(b) The work week for Office staff may vary between five consecutive 8- hour days, Monday-Friday, excluding a lunch break, with a regular start time of 8 am; or four consecutive 10-hour days, Monday-Thursday, exclusive of a lunch break, with regular start time of 7 am. The start time, work week, and workday may be modified by mutual agreement of the Office staff and the Public Works Director.

(c) The work week for Laborers shall consist of four consecutive 10-hour days, Monday-Thursday, excluding a lunch break, with regular start time of 7 am.

(d) The work week for Operators and Mechanics shall consist of four consecutive 10-hour days, Monday-Thursday, excluding a lunch break, with a regular start time of 7 am. During winter snow removal and spring breakup, the work week may be days or nights and shall consist of four consecutive 10-hour days, Monday-Thursday, Sunday- Wednesday, or Tuesday-Friday, with a regular start time of 7 am for days and 9:00 pm for nights.

(e) By mutual agreement, between the Union and the City, variations of the work week may be established (i.e. flex schedule, split shift, etc.).

6.2 Shifts

(a) The day shift is any shift with starting times between the hours of 6:00 a.m. and 11:59 a.m.

(b) The swing shift is any shift with starting times between the hours of 12:00 noon and 6:59 p.m.

(c) The graveyard shift is any shift with starting times between the hours of 7:00 p.m. and 5:59 a.m.

(d) With prior mutual agreement between the Union and the City, other shifts may be worked and/or scheduled.

Prior to establishing a swing, graveyard, or other shift, volunteers in the needed classifications will be sought. If there are not enough volunteers to cover the City's operational needs, then a rotational schedule will be established in which all permanent employees will be scheduled. Employees are allowed to have volunteers cover their assigned rotation.

6.3 Overtime

Overtime shall be paid for all work performed outside the regularly scheduled workweek, in quarter hour increments; however, overtime shall not be pyramided. For example, if overtime performance is less than 1/4 hour, the time shall be considered at 1/4 hour and paid accordingly. If overtime performance is more than 1/4 hour, but less than 1/2 hour, the extent of time shall be considered as 1/2 hour and paid accordingly.

(a) For those employees working five 8-hour days "5-8's" schedule as outlined in 6.1(a), overtime will be paid at the time and one-half rate for hours worked in excess of eight hours per day or 40 hours per week. After 40 hours of work during a week, overtime will be paid at 1.5 times the employee's pay.

(b) For those employees working four 10-hour days "4-10's" schedule as outlined in 6.1(b), overtime will be paid at the time and one-half rate for hours worked in excess of 10 hours per day or 40 hours per week. After 40 hours of work during a week, overtime will be paid at 1.5 times the employees pay rate.

(c) Regardless of hours worked during a week, all work performed on Saturday and Sunday shall be paid at the 1.5 rate, unless that employee is assigned to a night shift where the workweek begins Sunday night.

(d) Employees who work overtime may elect, in lieu of being paid overtime, to accrue compensatory time at the rate of 1.5 hours for every hour of overtime. Compensatory time may be taken and used in the same manner and terms as personal leave (when mutually agreeable by the employee and Department Director). Employees may carry 80 hours of comp time into the next calendar year. Any comp time over 80 hours that is not fully scheduled or used by December 31 of each year will be paid by the City to the employee by January 31.

(e) It is recognized that due to the nature of municipal operations, employees may be required from time to time to work overtime to accomplish pressing public needs, such as snow removal, pumping during spring thaw, removal of construction hazards, and other public needs as may be determined by the City. The City agrees to give reasonable notice to employees that overtime is necessary to accomplish pressing public needs and further agrees that when such emergency situations are corrected, overtime shall not be mandatory. The City agrees to give recognition to situations which may arise from time to time which may prohibit an employee from working overtime.

(f) The City agrees to fairly distribute overtime to its employees within each seniority group and agrees that permanent employees shall have first refusal of overtime. If the safety and welfare of employee or public are in question (examples; prescribed medication or 14 hours of continuous operation), the Foreman must assess the situation and assign the overtime in a fair and equitable manner. However, it is understood that when employees have been assigned to tasks during the course of the day and overtime is required to complete those tasks, employees assigned to those tasks shall have the right to work the overtime necessary to complete the assigned task.

6.4 Reporting Time

Employees required to report to work and not put to work shall receive two hours pay at their regular straight time rate, unless notified not to report at the end of their previous shift or two hours prior to the start of the shift.

6.5 Lunch Break

Lunch periods will be at least 30 minutes in duration and will be scheduled at the midpoint of the shift. If the work requires the lunch period to start at a time before or after 30 minutes of the midpoint of the shift, then the employee shall be paid for such period at the applicable overtime rate. Poor weather lunch periods shall be taken in a warm, dry place, normally at the nearest employer facility or in heated enclosed vehicles, at the discretion of the craft Foreman. Except, because of special conditions which exist that are not compatible with the above clause concerning lunch periods, by mutual agreement between the Employer and the Union, those particular lunch periods may be altered to fit a specific purpose.

6.6 Relief Period / Shift Clean up

(a) RELIEF PERIOD. All employees shall be allowed one relief break not to exceed 15 minutes in duration during the first half of the shift and 15 minutes during the second half of the shift. The Union and the Employer shall mutually agree on reasonable rules governing the taking of such relief periods as provided herein. When employees are working over their regular scheduled shift (either 8 or 10 hours), an additional relief break shall be taken every two hours, from the end of their last scheduled relief period.

(b) SHIFT CLEANUP. All employees shall be afforded up to 15 minutes prior to lunch and the end of each shift to ensure the cleanliness of themselves, their work area and/or vehicle, and their work garments for the next workday. This time shall be used by employees for cleanup, and to ensure they are prepared and ready for the start of the subsequent shift and shall not be considered an additional break.

6.7 Foreman / Lead

In Public Works, when three or more union personnel work on one job location without a foreman (excepting maintenance workers and packer crews), one of the employees will be designated as a working lead worker, and it will be their responsibility to direct the work force. The City may at its option, designate a working lead worker for a lesser number of employees. There shall be permanent craft foremen for each of the following classifications: laborers, operators, mechanics, and all Trade Specialists (collectively only when the City employs more than four permanent trade Specialists). Under the following occasional workload demands foremen may work in the craft as long as no other dispatch craft employees are displaced: (1) Training; (2) Emergencies, including heavy snow fall, earthquake, flood, wild land fire, and other events as determined by Department Head and Union (SOP procedure will be to first consult the Foreman); (3) Regularly scheduled crews do not show up; (4) Scheduled crews are present but a task comes up that needs immediate attention. If fewer than five permanent Trade Specialists are employed, one shall be selected and paid as a lead worker who will take direction as designated by the City. Each craft supervisor foreperson shall have a permanent lead worker who will replace the foreman when on personal sick leave and cover the shift when double shifting. A minimum of one lead worker will be appointed in the absence of the permanent lead worker for the following classifications: laborers, operators, mechanics, and trade specialists. A foreman with vehicular access to several crews will be considered to have direct supervision over those crews. Employees shall take instructions from whichever supervisor, foreman or lead worker, is designated by management. See Schedule A for pay of foreman and lead workers.

6.8 Working at Higher/Lower Classification

The employer agrees to use employees within their respective classifications. Should it become necessary to work an employee in a higher rated classification; said employee will be paid at the higher rate of pay for working in said classification. An employee will be paid one-half shift at the higher rate of pay for any period of work not exceeding one-half shift duration and will be paid the whole shift at the higher rate of pay for work in excess of one-half shift duration. Should it become necessary to work an employee in a lower rated classification, said employee will continue to be paid at their regular rate of pay.

6.9 Inclement Weather

No permanent employees covered by this Agreement shall, as a result of inclement weather, be caused to lose any pay, provided they report to work in the regular manner contained herein. If, due to inclement weather, employees are unable to perform their regular work, they shall, at the option of the City, perform other miscellaneous work as directed.

6.10 Call Back

A minimum of two hours at the applicable overtime rate shall be paid when employees are called back to work after the regular shift.

6.11 Call Out

If an employee is called by a Public Works supervisor to report to work on a scheduled day off, the employee will be paid a minimum of two hours at the applicable overtime rate. All work over two hours will be paid in 1/4-hour increments. *De minimis* time (such as answering a phone call) will be paid in 1/4- hour increments.

6.12 On Call

An employee on call (standby) will be paid two hours at the applicable overtime rate for covering the phone or radio, with the further understanding that this time will be in addition to call out time.

6.13 Shift Change

(a) An employee changing shifts, when the employer requests it with less than 48 hours prior notification, shall receive 1.5 times the employee's regular rate of pay for all hours worked on the first shift. The premium pay does not apply when changing back to the employee's normal shift from short term changes. For the purpose of this provision, an employee's shift is changed when their scheduled days of work are changed, or starting time is moved to one of the other defined shifts.

(b) Unless mutually agreed otherwise by the City and the employee(s), starting times for employees shall not be changed without 48 hours prior notification. Should an employee's regular starting time be changed without 48 hours' notice to the employee, all hours worked on the employee's first new workday shall be paid at one and one-half times the employee's regular rate of pay. This premium pay does not apply when changing back to the employee's normal starting time from short term changes. For the purpose of this provision, an employee's starting time is changed if their starting time is moved to a time different from their regular starting time, within the hours of any given shift listed in 6.2.

6.14 Shift Premiums

For classification under this contract will be five percent of swing shift, and ten percent for graveyard shift.

7 <u>HOLIDAYS</u>

7.1 Holidays

The following days shall be considered holidays: New Year's Day, Dr. Martin Luther King, Jr. Day, President's Day, Memorial Day, Fourth of July (Independence Day), Labor Day, Alaska Day, Veteran's Day, Thanksgiving Day, Christmas Day, and such other days as the City Council may fix for all City employees. Dr. Martin Luther King, Jr. Day and Alaska Day will be observed as floating holidays in the same manner as a personal day and not on the day of the actual state holiday. Floating holidays must be used in the year accrued or otherwise are lost without cash value.

7.2 When Holiday Falls

When a holiday falls on an employee's first scheduled day off, or second day for employees working a four day a week schedule, the preceding non- premium workday shall be considered to be the employee's holiday and paid as such. When a holiday falls on an employee's last scheduled day off, the following non-premium workday shall be considered the employee's holiday and paid as such.

7.3 Holiday Pay

Holiday pay, in the amount of eight hours for each holiday, shall be paid to permanent employees working a 5-8's schedule at the employee's regular rate of pay. Holiday pay, in the amount of ten hours for each holiday, shall be paid to permanent employees working a 4-10's schedule at the employee's regular rate of pay. Temporary employees will be paid in accordance with Section 22.1.

7.4 Working on Holiday

All employees who work on any of the above-named holidays shall be paid at the rate of 1.5 times their regular rate of pay. In addition, permanent employees shall receive holiday pay as set forth above.

7.5 Holiday on Leave

Employees on leave with pay shall receive pay for a recognized holiday occurring during such leave with pay at their regular rate.

7.6 Eligibility for Holiday Pay

In order to receive pay for an observed holiday an employee must not be on LWOP or have been absent without authorized leave on the workday before or after the holiday. Employees that call in sick but provide a doctor’s note shall be considered on authorized leave

8 PERSONAL LEAVE

8.1 Entitled to Personal Leave

All employees covered by this Agreement shall be entitled to personal leave in accordance with the following.

8.2 Leave Pay

Personal leave will be paid for at the employee's contract regular rate for their regular classification.

8.3 Leave Accrual

(a) Employees shall accrue leave according to the following schedule:

- One – Two Years: 7 hours per pay period
- Three-Five Years: 9 hours per pay period
- Over Five Years: 10 hours per pay period

Employment for less than a full pay period shall be pro-rated for the purpose of computing personal leave.

(b) The maximum leave bank accumulation for an employee is 600 hours. At the end of a calendar year any employee that has over 600 hours, who doesn't have their excess leave scheduled to be used by the end of February will have their unscheduled leave in excess of 600 hours cashed out on their final paycheck of the calendar year.

8.4 Leave Requests

Personal leave shall be taken at any time mutually agreeable to the department head and the employee and shall not be unreasonably withheld by the Employer. Requests for leave exceeding 160 continuous hours will not be granted unless approved by the Mayor or designee. An employee shall notify their department head at least one day in advance when not more than two days leave are desired, except in the case of any emergency. When longer periods of leave are desired, at least one-week advance notice shall be given but may be denied if the absence of the employee hinders operations or causes overtime. Requests for personal leave more than 80 hours or more shall be made at least 30 days in advance, except for unforeseen circumstances. Upon notification of scheduled personal leave to the City by the employee, the City agrees to approve or disapprove the employee's scheduled personal leave in writing within 10 working days of submittal. If the City fails to reply to a leave request within 10 days, such leave request will be considered approved. Scheduled personal leave may also be taken in conjunction with approved travel on City business, so long as any additional expenses to the city are reimbursed by the employee. When personal leave is used for illness or bereavement, the employee shall notify the department head as soon as possible, but in no case later than the start of the employee’s scheduled shift. Leaving a message on the assigned voice mail number satisfies this notice requirement. Leave for a partial day will be deducted in quarter hour increments. If the City believes an employee is abusing the use of sick leave, the Union agrees to meet with the City and the employee to discuss leave usage with the goal of correcting any perceived abuse. If an employee calls in sick without enough leave to cover their absence the employee will be considered absent without leave (AWOL).

8.5 Unexcused Absences

No employee shall be absent from the job without providing good and sufficient reasons, unless they have complied with the provisions of Section 8.4. Nothing in this section shall preclude the employer from exercising reasonable restraints and disciplinary actions for excessive absences and lateness from work. Employees arriving late for work as scheduled, without complying with Section 8.4 will be considered AWOL, employees that have earned personal leave will have leave deducted in quarter hour increments until their arrival, provided that an absence over a quarter hour shall be assessed to the next full quarter hour.

8.6 Termination Cash Out

Upon termination of any employee covered by this agreement, accrued leave shall be paid at the employee's current rate of pay with the applicable hourly fringe benefits (pension, H&W, and Legal contributions). In the case of separation with advanced notification, the use of leave more than 160 hours will not be granted.

8.7 Drawdown of Personal Leave

Subject to the "cash-out value cap" provision set forth below, any employee covered by this agreement may cash out their personal leave in accordance with the following schedule. Member "cash-out" requests must be submitted to the Department Head. The cashed-out hours will be paid on a separate check within 15 days. In addition, the City will contribute pension payments to the appropriate trust at the rate in effect on the date of approval for all hours cashed out.

All personal leave hours have full leave usage and leave usage is not reduced at any time regardless of the total number of hours accrued.

Total Personal Leave Hours for Draw Down:

O - 200 hours	Cannot cash out below 200 hours without Mayor's approval (except in case of emergency hardship, or at termination 100%).
200+	100% cash out value.

8.8 Personal Leave Donations

The parties recognize that it is desirable from time to time to have a means for employees to assist other employees in time of need. Employees may donate leave in accordance with the City’s Leave Donation Policy (COF No.30.01 effective 5/1/2021 and revised 12/20/2023.

8.9 Leave Value Conversion

A laid off or reclassified employee who has bumped or moved into a lower paying job classification shall be credited with personal leave at the value it accrued prior to reclassification. The dollars will be converted to leave at the lower hourly rate of the reclassified employee and the appropriate hours of leave will be added to the employee's personal leave account.

8.10 Probation

Employees serving a probationary period on an original appointment shall accrue personal leave in accordance with the provisions of this section. Such employees shall not be granted paid personal leave in excess of two days unless they have given 30 days' notice of their leave request. Any leave used during an employee's probationary period will added to the employees’ probationary period as defined in Section 13.7.

8.11 Adequate Leave

When scheduling annual leave only earned personal leave may be taken by an employee. If an employee does not have enough leave to cover leave requests, then leave requests will be denied. Per Section 9.5 LWOP may be approved in cases with extenuating circumstances.

8.12 Leave Without Pay

At the expiration of all personal leave in cases of sickness or disability, an additional period of LWOP, as required may be granted at the request of the employee, and such leave privilege may be subject to verification by a doctor's certificate.

8.13 Seniority

Seniority rights accrued by an employee up to the date of commencement of a sickness or disability which requires absence from work shall not accrue during any period of LWOP attributable to a non-work-related sickness or disability, except as provided for under the family leave provisions of this agreement.

8.14 Workers' Compensation

In the event of a job-incurred injury or serious illness to a permanent employee, within the coverage of the Alaska Workers' Compensation Act in effect at the time of injury, the employee's position shall be held for the employee until it has been established that they will be unable to return to work or for one year, whichever is sooner, and their seniority shall be in full force during the period. An award to the employee of Workers' Compensation Permanent Disability shall be deemed to establish that the employee will be unable to return to work, unless the employee, by actually returning to work, or by the report of a competent physician establishes that a permanent partial disability will not preclude their return to the job in question.

The City will compensate permanent employees that portion of the difference between Workers' Compensation, as required by State Statute, and eighty percent (80%) of the employee's regular rate of pay until the employee is able to return to duty or is medically retired; provided, however, that such time does not exceed nine months. The employee shall be required to communicate weekly with their foreman regarding their return-to-work status for staff scheduling purposes. Additionally, the employee must submit a weekly copy of the most recent report from the attending physician directly to Human Resources.

9. <u>OTHER APPROVED ABSENCES</u>

All employees covered by this Agreement shall be entitled to paid personal leave in conformity with the following:

9.1 Maternity/Paternity/Family Leave

Employees may take paid family leave in accordance with Fairbanks General Code Sec. 50-288.

9.2 Elections

Any employee shall be given the necessary time off, without loss of pay, for the purpose of voting, when polls are not open at least two hours before or after the employee's scheduled hours of work.

9.3 Bereavement Leave

Employees may take paid bereavement leave in accordance with Fairbanks General Code Sec. 50-289.

9.4 Military Reserve Training or Emergency National Guard Service

All employees covered under this Agreement shall be entitled to administrative LWOP for any active duty in any Armed Forces component including units of the National Guard or Reserve. Provided that, in accordance with applicable State and Federal laws and regardless of any language or provision of this Agreement to the contrary, there shall be no adjustment of any affected employee's anniversary date for any active duty period up to the Federal statutory limit so as to cause loss of seniority or longevity, or to deny the accrual of sick or annual leave as provided by law. Employees are to present a copy of official orders for active duty as soon as possible to the City to comply with the law and to allow the City to reschedule the workforce.

9.5 Leave Without Pay (LWOP)

The City Mayor, or designee, may grant employees LWOP for extenuating circumstances not to exceed 90 calendar days when it is in the best interest of the City to do so, and if the employee can be spared from their job for the time requested. During the employee's approved leave of absence their position may be filled by temporary promotion, or temporary reassignment of any employee. At the expiration of the LWOP, the employee has the right to, and shall be reinstated to, the position they vacated, if the position still exists or, if not, to any other vacant position in the same class. Approved LWOP shall not constitute a break in service.

10. PAYDAYS

10.1 Pay Dates

Paydays shall be established covering payroll periods from the first to the 15th day of the month inclusive (for which the payday is by month end) and from the 16th day of the month to the last day of the month (for which the payday is the 15th of the following month, except when payday falls on a Saturday or a holiday. When the payday falls on a Saturday, Sunday, or City Holiday, the payday will be Friday.

10.2 Pay Stub

Each paycheck shall have a stub or duplicate itemizing all legal and authorized deductions, hours worked, and rate of pay for straight time and overtime hours worked.

10.3 Hardship Exception for Temporary Employees

Temporary Employees are eligible for the "Hardship Exception" one time per calendar year. The Public Works director or the Chief or Staff may authorize an early paycheck for a temporary employee, similar to the final paycheck issued to employees upon termination, in cases of undue hardship, or unforeseen circumstances. A temporary employee requesting the exception must request it directly from the Director or the Chief of Staff and must have worked at least 40 hours before they are eligible. The early paycheck may not exceed time worked, less payroll deductions, and will not be unreasonably denied.

11. UNION MEMBERSHIP AND DUES

11.1 Obligations and Responsibilities

The Union shall assume all obligations and responsibilities for the collection of any Union dues, fees, or assessments, except as agreed to by the City and set forth herein.

The City will deduct membership working dues from the employees' pay checks for each compensable hour in an amount so designated by the particular Unions involved, with proper authorization submitted to the City by the employees so affected.

All moneys collected for working dues by the City shall be paid to the appropriate Unions. The working dues which are deducted shall be paid monthly by the 15th of the month following the month in which they were deducted.

11.2 Upholding Union Principles

No employee shall be discriminated against for the upholding of Union principles, and any employee who heeds the instructions of the Union, or who serves on a committee, shall not lose their position or be discriminated against for this reason. The Union shall not discourage any employee from carrying out their work assignment for the City.

11.3 City Noninterference

The City agrees that it will not in any manner, directly or indirectly, attempt to interfere between any of the employees covered under the terms of this Agreement and the Union, and that it will not in any manner, restrain or attempt to restrain any employee from belonging to the Union or from taking an active part in Union affairs, and that it will not discriminate against any employee because of the employee's Union membership or lawful Union activity.

12. HIRING HALL

12.1 Responsibilities

The Union agrees to maintain a hiring hall and to solicit qualified workers, both Union and non-Union, in order to fill necessary requisitions for workers. The City agrees to use the services of such hiring hall and will call upon the Union to furnish all the qualified workers it may require in the classifications herein mentioned, subject to the following terms and conditions.

12.2 Applicant Selection

Selection of applicants for referral to jobs shall be on a non-discriminatory basis and shall not be based on, or in any way affected by, Union membership, by-laws, rules, regulations, constitutional provisions, or any other aspect or obligation of Union membership, policies or requirements.

12.3 Right to Reject

The City retains the right to reject any job applicant referred by the Union. If requested by the Union, the City shall give a written reason for the rejection of any applicant. The City will apply the terms of its current nepotism policy, as provided in the Fairbanks General Code.

12.4 Commercial Driver’s License

All employees covered by this Agreement that operate heavy equipment and packers shall be required, as a condition of employment, to possess and maintain a Commercial Driver's License as required by law. The City will annually reimburse permanent employees for the cost of renewal of any licenses or training required by law or required by the City to perform their duties while in City employment, with the exception of personal drivers’ licenses.

12.5 Discrimination

The Union agrees that it will not discriminate against non-Union workers in referring workers to the City, and the City agrees that it will not discriminate against Union workers in selecting job applicants referred to it by the Union.

12.6 Job Postings

The Union agrees to post, in places where notices to employees and applicants for employment are customarily posted, all provisions relating to the functioning of these hiring arrangements.

12.7 Other Sources

In the event the Union is unable to supply the City with qualified workers when called upon by the City within 48 hours, exclusive of Saturdays, Sundays, and holidays, the City may procure workers from other sources; provided, however, that in such instances the City shall furnish the Union with the names of workers, their classifications, and date of hiring. If at any time the City has rejected workers sent by the Union, then the Union shall have an additional 24 hours to refer additional applicants.

13. <u>SENIORITY</u>

13.1 Crafts

Seniority shall be established by craft for the following seniority groups:

(a) laborer
(b) operator
(c) mechanic
(d) electrician
(e) carpenter
(f) plumber
(g) dispatcher
(h) engineering tech or party chief
(I) supply specialist/expediter
G) warehouse/records coordinator
(k) custodian
(l) inventory specialist/material handler
(m) or other seniority groups mutually agreed to by the City and the Craft Council.

The employee having the longest term of service with the City shall be number one on the seniority list, subject to the provisions of Section 13.7, and all other employees, likewise, shall be listed according to length of service with the City; such lists shall be posted. Date of hire as a permanent employee will be the criterion used to establish the length of service for new employees.

13.2 Lay-offs

Lay-offs due to reduction in force shall be made in reverse order of seniority, subject to Section 13.1. In rehiring, seniority shall apply. When calling back laid-off employees, the City will recall, through the Union, the employees in the proper order of seniority recall rights.

13.3 Promotions

Promotions, including promotions to newly created jobs and reclassification to positions of different responsibilities, shall be in order of seniority, provided the employee is qualified and competent to perform the work in the proposed classification. This provision shall not apply to the selection of General Foreman and Office Manager (if these two positions used), or Craft Foreman. Lead workers and Craft Foreman shall be selected by the City from among the permanent employees. The City shall be the judge of the employee's qualifications and competency.

13.4 Transfer

Employees under this Agreement shall be allowed to transfer into another bargaining unit with the City, provided they are qualified to perform the work and the position vacancy has been first offered to existing employees in that bargaining unit and no employees are interested or qualified. It is understood that such transferring shall be within the appropriate unions and all parties in the bargaining unit(s) concur. Employees transferred will lose division or unit seniority.

13.5 Seniority Termination

City seniority shall be terminated, and the employer-employee relationship shall be severed by the following conditions:

- (a) Discharge for cause
- (b) Lay-off of eighteen (18) months duration
- (c) Resignation or retirement

13.6 Compensation

In the event an employee is not worked in their rightful position of seniority pursuant to Section 13.1, 13.2, or 13.3, they shall be compensated in the amount that was earned by the employee who has worked in their stead, unless otherwise mutually agreed upon by the Union and the City.

13.7 Probation

Each new permanent employee shall be hired as a probationary employee and shall not have seniority until the end of a probationary period of 120 days (excluding leave). Upon completion of such period, employees shall have seniority from date of hire with full accrual and use of personal leave. When a temporary employee is initially hired and has worked less than 30 days their separation due to job performance shall not be subject the grievance procedure.

14. LAY-OFF AND DISCHARGE

14.1 Separation Pay

When an employee is terminated, or effects a separation, they shall be paid all accrued earnings in accordance with State law or within 72 hours, whichever is earlier, excluding Saturdays, Sundays, and holidays.

14.2 Notification

Written notice of lay-off will be given to the affected employees by the City. Permanent employees having less than 90 days continuous service shall receive two days' notice prior to termination. Permanent employees having 90 days continuous service, but less than 12 months continuous service shall receive six working days' notice prior to termination. Permanent employees having 12 months or more continuous service shall receive 12 working days' notice. In instances where notice is not given by the City prior to termination, the employee shall receive in lieu thereof, pay at the basic rate for the time established herein. Employees effecting a separation without prior notice to the City shall forfeit severance pay.

15. SHOP STEWARD

15.1 Appointment/Termination

A Shop Steward shall be appointed from among the employees of the City at any given point by the Union at the Union's discretion and shall be the last employee terminated unless such employee is discharged for cause.

15.2 Work Hours

The Shop Steward shall be allowed to handle requests, complaints, and grievances arising under this Agreement during the Shop Steward's working hours, without loss of compensation for time spent in the pursuit of Shop Steward's duties. There may be occasions when the workload will prevent the granting of such times until a later time. In the absence of compelling circumstances to the contrary, the employee will be made available. The Steward will be the last employee terminated in the respective craft as long as there is work available which such employee is capable of performing.

15.3 Grievances

Shop Stewards and aggrieved employees shall, upon notification to their foreman or immediate supervisor, be given time during working hours and without loss of pay to handle grievances. It is further agreed that Shop Stewards shall be given time during working hours and without loss of pay to attend Union negotiations and other authorized joint employer-Union conferences.

16. JURY DUTY

Employees required to serve on jury duty will suffer no loss in regular earnings but shall be compensated during their service at the rate of 40 hours per week. Fees paid the employee while serving such jury duty will be returned to the City by the employee. An employee, other than a permanent day shift employee, shall be considered to be a permanent day shift employee while serving on jury duty. Such an employee who was required to serve on jury duty on their previously scheduled day off shall not be required to work on the following Saturday or Sunday. It is agreed that an employee reporting for jury duty who is then released for the day shall return to work for the rest of the work shift.

A certificate of attendance shall be obtained by the employee from the jury clerk and made available to the department head upon request.

Temporary employees will only be paid for jury duty if they are not granted a deferral to a later date.

17. SAFETY

17.1 Alaska State General Safety Code

All work should be executed in a safe and proper manner. The "Alaska State General Safety Code" will serve as minimum standards.

17.2 Safety Equipment

The City shall furnish such safety equipment as is necessary for the safety of the employees. Safety devices and first-aid equipment as needed for safety and proper emergency medical treatment, shall be provided and be available for employees working under adverse conditions.

17.3 Safety and First-Aid Program

A Safety and First-Aid Program, as required by the State Safety Code, shall be instituted and regular safety meetings for each department shall be held once each month during working hours, without loss of pay to the employee.

17.4 Refuse Unsafe Conditions

It shall not be considered a violation of this Agreement where employees refuse to work with or ride in unsafe equipment or where safeguards are not provided, or when the facilities are not being maintained in a reasonable sanitary condition.

17.5 Working Alone

It is agreed that when one employee is on shift alone the employee's supervisor will call to check on the employee should the employee fail to report every two hours. It will be the employee's responsibility to notify public works dispatch that they are working alone that shift. Nothing in this subsection applies to work in a confined space or other hazardous conditions.

18. <u>TRAINING - EMPLOYEE UPGRADING</u>

The parties agree that it is in their mutual interest and in the interest of the industry that employees be trained in the fields of work and equipment covered by this Agreement.

The City may use training courses, technical publications, specifications, and training schools of equipment manufacturers and vendors, as the City deems necessary, to develop and upgrade their employees to the state-of-the-art skills regarding - the latest products, equipment, systems, and their operation, maintenance, and repair. When specialized training is provided by the City, seniority will be considered when offering such training to employees. When training for a specialized skill is provided by the City to a junior employee, senior employees will not be laid off because they lack such specialized skill. When an employee is sent for special training or to work outside the Fairbanks North Star Borough, the City will pay all authorized expenses as provided in the Travel Policy effective 9/3/2013. Upon prior written approval, the costs for any training beneficial to job requirements, and after satisfactory completion, will be reimbursed to the employee. Employees that need to maintain a specialized license for their employment at the City, i.e. CDL, and/or a certificate of fitness, will be afforded the necessary time on the clock to obtain or renew the license, and will be reimbursed any licensing fee.

19. <u>MAINTENANCE OF PRIVILEGE AND REMUNERATION</u>

It is understood and agreed by and between the City and the Union that, except as provided by this agreement, no employee covered by this Agreement will suffer a loss in privileges or rights which they now enjoy due to signing of this Agreement. Any future changes in working conditions that will affect the employees covered under the terms of the Agreement will be mutually agreed to between the City and the Union prior to implementation. This clause does not preclude the parties from negotiating changes to the Agreement.

20. MISCELLANEOUS

20.1 Tools

Mechanics, carpenters, and electricians shall furnish their own tools and provide a complete inventory but shall not be required to furnish special tools as follows: Air or electric wrenches, gear and bearing pullers, electric drills, reamers, taps dies, oxyacetylene hoses, gauges, torches and tips, thirty-six inch pipe wrenches, socket wrench drives over 3/4", wrenches over 2", coffin hoists, hydraulic jacks, etc. The City agrees to reimburse employees for tools lost provided that such loss was not intentional or due to recklessness. Such reimbursement shall be for the full amount of the prior agreed inventory of such tools lost and will be based upon the current price for tools of the same brand. Such tools will be replaced with tools of the same brand. Tools broken in the course of employment shall be replaced with tools of the same brand at no cost to the employee, provided the broken tool is turned in to the City and further provided that such damage was not intentional or due to recklessness. Due to the fact Mechanic must provide their own tools, they are permitted to work on personal vehicles in the mechanic shop after hours and on weekends with prior approval and coordination with the Mechanic Foreman or Director to ensure safety and security protocols are followed.

20.2 Parking

The City will make every effort to provide adequate parking facilities and electrical connections for head-bolt heaters at existing installations. Such facilities shall be provided at any newly constructed installation.

20.3 Payroll Deductions

Upon the proper written authorization by an employee, the City agrees to deduct the amount so designated from the employee's wages and submit the amount so indicated to the appropriate unions political, educational, or charitable committee. Forms shall be supplied by the employee's union. Such amount shall be submitted to the union on the 15th day of the month following the month in which the deductions were made.

20.4 Work Transfer

(a) Except in the case of an emergency, the City agrees to refrain from transferring work normally being performed by employees in job classifications falling within the scope of this agreement to any supervisor or unrepresented position, unless mutually agreed upon between the City and the Union. The foregoing shall not operate to prohibit the employees of a manufacturer or supplier from warranty work, troubleshooting, or working on equipment or apparatus supplied or leased to the City. No regular employee shall be laid off, terminated, or discharged by the City as a result of the City sub-contracting any work currently performed by the bargaining unit.

(b) Efforts by community groups, such as Festival Fairbanks or the Downtown Association, to improve the community are encouraged and supported by both the City and the Union. Such efforts will not result in the layoff of any craft employees.

(c) The City and Union agree that homeless encampment and problem property abatements will be performed by external organizations when possible as to not distract from primary services. Such efforts will not result in the layoff of any craft employees.

20.5 Permanent Plumber Certificate of Fitness

Both parties agree that Permanent Plumbers required to maintain a State of Alaska Certificate of Fitness will receive an additional $1250.00 annually.

21. PERSONNEL RECORDS

21.1 Contents

An employee's personnel record shall include, but shall not be limited to, the employee's application, reports of results of employment investigations, reports of work performance, progress and disciplinary actions, personnel actions, and survivor benefit forms. The employee's personnel file shall be maintained by the Mayor or designee.

21.2 Access

Employees shall be given access to their personnel file upon reasonable request. Copies of additions or other date changes to their individual personnel files shall be provided to the employee upon request and upon reasonable time notifications.

21.3 Usage

Personnel records will not be used as a private dossier on employees nor shall they contain any materials which an employee has not seen.

21.4 Reprimand

Recognizing the City's need to discipline and the employee's desire for fair and equal discipline the City agrees to remove letters of reprimand, not related to public safety, from an employee's personnel file 24 months after being placed in such file.

22. TEMPORARY EMPLOYEES

22.1 Definition

A temporary employee is one who is called for occasional work or for a limited period not to exceed six consecutive months in any twelve-month period. Six consecutive months shall be calculated on the actual day the employment began, e.g., for an employee starting on 1/18/24, the six consecutive months runs through 6/17/24. The City agrees it will not attempt to bypass this section by using layoffs/rehires to circumvent the intent ofthe six-month maximum. If a temporary employee is retained after six consecutive months, then that employee will be eligible to accrue personal leave and be paid holiday pay for any subsequently occurring holidays.

22.2 Compensation

(a) Temporary employees shall be paid in accord with Schedule "A" for their classification, plus per hour pension contributions and Health & Welfare (H&W) contributions.

(b) Whenever temporary employees are needed under this provision, the City shall first attempt to contact and hire their trained and experienced temporary workers before hiring workers new to the City system. Should such workers not be available for employment, the City shall contact the appropriate hiring hall for referrals. The City may name request any employee that has previously worked at Public Works, as long as the request does not conflict with the Union's hiring hall rules.

22.3 Seniority/Holiday Pay/Personal Leave

Unless the last sentence of Section 22.1 applies, temporary employees shall not accrue seniority, be paid holiday pay, or receive paid personal leave, but shall be eligible for LWOP upon mutual agreement.

22.4 Recall Rights

Temporary employees shall not be hired if there is a permanent employee of the appropriate craft on lay-off who has seniority recall rights and is available.

22.5 Permanent Positions

Temporary employees shall be considered for permanent positions which are created or become vacant after the position has been closed to all permanent employees and before the City places a call to the Union.

23. <u>SCHEDULE "A" WAGES</u>

23.1 Scale

Upon January 1, 2026, employees shall be compensated as provided in the attached Schedule. For the second and third year of this collective bargaining agreement, package rate increases will be based on a three-year average of CPI up to 4% as measured by the Anchorage CPI-U. If the three-year average is above 4% Anchorage CPI, then the City will pay a 4% package rate Increase. If the 3-year Anchorage CPI-U is below 4% then the City will pay the actual 3-year CPI average. The Anchorage CPI-U is typically released in late January. The pay increases will be retroactively applied to January 1 of each year.

Example 1. 3-year Anchorage CPI average = 4.4%, city pays 4%
Example 2. 3-year Anchorage CPI average = 2.1%, city pays 2.1%

The pay increases for the Custodian and Trade-Spec Foreman are slightly less than other employees in 2026, because they are already higher on the scale. To ensure they receive comparable compensation they will receive a one-time in January 2026 for the following amounts:

- Custodian = $1,000
- Trade-Spec Foreman = $750

23.2 Application of the Package Rate Concept

The parties recognize that computing a full package rate, in which actual wages, health care, and pension costs are computed on the basis of annual compensable hours, is a more accurate method of reflecting the actual cost to the City. The parties agree that future percentage increases will be applied to the package rate. Except as provided in this section or in addenda specifically addressing allocation, each Local may allocate the package rate to wages, pension, and health and welfare as it sees fit.

(a) The Pension Protection Act of 2006 (PPA) requires an annual actuarial status determination for multiemployer pension plans. An actuarial finding that a pension plan is underfunded can trigger, depending on the severity of the underfunding, the implementation of a plan to improve the funding and/or rehabilitate the plan. Because the funding improvement/rehabilitation plans mandated by the PPA impose certain mandatory contributions to underfunded pension plans, the parties agree that the allocation discretion of Article 23.2 will need to be limited to insure compliance with the requirements of the PPA and any improvement/rehabilitation plan.

(b) Upon notification of a finding of underfunding, the parties agree to promptly meet and confer regarding the underfunded plan. Generally, the provisions of an improvement/rehabilitation plan must be implemented only after the CBA then in place expires. The parties may agree to implement the provisions of the improvement/ rehabilitation plan earlier than required if the parties determine it would be advantageous to do so. The parties will prepare a separate addendum for each pension plan found to be underfunded. During the term of any addendum, the parties agree to meet and confer if either party believes there has been a change in circumstances that would warrant amendment of the addendum.

(c) Any increase to the contribution rate for an underfunded pension plan required under an improvement/rehabilitation plan must be paid out of the package rate negotiated by the parties. The City will not be required to provide any additional funds or make any additional contributions to a pension plan above the negotiated package rate amount. No portion of the package rate may be allocated to any other purpose unless and until contributions and supplemental contributions to the underfunded pension plan have been satisfied.

(d) If at any point the underfunded pension plan emergences from its underfunded status and additional contributions under an improvement/rehabilitation plan are no longer required, the allocation restrictions imposed by this section will be lifted.

23.3 Dispatcher Rates

The IUOE Dispatcher shall be paid at 95 percent of scale. The Assistant Dispatcher will be paid at 75 percent of scale.

Agreement ratified by Union membership on November **, 2025 and approved by the City Council by approval of Ordinance No. ** on November **, 2025.**

Signed for the Fairbanks AFL-CIO Crafts Council:

Signed for the City of Fairbanks:

____
Lake Williams
District 7 Representative, IUOE 302

____
Jacob Howdeshell
Business Manager, Laborers 942

____
Chris Dimond
Business Manager, Carpenters 1243

____
Travis Colledge
Business Representative Pipefitters 375

____
Eileen Whitmer
President, Teamster 959

____
Mindy O'Neall
Mayor, City of Fairbanks

____
Mike Sanders
Chief of Staff, City of Fairbanks

Appendix A: Schedule A

CITY OF FAIRBANKS						EFFECTIVE JANUARY 1, 2026
SCHEDULE A			BENEFITS			
CLASSIFICATION	CURRENT PACKAGE RATE	NEW PACKAGE RATE	LESS HEALTH	LESS PENSION	LESS PAC/*CAF*	BASE WAGE
942 [P300]						
Foreman	60.47	63.20	6.60	15.00	0.15	41.45
Lead	56.74	61.20	6.60	15.00	0.15	39.45
Packer Drivers	54.14	59.20	6.60	15.00	0.15	37.45
Laborer 1	50.20	56.60	6.60	15.00	0.15	34.85
Laborer	50.20	54.60	6.60	15.00	0.15	32.85
Facilities Laborer	55.61	58.30	6.60	15.00	0.15	36.55
302 [P400]						
Foreman	60.47	68.40	11.22	9.00	-	48.18
Lead	56.74	66.40	11.22	9.00	-	46.18
Operator 2	54.14	64.40	11.22	9.00	-	44.18
Operator 1	54.14	62.40	11.22	9.00	-	42.18
Operator	54.14	60.40	11.22	9.00	-	40.18
Mechanic 2	56.19	64.40	11.22	9.00	-	44.18
Mechanic 1	55.68	62.40	11.22	9.00	-	42.18
Mechanic	54.14	60.40	11.22	9.00	-	40.18
Dispatcher	52.44	58.39	11.22	9.00	-	38.17
Assistant Dispatcher	45.66	48.85	11.22	9.00	-	28.63
959 [P700]						
Custodian	47.61	49.61	6.46	10.53	-	32.62
Inventory Specialist	52.48	57.00	6.46	10.53	-	40.01
Parts Person/Expeditor	53.77	58.10	6.46	10.53	-	41.11
Warehouse Coordinator	55.40	59.20	6.46	10.53	-	42.21
1243 [P500]						
Trade Spec-Foreman	61.01	63.40	8.75	10.75	-	43.90
Trade Spec-Lead	58.22	61.40	8.75	10.75	-	41.90
Trade Spec-Carpenter	54.58	59.40	8.75	10.75	-	39.90
375 [P600]						
Trade Spec-Plumber	56.66	67.00	10.85	10.25	-	45.90

Introduced by: Mayor Mindy O’Neall
Introduced: November 10, 2025

ORDINANCE NO. 6330

AN ORDINANCE AMENDING THE COLLECTIVE BARGAINING AGREEMENT BETWEEN THE CITY OF FAIRBANKS AND THE FAIRBANKS FIRE FIGHTERS UNION (FFU) IAFF LOCAL 1324

WHEREAS, Ordinance No. 6322 ratified a Collective Bargaining Agreement (CBA) between the City of Fairbanks and the Fairbanks Fire Fighters Union (FFU) IAFF Local 1324, effective December 1, 2024 through November 30, 2027; and

WHEREAS, arbitrated language prevents the local paramedic school from having students gain required hours of ambulance experience through the Fairbanks Fire Department (FFD); and

WHEREAS, if the students cannot ride along on FFD ambulance calls, the program would not be able to continue in Fairbanks; and

WHEREAS, neither the City nor FFU wish for the local paramedic program to close; and

WHEREAS, the City of Fairbanks and the Fairbanks Fire Fighters Union (FFU) IAFF Local 1324, agree to amend the Collective Bargaining Agreement to allow for paramedic students to ride along on FFD ambulance calls.

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, **as follows:**

SECTION 1. The Letter of Agreement amending the current CBA between the City of Fairbanks and the Fairbanks Fire Fighters Union (FFU) IAFF Local 1324, attached as Exhibit A, is approved.

SECTION 2. The effective date of this Ordinance is six days after adoption.

Mindy O’Neall, Mayor

AYES:
NAYS:
ABSENT:
ADOPTED:

ATTEST: APPROVED AS TO FORM:

D. Danyielle Snider, MMC, City Clerk

Thomas A. Chard II, City Attorney

CITY OF FAIRBANKS
FISCAL NOTE

I. REQUEST:

Ordinance or Resolution No: 6330

Abbreviated Title: FAIRBANKS FIREFIGHTERS UNION LETTER OF AGREEMENT CTC PROGRAM

Department(s): FIRE

Does the adoption of this ordinance or resolution authorize:

1) additional costs beyond the current adopted budget? Yes X No

2) additional support or maintenance costs? Yes No X

If yes, what is the estimate? see below

3) additional positions beyond the current adopted budge Yes No X

If yes, how many positions?

If yes, type of positions? (F - Full Time, P - Part Time, T - Temporary)

II. FINANCIAL DETAIL:

EXPENDITURES:	2025	2026	2027	TOTAL
WAGES AND BENEFITS - UNTIL JULY 2026	$ -	$ 30,800	$ -	$ 30,800
TOTAL	**$ -**	**$ 30,800**	**$ -**	**$ 30,800**

FUNDING SOURCE:	2025	2026	2027	TOTAL
GENERAL FUND [FIRE]	$ -	$ 30,800	$ -	$ 30,800
TOTAL	**$ -**	**$ 30,800**	**$ -**	**$ 30,800**

This fiscal note includes preceptor pay for a Firefighter to provide ride-along training for paramedic students. The training includes 240 hours per student for two semesters.

Prepared by Finance Department: Initial mb Date 11/5/2025

LETTER OF AGREEMENT

City of Fairbanks and IAFF, Local 1324

The City and Union agree to modify the current 2025-2027 collective bargaining agreement to allow CTC Paramedic students to be precepted by Members covered by this CBA. Article 6, Section 6.12.A will be modified as follows: This agreement will expire July 1st, 2026 if it's not renewed by both parties.

6.12 Ride-Alongs

- **A.** Ride-alongs include, but are not limited to, non-fire department city staff, officials, ~~paramedic students~~, non-intern fire science students, and members of other fire departments.
- **B.** Ride-alongs are permitted on every staffed apparatus.
- **C.** A maximum of one ride-along or intern is allowed per apparatus.
- **D.** Fire department members will not be expected to train ride-alongs.
- **E.** Each ride-along is only permitted one 24-hour shift every month.

6.13 Paramedic and AEMT Students

- **A. UAF-CTC Paramedic and AEMT students may be precepted by Members of Local 1324. The Fairbanks Fire Department must have a signed contract governing the preceptorship in effect with UAF-CTC. That contract is authorized by, and subject to, this Collective Bargaining Agreement.**
- **B. A Lead Paramedic precepting a preceptee will receive the precepting Special Duty Pay while precepting.**
- **C. FFD Paramedics will not be required to have a preceptee if they are on mandatory overtime or have been assigned to the ambulance for more than 48 hours.**
- **D. A maximum of one student or intern is allowed per apparatus per day (24-hour period). This also includes Ride-Alongs in 6.12. Only one Ride-Along, or student is allowed at any given time.**
- **E. Only two students or interns are allowed per day (24-hour period).**

Furthermore, the Chief will publish an operating memorandum or SOP describing the following:

1. FFD Paramedics will prioritize precepting FFD employees.
2. The Battalion Chief will work to reasonably accommodate preceptors and students when necessary.
3. Preceptors will report any issues to the Battalion Chief who will forward up the chain of command when necessary. This will include issues relating to:

a. Safety
b. Poor performance
c. Inappropriate actions
d. Any ongoing issues deemed necessary for further follow up with CTC Paramedic Leadership.

5. The Battalion Chief can send a student away and document the reason via platinum planner.
4. All FFD Paramedics will be required to attend an orientation provided by CTC. CTC students will be required to attend an orientation by FFD.
5. FFD will make available guidelines and expectations to follow while precepting UAF-CTC students. FFD paramedics will still follow department SOP, standing orders, and any other applicable city or department policy while on duty, but will proctor and fill out student-related paperwork per CTC's requirements.
6. Any requirements for a preceptorship will be mutually agreed upon by FFD and UAF-CTC.

____
Mayor, Mindy O'Neall

Date:__________________

____
FFU President, Nick Clark

Date:__________________

Introduced by: __________
Date: __________

RESOLUTION NO. ____

A RESOLUTION INVITING PROPOSALS FROM QUALIFIED DEVELOPERS INTERESTED IN REDEVLOPING CITY PROPERTY AT 123 LACEY STREET

WHEREAS, the Polaris Building was once an iconic location with landmark dining and commerce in the heart of downtown; and

WHEREAS, the Polaris building eventually deteriorated into a blighted condition and had to be razed; and

WHEREAS, public interest in what will replace the Polaris Building at 123 Lacey Street has grown; and

WHEREAS, the City of Fairbanks sees the redevelopment of 123 Lacey Street as a cornerstone of downtown revitalization; and

WHEREAS, the former Polaris Building site redevelopment is specifically mentioned in the Downtown Fairbanks 2040 Plan; and

WHEREAS, the City of Fairbanks is inviting qualified developers to provide project proposals for the City property at 123 Lacey Street.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, as follows:

SECTION 1. The City of Fairbanks would prefer redevelopment that meets the following goals for downtown:

- Is financially sustainable without government assistance
- Creates market rate housing downtown
- Enhances downtown commercial activity
- Is aesthetically pleasing
- Draws local community members to downtown
- Incorporates the Lavery Transportation Center into proposal
- Aligns with the Downtown Fairbanks 2040 Plan

SECTION 2. The City of Fairbanks will evaluate redevelopment proposals based on the following criteria:

- Amount of improvement to downtown
- Similar project history
- Financial backing and plan
- Capacity to complete the project
- Long-term financial sustainability of project

SECTION 3. The effective date of this resolution is six days after adoption.

PASSED and APPROVED this ____ day of ____________ 2025.

____
Mindy O'Neall, Mayor

AYES:
NAYS:
ABSENT:
ADOPTED:

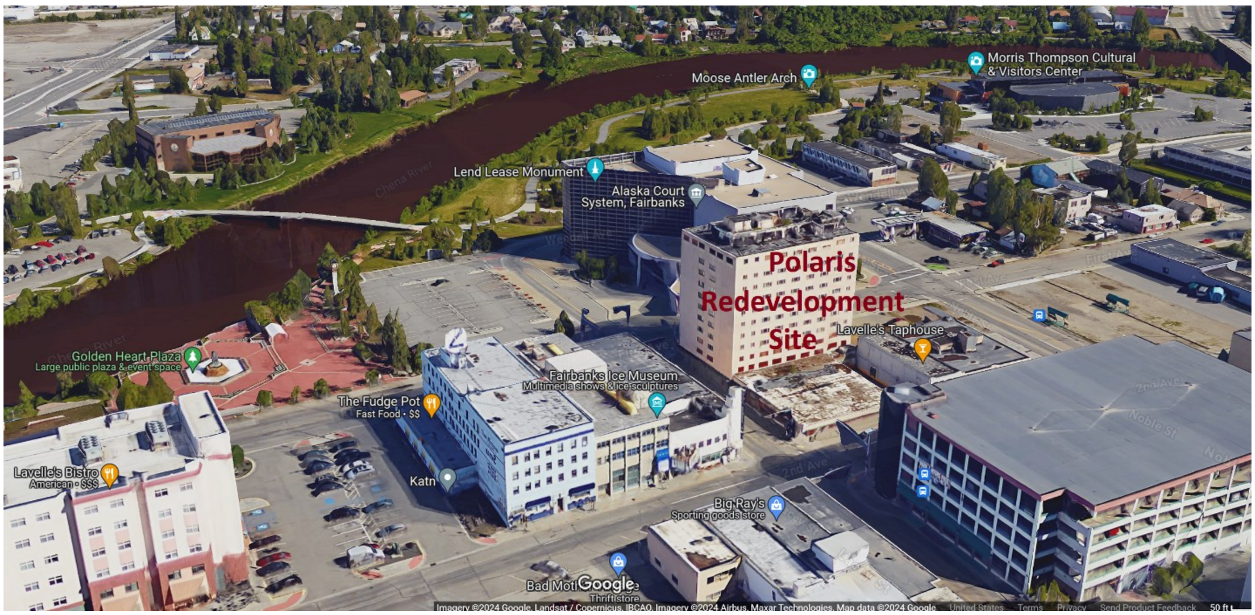
ATTEST:

____
D. Danyielle Snider, MMC, City Clerk

APPROVED AS TO FORM:

____
Thomas A. Chard II, City Attorney

POLARIS SITE REDEVELOPMENT:
Phase 1 Market Assessment (Review Draft)



Prepared for:

City of Fairbanks

June 2024

E. D. Hovee & Company, LLC

Economic and Development Services

This **Polaris Site Redevelopment Phase 1 Market Assessment** report has been prepared for the City of Fairbanks, Alaska by the economic and development consulting firm E. D. Hovee & Company, LLC.

The market assessment is the first of a three-phase process leading to potential redevelopment of the signature Polaris site in downtown Fairbanks. The assessment has benefited from the input of local and external stakeholders and from project support in cooperation with the City of Fairbanks.

For more information about this report, please contact:

Michael Sanders
Chief of Staff
City of Fairbanks
800 Cushman Street
Fairbanks, AK 99701

(907) 459-6760
msanders@fairbanks.us

AT-A-GLANCE SUMMARY

This report provides a Phase 1 market assessment for redevelopment of the Polaris building site in downtown Fairbanks. What follows is a summary of key findings and recommendations.

Market Demographics. As the 2nd largest city and metro region in the state of Alaska, Fairbanks lies at the center of a vast Interior Alaska extending to the North Slope of the Arctic. After rapid build-up in years past, population and employment metrics are stable to declining.

As of 2024, the downtown has a resident population of less than 2,000 but is home to a significant employment base of over 9,600 jobs – primarily health care and government-related. Downtown's historic role as a commercial center has shrunk to only ~150 retail jobs.

Stakeholder Perspectives. On-the-ground knowledge informs interpretation of the data. The region's economy appears **more robust** than the numbers would suggest. When viewed in the context of the full interior and North Slope, business is described as "booming" or "about to be booming," predicated on natural resource industries, oriented north. However, Fairbanks is not receiving the full benefit of Interior Alaska/North Slope business and governmental activity.

A significant issue is that real estate development and operating costs exceed what residential and commercial rents and sales values will readily support. Consequently, the #1 challenge for reuse of the Polaris site is likely to be construction of a project that can prove out as financially viable. A full-block **mixed-use redevelopment** is recommended but success is not assured.

Market Opportunities. Stakeholder interviews and market data for site reuse suggest that:

- Market rate **condo**s can be targeted to affluent seniors and working professionals
- Downtown **retail** is enhanced with ground-floor store fronts and maybe top floor dining
- **Office space** demand is uncertain but with opportunity for improved office presence
- There may be opportunity for limited but leading-edge **event and office-lodging** product
- The adjacent **public garage** may provide parking needed to support Polaris occupancy

Contributed as well as direct occupant derived revenue will be pivotal for financial feasibility.

Strategic Options. Recommended is that a **next phase** work scope focus on identifying and interacting with investor, financial and user interests to better understand private developer interest, capacity and requirements for engaging either with a **mixed-use** project or key components thereof. Marketing should be customized to address diverse objectives of developer, corporate office, retail or lodging occupants, and residential condo purchasers.

Proceeding to explore **key tenant and development interest** appears worthwhile. However, in the event that the City receives no interest or all interest received is deemed by the City as non-compliant, the City may at its discretion pursue additional development contacts, consider a public/non-profit entity as lead developer, or defer action for Polaris site redevelopment.

Table of Contents

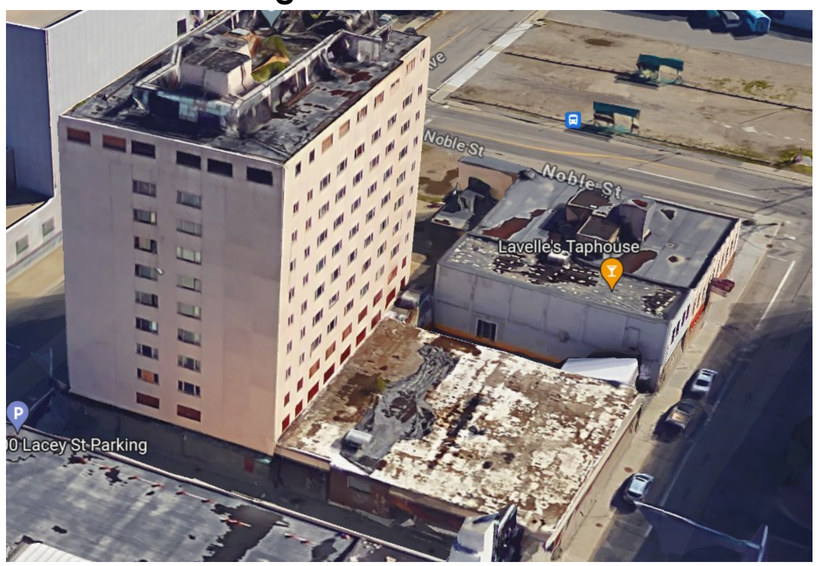
I. INTRODUCTION

This report is intended to provide a preliminary market assessment for redevelopment of what is known as the City-owned Polaris building site in downtown Fairbanks. This first phase assessment has been prepared for the City of Fairbanks by the economic and development consulting firm E. D. Hovee & Company, LLC.[1]

BACKGROUND

The City of Fairbanks is in the process of removing and abating what is known as the 11-story Polaris Building situated at the southeast corner of First Avenue and Lacey Street in downtown Fairbanks. As reputedly the tallest structure in Fairbanks, the City is interested in assessing the market and financial feasibility of redeveloping this site at what is considered a signature location in the downtown area. Redevelopment is viewed as pivotal for downtown area revitalization and for reinvigorated economic development region-wide.

Polaris Building – Fairbanks' Tallest Landmark



Source: *Google Maps*. As seen in foreground prior to site demolition.

As described by the free encyclopedia Wikipedia:

> The Polaris Building is the tallest building in downtown Fairbanks, Alaska. Constructed in 1952, it served as an 11-story apartment complex that later became the Northern Lights Hotel. However, the building gradually fell into disrepair, ultimately closing its doors after 800,000 gallons of water flooded its basement in 2001. In 2018, the City of Fairbanks foreclosed on the property over unpaid taxes.[2]

Over the course of its occupancy, the building also housed offices, a restaurant and bar known as the Tiki Cove, and a building annex on the south side of the main building built in 1972.

The Polaris building is currently being demolished, with funding from a $10 million federal grant to also address abatement issues. The City is interested in exploring a range of potential uses for a new development on the site – including possible street-level retail/dining, office, lodging, upper-level rental and/or owner housing and, ideally, a top level dining establishment replacing a former widely recognized restaurant offering outstanding city and river views.

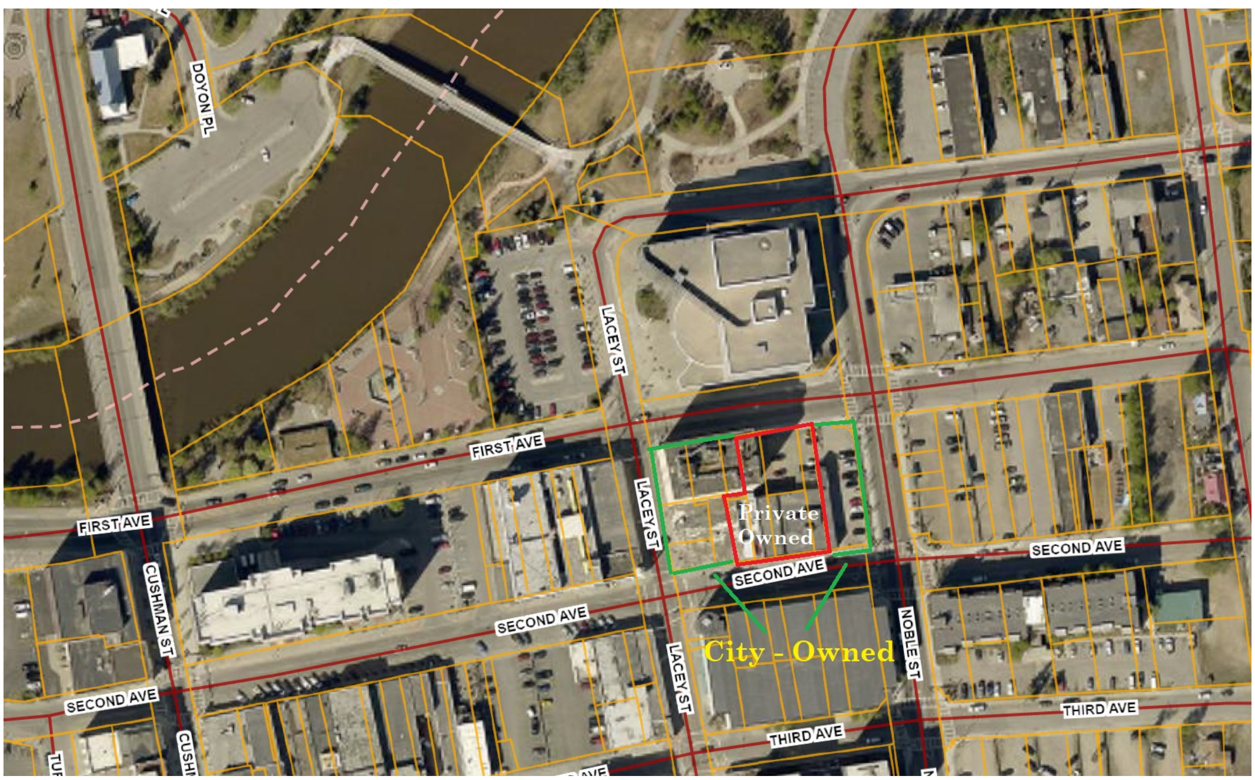
Depending on findings of this market assessment and later detailed financial feasibility review, the City may then opt to solicit proposals from qualified developer(s) to construct and obtain occupants of a new mixed-use structure. The going-in expectation is that the development should be financially viable as a purely privately financed venture without need for taxpayer funding support. It is anticipated that parking in the city-owned garage would be made available on terms as determined by mutual agreement of the City and the selected developer.

The market assessment which is the subject of this proposal should identify uses singly or in combination that appear most viable for consideration including conditions necessary for project feasibility. This is a f**irst phase** assessment, to be followed at the City's discretion by possible **second phase** market testing and developer outreach and then a possible **third phase** request for proposals (RFP) from potentially qualified developers.

SITE CHARACTERISTICS

As illustrated below, the project redevelopment site is located on the downtown block bounded by First and Second Avenues, Lacey and Noble Streets in downtown Fairbanks.

Redevelopment Site Location



Source: Fairbanks North Star Borough (FNSB) Geographic Information Service (GIS) and E. D. Hovee.

The City has a combined total of 20,898 square feet of land under its control on the east and west sides of the block – with the outer perimeter of its ownership indicated by the **green** line at the block's edge. This is split by private property ownerships mid-block comprising 14,776 square feet of site area situated mid-block (as outlined by the **red** line on the map.

City ownership on the west side the block covers 13,614 square feet of site area – as the location of the Polaris building. The City also owns another 7,284 square foot vacant land site of land on the east side of the block fronting Noble Street.

The entire block covers 35,674 square feet of land area (0.82 acres). Depending on the interest of private property owners of parcels located mid-block, it is possible that other properties could be included as part of a consolidated whole block project. In the absence of private owner participation, redevelopment would likely involve at least two separate building projects on the western and eastern sides of the block.

View to the Chena River – Just North of the Polaris

Source: *FNSB Dowwntown Fairbanks 2040 Public Review Draft*, September 5,2023.

The City of Fairbanks also owns a 5-story parking garage situated on the similarly sized 34,377 square foot block immediately adjacent to the south. It is understood that the garage is generally underutilized, providing an opportunity to meet some or all of the parking needs associated with redevelopment of the Polaris site.

Other nearby uses include the courthouse on the block to the north together with access to the Chena River with park and trails, vacant property on the block to the east, and a fully occupied block including the Fairbanks Ice Museum on the west. Tour buses load at Golden Heart Plaza.

Assessment Purposes & Approach

This report is intended to set the stage for opportunities to draw new investment and activity to downtown Fairbanks – most specifically to the urban core with redevelopment of the Polaris site. This market assessment reflects two distinct but related perspectives:

- Setting the market context in terms of **demographic and employment trends**
- Transitioning to a **real estate perspective** for residential and commercial development – ideally as a mixed-use redevelopment initiative

If the results of this **Phase 1** market assessment indicate realistic options for redevelopment, the City may at its discretion proceed with more **Phase 2** developer contacts leading to a preferred development concept. If this phase indicates a financially feasible path to redevelopment the City may then proceed with a **Phase 3** process for development proposals and negotiations with a preferred development team. At as of this Phase 1 assessment, the City is under no obligation to proceed with Phases 2 and/or 3.

REPORT ORGANIZATION

The remainder of this Phase 1 market assessment report is organized to cover the following topics:

- **Market Demographics** – for comparative market geographies including the City of Fairbanks, metro area and state of Alaska.
- **Stakeholder Perspectives** – based on interviews with a diverse range of individuals and organizations with knowledge and expertise related to uses considered for redevelopment of the Polaris site.
- **Market Opportunities** – as considered with the project site potentially for ground-level retail/dining together with upper-level residential apartments or condominiums, office space, lodging and/or event space,
- **Strategic Options** – comprising identification of potentially three alternative development scenarios, preliminary recommendations toward a preferred scenario, and Phase 2/3 scoping recommendations.

This is a **preliminary review draft** of the market report, subject to refinement in response to questions and suggestions received.

II. MARKET DEMOGRAPHICS

This market assessment begins with specification of the analysis approach including data sources and market geographies – followed by documentation of pertinent demographic characteristics.

DEMOGRAPHIC ANALYSIS APPROACH

This market assessment is based on information derived from recognized sources – including specification of data source and market geographies.

Data Sources

For this demographic review, data is drawn primarily from Claritas, a nationally recognized data firm. Claritas data is benchmarked to the decennial U.S. Census including annually update American Community Survey (ACS) and other proprietary sources.[3] An advantage of using Claritas is that data can be geo-coded to customized geographies – as with the downtown plan area geography included with this analysis. Claritas also provides current year (2024) market estimates.

Information on market geographies is based on standard municipal and metropolitan area definitions of the U.S. Census Bureau, augmented by a downtown geographic boundary as defined by the Fairbanks North Star Borough (FNSB) and the City of Fairbanks.

Market Geographies

From the smallest to the largest, the market geographies considered and compared are those of downtown Fairbanks, the City of Fairbanks, the metro region, and the entire state of Alaska.

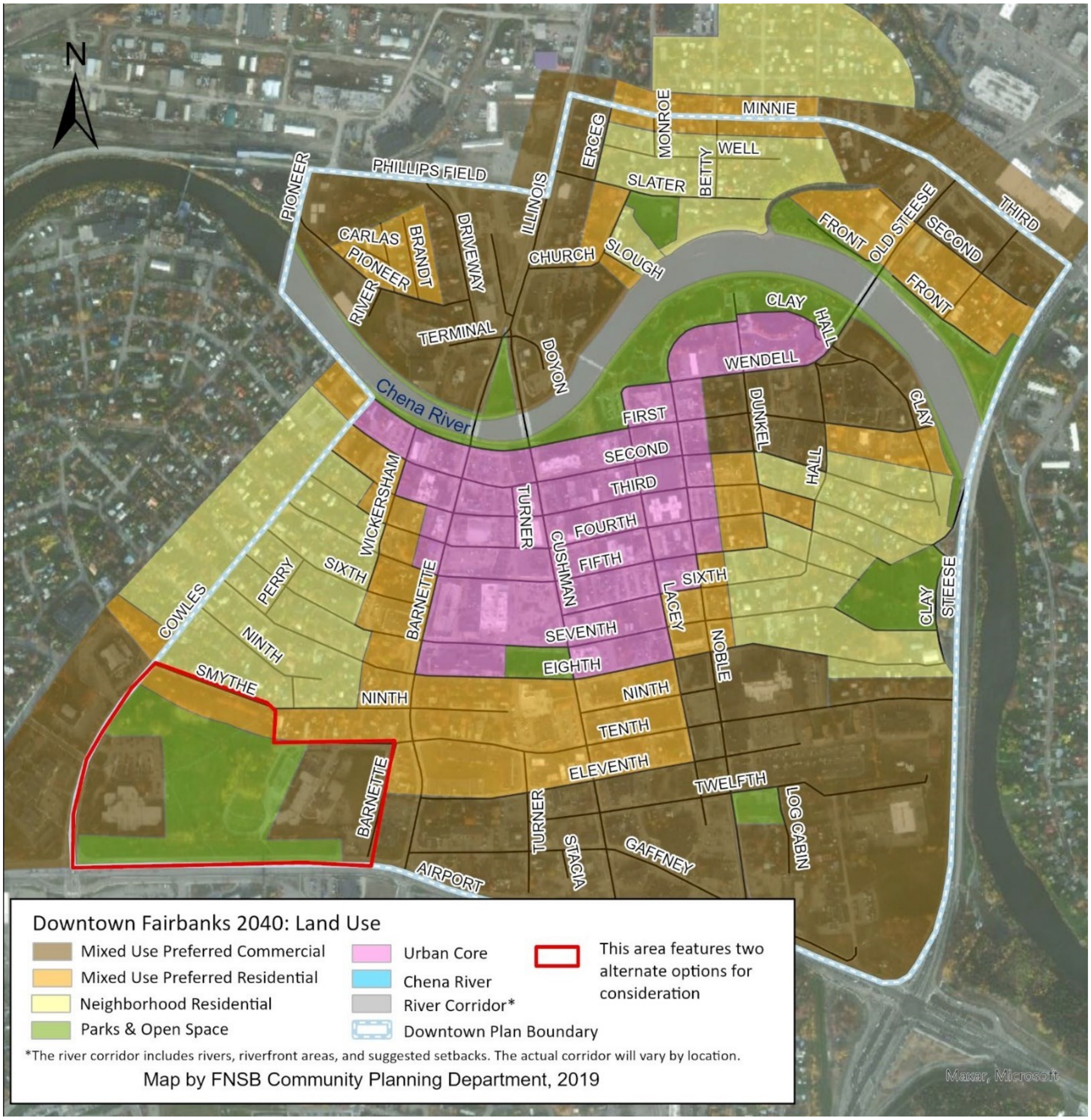
Downtown Fairbanks. The City of Fairbanks is currently involved in a community visioning and planning process for the downtown area – known as *Downtown Fairbanks 2040.* A public review draft is dated September 5, 2023.

Principal goals of the plan are to **revitalize, redevelop, reconnect, refresh and rediscover** downtown. Focus areas and strategies begin with economic development – including a specific goal to: “Reimagine the Polaris Building site as an economic anchor site in Downtown.” Other strategies address land use, public safety, transportation, parking and housing.

The geographic area encompassed by the plan is as depicted by the map on the following page.

Population as of 2024 for the downtown plan area is estimated by Claritas at just under **1,930 residents.** This population estimate includes persons living within the illustrated boundary on both sides of the Chena River.[4]

Downtown Fairbanks Plan Boundary



Source: *FNSB Downtown Fairbanks 2040 Plan: Public Review Draft*, September 2023.
The boundary encompassing the plan area is shown by the **blue dashed** line.

Six proposed land use designations are identified for the downtown plan area. For this market assessment, the designation most pertinent is that of the **urban core** which includes the subject Polaris redevelopment site on the block bounded by First and Second Avenues, Lacey and Noble Streets.

As described in the plan, the urban core is “Intended to be the employment and activity center for the region, attractive to residents and visitors, creating a live, work and play environment.”

City of Fairbanks. With a population estimated at 32,400 residents as of 2014, Fairbanks is the 2nd largest incorporated city in Alaska. By comparison, as Alaska's largest city, Anchorage has a population estimated at close to 287,000 as of 2024.

Governmental functions of Fairbanks are consolidated with the Borough with the City comprising 34% of the FNSB's combined population.

Fairbanks Metro Region. Boroughs represent what are considered counties in most states of the U.S. The Census Bureau also considers the Fairbanks North Star borough as a metro region. Population is estimated at close to 96,000 as of 2024. The borough encompasses military bases of Eielson Air Force Base and Fort Wainwright – with Fort Greeley located just to the south of the borough.

City & Metro Market Geographies

City of Fairbanks

Fairbanks Metro Region
(Fairbanks North Star Borough-FNSB)

Sources: Claritas and E.D. Hovee. For this report, the terms FNSB and Fairbanks Metro region are used interchangably as representing the same geographic area.

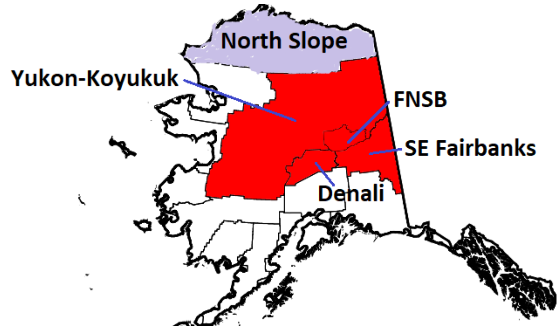
State of Alaska. With an estimated 736,000 residents as of 2024, Alaska is the largest state geographically in the nation – more than twice the size of Texas – but with the 3rd smallest population. The state serves as a useful benchmark for comparative purposes with local and regional demographics.

For this market assessment, it is useful to think of Alaska's market position not only in terms of its population size and comparatively low density of population but also in terms of location well removed from other sources of market activity in North America – both the U.S. and Canada. Most of Alaska's population is situated along the Pacific Coast. Fairbanks is by far the largest community most proximate to the vast interior at the center of the state.

Unique Market Location

Interior-North Slope. Five boroughs of the Interior-North Slope regional comprise much of the state's land mass with a total 2024 population estimated at 120,300 – a 25% add-on to the 96,000 living in the FNSB portion of this vast region. Due to the distances across this terrain, this added population is not expected to substantially alter the real estate market outlook specific to Fairbanks – although in some cases enhancing local retail and service business opportunities.

Interior-North Slope Region



Source: Claritas, Wikipedia and E. D. Hovee.

DEMOGRAPHIC PROFILE

Beyond population, a wide range of demographic factors come to play in consideration of market potential for downtown investment in the urban core and, more specifically, for redevelopment of the Polaris site. These include characteristics for age of population, race/ethnicity, household composition, incomes, and resident work force.

On the following page, five pivotal demographic factors are compared in graphic form for the four primary geographic market areas considered with this analysis – as relates to population change in recent years, median age of residents, minority groupings, educational attainment of adult residents, and median household incomes. All estimates are those of Claritas as of 2024.

The first bar to the left of each graph (in **dark green**) depicts market conditions for residents of downtown Fairbanks. The next three bars (in various shades of **blue**) provide comparisons for the geographies of downtown Fairbanks, the metro region (or Fairbanks North Star Borough) and entire state of Alaska.

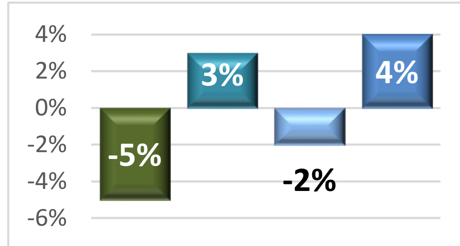
Comparative Demographics. As noted, pertinent demographics are compared for populations of downtown Fairbanks, the city, metro region and state of Alaska – as depicted by the graphs to the right:

- As indicated by the first graph, population growth since 2010 has been relatively slow for Alaska and Fairbanks. **Population** has actually declined in the downtown and also for the Fairbanks North Star (metro) region.
- Particularly noteworthy is the **youthful age** of Fairbanks residents with a median age at just under 30 years – as compared with the metro region and state. Age profile of downtown's relatively small population is considerably older.
- About 45% of downtown residents represent a diverse range of **racial and ethnic minorities** – with the other 55% comprised of residents defined as "White Alone." An estimated 15% of downtown residents identify as Alaskan Native with 6% each as African American and Asian, 4% of other race, and 14% as two or more races.
- A majority of adults age 25+ have some level of **college education** across all geographies considered. Educational attainment for the full metro region somewhat exceeds statewide, city-wide and downtown levels. Downtown has a higher proportion of residents with advanced degrees (above bachelor's) than the rest of the city or state.
- At approximately $38,700 per year, the **median household income** of downtown households is 43% below city-wide, 50% below metro-wide and 55% below the statewide median levels. Future incomes will be influenced by the market to which new housing appeals, also by the wage levels of potential new or expanding employers.

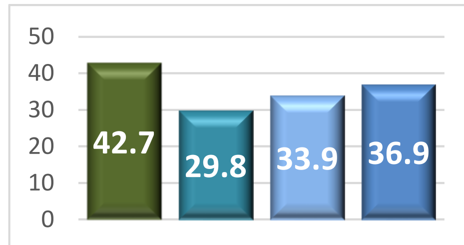
To summarize, downtown demographics today are considerably different than those for the rest of the city, region and state. Whether these demographics continue or change will depend on the scope and scale of redevelopment investment in the years ahead.

Demographics (2024)

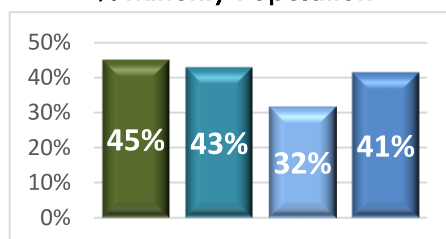
% Population Change (2010-24)



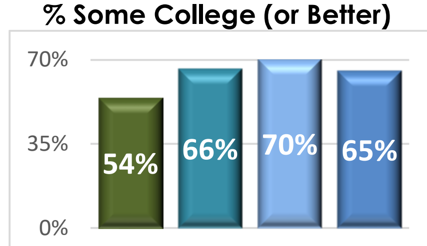
Median Age of Population



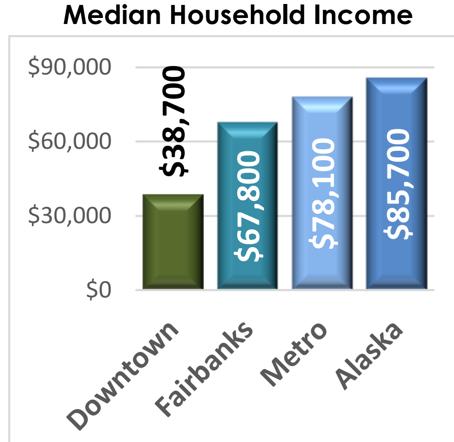
% Minority Population



% Some College (or Better)



Median Household Income



Sources: U.S. Census, Claritas.

Added Notes. Several added notes are of interest from available demographic information reviewed – especially as to distinctive attributes of the downtown and city-wide geographies:

- Consistent with small average household size and high median age, relatively high proportions of downtown residents are age 65+. Only one-third of the downtown household count is comprised of **families** as compared to about two-thirds of households city-, region- and state-wide.
- About 37% of residents city-wide are age 18-34, compared with just 25% downtown and 28% region-wide. This is counter to the experience of cities experiencing significant downtown development investment, much of which caters to a **younger demographic**.
- There is **less turnover of population** downtown with greater average length of residential tenure for both owner and renter-occupied housing than occurs city-, region- or state-wide.
- Nearly one-quarter (24%) of downtown households have **incomes** of less than $15,000 per year as compared with less than 10% for comparison geographies.
- A figure approaching half (46%) of downtown residents age 16+ are **not in the labor force** as compared with one-third or less for comparison city, metro region and state geographies. Conversely a remarkable 21% of workers who live in Fairbanks serve in the **armed forces.** Only 4% of workers who live downtown serve in the armed forces.
- The **occupational profile** of those who are employed varies somewhat across the geographies considered. Those employed in maintenance, business operations, community/social services, food service, legal, administrative support, sales related, personal care and transport/material moving account for more than two-thirds of workers living in downtown and city-wide as compared with somewhat over half (55%) of those living in the greater metro region or state-wide.
- Finally, while public transit accounts for only 1-2% of **work commutes** across all of the geographies reviewed, an estimated 20% of workers who live downtown walk or bike to work – or work at home.

Implications for Downtown & Polaris Site Redevelopment. Several possible implications of this demographic review surface as a basis for consideration with encouraging additional downtown area investment – especially for redevelopment of the Polaris site and nearby in the surrounding urban core area. Potential themes could be to concurrently:

- **Support and improve** opportunities to adequately house and serve existing lower income, elderly and otherwise disadvantaged downtown residents.
- **Reposition** downtown in terms of residential, shopping, entertainment and lifestyle options with branding attractive to a younger demographic and broader income mix.
- Work to **attract and expand** employers and businesses catering more fully to Fairbanks residents while continuing to support complementary authentic visitor experiences.
- **Emphasize** attributes of downtown distinctive to an all-season Fairbanks experience – as for walkability, river and open space access, weather protection and year-round events.

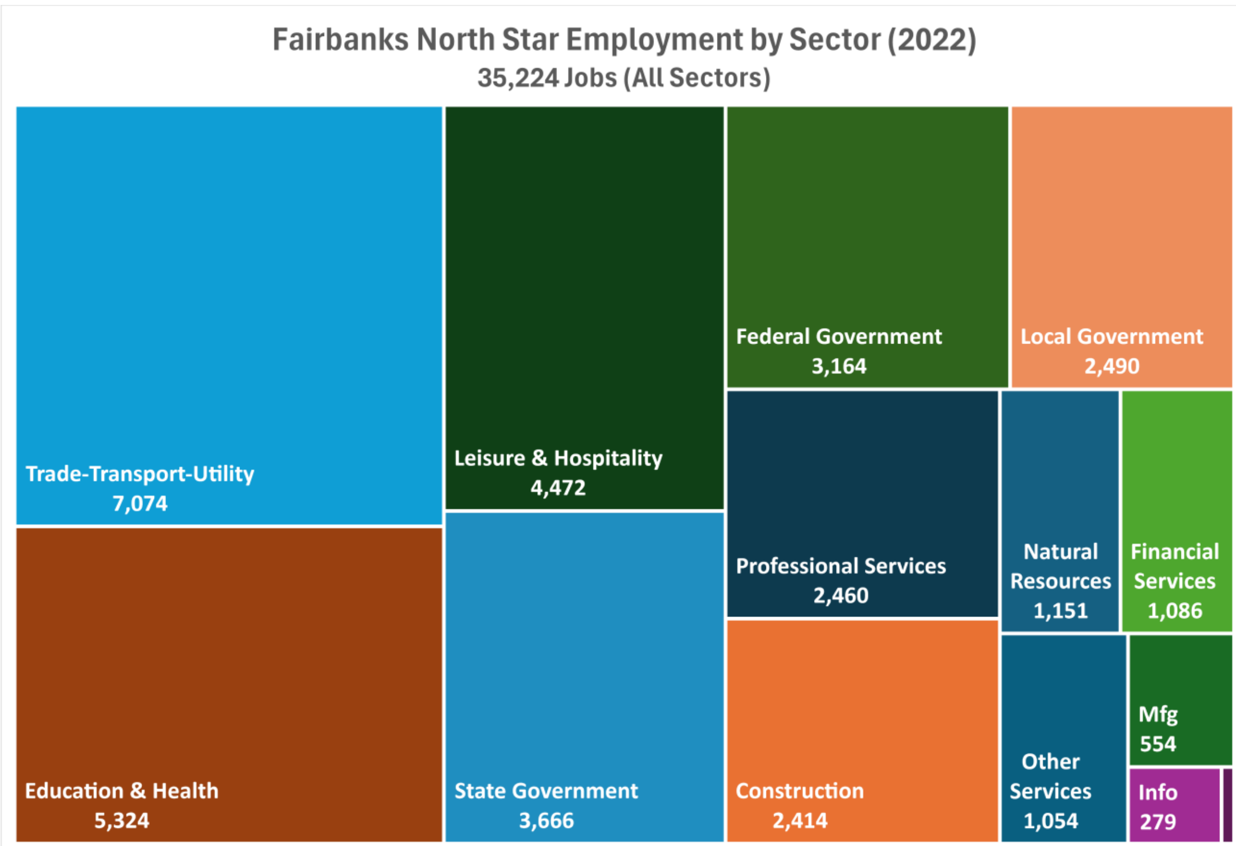
Employment & Business Profiles

This review now turns from demographics to consider employment and business activity.

Regional Employment Trend

As of 2022, the most recent year for which complete annual data is available, the Fairbanks North Star metro market wage and salary employment totaled 35,224 jobs. With 13% of Alaska's population, the Fairbanks North Star accounts for over 11% of jobs state-wide.

Job Profile. The composition of the borough's employment (by employment sector) is illustrated by the following chart. Of the state-wide total, over 25,900 jobs (or 74% of the total) work for private sector firms. Another 9,320 jobs (26%) represent public sector employees.



Source: U.S. Bureau of Labor Statistics (BLS). May be updated to 2023 annualized data when available.

Of the **private sector** employers, firms involved in wholesale/retail trade, transportation and utilities account for 20% of total employment metro-wide. This is the same proportion of employment that this sector accounts for state-wide.

Private sectors firms with notably higher proportions of their Fairbanks job count than is the case statewide are construction and leisure/hospitality (an employment category which includes lodging, dining, arts and recreation).

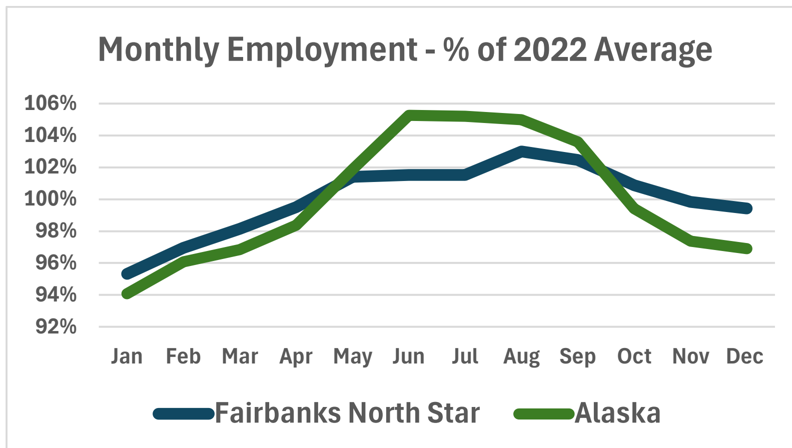
State government represents the largest source of **public sector** employment, followed by federal and then local government jobs. Compared with the state, Fairbanks North Star has an above average representation of state and federal job counts and is comparatively under-represented with local government employment.

A substantial portion of government jobs is for functions similar to those of private sector employers. About 38% of federal government jobs are accounted for by trade/transport, education, health, leisure and hospitality services. An estimated 55% of state and 70% of local governmental employees are involved in providing education and health services.

Seasonality. As depicted by the graph to the right, there is considerable seasonality to employment – though less so for Fairbanks North Star metro area than for the entire state.

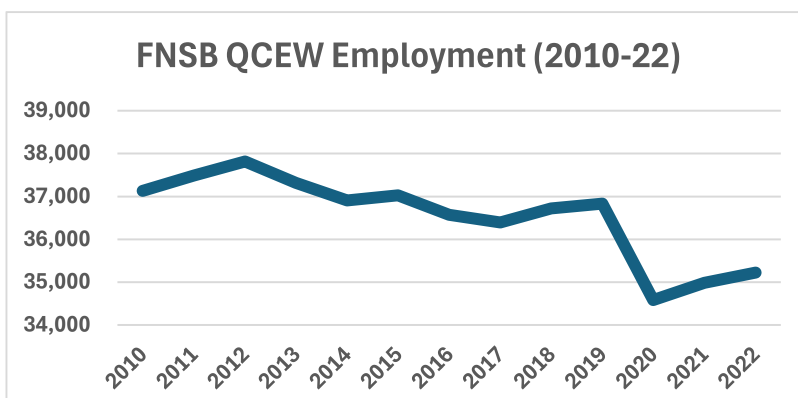
As of 2022, employment statewide was only 94% of the annual average in January, peaking from June through August at over 105%. For Fairbanks Metro, the peak job count comes in in August at 103% of the annual average.

Seasonality is affected by tourism counts (strongest in summer) as well as by non-tourism industries that are affected by extremes of cold winter weather.



Source: BLS

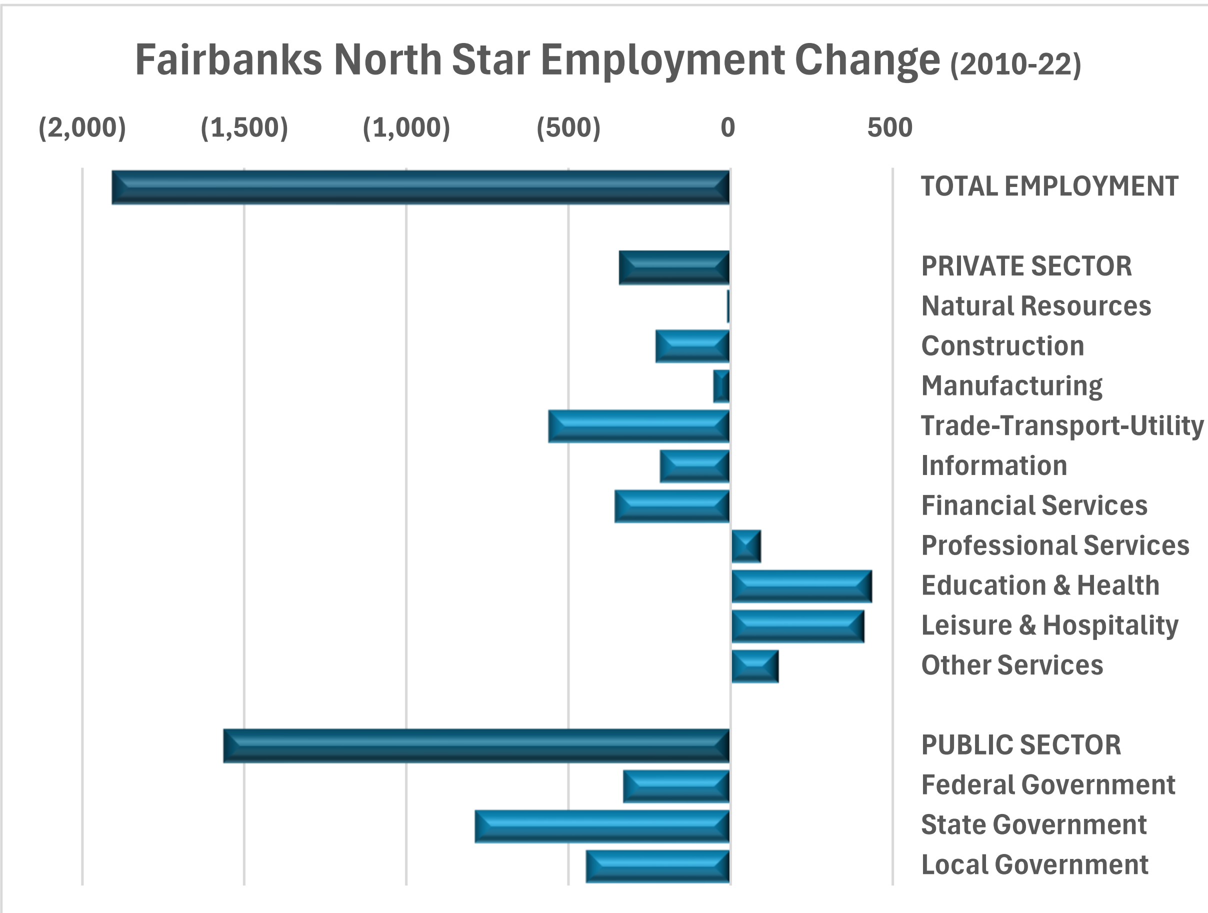
Employment Trend. After peaking in 2012 at close to 38,000 jobs, metro-wide FNSB employment has trended downward in recent years. For 2020 with the COVID pandemic Fairbanks North Star employment averaged 6% less than the year before. There has been some subsequent recovery. But as of 2022 the metro-wide job count was still 4% (or more than 1,600 jobs) below the pre-pandemic job count of 2019.



Source: BLS Quarterly Census of Employment and Wages (QCEW).

Overall, the Fairbanks North Star job count is 5% less in 2022 than in coming out of the Great Recession in 2010. For the state of Alaska, employment is also less than in 2010 – but by a lesser reduction of just 1%.

The following graph provides a sector-by-sector depiction of job change for the Fairbanks North Star Borough from 2010-22. As depicted, private sector employment over this 12-year time period has declined by close to 345 jobs (or down by just over 1%). Public sector employment is down more substantially by about 1,565 jobs (a reduction of more than 14%).



Source: U.S. Bureau of Labor Statistics (BLS). May be updated to 2023 annualized data when available.

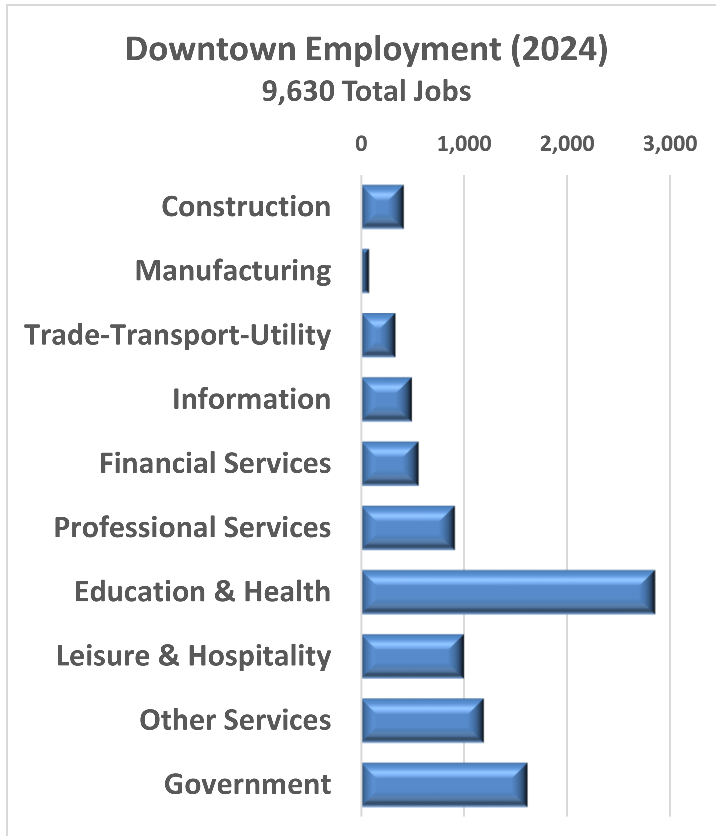
The most significant **private sector** job loss is noted for the combined trade-transportation-utility sector (down by 560 jobs).Other job reductions in the range of 200-400 each are noted for the financial service, construction and information sectors. Conversely, private sector education/health services and leisure/hospitality each have experienced job increases of 400+.

For the **public sector**, employment reductions are noted across all three levels of government. State government accounts for about half of the job downsizing, followed by local and federal governmental job reductions.

Downtown Employment & Business Activity

This analysis now transitions from a regional (Fairbanks North Star Borough or metro) perspective to focus on downtown Fairbanks employment and sales/revenue activity. Downtown employment is considered in two ways: first in numbers of **jobs by business sector** and then in terms of downtown employment in each sector as a **share of total** Fairbanks North Star (or metro-wide) employment by sector.

Downtown Employment Count. As of 2024, the Downtown Fairbanks area comprises just over 1,310 business, governmental and non-profit organizations – totaling about 9,630 jobs. With an estimated 1,930 residents, downtown Fairbanks is home to about **five jobs per downtown resident:**

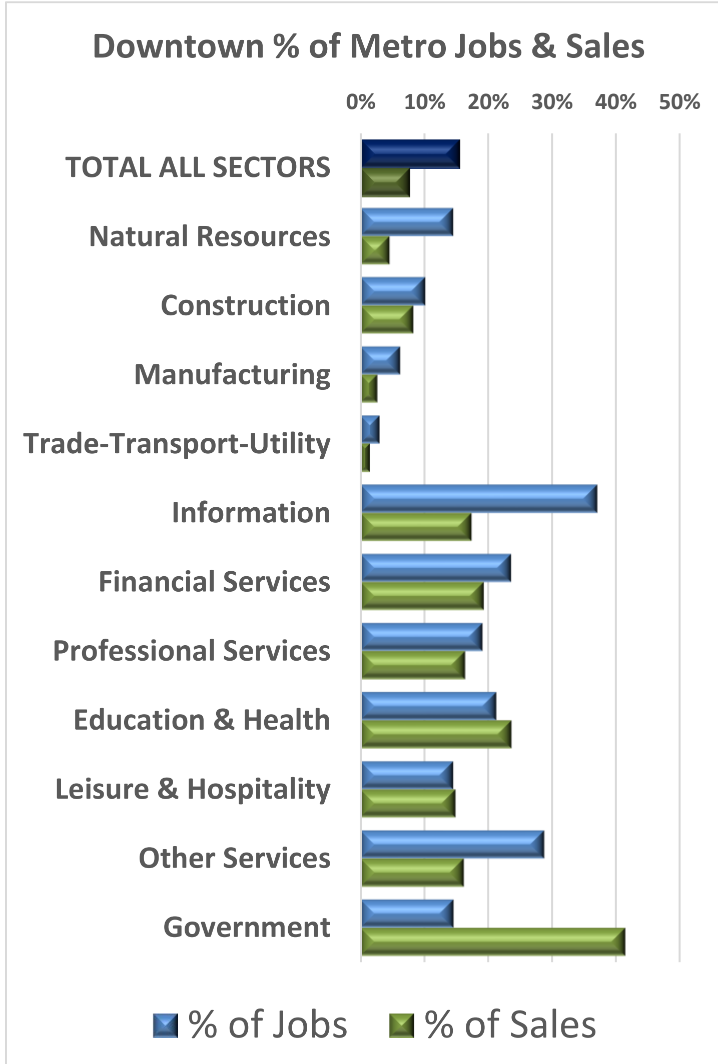


Source: Claritas and E. D. Hovee.

- The sector with the largest employment presence downtown is **education and health services** accounting for 2,850 jobs (notably medical and as home to the UAF Community and Technical College).
- **Government** represents the second largest source of employment with over 1,600 employees tagged to a downtown address. Taken together, education/health and government account for 46% of all employment in the downtown area.
- **Leisure/hospitality** (including dining) and **other services** (notably non-profit activities) each account for another 1,000+ employees.
- **Professional, financial and information services** each account for 500-1,000 jobs.
- **Trade-transport-utility services** represent less than 340 downtown jobs – with the **retail** store component (an historic and traditional downtown business anchor) reportedly accounting for only 150 jobs across fewer than 40 downtown businesses.

Only 10 employers have more than 100 employees who from a downtown location. Four are in education and health care, two with governmental agencies and one each with natural resources, construction, hospitality and other service firms.

Downtown Business Profile. In addition to job footprint, sales or business revenue relative to the entire metro region represent an additional important measure of business vitality. It is noted that some sectors with relatively low total job impact may find that downtown has a relatively large share of the metro market. And a sector's share of metro-wide employment may be different than its share of revenues.



Source: Claritas and E. D. Hovee. Estimates are as of 2024.

As depicted by the graph to the right, downtown Fairbanks accounts for 15% of all employment in the greater metro area but only 8% of FNSB-wide sales or revenue activity.

For the downtown area, sales performance averages $630,000 per firm across all private and public sector employers. This is well below the metro-wide average sales of $1.4 million per establishment.

Part of this discrepancy is due to the smaller size of firms in downtown at an average size of 7.3 employees per establishment downtown versus 8.1 for the full metro area. A more significant reason relates to the difference in business mix downtown than for the metro region. Average sales performance for the FNSB metro region (together with business mix) more closely mirrors that of the entire state than is the case for downtown businesses.

Downtown's share of regional employment exceeds the overall 15% mark for sectors including information as well as financial, professional, education/health and other services. Downtown is right at the overall 15% average for natural resource related, leisure/hospitality, and governmental activities. Sectors that underperform from an employment perspective include construction, manufacturing, and trade-transport-utility services.

Downtown's share of sales or establishment revenues exceeds its job share only for the sectors of education/health and governmental activity. However, there can be substantial variation in job and sales performance of downtown establishments within each of the broad employment sectors as considered above.

Key observations illustrative of dynamics within each of these sectors are noted as follows:

- For **natural resource** businesses, above average employment activity and revenue performance is noted for firms involved in support activities for mining.
- With **construction,** fully 30% of metro-wide employment is tied to a downtown location for heavy and civil engineering construction.
- For **manufacturing,** above average downtown job and sales performance is indicated for the relatively small sectors of apparel manufacturing, printing, and electrical equipment manufacturing.
- With **trade-transport-utility** businesses, there is only one subsector – postal service – that (well) exceeds the 15% overall downtown regional employment share. Downtown retailers represent only 4% of jobs and a 3% share of retail sales volume across the Fairbanks North Star borough. The only retail subsectors showing some market strength are apparel and recreation retailers – at 9% and 10% of region-wide jobs, respectively.
- **Information** firms that have a strong market presence in downtown Fairbanks include print media, broadcasting and content providers as well as related information services.
- Close to one-third of regional **financial service** employment and about one-quarter of revenues is associated with downtown businesses. Over 15% of real estate related employment occurs downtown.
- **Professional services** with strong downtown orientation include professional, scientific and technical service activities at 22% of region-wide employment and sales, together with a strong component of firms specializing in business management.
- For **education and health care**, about one-quarter of health care employment and social assistance employment and revenue occurs with establishments located in downtown.
- **Leisure and hospitality** businesses and non-profits with strong downtown orientation include museums and cultural activities and accommodations at 25-30% of metro-wide employment but with somewhat lesser shares of sales volume. Food service and drinking places account for 15% of regional employment and 13% of sales volume for this subsector.
- For **other services,** downtown accounts for a remarkable 42% of region-wide employment with religious, grantmaking, civic, professional and similar organizations but with lesser shares of region-wide revenue generation for these services.
- And with **public administration,** functions with particularly high concentrations of employment downtown include general governmental, justice/safety, human resource, environment quality and housing program jobs.

Implications for Downtown & Polaris Site Redevelopment. The most significant observation is that filling building space with jobs will rely on identifying market champions – including establishments with an existing large job footprint downtown plus those that may be smaller niche players but for whom being downtown is strategically important. A second observation is the need to offer an environment that can yield increased business revenues and jobs relative to competitors located elsewhere in the Fairbanks North Star metro region.

III. STAKEHOLDER PERSPECTIVES

Integral to this market assessment has been the conduct of interviews with a representative set of project stakeholders. As identified by Appendix A, these represent organizations that are knowledgeable about market trends and development in the Fairbanks area.

The interviews serve both as a reality check and added *on-the-ground* perspective to supplement the data analysis. Primary topics discussed relate to local and area-wide market trends, Polaris site development opportunities and constraints, and options for implementation.

Persons interviewed were determined in consultation with the city. Their contributions of time and diversity of expertise is gratefully acknowledged.

MARKET TRENDS & OPPORTUNITIES

Key themes emerging from these conversations pertinent to this assessment are several-fold.

The regional economy is more robust than what the numbers suggest. From a long-term perspective, Fairbanks has been a "boom or bust" kind of town. As one stakeholder observes, Fairbanks was "founded on gold, then military, then oil." Yet, there is something deeper also driving the community, the "cachet of Fairbanks, of Alaska that really is a draw."

More recently, there is widespread agreement that the Fairbanks area has been experiencing loss of population and employment. As a stakeholder notes, the population is "aging," those of "working age are leaving." However, when viewed in the context of the full area of interior and North Slope of Alaska, business is described by several as "booming," by another as "about to be booming."

Natural resource businesses that are oriented north – oil and gas, mining, and forestry related have, in the words of some, never been better. Fairbanks serves as a logistics base to serve much of this far-flung activity. As one stakeholder notes: "We're a logistics hub." Yet another suggests that while this was once the case, maybe not so much now. With this revised view, Fairbanks is more of a "fly over now, it used to be the hub."

A knowledgeable source notes that "40% of the economy depends on the military." Another takes a more expansive view stating that "70% is from government," all sources. The City is doing well financially with no debt, reliant primarily on property and lodging tax plus permanent fund resources.

In the words of an informed observer, renewed military deployments to Fort Wainright and Eielson Air Force base have led to an added population of about 3,500 in the Fairbanks area. The Clear Air Force Station in Denali Borough adds even more. As one knowledgeable party notes, the area's "military presence will continue to grow."

Tourism activity is also doing well. While historically focused on warmer summer months, business off-season reportedly is improving even more rapidly. Winter visitors may tend to spend more and stay longer for the northern lights experience.

Fairbanks doesn't receive the full benefit of area-wide natural resource business and governmental activity. Natural resource firms that are most active in Interior Alaska tend to base their Alaska operations in Anchorage – though Fairbanks is closer to the action. Some that previously maintained a small office (often just one or two person) presence in Fairbanks have reportedly pulled back in recent years. Exceptions reportedly include Kinross Gold and Contango Gold which have offices in downtown Fairbanks. Alaska Native Regional Corporations also have Fairbanks area offices.

Military upsizing has led to a need for added housing for personnel and families. Fort Wainwright reportedly is providing new units on base while Eielson is relying more on delivery of added off-base units, as individual families find (or build) their own housing off-base. This appears to contribute to the current shortage and increased cost of area housing.

Real estate development and operating costs exceed what rents and sales values can readily support. Interviews with industry sources indicate that construction costs can be as much as 30- 50% greater than in the lower 48 states. One individual notes that costs are 10-20% above Anchorage. This is due to a variety of factors including short construction season (described as from May 15 to September 15), cost of bringing materials to construction sites, and limited labor pool. Getting workers is not just a local concern as there are "labor issues throughout the state."

Competition for labor comes from natural resource companies often employing the same personnel as in construction. As one stakeholder noted, "we pay a premium to keep workers."

Comments – Market Trends

"No significant residential building in 20 years; North Pole activity with nearby bases"

"Downtown took a nose dive starting in the late 60s"

"Box stores took business from downtown"

"Downtown is hollowing out"

"90% of retail has left"

"No small grocery"

"Tax base is revenue capped, tourism dollars dedicated"

"Since the 80s, downtown is 1/3 streets, 1/3 parking, 1/3 buildings"

"Still going gang-busters on the North Slope"

"Downtown issue of tourist versus residents"

"No market for speculative office development"

"We don't tend to get intel soon enough"

"No nice condos downtown"

"Courthouse needs room for more office space"

"Plan for a performing arts center"

"Federal building close to downtown, but not …"

"Bring down energy cost – a top priority"

"Army the only military building housing on base"

"Weathered COVID better than the rest of the state"

"Manage growth to get more out of it"

Also of concern is that some “local property owners are land banking,” holding onto “empty buildings” due to perceived weak market demand.

One source indicates that all-in construction cost can range to as much as $500-$1,000 per square foot. Another cites a range of up to $350-$500 per square foot for office space excluding land, more for medical. Zoning approval comes from FNSB, building authority from the City.

Operating costs are also higher for business and residential occupants – due to heating needs especially for older structures – including those initially designed for wood heat and poorly insulated. Some national businesses are reluctant to operate in Fairbanks due to extreme weather conditions and heating costs as well as shipment costs for goods. As a stakeholder observes, “housing in the 80s was not built to subarctic standards” in an era of cheap fuel.

Downtown/Polaris Site Opportunities & Constraints

While the focus of the interviews has been on Polaris site redevelopment, comments are often framed in the context of the overall downtown residential, economic and cultural environment.

There is strong but not universal support for mixed-use re-development of the Polaris site. There is great appeal for a multi-story building that can put ground floor retail together with upper-level office and/or residential use – perhaps even some component of event and en-suite lodging/office – in the vein, for example, of an Airbnb type product. However, recognizing the added cost that a mixed-use project may entail, some stakeholders favor a more traditional single use development – as with an office building or a purely residential structure.

The #1 challenge is likely to be developing a project that proves financially viable. If the cost of development for even existing residential and commercial real estate outstrips supportable values, the financial gap is likely to be even greater with the complexities of mixed-use construction. Mixed-use may also narrow the range of contractors suitable to do the work. Finding supplemental resources or incentives (as per Appendix B) without need for taxpayer support to close the gap therefore becomes a *make-or-break* question for site reuse.

While the site theoretically could be developed into 2-3 components, a full-block redevelopment is generally preferred. The two partial block sites currently owned by the city could be developed separately leaving the privately owned mid-block portion essentially as-is, whether near- or long-term. The result would likely be a lesser scale of development than with the full block development, for example, a couple of floors of office or residential (but not both) with some ground floor commercial in each project of perhaps of 2-4 floors each. Market timing could be phased, but the result would likely be more expensive (per square foot) and not as much a catalyst for surrounding area revitalization.

Should a new Polaris building be constructed to about the former 11-story height or perhaps a smaller scale building of fewer floors be constructed? A building of the same height would provide more of a new signature icon for Fairbanks. A smaller scale building might be less expensive (per square foot), at less risk of overwhelming realistic market demand for space, better served with existing fire equipment (up to five stories) and more protective of view corridors from other places in downtown Fairbanks.

Market rate residential use most likely can be targeted as "for-sale" condos to affluent seniors and/or working professionals. These are target demographics that will support the highest rents or sales values needed for a financially sustainable development. Seniors may spend more either for more space or a higher level of amenity value while younger buyers may tend toward somewhat smaller, lower cost and perhaps more trendy units than their elder counterparts.

Whether one project can be successful serving both demographics in one building or will need to pick one over the other is uncertain – but may warrant further market testing (as with focus group discussions involving potentially targeted demographic groupings).

Revival of downtown retail can be stimulated by ground-floor store fronts and possibly top floor dining. Inclusion of ground floor retail and dining is identified as a priority by a majority of stakeholders interviewed. The #1 identified need is for a small scale or specialty downtown grocery on-site.

While all building frontages would benefit from customer-centered businesses, focus on the Lacey Street frontage is suggested by some as the most important location for high profile retail use. A top floor restaurant and bar (perhaps reminiscent of the Tiki Cove in the former building, also offering great views) is identified by some as worth pursuing with site redevelopment.

Comments – Polaris Site Opportunities & Constraints

"3-5 stories would be ok and still offer great views"

"Next to new plaza, a hub for tourists"

"Shallow water table @ 10-12 feet"

"New housing needed"

"Provide affordable housing for pilots based at Eielson AFB"

"Higher end snowbirds: lock and leave"

"Possible market for 1-2 penthouses"

"Luxury apartments would be going way out a limb"

"A little bodega would be sweet."

"Could include a club, scaled to the community"

"Lack of entertainment space for mid-sized crowds"

"May cost $800-$1,000 per sq ft for high rise (all in except land)"

"Could sell office condos"

"Best use is for government"

"Getting an exciting anchor tenant"

"Would like to see mixed-use, ideal for Polaris"

"Airbnb component could be workable, lots of interest"

"Mixed-use financing is possible, just depends on the appraisal"

"Get more bodies with disposable income"

"Go for whatever works"

"The numbers will drive what's feasible"

Overall office space demand is uncertain but with some opportunity for improved quality of office product. Traditional office space needs are somewhat hard to define in a post-pandemic era of declining area-wide employment and with more people working more often out of their home. Potential need for added office space might be associated with overflow needs of the adjoining courthouse, other state and federal agencies, corporations with a presence on the North Slope or otherwise in Interior Alaska – also with existing office businesses looking for upgraded, more prestigious quarters.

There may be opportunity for limited and innovative if not leading edge entertainment and/or niche en-suite and extended stay corporate office-lodging product. This may be a place where entertainment club meets Airbnb meets We-Work – in a hybrid live-work-recreate area distinctive to a Fairbanks vibe. Some are uncomfortable with this concept – whether due to its potential disruption to other building uses or greater challenge with securing project financing.

The city-owned Golden Heart Parking Garage is viewed as providing needed parking to support Polaris site redevelopment by some, but not so much by others. The 377-space garage – directly across 2nd Avenue from the Polaris site – has been largely underutilized but with utilization now reported to be on the upswing. For some, making this available to occupants and users of a new Polaris building offers a win-win opportunity – helping the garage improve on utilization and revenue while offering a lower cost alternative than developing costly new parking as part of one or more new Polaris site structures.

A key question is whether and to what extent Polaris building residents, workers, and customers would use the garage or would prefer parking directly at the Polaris site. Some suggest that older residents would be reluctant to travel out of the building and across the street to use a structure that is not weather protected. Suggested by others is targeting younger residents more apt to brave the weather in winter months.

Another option would be to construct an enclosed skybridge (or perhaps below grade passage) from the Polaris to Golden Heart. However, one noted that for retirees, “most won’t walk that far,” especially in cold weather. Another question or option is indicated for the roof of the parking garage. Depending on how the structure was originally designed, consideration might be given to making a good weather event space on the roof – as has occurred in Anchorage.

IMPLEMENTATION

A final topic of discussion relates to implementation. *What will it take to make Polaris site redevelopment happen? How might it occur?* At this point there are no definitive answers. But there is recognition that funding support, if necessary, should not come from existing local taxpayer resources*. Take from the existing pie, no! But from a bigger pie? Maybe so.*

And there are potential incentive resources already identified – summarized by Appendix B to this report. But first, this assessment turns back to the market numbers – by product type.

V. MARKET OPPORTUNITIES

Based on the preceding demographic and business/employment analysis together with stakeholder perspectives, this market assessment now transitions to address **real estate** implications and anticipated requirements for viable, sustainable site redevelopment.

Market opportunities considered with this assessment for potential redevelopment of the Polaris site are for:

- **Residential development** – rental and/or for-sale multi-level urban housing
- **Retail** – including dining with focus on ground floor plus potential top floor use
- **Office space** – for large corporate/institutional and/or niche focused small tenant use
- **Lodging and event space** – as with smaller scale boutique lodging and/or hybrid product
- **Mixed-use** – for development that encompasses two or more of the above listed uses

For each real estate product type, discussion and analysis begins with identification and evaluation of potential sources of market demand. This is followed by consideration of associated requirements affecting market feasibility – site control, targeted marketing, parking access, development costs, financing and amenities.

RESIDENTIAL DEVELOPMENT

Residential represents the first and perhaps most significant potential reuse of the Polaris site. Attracting more residents with increased buying power to live downtown likely represents a pivotal component to a market-driven project at least possible public funding subsidy requirement. Attracting new residents is also important to support new construction in a setting currently dominated by older housing product and to creating built-in clientele for renewed downtown business vitality.

Preserving Downtown Housing & Building New

Source: *FNSB Dowwntown Fairbanks 2040 Public Review Draft*, September 5,2023.

Data Sources & Methodology

Housing data for this market assessment is drawn from a range of public and industry sources. The comparative overview provided on the next page draws on Claritas – compiled for the same geographies as with the earlier described demographic data. This is followed by data on current rental and for-sale product from recognized industry sources.

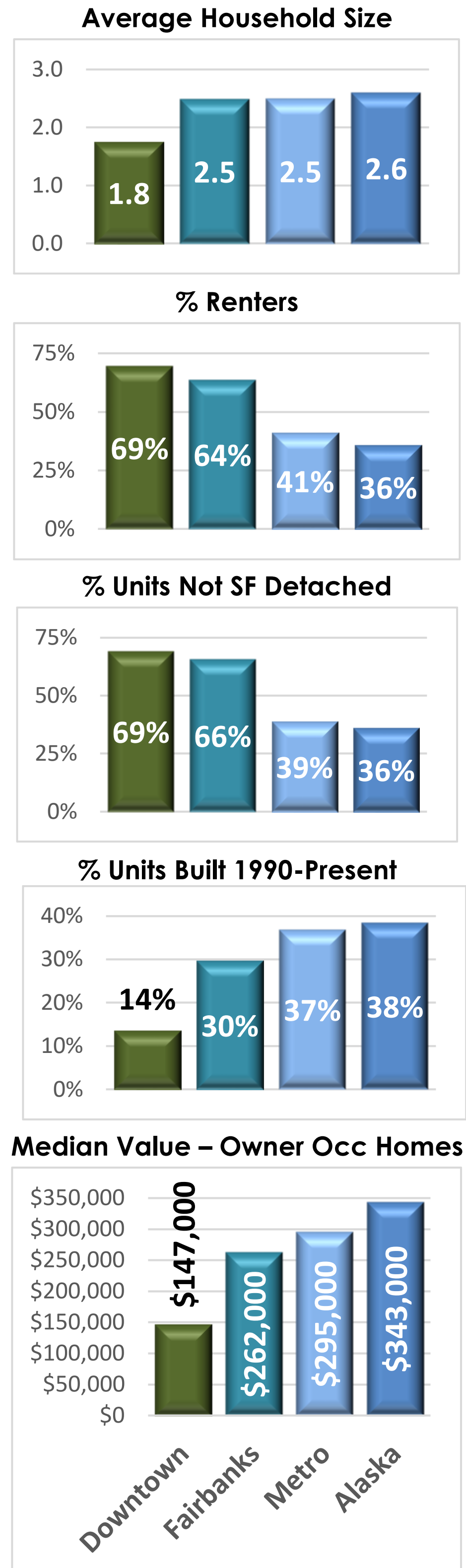
Comparative Overview

As with demographics, summary housing characteristics are compared for households of downtown, the city, metro region and entire state.

- Consistent with the older age profile of downtown residents (with fewer children), there is an average of only 1.8 **residents per housing unit,** considerably below city-, regional and state-wide averages.
- While the Fairbanks North Star metro area and state-wide housing inventory is oriented to home ownership, the situation is noticeably different for downtown Fairbanks and the city as **renter occupied**.
- Borough- and statewide housing product consists predominantly of **single-family** detached units. The reverse situation is noted for Fairbanks and the downtown area with about two-thirds of housing comprised of attached and multi-family housing units. Multi-family housing of 5+ units comprises just over half of the downtown area housing inventory.
- And the existing downtown housing inventory is relatively old. Only 14% of downtown units were **built** in the last 30+ years – less than half the rate of newer housing construction city-, region- and state-wide -- as compared to close to 40% of the inventory region-wide. The median year that housing was built downtown is 1969.
- The **median value** of all owner-occupied homes in downtown is estimated at under $150,000. This is 56% of the median value for the entire city and 43% of values statewide. Just over one-quarter (27%) of owner-occupied homes in downtown are valued at $300,000+.

As with other downtowns that have experienced limited redevelopment, Fairbanks housing is older and lower valued. What is surprising is that despite a relatively young age profile city-wide, few of these younger adults have made their home downtown.

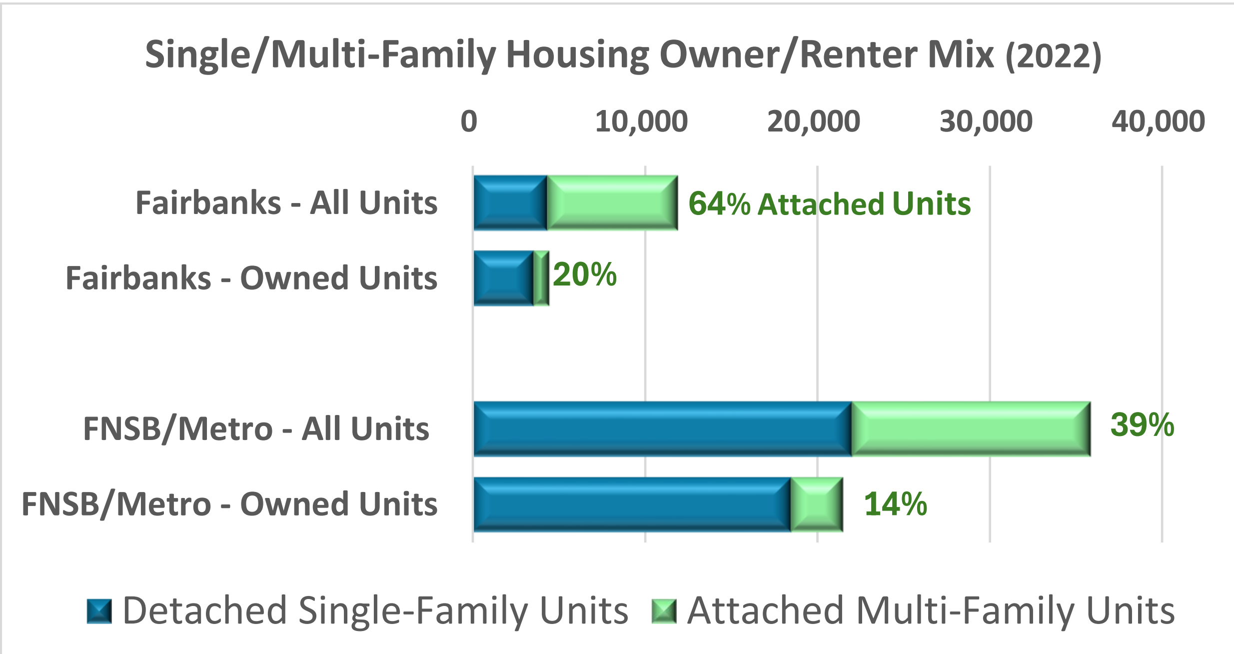
Housing Comps (2024)



Sources: U.S. Census, Claritas.
Estimates are as of early 2024.

Residential Structure & Tenure Mix

Drilling down a bit further, it is useful to consider the mix of occupied housing in Fairbanks and the greater FNSB/Metro area – in terms of single- versus multi-family structure and rental versus owner tenure. As illustrated by the following graphic, there are an estimated 11,930 occupied housing units in Fairbanks as of 2022. The housing inventory nearly triples to 35,820 units when considered for the full metro area.



Source: U.S. Census Bureau, *American Community Survey,* 2022 5-Year average. Multi-family units include plex and apartment units, also a small share of mobile home and other units outside the city in the greater FNSB area.

As indicated by the graph, within the Fairbanks city limits traditional single-family housing represents only a minority share of the city's full housing inventory:

- The majority of housing units (64%) in Fairbanks comprise attached units.
- Less than 4,500 of Fairbanks' 11,930 housing units are owner-occupied – a minority share unusual for cities of Fairbanks' size.
- Only 920 (20%) of in-city owner-occupied units are in attached structures (e.g., condos).
- By comparison, the full FNSB area has 3,020 owner-occupied units in attached structures, three times the number of owner-occupied units as are in the city.

Taken together, this data indicates that the city is under-represented not just with overall home ownership but more specifically for home ownership within multi-dwelling complexes. As points of added comparison, both Anchorage and the U.S. have higher overall home ownership rates than is the case for Fairbanks. Of greater interest is that Anchorage has a 30% multi-family share of all owner-occupied homes, well above the 20% share noted for Fairbanks.[5]

Market Comparables

Included with this assessment is a preliminary review of pricing for rental and for-sale housing.

Rental Units. A brief survey was made of apartment rental rates using listings for Fairbanks from Apartments.com as of May 2, 2027. Based on data available for 12 apartment properties:

- Asking **per square foot rents** range from a low of less than $1.20 per month to several observations peaking at close to $2.00 per square foot. These is one outlier of nearly $2.80 per square foot monthly.
- There is a **general trend** for smaller apartment units to rent for more per square foot basis than larger units. Small 1-bedroom units of 600 square feet include those approaching $2.00 per square foot, equating to a monthly rent of about $1,200. Large 2-3-bedroom apartments in the range of 1,800-2,300 square feet can be expected to rent for +/- $1.25 per square foot for a monthly rent of $2,250-$2,875 – with the highest priced listing at nearly $3,100 monthly.
- While more limited in number, **single family homes** surprisingly appear to rent at per square foot rents roughly comparable to those of apartments. The overall average for both rental apartments and single family homes seems to be in the monthly range of $1.70-$1.80 per square foot.

For-sale Housing. A similar preliminary compilation of pricing data has been conducted for a condominiums and single family homes. Based on data compiled from Zillow:

- Of six **condominiums listed** for-sale and ranging in size from less than 600-2,350 square feet, asking prices range from $140-$225 per square foot (or from $82,000-$269,000 in total sales price). Based on the small sample, there appears to be no clear relationship between unit size and per square foot pricing.
- Of nine **single-family homes sold** for $250,000+ up to a peak sales price of nearly $550,000 from 2023 to present, home sizes average just over 2,000 square feet (or close to $230 per square foot). The majority of these homes have 3-4 bedrooms.
- A compilation also was made of nine **single family homes listed** for-sale targeted to asking prices in the upper range of $500,000+ up to a top price of $880,000 with Fairbanks addresses. Unit sizes average 3,100 square feet (up to the largest at 4,750 square feet) with a per square foot average of just under $250 – well above per square foot condo pricing (but typically involving homes with large lot sizes or on acreage).
- Of added interest is the presence of several properties listed as **multi-family homes for-sale** (ranging up to 32 bedrooms. Per square foot asking pricing range widely from as little as $60 to $270 and averaging $170 per square foot.

Pricing Summary. Consistent with information received from comparables reviewed and stakeholder interviews, it is possible to prepare a preliminary estimate of values that might be supported with new construction on the Polaris sites. As noted, at this stage, estimates should be viewed as preliminary and illustrative – to be refined if project work continues to Phases 2/3.

Polaris Site Residential Prices Supported (Preliminary)

Property Type		Per Sq Ft Estimate	Notes
Residential Rentals			
	Monthly Rental Rate	$2.50	Near top of market rents
	Less Vacancy	5%	Assumes strong lease-up
	Gross Monthly Rent	$2.38	Actual rental income received
	Less Expense % of Income	40%	Can vary widely, limited comparables
	Net Operating Income	$1.50	As calculated per month
	Annual Operating Income	$18.00	Converted to annual per sf amount
	Capitalization (Cap) Rate	7.00%	Reflects Anchorage plus 1/4%
	Valuation	**$255**	Max construction cost supported
For Sale Residential Valuation			
	Condominiums Listed	**$225**	High end of units currently on market
	Single Family Homes Sold	**$350**	Near top of market for sales 2023-now
	Single Family Homes Listed	**$400**	Near top of market of homes for sale

Sources: Apartments.com, Zillow.com, National Association of Apartments *Survey of Rental Apartment Communities,* as of May 2024.
Estimates are preliminary and illustrative, subject to revision.

This initial analysis indicates that rental apartments developed on the Polaris site conceivably could support all-in development costs of up to about $255 per square foot equating, for example, to a monthly rental of $2,500 for a 1,000 square foot apartment or $1,500 for a 1-bedroom 600 square foot apartment. For landlords, rentals would be more attractive if priced on a triple net basis, with the tenant paying for property taxes, maintenance and insurance.

For urban scale residential development, condominiums generally should be expected to support higher per square foot values than rental properties. However, that does not necessarily appear to be the case currently for Fairbanks. Rental apartments appear to support higher per square foot valuations than condo product currently on the market.

The rent versus own comparison flips if the comparison is with more traditional single-family residences. Higher end homes recently sold go for values above those of rental apartments. Properties currently listed are asking even higher prices which may or may not be realized.

If a downtown condo project could be constructed for $350-$400 per square foot including land and soft cost, supportable value might range from $350,000-$400,000 for a 1,000 square foot condo and up to about $475,000-$540,000 for a more amply spaced 1,350 square foot unit.

Questions remaining to be addressed relate to site control, targeted marketing, parking access, development costs, financing, and proximity to on-site and nearby retail/service amenities.

Residential Market Opportunity

Of the uses considered for the Polaris site, market rate residential is probably the most significant to diversify and re-build downtown as a place attractive to and serving the entire Fairbanks community. Steps noted as instrumental to securing a renewed market feasible residential presence for this property cover a range of topics, outlined as follows:

- **Site Control** is pivotal to address at the earliest opportunity. Economies of scale likely can be more readily achieved with a whole block development rather than splitting residential use between western and eastern portions of the block. This is predicated on achieving a collaborative arrangement with private owners in the middle of the block.
- **Targeted Marketing** recommended is most likely for condo units to a middle-age to senior affluent demographic, possibly alternatively or also to a younger professional cohort with more moderate sized condo or rental units.
- **Parking Access** will be needed either on-site or in the 377-space garage just across 2nd Avenue. Development feasibility is greatly enhanced if the garage can meet this need in a manner designed to assure convenient, weather protected and secure access.
- **Development Costs** need to be addressed in greater detail in conjunction with design concepts to be prepared if the City proceeds to Phase 2/3 feasibility analysis. An all-in preliminary estimate should cover costs of land, site preparation/infrastructure, building construction, improvements to the adjacent parking structure and all related soft costs.
- **Financing** options are important to pursue in more detail both for the overall project concept and for any for-sale residential components of the project (as with condo units).
- **Amenities** are instrumental to attract targeted market rate residential demographic(s), particularly ground floor/on-site but also in the immediately adjoining neighborhood. The #1 cited and perhaps most challenging need is to secure a small specialty grocery. Dining (including coffee/ bar), fitness, spa/salon, specialty apparel exemplify a mix that could prove attractive not just to on-site residents but also nearby workers and tourists.

Determination of residential feasibility will serve as a primary driver for consideration of other on-site uses for the Polaris site – starting with retail as now considered.

RETAIL

If residential represents the potential core of Polaris redevelopment, retail use including dining can offer the street-level appeal that helps draw new residents and businesses alike.

Data Sources & Methodology

Primary data resources for this portion of the market assessment are Claritas (as with demographics) coupled with current brokerage data. Considered with this analysis is resident buying power as compared with actual sales. Opportunities are most pronounced when buying power exceeds actual sales – indicating sales leakage or gaps to fill – especially for store types that have proven to function well in a downtown setting.

Prospects for consumer as well as business-oriented retail and dining activity are considered first on a regional or metro level. Discussion then zooms in to focus on prospects for the city of Fairbanks and then further in to the downtown area and Polaris site redevelopment.

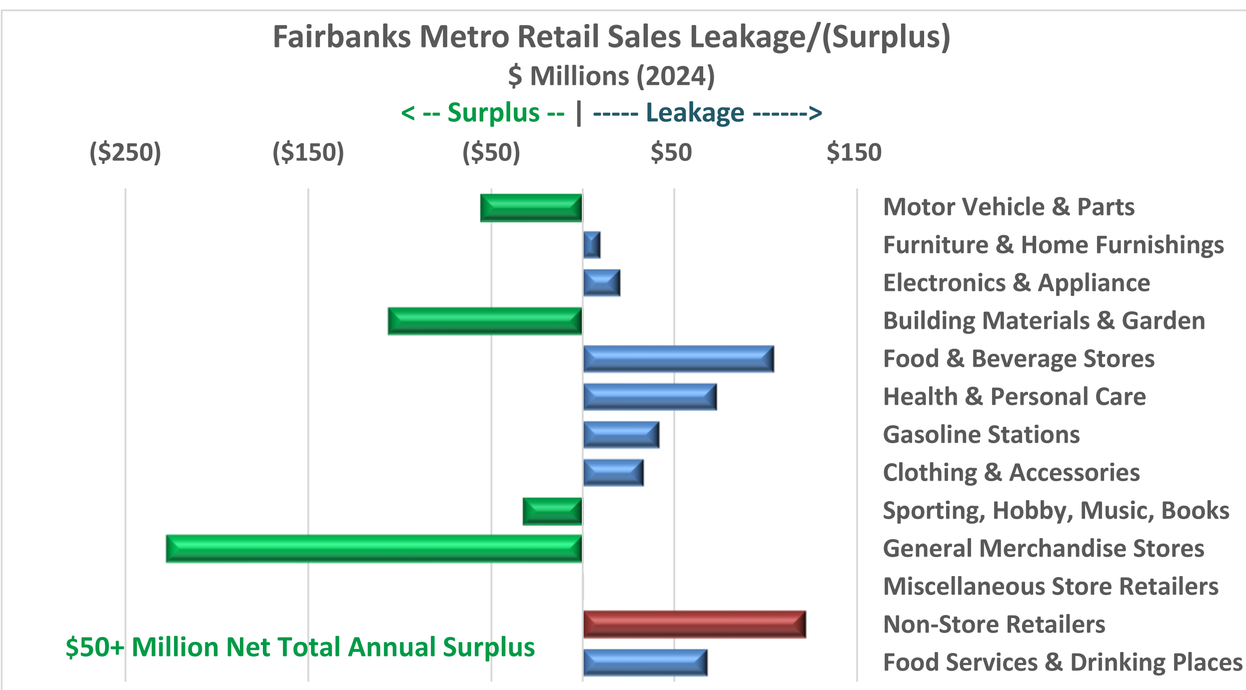
Metro Fairbanks

With approximately 13% of Alaska's population, the Fairbanks North Star (or metro) region accounts for an a surprisingly strong 14% of retail and dining sales statewide. However, some store types segments lag behind while others have very high offsetting retail capture rates.

Retail sales levels that exceed resident generated demand can be viewed as **net surplus** – meaning that the region is also drawing some level of purchases from non-residents. Conversely, retail categories that underperform with sales volumes below typical resident generated demand indicates some level of **sales leakage** (or opportunity gap). Sales leakage occurs as residents make purchases outside the Fairbanks region – as by traveling to Anchorage or Seattle – or making purchases via e-commerce and mail order.

As of 2024, Claritas estimates that resident demand for retail-related goods and services approximates $2.14 billion. Actual sales volume realized is estimated at $2.09 billion – meaning that sales realized exceed expected resident generated demand by about $50 million.

Net Sales Surplus. The following chart provides a breakdown of store types experiencing net surplus versus sales leakage. As illustrated, general merchandise stores account for the largest share of net surplus – with retail sales exceeding demand by an estimated $227 million per year. This high performing retail category is dominated by warehouse clubs and supercenters.



Sources: Claritas and E. D. Hovee.

The retail sector experiencing the second greatest amount of net surplus is building materials and garden-related supplies – with sales exceeding typical resident demand by an estimated $106 million per year. The sales surplus is primarily to the benefit of home centers, followed by hardware stores and other building materials dealers. Some of this net inflow likely exemplifies Fairbanks role as a logistics center supplying the vast hinterlands of Interior Alaska extending to the North Slope.

Similarly, Fairbanks appears to serve a significant regional supply role with motor vehicles/parts and with sporting goods – catering both to regular customers drawn regionally and visitors internationally.

Sales Leakage. Partially offsetting these strong retail performers are number of so-called **brick and mortar** retail categories that have a local physical presence but nonetheless experience net sales leakage – led by what is termed food and beverage (i.e., grocery) retail with net leakage out of the metro region estimated at $104 million annually. This is a remarkable level of resident outflow for a retail store type that typically performs well supplying day-to-day food needs.

Retail outflow is also noted for health and personal care (as with pharmacy), gasoline stations, food serving and drinking places (i.e., dining), clothing and accessories – each with FNSB sales leakage in the range of $30 to $70+ million per year. Lesser levels of sales leakage are noted for electronics and appliance and furniture and home furnishings retail. With the possible exceptions of grocery and fuel service retailing, these are store types that historically have had a strong presence in downtown locations.

For a lesser populated metro region, the Fairbanks area actually has a relatively strong presence of **non-store** retailers, selling via mail order and e-commerce – often without a readily visible brick and mortar retail presence.

However, sales from locally based on-store retailers is more than offset by resident purchases from non-store retailers, most of whom are located outside the local market area. Net sales leakage is estimated at $122 million per year. As of 2024, an estimated 15.5% of resident purchases are now made via mail order and e-commerce.

Comparison with Anchorage. Not surprisingly, as Alaska's largest city and metro area, retail sales for the Anchorage area are estimated at more than $9 billion annually, 4 times the sales volume of the Fairbanks North Star metro area. Relative to area population and buying incomes, both Fairbanks and Anchorage have remarkably high sales volume associated with general merchandise stores – notably discounted oriented warehouse clubs and supercenters selling across a wide range of merchandise categories.

Fairbanks experiences relatively stronger retail performance than Anchorage in categories including motor vehicles, building materials, and sporting goods. Conversely, Fairbanks North Star underperforms for retail store types including home furnishings, electronics/appliances, grocery, personal care, apparel, and dining.

Interior & North Slope Alaska

As the largest city for the entire interior and North Slope areas of Alaska, it would be tempting but perhaps over-reaching to assume that Fairbanks retailers could do more to attract a significant volume of business in from these outer reaches. As noted, the population of the Interior-North Slope represents a 25% increase in potential market area population to that of FNSB metro area alone.

Paucity of retail in these smaller communities means that annual sales leakage from this larger region is more than twice that of FNSB alone – spread across most retail store types. However, there are a few categories where Interior-North Slope serves its resident customers comparatively well – better than FNSB alone. This appears to be the case for building materials, gasoline and fuel services, and dining (eating and drinking).

There may be instances where Fairbanks retail and service businesses could better serve this larger regional population than is currently happening – for example as a weekend getaway or for extended stays with those coming to Fairbanks for natural resource related business purposes. But this may be a stretch – as Prudhoe Bay is an approximately 500-mile (one-way) road trip from Fairbanks and many parts of the trade are not even accessible by highway. For the time being, little emphasis is placed on this long-term retail business capture opportunity.

City of Fairbanks Retail

We now focus on the business of downtown Fairbanks retail. Overall, retail and dining sales from businesses located in the City of Fairbanks account for an estimated 42% of sales in the Fairbanks North Star Borough (or metro) area. This market share is fairly consistent across all store categories. The category with the highest market share is dining (comprising food service and drinking places) at 52% of metro wide sales.

Much of Fairbanks's retail activity is situated just north of downtown and the Chena River – readily accessed by the Old Steese Highway and Johansen Expressway. **Large format** retailers include Walmart, Costco, Home Depot, Lowe's and Fred Meyer.

Downtown Retail Storefront Opportunity

With $208 million in annual sales, Downtown Fairbanks captures about one-quarter (24%) of retail sales in Fairbanks and 10% of sales metro-wide. Downtown's **highest capture** rates are noted for electronics and appliances (at 58% of city-wide and 29% of metro-wide sales).

Other **above average** capture rates are noted for furniture and home furnishings, miscellaneous specialty stores, sporting/hobby, dining, health/personal care and apparel. **Below average** capture rates are noted for motor vehicles/parts, building materials/garden, grocery, and general merchandise (notably big box) stores.

Store types experiencing above average rates of market capture are those that today typically fare the best for downtowns across the U.S. This is even more the case for downtown Fairbanks specialty-oriented and smaller scale retail, as well as for and dining establishments which are centrally located to serve Fairbanks area residents, downtown workforce and tourists.

Building up downtown's residential base and incomes will serve to further strengthen core area retail opportunities in the years ahead. Of the retail uses that reasonably could be considered for the Polaris site, securing a quality small-scale specialty grocery on site or immediately adjacent would be most important to residential and overall development feasibility – but perhaps also the most challenging.

Pedestrian-Scale Retail – for Downtown Vitality

Source: *FNSB Dowwntown Fairbanks 2040 Public Review Draft*, September 5,2023.

Steps noted as instrumental to securing the best retail, dining and entertainment mix possible include the following:

- **Site Control** is important to assure any anchor tenant (such as grocery) of project viability and addressing tenant-specific design requirements. Part of these negotiations should include opportunity for existing businesses on-site (as with LaVelle's Taphouse and the Elbow Room) to be accommodated as part of a full-site redevelopment.
- **Targeted Marketing** for retail and high-profile service businesses should be to those oriented to serve a complementary mix of resident, nearby worker and tourism customers.
- **Parking Access** ideally will be available not only on-street but immediately adjacent in the city's Golden Heart parking garage. If constructed, a weather protected crossing should serve needs of shoppers – especially for a grocer – as well as for residents and other on-site businesses.
- **Development Costs** and tenant configurations will need to provide special attention to meeting requirements of anchor tenants – especially those of a grocery and/or relocation of existing on-site businesses.
- **Financing** for ground-level retail-service businesses occupants and for the entire mixed-use project can be expected to involve pre-leasing – especially of anchor tenant spaces.
- **Amenities** that could reinforce retail opportunity include marketing, events and accessibility to nearby uses, for example, signature rooftop dining, event functions on the rooftop of the Golden Heart parking garage, strengthened linkages to the courthouse and Chena River trail system, and shop(s) focused on Alaska made goods.

OFFICE SPACE

If retail dominated the downtown built environment of most cities through the 1950s, office use came on the scene as retail decamped to larger footprint settings away from the historic city center. More recently, modern telecommunications capability coupled with the COVID-19 pandemic and switch to at-home and remote work has brought into question the ability to fully re-occupy existing office space. Prospects for new construction are even more questionable.

The rapid recent transition from low-cost development financing to a high interest rate environment further dampens prospects for new construction – at least for the near term. However, there are yet opportunities for downtown to serve as an attractive setting for large employers as well as smaller but urban focused niche office work places.

Experience in cities large and small is that office tenants ranging from attorneys to corporate users will step up to more contemporary and amenity-laden space – at top of market rents or more). But proceed with caution!

Data Sources & Methodology

This assessment draws from the office-related portions of the employment and business activities profiled earlier in this report. This is followed by review of current office space real estate listing and sales activity from a recognized national source (in this case LoopNet).

Employment-Driven Demand

Current and potential sources of added demand for downtown office space can be divided into two – maybe three – categories:

- Businesses and organizations that already have **a large employment footprint** in downtown – primarily those already experiencing job growth but also special needs of some who are not
- Smaller scale **niche-oriented** office space users who are growing and/or have a strong demonstrated preference for a downtown business presence
- Possibly also **crossover tenants** that have the backing of large and financially strong organizations but may take down smaller or hybrid spaces in a multi-user building

Each of these is considered, in turn.

Large Office Users. Taken together, education and health care providers together with government have the most significant existing presence in downtown Fairbanks – accounting for a figure approaching half of all downtown employment. Metro-wide, education/health employment has been on the increase while government employment has been declining – at federal, state and local agencies.

Discussions with these organizations would be important to determine existing or potential future interest in being part of Polaris site redevelopment – whether as sole occupant (and potential structure owner) or as one tenant in a multi-tenant building (as for near term/interim or specialized needs):

- Perhaps the most logical governmental entity to approach for possible expansion into the Polaris site would be for overflow of existing adjoining Rabinowitz court functions.
- While existing hospital or clinic expansions might generally be considered as most logical to stay on or in proximity to existing campus sites, it is conceivable that expansion involving development of the Polaris site might be considered – perhaps with specialized facilities (possibly including housing) to serve an expanding aging population. More likely is that a smaller clinic or physicians' practice might purchase or lease a portion of a new Polaris site building.

Governmental and health-related facilities typically have capacity and often the willingness to pay more for building space than other private sector employers. Either or both of these large employers could benefit from parking available with the 377 space Golden Heart parking garage immediately adjacent. While planning horizons leading to development may be longer, these institutional entities also potentially bring funding resources to the table that may not be as readily available with other private sector financed projects.

Niche Players. While representing a smaller share of the FNSB employment base, firms in natural resources, information, financial services, professional and other consumer services all show a pronounced proclivity for doing business from a downtown location. Average firm size ranges from about 4-20 employees depending on the business sector considered.

Unfortunately, region-wide employment has been declining in recent years for each of these sectors – with the exception of professional services. Nevertheless, attracting and growing more of these types of firms may be important for overall diversification of the Fairbanks North Star metro-wide economy. These sectors typically are also associated with higher wage jobs – supporting downtown retail and often with an ability to pay higher end private sector rents.

While it is conceivable that some firms might entertain purchasing their share of space (as in a condominium arrangement), more likely is that these space users would be tenants in a multi-tenant building albeit involving early pre-leasing commitments where possible.

Crossover Tenants. Available data together with stakeholder input suggest the opportunity to reach beyond normal market opportunities to consider crossover uses – that may involve some mix of live-work – a hybrid product with a mix of office, housing and/or lodging functions. Three specific applications are suggested for consideration:

- **Courthouse-related temporary/extended stay.** As one of four district court locations in Alaska (Anchorage, Fairbanks, Juneau and Ketchikan), Fairbanks covers by far the largest geographic area in the state. Attorneys, jurors, defendants may travel long distances for uncertain multi-day periods. An en-suite lodging arrangement with shared services may be useful for those who still need to conduct business while in Fairbanks.

- **Corporate Fairbanks live-work.** Similar arrangements may be of value for natural resource firms and public agencies posting employees on-site over a multi-day stay.
- **Shared or co-work space.** A more readily known model is the shared space and incubator concept most popularized nationally by the controversial WeWork model but also in many communities managed by an economic development or other non-profit organization.

These crossover tenant opportunities are further elaborated in the next section focused on lodging and event space. In any event, upfront equity funding likely would be required if some portion of a new Polaris building were to be devoted to some form of crossover tenant use.

This initiative could be considered as part of an assertive economic development and diversification program to jump start and facilitate increased population and employment growth for Fairbanks and the FNSB metro region. If pursued, the space should be designed in a manner that could be readily re-purposed to more conventional use in the event that tenant demand proved inadequate to achieve a reasonable and financially sustainable occupancy level.

Market Comparables

Research of comparable commercial properties has been conducted in a manner similar to that for residential use. A challenge is that the volume of transactions in the Fairbanks area is much smaller than for residential properties. As much of the commercial (especially free-standing) space in Fairbanks is designed to accommodate either retail or office use, this evaluation encompasses both retail and office properties.

Consistent with information received from the set of comparables reviewed and stakeholder interviews, it is possible to prepare a preliminary estimate of values as might be supported on the Polaris site. As was noted with the residential analysis, at this stage estimates should be viewed as preliminary and illustrative – to be refined if project work continues beyond Phase 1.

Polaris Site Commercial Space Prices Supported (Preliminary)

Property Type	Per Sq Ft Estimate	Notes
Commercial Rental Space		
Annual Rental Rate	$30.00	Upper end for retail-office commercial
Less Vacancy	10%	Assumes higher vacancy than housing
Gross Monthly Rent	$27.00	Actual rental income received
Less Expense % of Income	10%	Assmes triple net (NNN) lease
Net Operating Income	$24.30	As calculated per year
Capitalization (Cap) Rate	8.00%	Assumes more risk profile than housing
Valuation	**$300**	Max construction cost supported

Sources: LoopNet, as of May 2024.
Estimates are preliminary and illustrative, subject to revision.

This preliminary analysis indicates that, based on current market rates, commercial retail and/or office supports up to about $300 per square foot of development cost (including land, construction and soft costs). This appears to be above the cost supported with rental residential and below site and building costs supportable with for-sale residential development.

From the limited inventory of comparables identified by LoopNet, rental rates currently range from about $20-$40 per square foot per year (or $1.67-$3.33 calculated as a monthly rate). Assumed is that rents are triple net (NNN), meaning that tenants pay expenses – as for property taxes, maintenance and insurance. Actual project cost may vary considerably depending on type and quality of construction, and extent of tenant buildout provided by the owner.

In any event, achieving top of market rents is likely to be required for financial feasibility. As one source has suggested, the rent required to offset construction costs could range up to $5.00 per square foot monthly (or $60 when calculated on an annual basis) – essentially double the amount indicated by the sample pro forma

Office Market Opportunity

Steps noted as instrumental to securing Polaris site development exclusively or partially for commercial office use include the following:

- **Site Control** of the full block is likely essential to secure office use for a major downtown employer. A smaller partial block project might be possible to focus on smaller, niche-oriented office space users. especially if the middle portion of the block cannot be secured as part of a unified project site.
- **Targeted Marketing** can be expected to be directed toward a large most likely existing Fairbanks office-related employer and/or to locally connected smaller-scale niche users including start-up enterprises – especially firms seeking to upgrade the quality and prestige of their Fairbanks office presence.
- **Parking Access** should be expected to be available to the immediately adjacent Golden Heart parking garage. A weather protected connection between the Polaris and the parking garage is not as essential as for residential use (unless the office anchors are willing to pay a pro rata share of this added cost).
- **Development Costs** and occupant configurations will need to provide special attention to meeting requirements and support service needs of one or more anchor office users with more flexible and likely lower cost space for smaller infill tenant spaces.
- **Financing** will need to be driven by pre-lease or purchase commitments from anchor users and likely from at least a portion of smaller infill space (including ground level) users. If developed, funding for crossover space may need to be partially or fully secured from contributed or patient equity capital sources.
- **Amenities** reinforcing office appeal (for both large and small users) include commitment to a significant ground level retail build-out. For multi-tenant office use, shared space allocation might be made as for supportive conference or ancillary business services. Most importantly, tenants will need to see value that supports above market rent rates.

LODGING & EVENT SPACE

Historically and continuing today, lodging and event space often represents a significant component of downtown economic activity. **Downtown lodging** including hotel, motel, and (more recently) short-term rental properties serve a broad range of lodging needs and interests – for business and governmental travelers, tourists, and guests of local families.

Downtown lodging establishments offer benefits of central access to visitor destinations including shopping, cultural and historic attractions, plus access to business clientele. However, downtown properties increasingly compete with other options for accommodations – notably convenient airport and highway locations together with vacation-oriented resort properties often oriented to non-urban sites.

Similarly, **event venues** as with conference/convention centers, performing arts and cultural centers, and arenas/sport facilities often are located in downtown areas as a potential added catalyst for re-investment and revitalization of the urban core. For the size of the city and greater metro area, Fairbanks appears fortunate to have a substantial component of lodging and event activity.

The question for this overview market assessment: ***Is there market opportunity to do more?***

Because of the diversity of facilities potentially considered, this assessment should be considered as offering preliminary observations based on information sources as are most readily available. These diverse sources include property and industry-based web sites, the research capabilities of the internationally-recognized firms such as STR (formerly Smith Travel Research), the April 2019 *Convention and Performing Arts Center (CPAC) Market Study: Fairbanks, Alaska* as conducted for Explore Fairbanks, and input from stakeholder interviews.

Lodging Overview

This assessment begins with a review of existing lodging located in downtown Fairbanks. Currently , four hotels with a total of just over760 rooms represent the major share of downtown lodging activity.

Downtown Hotel Lodging Inventory

Hotel Property	Rooms	Notes
Bridgewater Hotel by Wyndham	93	Renovated & overlooking Chena River
Clarion Hotel & Suites	128	Just off Highway 2 & Airport Way
SpringHill Suiltes by Marriott	140	Next to Chena River
Westmark Fairbanks Hotel	400	With 17,000 sq ft conference center

Sources: Property and industry-based web sites including https://www.explorefairbanks.com/places-to-stay/ and https://www.hotwire.com/.

The Westmark Fairbanks Hotel has the largest inventory of any hotel property identified in downtown and the greater Fairbanks area. The Westmark also serves as a site hosting conference center, banquet and related event activity.

Construction of these hotels dates from the mid-1950s to 2001 (with development of the SpringHill Suites). There appears to have been little to no new construction for over 20 years though property renovations have occurred more recently.

This inventory does not include an unknown number of properties (mostly residential) used as short-term rentals (STRs) including B&Bs. Perhaps the best known is the Alaska Heritage House, an 8-room B&B in a National Historic Register home.

While Fairbanks represents a prominent destination for visitors traveling beyond the Anchorage metro area, attractions and associated lodging activity occurs across a vast expanse of locales. And while older, smaller properties can be affected by seasonal or permanent closures, the Fairbanks area accounts for roughly a quarter of this widely dispersed interior and coastal lodging inventory.

Lodging Trends. Nationally, regionally and locally, the travel and lodging industry has now largely recovered from the abrupt and substantial reduction in activity experienced during the COVID pandemic. It was not uncommon for occupancies to drop by as much as one-third from 2019 to 2020. Average daily room rates also dropped during the pandemic but with recovery now well exceeding overnight lodging rates experienced pre-pandemic.

Alaska destinations also experience considerable seasonal variations in lodging demand – especially across less populated communities outside the Anchorage metro area. Peak occupancies can range to 80%+ occur during the summer months of June, July and August.

Occupancies and average room rates may then drop by as much as half, most notably in December and January of extremely short and cold winter days. However, other sources including stakeholders for this market assessment indicate that winter occupancies have improved and are above the average for lodging properties throughout Interior Alaska – especially Fairbanks. Similarly, room rates for downtown hotels appear to be well above the average for the industry regionally.

Downtown Lodging Opportunity. The 2019 CPAC study notes that:

> Fairbanks is a unique and special community given its geographic location and its proximity to many natural wonders. Its appeal as a destination has allowed the community to develop in ways that other similarly situated communities would not be able to do. A key example of this is the robust hotel supply that exists in Fairbanks, largely due to the summer tourism season.[6]

While extraordinarily comprehensive, the CPAC study was completed just in advance of the COVID pandemic unfolding in 2019. And while the manner and extent of industry changes has not been quantitatively updated, a key CPAC observation that likely remains valid today is to focus on opportunities that "if leveraged, would help to extend and increase the number of visitors to Fairbanks, diversify demand, and help fill existing hotel rooms in the shoulder and off-peak season."

Making the case for a significant lodging component with Polaris site redevelopment appears premature at present. Tightly focused market and financial feasibility analysis would be required – beyond the scope of this present multi-use market assessment. It would be important for any new resulting lodging product to not directly compete but be experienced as complementary to Fairbanks' existing hotel and related lodging inventory.

However, it is conceivable that a niche product might be pursued as one element of a mixed-use development for a portion of the upper-level floor space. Flexibility of use could prove integral to market feasibility not just of the lodging component but also to the marketability of other more traditional on-site retail, dining and office occupancies.

Possibly worth pursuing is a hybrid lodging product involving creation of multi-use units that can be utilized on a demand-driven basis for premium full-service:

- Traditional overnight lodging
- Extended stay lodging
- Short-term rentals – as for vacationers or persons relocating to Fairbanks
- Corporate office/en-suite lodging – as home base for employees while on temporary assignment in Fairbanks or across Interior Alaska

In larger metro areas both in the U.S. and globally, this represents a little known but increasingly active market, characterized by the observation that:

> … there are real estate developers who specifically target corporate purchasers by building condominium units intended for use as temporary housing, office space, and entertainment venues for traveling executives and support personnel. This type of real estate development is increasingly common in major business hubs and cities with high levels of corporate activity. These units are designed to cater to the unique needs of corporations, providing flexible, high-quality living and working environments that can be used for both short-term and long-term stays.[7]

Within a mixed-use structure, this hybrid lodging arrangement might be allocated, for example, to one of the upper floors of a multi-level structure with retail at ground level and more traditional office and/or residential units on the rest of the upper levels. This hybrid live-work-entertain type of use could be further facilitated by and reinforce the potential for quality dining at the ground level and/or top floor view level.

Feasibility of a hybrid lodging facility might also be reinforced though not solely dependent on inclusion of some form of event space with Polaris redevelopment – a subject to which this discussion now turns.

Event Space

Despite the number and variety of event facilities in Fairbanks, the CPAC study concluded that an additional facility could serve to "fill the void that the City is still currently experiencing from a lack of event facilities, even though the market is ready to support one." The report went on to note that "from a competitive positioning standpoint, such development will improve Fairbanks' attractiveness to residents and potential visitors."

The 2019 study focused on the potential for a convention center adjoined by a performing arts center on a 2-block site including the subject Polaris redevelopment block. A unique feature of the study was its identification of other "circumpolar" facilities in North America, Denmark, Finland, Iceland, Norway, Sweden and Russia that have proven successful in attracting customers despite operating in similarly extreme climates.

As is the case with most similar major publicly owned and operated arts and conference centers, the CPAC study concluded that these two conjoined projects likely would require substantial contributed funding for construction and would not likely generate enough user revenue to fully pay on-going operating costs. An added concern is that the 2-block site proposed was "not big enough" to readily accommodate the scale of development considered.

One issue suggesting caution for Fairbanks relates to the large number of existing purpose-built meeting and arts facilities and the challenge to accommodate diverse interests with a larger multi-user facility. Another issue relates to a need for strong corporate and private sponsorship for project viability but with the note that the "Fairbanks market is fairly weak in this area."

While a large-scale convention and performing arts center has been deferred due to challenged feasibility, some form of smaller scale, purpose-built event space might still warrant consideration with Polaris site redevelopment – to the extent that such facility could enhance and be enhanced by the other on-site uses. Examples of such facilities might include

- Meeting and/or banquet space for small event needs of other on-site building occupants
- Art gallery featuring local exhibitors
- Shop featuring local artisans

Market Opportunity for Event Space

Steps noted as important to securing Polaris site development partially for lodging and/or event use include the following:

- **Site Control** is expected to be determined primarily by the predominant residential or office use of a new Polaris structure.

- **Targeted Marketing** will be directed to needs of on-site users and as complementary to rather than directly competitive with other lodging and event spaces in downtown Fairbanks.
- **Parking Access** ideally can be provided in a manner that complements needs of other building occupants but ideally with some level of weather protected crossing to the garage especially if on-site lodging is included with the project.
- **Development Costs** should be aimed to create cost-effective functional space in support of primary building occupant requirements.
- **Financing** for lodging and event space likely will need to be covered by commitments from other building users, operators of this carve-out event space component and/ or outside contributed sources.
- **Amenities** that will support limited lodging/event functions of the new Polaris structure include convenient access/wayfinding to related building functions including ground level retail space plus addressing specific event needs of major building occupants.

MIXED-USE

Four different types of building use have been identified and evaluated on a preliminary basis for redevelopment on the Polaris site – residential, retail, office, and lodging/event space. A fifth use (or set of uses) that deserves added attention is **mixed-use.**

What Mixed-Use of the Polaris Site Involves

This fifth use (or set of uses) that deserves added attention is the concept of **mixed-use.** For purposes of this analysis, mixed-use is assumed to involve at least three of the above listed distinct uses -- residential, retail, office, and lodging/event space. In effect, mixed-use for the Polaris site is assumed to involve:

- Predominance of **retail, dining and related customer service** occupancies on the ground floor of the redevelopment site – possibly also fine dining/club on the top floor.
- Office space, hybrid cross-over **corporate office and/or lodging/event spac**e on one or more of the upper floors.
- 2+ levels of **residential** space also on the upper floors – leaving the question of which use gets top floor position open for further consideration.

The Pivotal Role of Public Parking

Yet another use, a sixth use – **parking** – is pivotal for a financially viable and sustainable Polaris site redevelopment. Some or all of the parking needed to serve building uses might be provided on-site. This is typically most important for some potential ground floor retail uses, especially the case if a grocery were to locate on the ground floor.

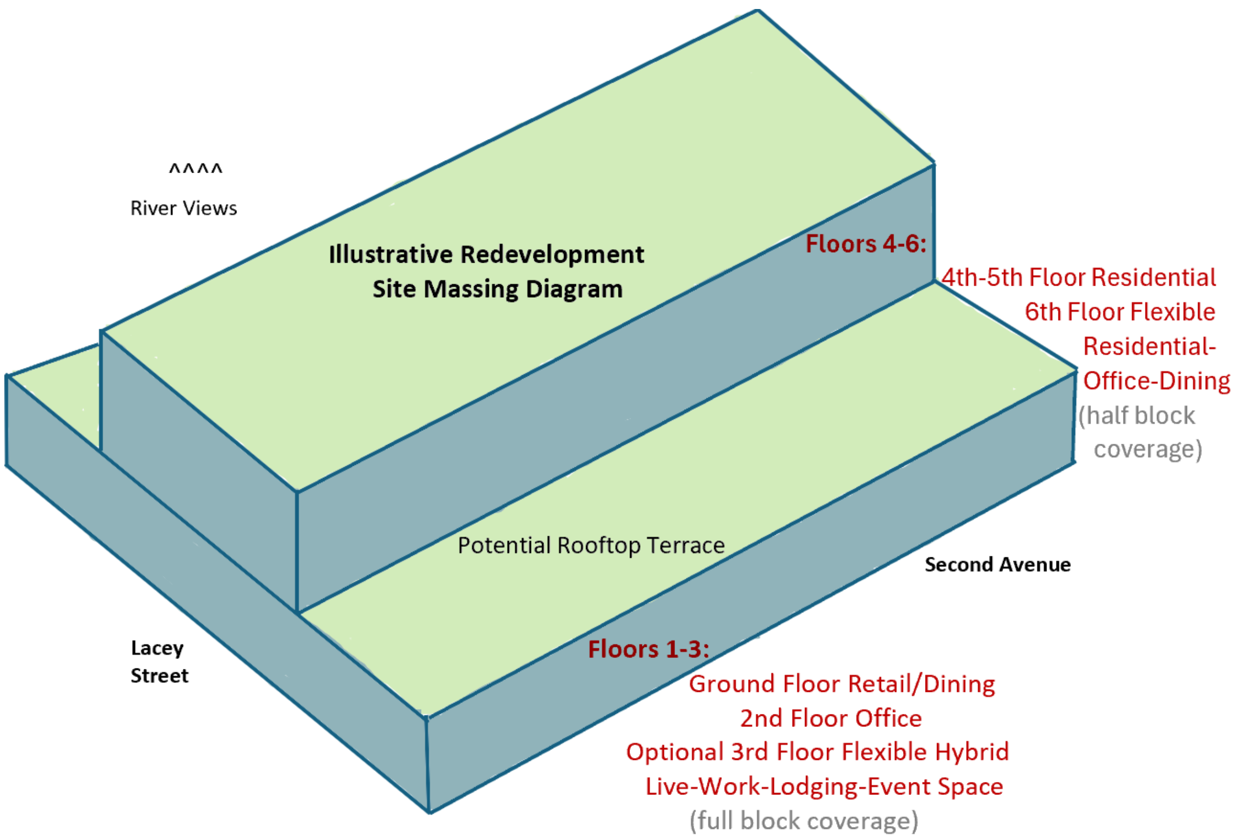
Developing surface parking on-site will reduce the total amount of building area that can be developed. An optional approach would be to construct below grade parking on the Polaris site.

However, even if technically feasible, below grade parking would be costly, making it yet more challenging to develop a mixed-use project that can prove to be financially feasible.

Consequently, it is currently assumed that parking as needed to support the Polaris site can be provided primarily if not exclusively by the neighboring publicly owned Golden Heart public parking garage – unless found to be not feasible. Also assumed is that a convenient, attractive access across 2nd Avenue to from the redeveloped Polaris site to the garage can be provided.

A Mixed-Use Building Concept

Potential components or a mixed-use scenario as might be considered for a full-block development are illustrated by the following (very preliminary) massing diagram.



Source: E. D. Hovee. Illustrated is a 6-story mixed-use building depicting potential uses of the full block bounded by First and Second Avenues, Lacey and Noble Streets.
Site would comprise approximately 150,000 square feet of building area with about 90-100,000 square feet on three lower floors and 50-60,000 square feet on three upper floors. This scheme assumes that parking for building uses occurs primarily at the Golden Heart parking garage on the south side of Second Avenue.
This massing diagram is preliminary, not to scale and does not propose any specific design concept.

As illustrated, this hypothetical site concept assumes a full-block development coupled with a mid-rise building, less out of scale with the skyline as arguably has been the case with the former Polaris building. If full-block site assembly proves to be not possible, a similar massing approach could be scaled back to cover either or both of the west- and east-side portions of the block that the City of Fairbanks currently owns.

Alternatively, a higher building could be constructed to compensate for the net reduction in building area without availability of the mid-block area. If developed to an approximately 15 story height (exceeding the height of the former Polaris building), the new Polaris could qualify for bragging rights and associated branding as the *"tallest building at the top of the world."*[8]

Unless there is substantial pre-leasing and condo reservations, a partial block development may offer a lower risk project with less space to absorb at one time. However, this advantage may be offset by reduced efficiency of space utilization together with associated higher per square foot construction cost and site disruption associated with smaller, sequentially developed sites.

Of the uses considered, **residential** offers the greatest certainty for some positive level of prospective demand. The question is: *how much and at what price point?* Assuming a minimum of two floors of units of varied sizes (ranging from 900 square feet for working professionals up to perhaps 1,350+ square feet for well-established older residents), these two floors might be developed for about 30 condo units – with a mix of large and smaller unit sizes. If penthouse or other condos were included with a 6th floor, the total unit count could be further increased.

Due to reduced depth of space for residential as compared with **office** space, the upper floors would be developed over only about half of the site's ground level footprint. Office use is generally better adapted to utilize space with greater depths (i.e., larger building floor plates). Depth of market demand is questionable due to declining office related employment across the FNSB and to long-term uncertainties about work from home versus from office. However, this may be offset by opportunities for major natural resource firms, Alaska native regional corporations, university, military and other governmental organizations to participate in a robust economic development initiative for downtown and the greater Fairbanks region.

While the ground floor is targeted for **retail/dining** uses, market demand is also highly uncertain. There is unmet demand regionally as residents make extensive use of e-shopping and travel to distant metro areas. Recapture of some portion of this leakage together with strong appeal to tourism trade may prove essential to fully populate ground floor frontage.

Fortunately, ground floor space is also conducive to use for office, service business and/or event space occupancy. In the event that sufficient commercial tenants cannot be secured, the ground floor footprint could be downsized to about half-block – similar to that of the upper floor residential spaces. However, this would also mean a reduction in active street frontage.

Floors 3 and 6 of this hypothetical mixed-use project involve the most speculative uses – also creating the most *sizzle* – heightening attractiveness of the other on-site uses. A cross-over lodging-office or **corporate condo** product offers the most innovative use for the site, making Fairbanks a more attractive destination for corporate and high value tourist extended stay business. However, this use also involves the most risk – likely not feasible unless demand is demonstrated with strong pre-lease and/or office condo sales in advance of construction.

Similarly, the return of a **top floor restaurant** could create the signature effect for this site as previously demonstrated by the Tiki Cove at the top of the Polaris building. If a credit tenant is not secured, the space could be developed out for added residential – perhaps including one or two penthouse units. Absent demonstration of advance demand prior to construction, a building of one or two fewer floors should be strongly considered.

Access to the public **parking garage** needs to be convenient, attractive and weather-protected. Skywalk and perhaps below grade connections should be considered along with heating or greater weather protection for longer term committed uses of the garage. While downtown has a relatively high water table, the former Polaris had a basement level. The nearby Northward building has below-grade parking with water seepage issues managed by pumping.

Mixed-Use Market Opportunity

As with the other single use options considered, this assessment includes identification of steps of pivotal importance to securing Polaris site development as a true first-of- its-kind mixed-use development for downtown Fairbanks – as described by the following:

- **Site Control** of the entire block for a single new building likely will be essential to assure an efficient and cost-effective floor-by-floor layout.
- **Targeted Marketing** can be directed to solicit and select a development team together with prospective anchor tenants with the financial capacity and experience to construct and operate a mixed-use, mixed tenure structure (i.e., likely part rental, part condo).
- **Parking Access** for all building uses ideally will be provided primarily on a convenient and customized basis in the Golden Heart garage, albeit with convenient, weather protected street crossing access together with potential drop-off, loading zone and very short-term on-street parking access at the new Polaris building's edge.
- **Development Costs** should be aimed to create cost-effective functional space in support of each use and occupancy type – albeit with the prospect that housing and/or office occupants may also be considered to provide some financial support for other on-site ancillary and supporting uses.
- **Financing** may involve either single or multiple debt/equity partners layered to meet the tenancy needs and capacities of each occupant/use category together with incentives as contributed capital – as might be needed to address potential gaps in private financing.
- **Amenities** of potential importance may include secured access for each occupancy use, especially as between private and public use spaces including opportunity for some form of valet/concierge service.

Bottom-line, while the focus is on redevelopment of part or all of the former Polaris building site, the opportunity presented should be considered also from a multi-block system-wide perspective. In the words of one stakeholder, the new Polaris offers potential for renewed appeal to "townies" extending beyond this block to also encourage renewed investment interest for currently underutilized surrounding blocks as well.

V. STRATEGIC OPTIONS

Drawing from the multiple perspectives of market demographics, employment opportunities, stakeholder interviews and real estate conditions, it is now possible to move toward conclusion of this Phase 1 market assessment. Key considerations involve a preliminary outline of alternative development scenarios followed by associatedrecommendations for a preferred development scenario, concluding with next steps for potential Phase 2/3 work scopes in support of the preferred development scenario.

Development Scenarios

Three development scenarios are outlined for consideration. Each scenario includes a brief evaluation in terms of respective advantages and disadvantages (or pros versus cons).

Scenario A – Interim/Public Reuse

As described with the scope of services for the Phase 1 market assessment, the City of Fairbanks could determine not to proceed with further consideration of a redevelopment plan for Polaris site redevelopment at this time. At its discretion, the City might then decide to take another approach or proceed with interim and/or public reuse of a black-topped bifurcated site and delay determination of eventual redevelopment to a later date.

Advantages of this scenario are that it minimizes further risk by the City and/or development team by avoiding a project viewed as not likely to prove feasible in the absence of potentially significant or unsupportable development incentives. The case to minimize risk recognizes current market realities of declining regional population and weakening employment base together with the current challenge of a high interest rate financing environment – potentially undermining market support for a substantial new project within Fairbanks' downtown area.

Disadvantages are primarily that terminated or delayed action toward site redevelopment further reinforces the current adverse cycle of a weakening downtown and metro-wide community – in terms of population, employment, incomes and overall community vitality. If the Fairbanks economy takes a turn for the better, there is a second potential site-specific disadvantage related to interim use – namely the prospective future difficulty that often occurs in dislodging a supposedly temporary use of a public property.

Scenario B – Single Use Development

This scenario assumes that the Polaris site is redeveloped primarily as a single use residential or office structure. With this scenario, it is possible that some limited portion of ground floor space also might be allocated for a supporting retail or other customer service use – also that ground floor building area could be pared back, possibly allowing for some on-site parking.

Advantages of this approach are that it represents a cleaner, more readily implementable project. Financing for a single-use project is typically easier to obtain with better terms than for mixed-use and places fewer demands on developers who may be more experienced with single use projects. Timeline from project inception to completion also may be more rapid.

Disadvantages are essentially two-fold: a) over-shooting the area-wide and downtown market for a single use resulting in slow absorption and greater vacancy for new residential or office space; and b) missing an opportunity on a signature site for a catalytic development that leverages other investment, employment and population growth downtown and regionally.

Scenario C – Mixed-Use Development

This scenario assumes that the City holds out to secure a true urban use mix and signature development for downtown Fairbanks – including at least three of four uses involving on-site retail, housing, residential and/or hybrid lodging/event space.

Advantages of this approach include less risk of over-shooting the market for any single use due to diversification of on-site uses, multi-market appeal to area residents, employers, employees, and visitors together with added tax revenue and greater leveraging effect for other vicinity downtown properties. This scenario also likely offers the most benefit for increased utilization of the adjacent Golden Heart public parking garage.

Disadvantages include greater complexity of the development transaction, potential need to attract a more experienced project team familiar with mixed use, likely slower timeframe from project inception to completion and risk that one of the uses of the site performs poorly – dragging down the vitality of the other on-site occupancies.

Toward a Preferred Scenario

As initially conceived with this first phase market assessment, Phase 2 would involve possible preparation of a design concept coupled with more detailed financial feasibility review. If subsequently authorized by the City, Phase 3 would focus on obtaining proposals consistent with the City's preferred scenario from potentially qualified developers.

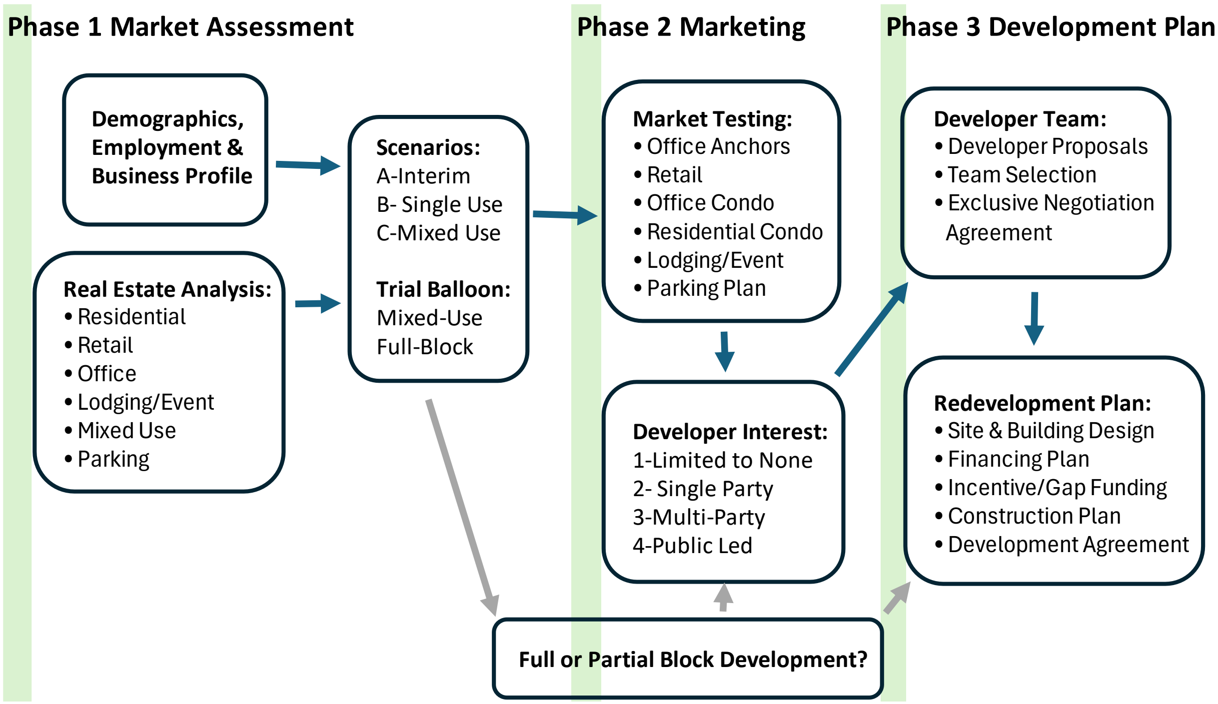
Trial Balloon

Recommended is that the City of Fairbanks aim toward achieving some form of a Scenario C – Full-Block Mixed-Use Development. If that proves to not be achievable but if there is developer interest in a single use alternative, the City might then default to Scenario B – Single Use Development. In the meantime, also recommended is that any interim use of the demolished Polaris site be clearly documented and publicized as revokable at any time if and when a viable proposal for long-term site redevelopment emerges.

Redevelopment Work Program

Based on results of this Phase 1 assessment, a modified work program is proposed for an upcoming Phase 2-3 project work program. This is illustrated by the work program flow diagram on the following page.

Polaris Site Redevelopment Phase 1-3 Work Program



Source: E. D. Hovee. Flow diagram is illustrative; see text description for added detail.

This report addresses the Phase 1 scope of work as provided to date. Phases 2/3 are modified based on results of this initial assessment. A key change is to shift the focus of Phase 2 from design, cost and financial feasibility provided by a consultant team to a market initiative aimed to secure project interest from qualified real estate development firms. Due to uncertain depth of demand and pricing, developer input is recommended to occur sooner rather than later.

Conducted concurrently would be outreach to potential anchor users – as tenants and/or purchasers of a condominium interest. At the outset of Phase 2, a marketing brochure and/or development prospectus would be prepared to introduce developers and potential occupants to the project and the rationale to participate in bringing the project from concept to reality.

Phase 2 marketing could be led by the City with consultant and/or advisory group involvement. For example, the City might take the lead with developer and anchor tenant contacts for office space and key ground floor occupants. Consultant support can be provided for reaching out to specific user groups – as with prospective retail tenants contacts for ground floor retailers and focus group discussion conducted with potentially interested residential condo purchasers.

If Phase 2 proves successful, Phase 3 would transition to a developer-led initiative with the City taking on a review and approval role – also addressing incentives if needed to support project feasibility. A key question to resolve is whether full- or partial block redevelopment is to occur.

Next Steps

The following refinements are proposed for Phase 2 and subsequent Phase 3 scope of work.

Phase 2 Scope. Rather than proceed immediately to preparation of a design concept and more detailed financial feasibility, it is recommended that the Phase 2 be modified to focus on identifying, contacting, and interacting with prospective development, financial and user interests as a means to better understand development capabilities and interest. This would include discussion of each private party's view of mixed- or single-use feasibility.

Parties to contact would be identified via a variety of sources including re-contacting some individuals previously interviewed, city personnel and other referrals. A starter list of potential in-state and out-of-state contacts focused on retail and service business tenants is provided as Appendix C. Follow-up discussion with interested parties could be conducted via a mix of in-person meetings, phone contacts and virtual meetings. In addition, one or more focus groups could be structured to assess the interest of potential residential and corporate condo buyers.

As noted, a brief prospectus or marketing brochure would be provided to contacts that summarizes results of this Phase 1 market assessment, describes City objectives for Polaris site development, incentives (as outlined by Appendix B) that may be available for development, and describes the process that the City expects to take in soliciting development proposals and selecting a preferred development team.[9] These contacts and discussion should remain confidential unless and to the extent that the contact waives confidentiality.

Outcomes that might occur as a result of this Phase 2 developer, business tenant and condo pre-market contact process potentially include:

- **Alternative 1 – Limited to No Interest.** If results of contacts made (especially to qualified real estate developers) result in little to redevelopment interest, the City could take action to: a) pursue additional development contacts, b) abandon/defer action for selection of a preferred development team for the time being, or c) pursue redevelopment as a publicly led approach to site redevelopment and/or ownership (per **Alternative 4** as described on the next page).
- **Alternative 2 – Single Party Interest.** If just a single firm or development team expresses written interest in serving as lead developer, at its sole discretion the City could decide to: a) broaden the search process, or b) authorize exclusive negotiations with the sole interested party.
- **Alternative 3 – Multi-Party Interests.** If statements of interest are received from multiple parties, at its discretion the City could: a) issue a formal request for development proposal (RFDP) to qualified parties meeting City objectives; or b) determine all expressions of interest to be non-compliant with City minimum requirements and abandon proceeding with a development project for the interim or, alternatively, broaden the net to cover additional developer contacts.

Phase 3 Scope. If the City decided to proceed via either the Alternative 2 or 3 approaches, the City could then review submitted proposals in accordance with its pre-established selection criteria (framed to reflect city and developer input) and then recommend a preferred development team and proposal – followed by negotiation of a development agreement.

At a minimum, developer prepared deliverables provided during the term of an exclusive negotiation agreement could be expected to:

- Describe proposed uses for redevelopment of City-identified available Polaris site (including floor plans, and perspective rendering).
- Identify the lead developer and other firms/individuals as participants with the full development team.
- Describe similar projects constructed by the team and results in terms of cost project actually incurred together with absorption/lease-up period.
- Provide current and recent financial statements (P&L, balance sheet) for the lead firm (maintaining confidentiality as possible).
- Provide a line-item preliminary development budget (covering land, hard construction and soft costs).
- Also provide estimates for anticipated sources of funds (including incentive offsets, if any), and backstop financing in the event that anticipated sources do not fully materialize.
- Provide a confidential year-by-year operating pro forma projections from project opening to normalized occupancy.
- Outline anticipated timeline from planning/design to construction and occupancy – including performance targets as a condition for transaction completion.
- Identify other terms and conditions associated with a purchase and sale agreement (or other transaction with the City as anticipated prior to start of construction).

The selected development team would then proceed pursuant to the exclusive negotiation agreement (or term sheet) to prepare detailed plans and submittals as mutually agreed which the City would review as a basis for development agreement finalization.

Alternative 4 Approach to Polaris Site Redevelopment

In the event that private development interest is not forthcoming or can not be successfully negotiated, there is one other alternative that the City could consider rather than abandoning or deferring site redevelopment indefinitely. This is outlined as Alternative 4 – a **publicly-led approach** to site redevelopment and/or ownership.

Hallmarks of this approach might encompass:

- ✓ City taking a lead role to prepare design concept and more detailed financial feasibility and funding (conducted in-house and/or thru contracted services).
- ✓ Occupancy focus changing toward public or non-profit tenants (albeit with ground floor priority for customer-focused retail or related service business uses).
- ✓ Affordable or other housing considered if found to be legally supportable as part of a public project.
- ✓ Potential property sale to a public, non-profit or private entity either prior to or after project construction.

This alternative, if pursued, could require commitment of substantial public resources and project risk and should be approached with careful due diligence before proceeding.

APPENDIX A – STAKEHOLDER CONTACTS

As noted in Section III of this report, persons interviewed were determined in consultation with the City. Their contribution of time and diversity of expertise is gratefully acknowledged.

Name	Organization	Position
CB Bettisworth	Bettisworth North	Senior Architect
David Pruhs	City of Fairbanks	Mayor
Mike Sanders	City of Fairbanks	Chief of Staff
Bob Pristash	City of Fairbanks	City Engineer
Sue Sprinkle	City of Fairbanks	City Council
Jeff Putnam	Design Alaska	PE, Vice President
David van den Berg	Downtown Association	Executive Director
Jomo Stewart	Fairbanks Economic Development Corporation	President & CEO
Kellen D. Spillman	FNSB Community Planning	Director
Melissa Kellner	FNSB Community Planning	Deputy Director
Jamie Rice	Golden Heart Parking Services (Fairbanks Parking Authority)	Manager
Amanda Bohman	Greater Fairbanks Chamber of Commerce	Advocacy Coordinator
Jim Hage	Hage & Associates	Appraiser
Seth Church	Jewel Isaac, LLC (Construction)	Founder
Patty Mongold	Mt McKinley Bank	President
David Durham	Mt McKinley Bank	Chief Credit Administrator
Elizabeth Shok	Somers Sotheby's International Realty	Associate Broker

APPENDIX B – DEVELOPMENT INCENTIVES

A key initial conclusion of this market assessment is that user revenues from space rentals and/or condo sales likely will not prove adequate to fully cover redevelopment costs. Filling the funding gap will require contributed income from non-project sources but without accessing existing local taxpayer revenues. An initial set of potential contributed sources for consideration is provided below. This listing is preliminary, subject to revision as project planning proceeds.[10]

Potential Incentive	Notes
AIDEA Development Financing	The Alaska Industrial Development and Export Authority (AIDEA) – a public corporation created by the 1967 legislature – serves as the state's development financing authority including: Loan Participation, Conduit Bonding authority, Loan Guarantees and Development Finance
Energy Efficiency Demonstration	Linked to power initiative of FNSB for federal/state funding of building demonstration project, potentially linked to energy program of UAF
Federal Funding	Congressional set-aside as with allocation for Polaris building demolition
Land Cost Discount	Provide land at no or low cost as City portion of site already owned
Military Housing	Funding from U.S. Department of Defense in support of diverse off-base housing for key on- or off-base personnel
Tax Increment Finance (TIF)	Authorized statewide in 2001 for allocation of future property tax revenues not previously available but generated with private development to pay toward necessary infrastructure, site acquisition and/or development cost
Naming Rights	Funded by anchor tenant or philanthropists for entire building name and/or key program areas such as event space or hybrid en-suite lodging
Opportunity Zones (OZs)	Fairbanks Census Tract 1 location of Polaris site offers potential federal low income community OZ tax incentives for reinvesting unrealized capital gains[11]
Parking Garage Allocation	Reservation and allocation of spaces for resident and/or commercial tenant parking by Golden Heart Parking Services
Property Tax Abatement	FNSB code Chapter 8.08 provides several potential options for property tax abatement including up to 10 year exemption / 5 year deferral for property used for economic development purposes with similar provision for deteriorated property.
Skybridge Funding	Funding from sources such as Courthouse, parking garage and/or philanthropist for above or below-grade connections to parking garage
Steam Heating	Connection to the existing Aurora Energy downtown area district system for affordable space heating and hot water – coordinated with other energy efficient on-site conservation and related utility corridor improvements
U.S. Economic Development Administration (EDA)	As with other area projects in the past, EDA provides funding for economic development technical assistance, public works, revolving loan funds and site development for projects that create or retain jobs with new post-pandemic initiatives as for Build to Scale (B2S), regional technology and innovation (Tech) hubs, and university centers.

Sources: E. D. Hovee based on stakeholder interviews and internet research.

APPENDIX C – TENANT OPPORTUNITIES

Perhaps the #1 question raised by stakeholders and surveys about downtown is: how do we get more retail, restaurant/bar and customer facing services back downtown? While it is a bit early to outline definitive opportunities, here are a few suggested tenant types – emphasizing those with smaller store footprints – both those with an existing presence elsewhere in Alaska and those outsiders yet to discover this one-of-a-kind market – for residents and visitors alike.

Potential Prospect	Notes …
Already in Alaska	
Grocery & Food Related	
CARRS	Founded in Tok, now part of Safeway/Albertsons with HQ & 8 locations in Anchorage, 3 elsewhere. Market w/bakery/deli, also online w/grocery pickup
Three Bears Alaska	Family-owned Alaskan grocery & general store chain, also a quick stop option w/sporting goods section & supplies for outdoor/weekend warriors
Alaska Wild Berry Products	With 2 locations in Anchorage, store specialized in wild berry chocolate, also give baskets, souvenirs, jellies/jams & souvenir apparel items
Alaska Coffee Shops	Kaladi Brothers Coffee has 15 locations near Anchorage, sustainability focus; Black Cup Coffee (bought by Kaladi) has 1 wholesale/direct consumer store
Alaska Breweries	Midnight Sun Brewing (Anchorage), Denali brewing (Talkeetna), 49th State Brewing (Anchorage & Denali Park) have tasting rooms/restaurants
Micro-Distilleries	Anchorage Distillery (using AK-grown barley & pure glacier water, Amalga (Juneau & gin-focused), Port Chilkoot (local grains) – all with tasting rooms
Anchorage Restaurants	Highest online rated Anchorage restaurants are Moose's Tooth Pub & Pizzeria, Snow City Café, Glacier Brewhouse, Jens Restaurant & Wine Bar.
Restaurants Across Alaska	Highly rated restaurants include Tracy's King Crap Shack (Juneau), Chinooks (Seward) & Ludvig's Bistro (Sitka, south of Juneau)
Other Retail & Service Businesses	
The Hoarding Marmot	An outdoor gear & apparel store located in Anchorage, specializing in clothing and equipment for Alaska's rugged outdoor activities.
Alaska Shirt Company	A small to mid-sized store selling a wide range of Alaska-themed clothing & souvenirs, located in the capitol city of Juneau.
Once in a Blue Moose	Gift shops with 9 locations, known for Alaska-themed apparel & gifts, located in Anchorage, Seward & Talkeetna (north of Anchorage).
49th Supply Company	2 miles south of downtown Anchorage, mid-sized store offers clothing & accessories with a distinct Alaskan flair as well as a few souvenir items.
AMH	Only in Anchorage – a fine mountaineering & hiking store focused on equipment for climbing, pack rafting, alpine touring & camping
Barney's Sports Chalet	Supplying hunters with "the best hand selected gear" – an Anchorage specialty outdoors shop featuring packs, bags, clothing, footwear & tents

Potential Prospect	Notes …
Target	Closest stores in Wasilla & Anchorage; strong pick by Fairbanks women … as for apparel and housewares; urban store footprints of as little as 15,000 sq ft
Furniture Enterprise of Alaska	Operates 13 AK furniture stores under different names including 2 Fairbanks stores (not downtown) – Sadler's Home Furnishings & Ashley Home Store
Rusty Raven	Boutique Anchorage furniture store focusing on antique home furnishing & decor items
Cabin Fever	A single downtown arts & culture Anchorage boutique, stocking a wide range of handicrafts, decorative objects & gifts made by AK artists
Tongass Trading	Ketchikan based & oldest continuous AK business, serves residents & cruise ship visitors for clothing & accessories – sports gear to hardware & furniture
Alaska Commercial Company	Largest rural area general store retailer w/33 locations across state, nearest location is Fort Yukon approximately 150 miles north of Fairbanks
The Alaska Club	Largest network of fitness centers in AK with 9 location in Anchorage, 2 each in Juneau & Fairbanks, ranging from large multi-use to smaller facilities in size
Body Renew Alaska	Fitness center with several locations in Anchorage, 1 in Wasilla, 1 in Palmer, offering all the traditional amenities of the big box gyms
Yet to Arrive	
Grocery & Food Related	
Public Market	Similar to Seattle's Pike Place, a scaled down year-round Pybus in Wenatchee WA features local farm goods, artisanal foods, restaurants & specialty shops
Aldi	Discount grocer specializing in staples in 39 states w/100 new locations in 2023 & 800 planned in next 5 years, parent Aldi Nord also owns Trader Joe's
Rosaeur's	Spokane based serving small communities in WA, MT, OR, ID with Huckleberry's Natural Market featured in many stores
Trader Joe's	CA chain w/570+ stores, 17 new planned for 2024, closest in WA state, trendy for community feel, reasonable prices & popular Trader Joes brand products
Other Retail & Service Businesses	
More Coffee	Treeline (Bozeman – coffee for adventurers), Peet's (strong in WA/OR), Seattle's Best (Starbucks acquired), Stumptown (Portland), Caribou (MN)
Corporate Condos	Energy firms like ExxonMobil & Chevron, also tech, law, retail & defense firms often purchase high amenity condos for periodic/temporary on-site work
Sonder – the "future of hospitality"	In 45 cities globally including Seattle & Vancouver BC, Sonder focuses on business travelers & extended stays – can be anchor or sole building tenant

Source: E. D. Hovee based on web-based search and firm experience.
Listing is not definitive but intended to illustrate potential prospect opportunities, for the Polaris site and/or other locations in downtown Fairbanks.
Marketing contacts with these and other potential prospects as identified along the way are recommended as part of a Phase 2 work program.

END NOTES

[1] Data and related information for this market assessment has been obtained from sources generally deemed to be reliable. However, accuracy is not guaranteed and information is subject to change without notice. The findings and opinions expressed in this report are those of E. D. Hovee and should not be considered as representing the opinion of any other party without prior approval – whether in whole or part.

[2] Source is Wikipedia, https://en.wikipedia.org/wiki/Polaris_Building, as of April 2024.

[3] Claritas supplements data from the Census Bureau with other sources, including internal data, as well as information from other government agencies, the United States Postal Service, and private organizations.

[4] The 1,927 figure by Claritas for downtown population is higher than the estimate provided with the 2040 plan document which provides an estimate of 1,563 residents. This is for two reasons: a) the plan estimate is for 2020 while Claritas is for 2024, and more significantly b) the plan estimate is for Census Tract 100 which covers only the portion of the downtown area south of the Chena River while the Claritas estimate includes downtown plan area on both sides of the river.

[5] If calculated as a share of all occupied housing units, owner-occupied multi-family housing comprises 8% of all residential units in Fairbanks, as compared with a 19% market share in Anchorage and 11% across the U.S. (encompassing both urban and rural America).

[6] A primary source for assessment of downtown lodging and event opportunities is the April 2019 *Convention and Performing Arts Center Market Study – Fairbanks Alaska,* prepared by Johnson Consulting in partnership with Ascent, Bettisworth North, LMN Architects and JMB Consulting on behalf of Explore Fairbanks.

[7] Per ChatGPT response to inquiry by E. D. Hovee, May 31, 2024.

[8] The tallest building north of the 65th parallel is the Northern Lights Cathedral in Alta Norway at 154 feet high. The former Polaris was 92 feet tall. Per ChatGPT based on inquiry of June 4, 2024.

[9] As initially outlined in the E. D. Hovee January 5, 2024 proposal to the City of Fairbanks, Phase 2 services were described to include design plans and financial feasibility assessment conducted by a City retained project consultant. While that could occur as a result of project negotiations with a preferred development team, it is currently proposed that design plans and demonstration of project feasibility be a responsibility of the selected development team with review by the City or a City-retained consulting team.

[10] Additional research and due diligence as to supplemental contributed funding sources can be expected as a specific project proposal comes into more clear focus.

[11] OZ tax benefits potentially available are temporary deferral of taxes on previously earned capital gains, basis step-up of previously earned capital gains invested, and permanent exclusion of taxable income on new gains.

This market assessment has been prepared for the City of Fairbanks by the economic and development consulting firm E. D. Hovee & Company, LLC. Since 1984, the firm has provided market research, financial feasibility and strategic development services for a range of public agency, non-profit and private clients – primarily in the Pacific Northwest but also elsewhere in North America. Prior to forming a consulting practice, principal Eric Hovee served as economic development coordinator for the City of Portland OR and in a similar capacity for the City of Vancouver WA.

FAIRBANKS POLARIS SITE REDEVELOPMENT RFP

PLANNED ISSUANCE NLT DECEMBER 31, 2025 (DRAFT-10/29/25)

The City of Fairbanks is issuing this **Request for Proposals (RFP)** to secure private sector redevelopment of what is known as the recently removed and now vacant Polaris building site in downtown Fairbanks, Alaska. Qualified real estate development firms (or teams) are invited to submit proposals no later than the end of March 2026. At its discretion, the City may select one or more proposals as a basis for exclusive negotiations leading to a development agreement with the most responsive firm.

RFP Contents

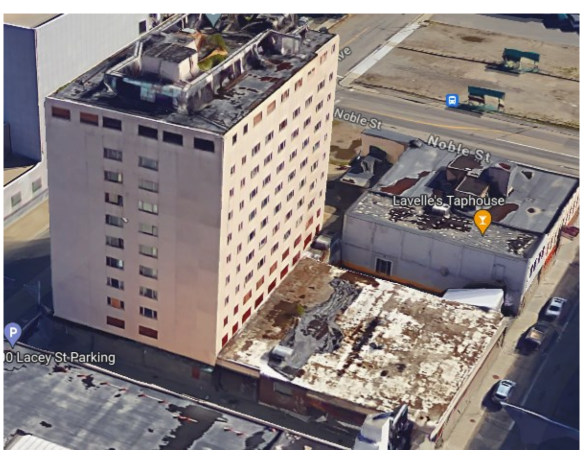
SITE OVERVIEW

Current ownerships of the approximately 35,674 square foot on the downtown block bounded by First and Second Avenues, Lacey and Noble Streets involve 12 tax parcels comprised of:

- **City owned** parcels totaling 20,898 square feet – the former Polaris building site noted as including **City West** (13,614 square feet) and **City East** parking area (7,284 square feet).
- **Privately owned** parcels with two owners totaling 14,776 square feet situated mid-block.

The block south of the Polaris site is a City owned 377-space, 5-story parking garage with spaces that may be allocated for use by redevelopment site business and residential occupants. The City of Fairbanks prefers a mixed-use development – with residential, ground floor retail/dining, office, and/or lodging use that encompasses the whole Polaris site block. Proposals for partial or whole block redevelopment will be considered. The City will not be acquiring privately owned parcels. The developer will be responsible for securing any as-needed added properties.

Polaris Building @ Fairbanks' Tallest



Source: Google – as seen prior to demolition.

Polaris Redevelopment Site Area

Source: FNSB GIS.

I. RFP STRUCTURE

By way of introduction, this redevelopment Request for Proposal (RFP) begins by outlining document contents and supplemental materials available as background information.

RFP Topics

This RFP document is organized to cover the following topics:

- **Redevelopment Goal** – predicated on market/financial feasibility as preferred outcomes for the City of Fairbanks and project developer as a public-private partnership (PPP).
- **Submittal Requirements** – distinguishing between initial submittals from all Proposer(s) with follow-up responses from development firms or teams selected for further review.
- **Proposal Evaluation** – addressing Proposer conformance with threshold project requirements together with supplemental evaluation criteria.
- **Developer Selection** – as recommended by an evaluation team with City Council concurrence for either a single firm or more than one proposal to be further evaluated.
- **Exclusive Negotiations** – preferably with one development firm or team with clear benchmarks for developer deliverables leading to a final PPP development agreement.
- **Further Information** – outlining resources that prospective development firms or teams may contact or utilize in preparing proposal submittals.
- **Appendix: City Council Resolution** – as an expression of City and regional support for successful redevelopment meeting City and private sector investment objectives.

Supplemental Materials

Being circulated in conjunction with this RFP is a summary **project prospectus** which describes this remarkable investment opportunity for Fairbanks as the 2nd largest city and metro region in Alaska – situated at the center of the vast Interior Alaska extending to the North Slope of the Arctic. The prospectus briefly reviews market demographics for downtown Fairbanks, the entire city, the Fairbanks North Star borough (i.e., metro area) and entire state.

Also summarized by the prospectus is a employment profile, prospective uses with site redevelopment, preliminary development interest based on a 2024 stakeholder interview process, and development incentives potentially available to qualified projects. More detailed market data and analysis is for key potential uses is provided by a June 2024 **Polaris Site Redevelopment: Phase 1 Market Assessment.** This more detailed information can be provided on request per the **Further Information** section of this RFP.

Downtown demographics today are considerably different than those for the rest of the city, region and state. Whether these demographics continue or change favorably will be affected by the scope and scale of redevelopment investment in the years ahead.

II. REDEVELOPMENT GOAL

The #1 goal for Polaris site redevelopment is to re-invigorate downtown's residential, visitor and working population – as a catalyst for City- and borough-wide economic development.

Market Context

Whether and to what extent market demographics continue or change favorably going forward will be affected by the scope and scale of downtown redevelopment investment – starting with renewed private and public reinvestment in the Polaris site.

For Fairbanks and Interior Alaska, new construction coupled with subsequent operating costs often exceed what residential and commercial rents and sales values will readily support. **A pivotal challenge for reuse of the Polaris site is likely to be construction of a project that can prove out as financially viable short- and long-term. The City is supportive of innovative approaches to quality design coupled with value engineering and supportive financing.**

A full-block **mixed-use redevelopment** is preferred as shown to be market and financially feasible. Key "take-aways" from market data and stakeholder contacts for site reuse suggest:

- Market rate **residential** can be targeted to affluent seniors and working professionals.
- Downtown **retail** is enhanced with ground-floor store fronts and maybe top floor dining.
- **Office space** demand is uncertain but with opportunity for greater downtown presence.
- There may be opportunity for limited but leading-edge **event and office-lodging** product.
- The adjacent **public garage** can provide parking as needed to support site re-occupancy.

Contributed as well as occupant derived revenue will be pivotal for financial feasibility. The City of Fairbanks is **committed to support local, state and federal incentives** that will improve development feasibility without requiring direct local taxpayer funding support.

Preferred Outcomes

While not required, the following outcomes will enhance opportunity for developer selection:

- A multi-story development with at least three of the above noted uses accommodated on-site or adjoining.
- Full block redevelopment if adjoining private uses are acquired by the project's private developer and combined for joint development with the City-owned parcels.
- Availability of low or no-cost parking in the adjoining public parking garage as needed to support 100% of on-site parking needs.
- Consideration of a below market land or site value transaction with future payback when identified financial performance benchmarks are achieved.

III. SUBMITTAL REQUIREMENTS

Submittal requirements address both initial submittal and possible follow-up responses from firms selected – either as preferred developer or invited for additional consideration.

INITIAL SUBMITTALS

Interested development firms and/or project teams are invited to submit proposals encompassing the following materials. All proposals should be compiled and submitted as a single PFD electronic file document, transmitted by email to msanders@fairbanks.gov and received no later than 5 pm (AKDT) on March 31, 2026.

A. Cover Letter – briefly describing in no more than two pages the nature and location of the proposed project, organizational structure of the proposing firm(s), estimated project investment, incentive funding proposed, and team experience as applicable to Polaris site redevelopment. The letter should be signed by individual(s) authorized to make a binding proposal for a period of not less than 120 days from date of submittal.

B. Development Team Qualifications – should include the following information:

1) Name of lead firm or entity with overall authority and responsibility to undertake and complete the project being proposed, including contact information for project manager together with location of firm, website, phone and email information.
2) Identification of participant entities in addition to lead entity which may include (to the extent known) lead contractor and key sub-contractors, anticipated project ownership structure, entities proposed as sources of equity and debt financing, architectural design and legal counsel and other individuals or entities with significant project responsibilities.
3) Disclosure of the existing ownership interests in the project site and/or immediate downtown area currently and prospectively (if different) – with the proportion of ownership interests identified – together with delineation of active versus passive (or limited) partnership roles.
4) Lead firm and team history describing at least three similar completed projects including scale of development, single- or mixed-use occupancy, and project performance in terms of timeliness of construction, occupancy and space absorption, debt repayment, and return to project investors.

C. Site Control – with map showing proposed site location and site area in square feet (by phase if appropriate), identification of current and proposed or in-process site ownership arrangements, demonstrating planned site control for all parcels as proposed for development.

D. Project Overview – with exterior building rendering and/or massing diagram plus site plan illustrating planned building placement and key design features accompanied by narrative description of major design features on-site and in relationship to neighboring uses, together with current and anticipated transportation access. *Note:* More detailed architectural and design plans will be reviewed if submitted, but are not required by this RFP for initial proposal submittals.

E. Detailed Project Description – addressing the following items:

1) Estimated square footage and number of levels of building area by use component, – as outlined for mixed use development.
2) Preliminary estimate or range of development cost – itemized to cover all relevant cost categories including site acquisition, site/infrastructure, building construction, and indirect/soft costs.
3) Anticipated phasing of development if project is to be built in two or more phases, including square footage and development cost associated with each phase.
4) Parking spaces planned with the proposed development – detailed by building use, including potential use of existing nearby available parking plus added spaces anticipated as consistent with recognized parking standards.
5) Development intensity with floor area ratio (FAR) calculations (defined as gross building area divided by site area) for portion(s) of site to be built – by phase.
6) Existing site or neighboring uses that may be displaced – directly in conjunction with project construction and occupancy with completed development including conditions and timing of the planned displacement and provisions for replacement or mitigation.

F. Preliminary Market & Financial Feasibility – assessment is requested to be submitted with all project proposals addressing:

1) Summary of marketing program planned for tenant leasing and/or condominium sales including identification of generalized target markets for each distinct use category.
2) Preliminary listing of projected distinct sources and uses of capital as with anticipated equity (including private and contributed non-profit or public funds) during phased construction coupled with on-site revenue projected by normalized occupancy post-construction – identifying likely remaining gaps in project financing as needed to be addressed for feasibility going forward.
3) Estimated capitalized valuation on end-use occupancy based on construction cost, operating income/expense and capitalization rates as applicable to comparable commercial and mixed-use properties for the Fairbanks and wider Alaska market.*
4) Proposer submitted arrangement for submittals of financial information requested to be held as proprietary and confidential with initial proposal submittals – to be reviewed only by City designees as agreed to with proposer and City and subject to legal review (in advance). If Proposer declines to submit F (1-4) requested items, the City at its discretion may choose to exclude the Proposer's Proposal from further consideration.**

5) Other conditions and/or contingencies with potential to materially affect the ability to proceed with the project as proposed, including proposed changes to stipulations of this RFP for which the City is under no obligation to accept in whole or part.**

G. Follow-up Clarifications & Verifications – may be requested for one or more proposals selected by the City for further review prior to or in conjunction with developer selection – with additional information expected to cover any or some combination of the following items:

1) Clarification and/or provision of further information requested by the City as follow-up to review of initial proposal submittals.
2) Verification of anticipated availability of debt and equity financing including letters of interest or preliminary commitment from potential sources of financing including statement of sources of equity (including private and contributed no-profit or public funds) – allocated by ownership interest.
3) Revised and refined listing of detailed sources and uses of project funding through to normalized occupancy.
4) Provision of CPA-prepared or audited financial statements including balance sheet, income/expense statement, and cash flow for all identified or relevant individual, joint and corporate ownership interests and/or federal tax returns as submitted for the past two years (with determination of specific documents to be reviewed as agreed to by Proposer and City in advance).
5) For any project proposal recommended as being selected for exclusive negotiations, submittal of items G (1-4) may be required subject to provisions related to confidentiality and/or public release by the parties – including City review as appropriate in executive session and/or via independent 3rd party review. For item G (4), Proposer(s) should describe what information would be publicly disclosed versus withheld as part of its initial submittal. Some form of negotiated public disclosure is anticipated to be required prior to execution of a final development agreement.**

ADDITIONAL FOLLOW-UP RESPONSES & REVIEW

Following the project evaluation review (described in the next section of this RFP), the City will have the option of selecting a single preferred developer or at may its discretion identify added Proposers for further consideration. For firms selected as preferred developer or for further consideration, yet additional supplemental materials may be requested either to provide clarification with regard to initial submittals and/or to obtain added information viewed by the City as pertinent to selecting a preferred development team.

The City will work with the affected Proposer(s) with the goal of reaching agreement on supplemental materials to be submitted. In the event that agreement cannot be reached within a time frame set by the City, the Proposer may at City discretion be disqualified from further consideration without any further obligation to the Proposer.

IV. PROPOSAL EVALUATION

Proposals received will be reviewed and evaluated by a City-designated evaluation committee of individuals having no identified conflict of interest with any of the Proposers from whom development proposals have been received. As described below, all identified threshold project requirements must be met or the proposal may be disregarded at the sole discretion of the City.

Threshold Project Requirements

The following are threshold (or minimum) requirements which must be met for a project proposal to be considered:

- Commitment to complete redevelopment of the City West publicly owned Polaris site.
- A minimum level of mixed use (with at least two of the uses as specified in discussion of **Market Context)** including ground floor publicly accessible occupancies.
- A minimum 1.5 floor area ratio (or FAR defined as building square footage divided by site square footage) to assure at least two floors of building development with developer discretion as to how building space is allocated on each floor of proposed building area.
- Waiver of building and developer fees (as currently available) possibly in conjunction with waiver of other fees (which currently are not being generated at this site) but as may be demonstrated necessary to achieve a financially feasible project.
- No permanent use of the City-owned West or East sites for at-grade surface parking.
- If not developed concurrent with the Polaris (City West) site, provision for public parking on the City East site for added parking as may be needed on an interim basis terminating at time of City East site redevelopment.
- Requiring construction to commence within 12 months of developer selection unless the selected developer can propose an alternative timeline with rationale for modification.
- Identification of development incentives important to project feasibility (excluding any direct outlays of local taxpayer funding) – including documentation of agency contacts with responsibility for considering incentives deemed as potentially pivotal to project feasibility.**

While compliance with these threshold criteria is required for a proposal to be considered further, these commitments alone will not assure any Proposer of being selected. Supplemental criteria as outlined below will also be taken into consideration at the sole discretion of the City.

Supplemental Evaluation Criteria

Supplemental criteria include both objective and subjective determinations to be made at the discretion of the City's Project Evaluation Committee. These criteria will involve evaluations as to whether and to what extent the Proposers submittal can be expected to:

- Meet applicable legal requirements of City code, state statute and federal law including findings that the project funding is for a valid public use and/or purpose – as determined by the City attorney and/or other legal reviewers such as bond counsel acting on behalf of the City.**
- Be consistent with adopted public policy including applicable provisions of the FNSB Comprehensive Plan, Zoning Code and Downtown Fairbanks 2040 Plan.
- Meet community criteria for market need, competitive advantage, public benefit, plan consistency, stimulation of added investment, and/or enhanced community image.
- Successful project history (with experience in Alaska and/or elsewhere on the west coast of the U.S. and Canada).
- Stipulations of City engineer related to qualifications of firm, project manager and staff, quality and value of design, scheduling and overall conformance to RFP.
- Financial backing and plan (covering refined anticipated sources and uses of funding).
- Conformance to availability of realistically available incentive funding with and no impact to the City's General Fund tax-based resources.
- Capacity to complete the project (including contingency and backstop funding sources in event that full project funding does not occur as initially proposed.
- Long-term financial sustainability of project with end-use capitalized valuation at least equal to all-in cost with supporting operating pro forma at normalized occupancy – also with adjustments if necessary to account for significant changes in expected income and/or expense beyond initial normalized occupancy extending over up to a 20-year net present value (NPV) period at a discount rate consistent with risk-adjusted capitalization rates typical for similar projects locally and statewide.*

PRELIMINARY & FOLLOW-UP REVIEWS

The City of Fairbanks Project Evaluation Committee will review all proposals received for conformance to threshold project requirements and consistency with supplemental evaluation criteria, subject to City Council review and approval.

Up to three development firms/teams will be interviewed followed by preliminary selection of 1-3 proposals for further evaluation. Recommended selection of a preferred development firm (or team) will be made based on both written and oral presentations – utilizing the above noted criteria plus any additional factors determined as appropriate and consistent with this RFP.

V. SELECTION & NEGOTIATION

Selection of a preferred development team will be made based on review of formal RFP responses (assuming interest from two or more parties) or more informally (if interest is forthcoming only from a single qualified party). Developer deliverables over the term of an **exclusive negotiation period** are expected to:

- Further detail proposed uses for redevelopment of City-identified available Polaris site (including site and floor plans, and perspective rendering(s).
- Confirm responsibilities of lead developer and other firms/individuals as participants with the full development team.
- Provide current and recent financial statements (P&L, balance sheet) for the lead firm (maintaining confidentiality as mutually determined).**
- Provide a refined line-item preliminary development budget (covering land/site acquisition, hard construction and soft costs).
- Provide estimates for anticipated sources of funds (including incentive offsets, if any) and backstop financing in the event that anticipated sources do not fully materialize.
- Provide confidential year-by-year operating pro forma projections from project opening to normalized end-use occupancy.**
- Provide a refined end-use capitalized valuation and/or 20-year NPV calculation subject to independent third-party review demonstrating valuation exceeding all-in project costs.**
- Outline anticipated timeline from planning/design to construction and occupancy – including performance targets as conditions for project planning and completion.
- Make a good faith deposit with cashiers check, certified check or letter of credit.***
- Identify other terms and conditions associated with a purchase and sale agreement (or related transaction) together with determination of items subject to public disclosure or confidentiality with the City – as appropriate prior to start of construction.**

Assuming satisfactory compliance with developer deliverables, the selected development team(s) would proceed pursuant to a **refined development agreement** (or term sheet) to prepare detailed plans and submittals as mutually agreed which the City will review as a basis for subsequent plan and agreement finalization. The result should be a **final PPP development agreement** between the City and selected Proposer.**

VI. FURTHER INFORMATION

For further information or questions regarding any aspect of this development RFP and associated development prospectus, please contact:

Michael Sanders
Chief of Staff
City of Fairbanks

Phone: 907-459-6760
Mobile: 907-687- 2362
Email: msanders@fairbanks.gov

Or

Eric Hovee
Redevelopment Consultant
E. D. Hovee & Company, LLC

Phone: 360-921-6430
Email: ehovee@edhovee.com

Notes Applicable to All Proposals:

* Information on commercial, residential and mixed-use sales pricing, rents and expenses is typically available from local real estate brokerage sources. Capitalization (cap) rate data is not widely available for properties outside Anchorage. The 2024 Phase 1 market assessment assumed cap rates of about 7.00% for residential and 8.00% for commercial development.

Per Copilot AI inquiry of September, 2025, multi-family residential cap rates for the Fairbanks area range from about 5.0%- 6.4% depending on asset class with the lowest rate (of down to 4.74%) for some Class A properties. These reflect a slight compression trend in 2025, albeit with investor interest remaining strong despite higher financing costs.

Cap rates for retail properties range from about 7.60% to 8.43% depending on location, tenant mix and asset quality (inferred from retail and multifamily data in the area). Specific rates are less frequently published but Copilot indicates office and special purpose properties are trending higher (at 8.5-9.6%) due to vacancy and valuation pressures.

Cap rates applied by project Proposers for proposal valuation estimates should be justified as consistent with current local and regional practice as well as changing national conditions to the extent reasonable and possible.

** City Council executive session(s) or independent 3rd party review may serve to resolve proprietary or disclosure questions – as mutually agreed by the parties. If a selected Proposer declines to submit City requested items, the City at its discretion may choose to exclude the Proposer's Proposal from further consideration and have the optional right to select a runner-up for exclusive negotiations or re-start a developer RFP process at a time of the City's exclusive determination without any further obligation to disqualified Proposer(s).

*** Good faith deposit by preferred or selected developer is planned to be in the amount of at least $50,000 or otherwise be mutually determined. If the project proceeds, the deposit may be credited to developer incurred project costs. If the project is terminated through no fault of the developer, the deposit may be returned in full (or as otherwise agreed).

APPENDIX. CITY COUNCIL RESOLUTION

Recommended is inclusion of a 1-2 page City Council resolution inviting proposals from qualified developers with knowledge of the statewide and interior Alaska market including the Fairbanks FNSB or metro area. State the importance of the project as a catalyst for downtown redevelopment – as a good place to live, shop, work and enjoy. Include reference to key incentives most viable for consideration – both those of City and other public/private partners.

Introduced by: Mayor Mindy O'Neall
Introduced: November 24, 2025

RESOLUTION NO.

A RESOLUTION AUTHORIZING THE CITY OF FAIRBANKS FIRE DEPARTMENT (FFD) TO PARTICIPATE IN THE U.S. DEPARTMENT OF JUSTICE BUREAU OF ALCOHOL, TOBACCO, FIREARMS (ATF), AND EXPLOSIVES NATIONAL CANINE DIVISION'S (NCD) CANINE PROGRAM APPLICATION

WHEREAS, the ATF Canine Program will purchase and train a canine for the use of the Fairbanks Fire Department in explosive and accelerant detection as well as train an FFD designated handler; and

WHEREAS, during the initial training and certification, the ATF will provide lodging for the canine and handler; and

WHEREAS, the ATF will provide ongoing technical oversight during the 5-year program commitment period that requires annual recertification of the canine; and

WHEREAS, the FFD will be expected to provide all food for the canine during its working life, cover all veterinary and emergency care expenses during the canine's working life, purchase training equipment for the canine, provide a climate-controlled vehicle for the canine and handler, and provide travel accommodation for initial and annual recertification training; and

WHEREAS, FFD will also be required to make the handler and canine available for ATF investigations and other call outs and work at least 50 fire scenes each year.

NOW, THEREFORE, BE IT RESOLVED by the City Council that the Mayor or his designee is authorized to execute any and all documents required for participating in this grant application.

PASSED and APPROVED this 24th Day of November 2025.

____
Mindy O'Neall, City Mayor

AYES:
NAYS:
ABSENT:
APPROVED:

ATTEST:	APPROVED AS TO FORM:
______________________________	______________________________
D. Danyielle Snider, MMC, City Clerk	Thomas A. Chard II, City Attorney

CITY OF FAIRBANKS

FISCAL NOTE

I. REQUEST:

Ordinance or Resolution No: ______________

Abbreviated Title: ATF Canine Program

Department(s): Fire

Does the adoption of this ordinance or resolution authorize:

1) additional costs beyond the current adopted budget? Yes ______ No X

2) additional support or maintenance costs? Yes ______ No X

If yes, what is the estimate? see below

3) additional positions beyond the current adopted budget? Yes ______ No X

If yes, how many positions? ______________

If yes, type of positions? ______________ (F - Full Time, P - Part Time, T - Temporary)

II. FINANCIAL DETAIL:

PROJECTS:	Travel	Personnel	Other Costs	Total
Travel & Per Diem costs for Initial Training	$5,000			$5,000
TOTAL	**$5,000**			**$5,000**

FUNDING SOURCE:	Travel	Personnel	Other Costs	Total
Fire Annual Budget	$5,000			$5,000
TOTAL	**$5,000**			**$5,000**

The initial costs include travel for the handler to get to the designated canine training center in Virginia. After the ATF's purchase of the canine and provided training, FFD estimates its yearly cost for the canine to be approximately $10,000-$15,000 to be incorporated into their yearly budget request. This amount will include food, vet care, travel costs for recertification and any required travel for AFT investigations or call outs.

Reviewed by Finance Department: Initial sf Date 11/13/2025

Regular City Council Work Session

November 18, 2025

Agenda Item #6: “2026 Draft City Operating and Capital Budget [not introduced]”

To view the 2026 Mayor’s Proposed City & Capital Budget on the City of Fairbanks’ website, scan the QR code to the right or visit https://bit.ly/43SomCP

Work Session Agenda

Tuesday, November 18, 2025

EV Charging Stations

1. Does the city want to make a nomination to FAST Planning for this? (Due 11/21)

2. Engineering Department Planning level estimate is $500,000

3. Need to commit to a city match of 9.03% of the total project cost

4. This would be for 4 total charging ports

5. Locations considered (4): City-owned parking lots at **Noble Street**, **Immaculate Conception Church**, **Morris Thompson Center**, **City Hall**
6. Maintenance Commitment: must remain networked and operational for at least Five Years

    OPTION 1: EV Charging Company does all, we provide the land

    OPTION 2: City owns the Charging Station with a maintenance agreement with the Charging Company

CITY OF FAIRBANKS **ENGINEERING DEPARTMENT**

800 Cushman Street
Fairbanks, AK 99701

Telephone (907) 459-6748
Fax (907) 452-5913

November 18, 2025

CMAQ Nominations to FAST Planning for Electric Vehicle (EV) Charging Stations in Fairbanks, Alaska.

Questions below (1-8) are taken from the online nominations form at: https://fastplanning.us/evplan/

Overarching vision for project:

Providing publicly accessible EV charging stations keeps Fairbanks at the forefront of rapidly evolving technological advancements in the use of alternate fuels and alternative modes of transportation. These are hallmarks of a modern city that may be attractive to businesses and people visiting or considering relocating to the area. EV charging stations can help offset some of our city's air quality issues now and in the future.

1. **Please provide a brief description of your project proposal.**

City of Fairbanks, Department of Engineering, is proposing several location options for publicly accessible Electric Vehicle (EV) Charging Stations within the FAST-planning area. EV charging stations on city-owned properties have the advantage of ADA accessibility and are generally in areas that are well-lit, secure and within easy walking distance of amenities such as restaurants, shopping centers, our visitor center and art galleries and museums. Our anticipated user group includes residents, business and leisure travelers to Interior Alaska, of which Fairbanks is a travel "hub".

2. **Type of Charging Station(s)**
   Please select all that apply to your plan

Level 2 (slower charging, less-expensive option)

Level 3 (DC Fast)

The city would consider several of each type as determined by user need and preference, minimum required and demands of EV charging in a cold climate.

3. **Will your charging Stations have, at minimum, four ports?**

Yes, each of the location options proposed can meet the minimum of four charging ports.

4. **Please upload figures that show your project location and planned site layout for the proposed station(s).**

See Exhibits ***a*** through ***c*** for each location option. Each location was visited and photographed, and the location of the nearest transformers and load centers noted.

a. City parking between 1st and 2nd Ave on the west side of Noble Street
b. City parking at Church by north side Cushman St. Bridge (Gordon Wear Park)
c. City parking at Morris Thompson Cultural & Visitor Center
d. City parking at Fairbanks City Hall, front lot, back lot, 8th Avenue.

5. **Site Needs**

What might your site need in terms of infrastructure and/or utility improvements (such as access to power)?

Identification of the nearest transformer that has spare capacity to power the proposed charging stations. The Installation of conduit and conductors from transformer to load center, installation of load center, conduit, and connectivity to the charging stations. Improve lighting and ADA accessibility as needed.

6. **Safety Considerations**

Are there any safety considerations you have regarding your site, including, but not limited to, Americans with Disabilities Act (ADA) accessibility, security, and site illumination?

Proposed EV charging sites to be placed in well-lit public spaces with good visibility to discourage theft or vandalism, under remote surveillance camera security *and* ADA compliant access. Some locations can be secured inside fenced areas.

7. **Winter City Living**

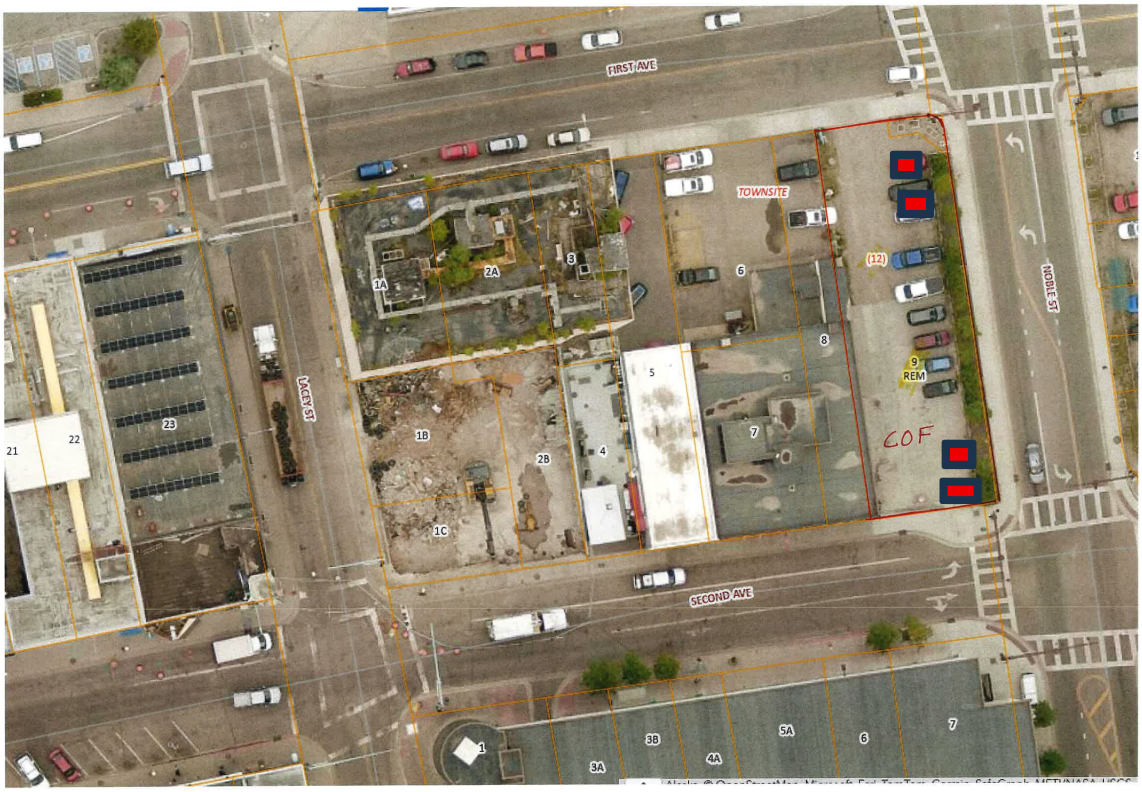
Do you have any cold climate design considerations to share, or have you identified any other risks?

EV charging times are longer during periods of cold weather. Pre-conditioning (heating) of batteries is encouraged before connecting to a charging station. A heated warming hut and wind breaks strategically placed would be beneficial for public use.

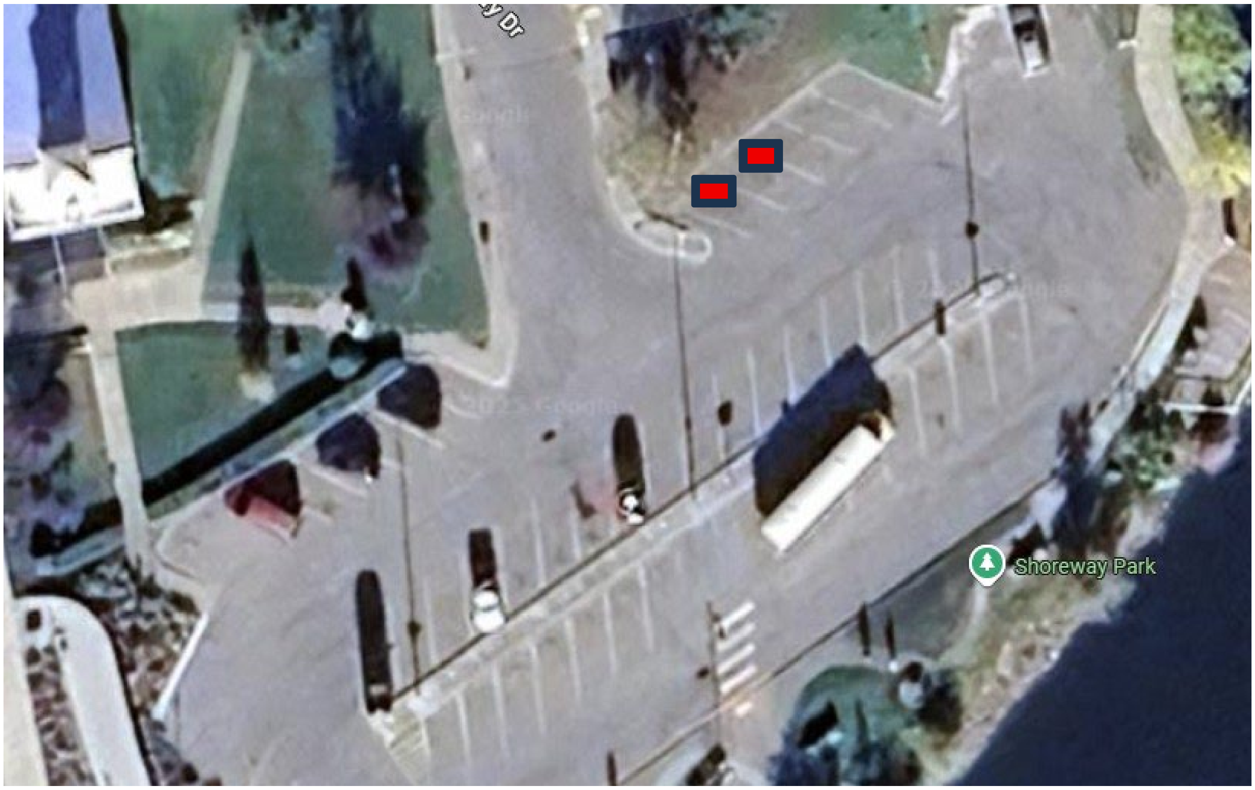
8. **Do you commit to the operation and Maintenance requirements per this funding source, or do you intend to rely on a third-party contractor to meet requirements?**

The city will maintain all constructed improvements per maintenance agreement or resolution. The city agrees (preliminary commitment) to pay 9.03% match toward construction and installation.

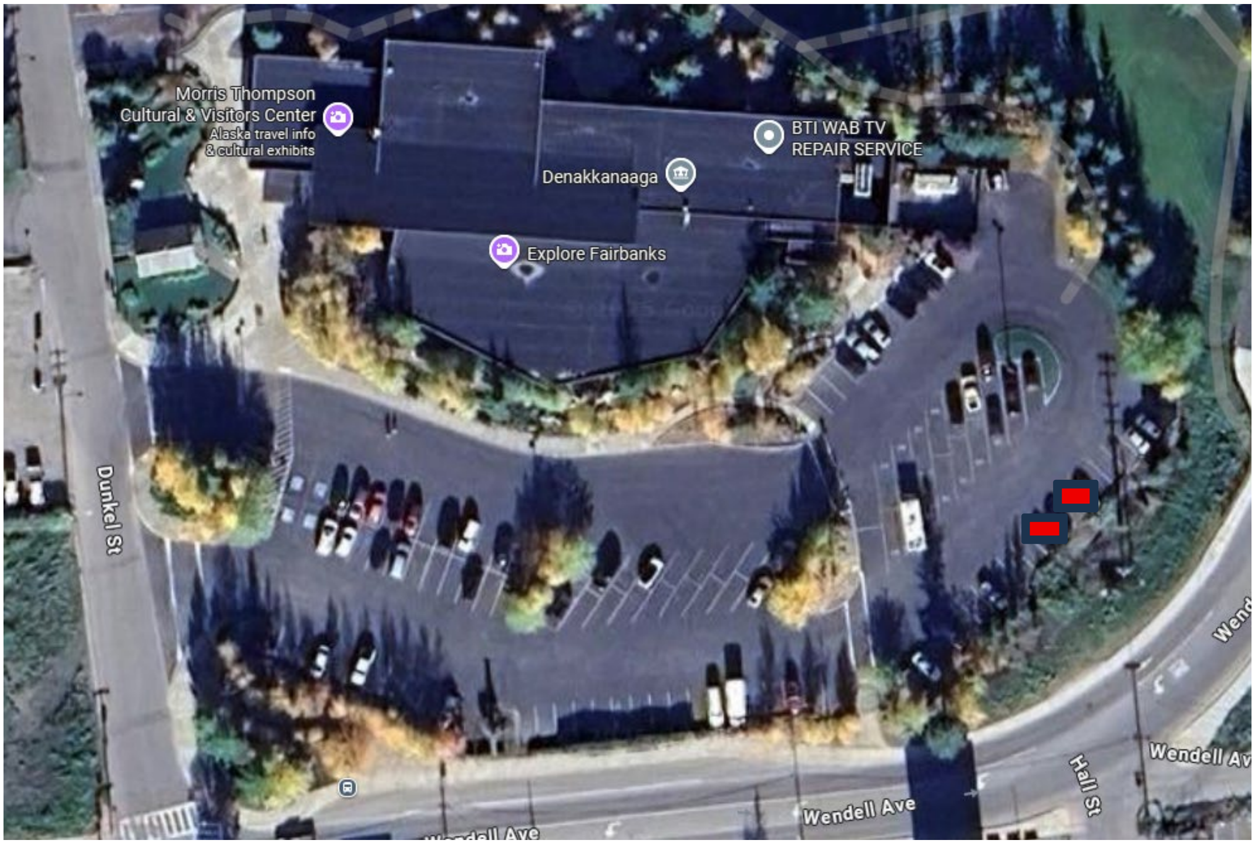
a. City parking 1st and 2nd Ave on the west side of Noble Street.



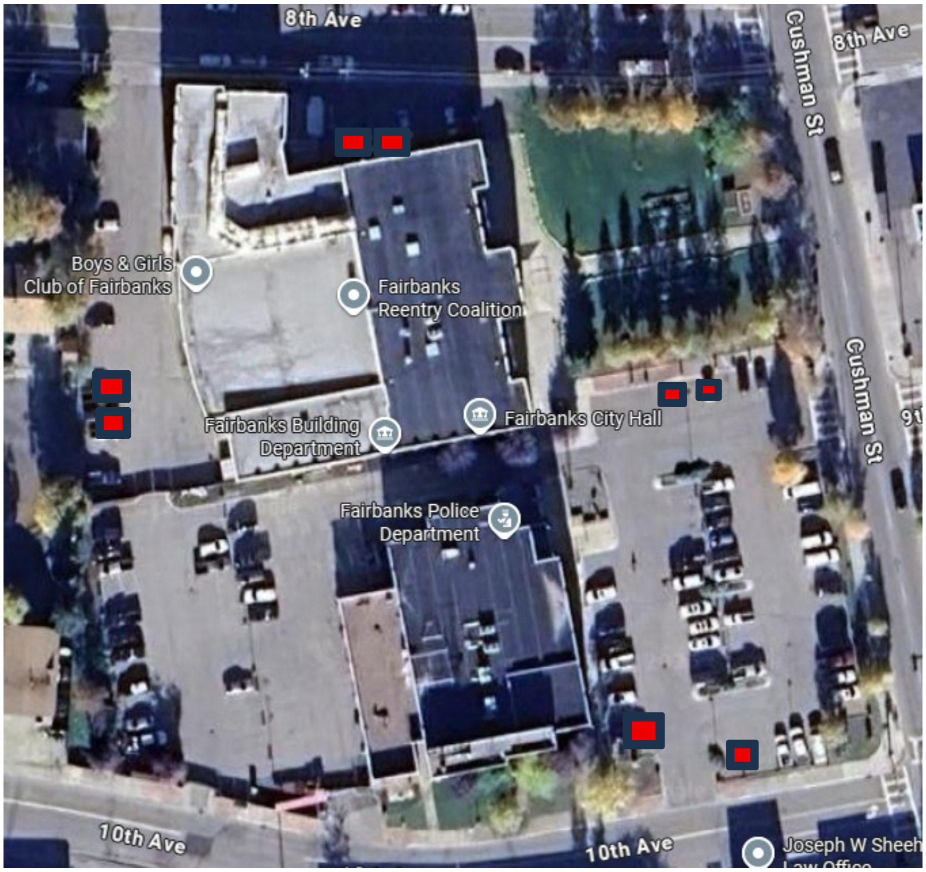
b. City parking at Church by north side Cushman St. Bridge (Gordon Wear Park).



c. City parking at Morris Thompson Cultural & Visitor Center



City parking at Fairbanks City Hall, 8th Ave, in front of FPD or Back Lot.



CITY OF FAIRBANKS
800 Cushman Street
Fairbanks, AK 99701

CITY CLERK'S OFFICE
Telephone (907) 459-6702
Fax (907) 459-6710

MEMORANDUM

TO: Mayor O'Neall and City Councilmembers

FROM: D. Danyielle Snider, MMC, City Clerk

SUBJECT: State Solicitation for Input, Alcohol and Marijuana Regulations

DATE: November 14, 2025

Last month, I notified the Council about the State's request for public input on proposed regulations governing the alcohol and marijuana industries, as outlined in 3 AAC 305.010–305.950 (alcohol) and 3 AAC 306.005–306.995 (marijuana). The State is seeking feedback from affected industries, community organizations, and the general public.

This item was scheduled for discussion at the October 21 work session. Since that meeting was cancelled and there has not been a regular work session since then, the topic has been placed on this work session agenda for the Council to discuss and provide input, if any. The State's comment deadline is December 16.

For convenience, I've provided links to each set of State regulations, including individual articles, along with the State's public notice of solicitation for input for each set of regulations.

Alcohol Regulations, 3 AAC 305.010-305.950
Article 1. Board; Administration; Licensing; Fees
Article 2. Manufacturer Licenses; Endorsements; Permits
Article 3. Retail Licenses; Endorsements; Permits
Article 4. Wholesale Licenses
Article 5. Trade Practices
Article 6. Provisions Applicable to More Than One License Type
Article 7. Alcohol Server Education Course
Article 8. Enforcement; Civil Penalties
Article 9. General Provisions

Marijuana Regulations, 3 AAC 306.005–306.995
Article 1. Licensing; Fees
Article 2. Local Options
Article 3. Retail Marijuana Stores
Article 4. Marijuana Cultivation Facilities
Article 5. Marijuana Product Manufacturing Facilities
Article 6. Marijuana Testing Facilities
Article 7. Operating Requirements for All Marijuana Establishments
Article 8. Enforcement; Civil Penalties
Article 9. General Provisions

Solicitation for Public Input – Alcoholic Beverage Control Board Regulatory Revisions

Notice of Public Scoping Under Administrative Order 360 for possible Alcoholic Beverage Control Board Regulation Changes to 3 AAC 305, Alcoholic Beverage Control Board.

Background. In response to Administrative Order 360, the Alcoholic Beverage Control Board is soliciting written and oral comments from affected industries, community organizations, and the general public regarding regulations and materials incorporated by reference in 3 AAC 305.010 – 305.950.

The Alcoholic Beverage Control Board is undertaking this solicitation process to ask the public for ideas, suggestions, and input before the Alcoholic Beverage Control Board drafts or proposes any specific regulation amendments or repeals for public review.

The Alcoholic Beverage Control Board is particularly interested in specific ideas for regulatory change that may:

- clarify existing regulatory obligations;
- reduce costs for the public, industry, or government;
- improve or streamline procedures, application requirements, and review processes, for example reducing the time required to apply for a license, permit, or benefit;
- reduce administrative burdens;
- streamline permitting procedures;
- improve communication procedures;
- provide greater transparency with respect to standards, decision-making, and rationales for application processing; or
- clarify interagency roles.

Solicitation for Public Input – Marijuana Control Board Regulatory Revisions

Notice of Public Scoping Under Administrative Order 360 for possible Marijuana Control Board Regulation Changes to 3 AAC 306, Marijuana Control Board.

Background. In response to Administrative Order 360, the Marijuana Control Board is soliciting written and oral comments from affected industries, community organizations, and the general public regarding regulations and materials incorporated by reference in 3 AAC 306.005 – 306.995.

The Marijuana Control Board is undertaking this solicitation process to ask the public for ideas, suggestions, and input before the Marijuana Control Board drafts or proposes any specific regulation amendments or repeals for public review.

The Marijuana Control Board is particularly interested in specific ideas for regulatory change that may:

- clarify existing regulatory obligations;
- reduce costs for the public, industry, or government;
- improve or streamline procedures, application requirements, and review processes, for example reducing the time required to apply for a license, permit, or benefit;
- reduce administrative burdens;
- streamline permitting procedures;
- improve communication procedures;
- provide greater transparency with respect to standards, decision-making, and rationales for application processing; or
- clarify interagency roles.

Introduced by: Mayor O'Neall
Councilmember Therrien
Councilmember Ringstad
Date: November 10, 2025

RESOLUTION NO. 5192, AS AMENDED

A RESOLUTION STATING THE CITY OF FAIRBANKS LEGISLATIVE AND CAPITAL PRIORITIES FOR 2026

WHEREAS, the City of Fairbanks appreciates any support and funding from the State of Alaska; and

WHEREAS, the City has identified the following legislative, operational, and capital priorities, and the public had an opportunity to hear about these priorities and to provide comment on the priorities at the regular City Council meeting of November 10, 2025.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL that the 2026 legislative, operational, and capital priorities of the City of Fairbanks are as follows:

2026 Priority Legislation

- Update AS 40.25.110 to allow for fees to be applied for any video copying and/or editing required for a public records request.
- Adjust legislation around child abandonment laws to allow for "baby boxes."

2026 Operational Priorities

- **Reduce the municipalities'**~~Maintain a~~ PERS rate of 22%~~ or less for municipalities~~.
- Maintain a balance of $90 million in the Community Assistance Fund.
- Maintain SART funding for to help communities meet testing liabilities.
- Require a natural gas line spur to Fairbanks at no expense to the community.
- Allow Tier 1, 2, and 3 PERS retirees to continue to collect retirement if they return to work to fill critical shortages under Tier 4.
- Mitigate municipalities' liability regarding the PFOS/PFOA ground water contamination and fund remediation efforts for PFOS/PFOA ground water contamination.
- Prioritize the development and expansion of a crisis behavioral health system in the **Fairbanks community**~~State of Alaska~~.

2026 Capital Priorities

- Provide $800,000 for Alaska Land Mobile Radio (ALMR) compliant radios required by State of Alaska system upgrade.
- ~~Design and establish an Interior Alaska Regional Emergency Vehicle Operation Course track.~~
- ~~Provide $1.5 million to refurbish the heating system in the historic City Hall.~~
- ~~Provide $980,000 for event and emergency response barricades.~~

BE IT FURTHER RESOLVED that the City Clerk is directed to send copies of this resolution to the Office of the Governor, ~~and~~ the Interior Alaska Legislative Delegation, **and our representatives in Congress**.

BE IT FURTHER RESOLVED that this resolution is effective six days after adoption.

PASSED and **APPROVED** this 10th day of November 2025.

Mindy O'Neall, Mayor

AYES: APPROVED BY UNANIMOUS CONSENT
NAYS: None
ABSENT: None
APPROVED: November 10, 2025

ATTEST:

D. Danyielle Snider, MMC, City Clerk

APPROVED AS TO FORM:

for Thomas Chard, City Attorney
Kaylee Stickel, Deputy City Attorney

2026 Priority Legislation

- **Update AS 40.25.110 to allow for fees to be applied for any video copying and/or editing required for a public records request.**

One of the most frequent record requests to the City of Fairbanks is for body/vehicle/ interview-room camera footage from the Fairbanks Police Department (FPD). While the FPD appreciates the ability to share these videos, the department must block out any identifying information that the requestor is not authorized to have. This information can include bystander faces, license plates, identification cards, etc. The video editing required for even a simple traffic stop can be quite time-consuming and expensive. Currently AS 40.25.110 only allows for fees to be collected for personnel costs of requests that exceed five person-hours in a calendar month, and other fees cannot exceed the standard unit cost of duplication. The City of Fairbanks requests that the State amend AS 40.25.110 to allow public agencies to establish a per-hour fee for video record requests.

- **Adjust legislation around child abandonment laws to allow for "baby boxes."**

The Safe Haven Baby Boxes Program prevents illegal abandonment of newborns by raising awareness, offering a 24-hour hotline for mothers-in-crisis, and offering a last-resort surrender option. The primary purpose of the program is to eliminate infant death by abandonment. The use of baby boxes in the Interior will offer a method for preventing infant death due to abandonment.

2026 Operational Priorities

- **Reduce the municipalities' PERS rate of 22%.**

The majority of the 22% municipalities are mandated to pay goes to retire the legacy debt of the original defined benefit retirement plan (PERS). From FY2008 to FY2023, all PERS employers (State and municipalities) have paid an additional $7.7 billion toward the unfunded liability. Locally, the FNSB and two cities within have paid $132.2 million for their share of this liability. These payments, unfortunately, will continue for years to come. This is possibly the largest financial fiasco in the State's history. The municipalities had a reasonable expectation that the State would be proper stewards of these funds and learned far too late that this was incorrect. If State leaders truly feel that the new DB program will work, then we request that all municipalities be exempt from paying off any new debt created by this new plan. This would be fair, as the City of Fairbanks has no control over the management of these funds.

- **Maintain an annual baseline of $90 million in the Community Assistance Program.**

The City of Fairbanks is concerned with the reductions in the community assistance program and requests the State restore a baseline of $90 million annually to the program.

- **Maintain SART funding to help communities meet testing liabilities.**

The City of Fairbanks requests that the SART funding dedicated to Fairbanks be maintained to help offset the current costs of the demands.

- **Require a natural gas line spur to Fairbanks at no expense to the community.**

The City of Fairbanks realizes the creation of a new natural gas line provides an opportunity to bring a robust natural gas supply to Fairbanks. If the design of the new line does not include a spur to Fairbanks, it will become cost prohibitive to add it at a future date.

- **Allow Tier 1, 2, and 3 PERS retirees to continue to collect retirement if they return to work to fill critical shortages under Tier 4.**

With the nationwide labor pool shortages, allowing Tier 1, 2, and 3 PERS retirees to continue to collect retirement if they return to work could help fill critical staffing shortages in positions that fall under Tier 4. Many agencies are having difficulty finding good candidates for jobs, and a simple tweak to the current PERS system could create a huge pool of quality applicants for PERS positions. The basic concept is for the State of Alaska to allow PERS Tier 1, 2, & 3 employees to retire, collect their retirement, and return to the workforce under the Tier 4 system. This would allow them to be paid their retirement while rejoining the workforce and paying into the PERS system again. It would bring qualified and experienced workers back to PERS jobs and allow agencies to build back the workforce.

- **Mitigate municipalities' liability regarding the PFOS/PFOA ground water contamination and fund remediation efforts for PFOS/PFOA ground water contamination.**

The City of Fairbanks requests relief from the Alaska Department of Environmental Conservation (ADEC) plume characterization requirements related to the Perfluoro octane Sulfonate (PFOS)/Perfluorooctanoic Acid (PFOA) contamination at the Fairbanks Regional Fire Training Center. The contamination at the training center occurred over decades of use by all the regional fire services including city, borough, and state agencies. The City also requests State funding for PFOS/PFOA mitigation efforts. PFOS/PFOA contamination is a world-wide health concern with countless contributing factors to the contamination. The City anticipates changes in PFOS/PFOA regulations will require additional mitigation efforts, to include the decommissioning of private wells, which will cost more than the local community can afford.

- **Prioritize the development and expansion of a crisis behavioral health system in the Fairbanks community.**

The City of Fairbanks requests that the legislature prioritize funding for sustained services of the existing Mobile Crisis Teams (MCT) and the infrastructure needed for a Crisis Stabilization Center which will provide comprehensive, appropriate, and immediate provision of behavioral health services in Fairbanks, Alaska. The Alaska Mental Health Trust Authority has partnered with and supported Fairbanks financially by funding a MCT and a Crisis Now Coordinator for five years. It is imperative the state continues their evaluation work to increase reimbursement rates to begin to reach the actual costs of these crisis services.

The City of Fairbanks additionally requests that regulations of crisis stabilization centers not be overly restrictive and burdensome, creating an environment where only the largest operators in Anchorage have the ability to provide the full spectrum of crisis care. The goal of the City of Fairbanks is to support a welcoming center in the least restrictive setting to facilitate voluntary and involuntary admissions to relieve our first responders to include law enforcement, emergency medical services, dispatchers, mobile crisis team, mobile integrated health, and emergency service patrol.

To further address the unmet needs of behavioral health crisis, the City asks for continued support for Foundation Health Partners' efforts to stand up pediatric behavioral health inpatient services. The residents of Fairbanks need to know that assistance is available when their family member is experiencing their worst day. The pain and suffering of families and individuals struggling with a behavioral health crisis is greatly increased by being forced to seek care over 350 miles away from their home and support. It is a priority of the City that we treat behavioral health crisis here in Fairbanks.

2026 Capital Priorities

- **Provide $800,000 for Alaska Land Mobile Radio (ALMR) compliant radios required by State of Alaska system upgrade.**

Over the last decade, police and fire radios have been nearing the end of their service life. Alaska Land Mobile Radio (ALMR), the digital radio service required by the State of Alaska, requires upgrades to the infostructure and devices themselves. Several radios are past the ability to receive these updates and will need to be completely replaced. Some radios are broken and need to be repaired. According to ALMR, multiple police and fire vehicle and portable handheld radios' usability will expire by 2026.

City of Fairbanks
Finance Committee Meeting Report
October 23, 2025

Committee Members Present:	Margarita Bell Joshua Church Council Member Cleworth Alesia Kruckenberg Council Member Ringstad Council Member Sprinkle Michael Sanders
Committee Members Absent:	None

Committee members greeted Mayor-Elect O'Neall.

Committee members reviewed the following reports as of September 30, 2025:

- General Fund Balance Sheet with a fund balance of $14.6 million
- Cash Flow Report with a balance of $24.1 million
- General Fund Revenues and Expenditures Report with revenues of $36.2 million and expenditures of $32.9 million

Committee members discussed optimizing revenues from gaming activities. Committee members requested a matrix on three proposed activities as follows: Adventure Passport Lottery (tourism raffle), Green Up Raffle (variation of an ice classic), and Online Lottery. Committee members will finalize this discussion at the next meeting.

The next Finance Committee meeting is scheduled for Thursday, November 20, 2025, at 7:00 a.m. in the Meeks Conference Room.