

FAIRBANKS CITY COUNCIL REGULAR WORK SESSION AGENDA TUESDAY, NOVEMBER 25, 2025 AT 7 A.M.



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

- 1. Roll Call
- 2. A Resolution Inviting Proposals from Qualified Developers Interested in Redeveloping City Property at 123 Lacey Street. [not introduced]
- 3. An Ordinance Adopting the 2026 Operating and Capital Budgets. [not introduced]
- 4. Lavery Transportation Center Budget
- 5. Solicitation for Input by ABC Board and MCB Board on State Regulations
- 6. Finance Committee Report
- 7. Mayor and Councilmember Comments
- 8. Next Regular Work Session Tuesday, January 6, 2026, 7:00 a.m.
- 9. Adjournment

Introduced by: _	
Date:	
_	

RESOLUTION NO. ____

A RESOLUTION INVITING PROPOSALS FROM QUALIFIED DEVELOPERS INTERESTED IN REDEVELOPING 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
- Possibly lincorporates 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 de	ay of 2025.					
	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					

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 <u>end of March 31,</u> 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
- ✓ RFP Structure
- ✓ Redevelopment Goal
- ✓ Submittal Requirements
- ✓ Proposal Evaluation
- ✓ Selection & Negotiation✓ Further Information
- ✓ City Council Resolution

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:

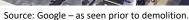
- **City owned** parcels totaling 20,898 square feet the former Polaris building site noted as including **City West** (13,614 square feet) and **City East** parking area (7,284 square feet).
- Privately owned parcels with two owners totaling 14,776 square feet situated mid-block.

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

Polaris Redevelopment Site Area







Source: FNSB GIS.

Commented [MO1]: I don't think we need to say this as the rest of the block is owned by private owners.

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 an 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.

Commented [MO2]: editorial

Commented [MO3]: Are there 2 additional materials? the Project prospectus and the Phase 1 Market Analysis?

Commented [MO4R3]: Add Downtown Plan 2040

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 toto affluent seniors and working professionals has been identified as a need.
- 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.

Commented [MS5]: I'm pretty sure the Council requested these in previous work sessions, but they don't seem to want them now.

Consideration of a below market land or site value transaction with future payback when	Comment of March 21
identified financial performance benchmarks are achieved.	Commented [MS6]: This probably isn't preferred, but could be an incentive
City of Fairbanks ◆ Polaris Site Redevelopment – Development Prospectus (DRAFT) ◆ Page 4	

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:
 - 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

Commented [MS7]: This should go to the City Clerks

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:

- Estimated square footage and number of levels of building area by use component,
 <u>as</u>
 <u>outlined for mixed use development</u>.
 - 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.
 - 2) 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.
- Parking spaces planned with the proposed development detailed by building use, including potential use of existing nearby available parking plus added spaces anticipated plan as consistent with recognized parking standards.
 - 3) 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.
 - 4) 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:

- 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.
 - 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 may. at may. 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:

Commented [MS8]: We wouldn't require mix use if there was an unique commercial opportunity (Target, Trader Joe, etc)

Commented [MO9]: This section was worded a bit oddly to me. I wasn't sure if the city was offering to waive fees or pointing out that it was a possibility if the applicant requests.

- 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.

Commented [MO10]: add as supplemental materials

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.**



Commented [MO11]: Even if only one proposer, it should be reviewed by an identified team.

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 Al 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).

Commented [MO12]: Is there an actual source we can attribute this to, other than AI?

Add Design Criteria which raises quality of design concepts and alignment with public space goals.

Add weighted community/design scoring to encourage holistic proposals.

Director as a contact.

Highlight design wishes and humanize language to attract design-driven respondents.

<u>Consider a two-stage submittal process to boraden applicant pool, and allo for smaller local teams.</u> Current process requires heavy upfront asks that may discourage proposals.

Provide references to specific incentives in a clear, itemized list to reduce percieved risk, show mutual buy-in. Add the potential of free parking in the parking garage.

Consider adding to the evalutation criteria to further incentivize a higher Floor Area Ratio (FAR).

Add in FNSBC 8.08 and 8.12 to broaden out investment prospectus/incentive and include the FNSB mayor's desired revamp of the housing exemption that sunset under 8.12.045.

For zoning, parking or subdivision questions, include Kellen Spillman, FNSB Community Planning

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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 O'Neall Introduced: December 1, 2025

ORDINANCE NO.

AN ORDINANCE ADOPTING THE 2026 OPERATING AND CAPITAL BUDGETS

WHEREAS, pursuant to City Charter Section 5.2, on October 31, 2025, Mayor O'Neall presented a recommended annual operating and capital budget estimate for 2026; and

WHEREAS, the proposed budget was reviewed by the City Council with Department Directors, and the City Council suggested changes to the Mayor's recommended budget are disclosed in the increase (decrease) columns.

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, as follows [amendments shown in **bold** font; deleted text in strikethrough font]:

SECTION 1. There is hereby appropriated to the 2026 General Fund and Capital Fund budgets the following sources of revenue and expenditures in the amounts indicated to the departments named for the purpose of conducting the business of the City of Fairbanks, Alaska, for the fiscal year commencing on January 1, 2026 and ending December 31, 2026 (see pages 2 and 3).

GENERAL FUND

REVENUE	MAYOR PROPOSED BUDGET		INCREASE (DECREASE)		COUNCIL PROPOSED APPROPRIATION	
Taxes (all sources)	\$	29,686,055	\$	-	\$	29,686,055
Charges for Services		6,895,700		-		6,895,700
Intergovernmental Revenues		3,612,630		-		3,612,630
Licenses and Permits		2,313,060		_		2,313,060
Fines and Forfeitures		526,500		-		526,500
Interest and Penalties		1,625,000		_		1,625,000
Rental and Lease Income		143,659		_		143,659
Other Revenues		250,000		-		250,000
		<u> </u>				
Total revenue appropriation	\$	45,052,604	\$	<u> </u>	\$	45,052,604
EXPENDITURES						
Mayor Department	\$	1,118,510	\$	(191,760)	\$	926,750
Legal Department		271,210		-		271,210
Office of the City Clerk		655,630		-		655,630
Finance Department		1,049,700		-		1,049,700
Information Technology		3,378,470		(158,470)		3,220,000
General Account		6,964,000		(5,000)		6,959,000
Police Department		8,960,500		10,000		8,970,500
Communications Center		3,603,570		(6,000)		3,597,570
Fire Department		11,145,310		(144,600)		11,000,710
Public Works Department		10,218,190		(12,100)		10,206,090
Engineering Department		1,210,930		_		1,210,930
Building Department		884,470		(50,000)		834,470
Total expenditure appropriation	\$	49,460,490	\$	(557,930)	\$	48,902,560
OTHER FINANCING SOURCES (USES)						
Other Financing Sources	\$	5,526,978	\$		\$	5,526,978
Total other financing appropriation	\$	5,526,978	\$		\$	5,526,978
2025 estimated unassigned fund balance	\$	11,050,507	\$	_	\$	11,050,507
Other changes to the budget	•	1,119,092	•	557,930	,	1,677,022
2026 estimated unassigned fund balance	\$	12,169,599	\$	557,930	\$	12,727,529
•					-	
Minimum unassigned fund balance requirem expenditures but not less than \$10,000,000.		-			\$	9,780,512

CAPITAL FUND

	MAYOR PROPOSED INCREASE		COUNCIL PROPOSED			
REVENUE	BUDGET		(DECREASE)		APP	ROPRIATION
Property Repair & Replacement	\$	150,000	\$	-	\$	150,000
Public Works		300,000		-		300,000
IT		75,000		-		75,000
Police		300,000		-		300,000
Communications Center		140,000		-		140,000
Fire		250,000		-		250,000
Building		10,000				10,000
Total revenue appropriation	\$	1,225,000	\$		\$	1,225,000
EXPENDITURES						
Property Repair & Replacement	\$	445,000	\$	680,000	\$	1,125,000
Public Works Department		651,000		(365,000)		286,000
Garbage Equipment Reserve		-		180,000		180,000
IT Department		113,300		-		113,300
Police Department		350,000		(50,000)		300,000
Communications Center		1,596,960		-		1,596,960
Fire Department		844,000		-		844,000
Engineering Department		23,000		(23,000)		-
Road Maintenance		1,480,000				1,480,000
Total expenditure appropriation	\$	5,503,260	\$	422,000	\$	5,925,260
OTHER FINANCING SOURCES (USES)						
Transfer from Permanent Fund	\$	735,388	\$	-	\$	735,388
Transfer from General Fund - Ambulance		150,000		-		150,000
Transfer from General Fund - Garbage		295,200				295,200
Total other financing appropriation	\$	1,180,588	\$		\$	1,180,588
2025 estimated fund balance	\$	15,572,931	\$	-	\$	15,572,931
Other changes to the budget		(3,097,672)		(422,000)		(3,519,672)
2026 estimated fund balance	\$	12,475,259	\$	(422,000)	\$	12,053,259
Estimated unassigned capital fund balance for	proje	cts			\$	4,000,548

SECTION 2. All appropriations made by this ordinance lapse at the end of the fiscal year to the extent they have not been expended or contractually committed to the departments named for the purpose of conducting the business of said departments of the City of Fairbanks, Alaska, for the fiscal year commencing on January 1, 2026 and ending December 31, 2026.

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

	Mindy O'Neall, City Mayor
AYES: NAYS: ABSENT: ADOPTED:	
ATTEST:	APPROVED AS TO FORM:
D. Danyielle Snider, MMC, City Clerk	Thomas A. Chard II, City Attorney

Lavery Transportation Center Budget Request with Prior Years

	2026 Budget	Jan-Oct 2025	Year 2024	Year 2023
Income/Expense				
Income				
4010 · Operating Revenues	219,000.00	135,333.51	223,283.00	209,381.00
Total Income	219,000.00	135,333.51	223,283.00	209,381.00
Expense				
6200 · Building Maintenance	26,075.00	13,336.00	28,492.66	35,541.78
6210 · Computer Expenses	1,400.00	1,212.23	1,084.78	706.63
6250 · FPA Personnel Costs	70,800.00	67,833.99	67,214.89	54,945.91
6310 · Professional Fees	13,600.00	12,012.00	12,916.50	12,608.40
6321 · Bank Service Charges	1,500.00	1,322.57	1,372.35	1,039.23
6340 · Office Supplies	1,000.00	934.12	759.21	595.08
6341 · Postage and Delivery	900.00	927.40	649.64	515.40
6360 · Utilities	95,000.00	91,004.49	92,829.60	98,572.18
6361 · Telephone & 911 phones	7,800.00	7,258.59	7,194.14	7,029.60
6380 · Advertising	0.00	112.50	0.00	0.00
6390 · Supplies	50.00	68.10	35.98	112.87
6391 · Cleaning Supplies	800.00	309.36	692.09	76.76
6400 · Dues and Subscriptions	75.00	65.00	65.00	60.00
Total Expense	219,000.00	196,396.35	213,306.84	211,803.84
Net Income	0.00	-61,062.84	9,976.16	-2,422.84

800 Cushman Street Fairbanks, AK 99701



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.



City of Fairbanks Finance Committee Meeting Report November 20, 2025

Committee Members Present: Margarita Bell

Council Member Cleworth

Alesia Kruckenberg

Council Member Sprinkle

Michael Sanders

Committee Members Absent: Joshua Church

Council Member Tidwell (excused)

Staff Members Present: Mayor O'Neall

Katie McConnachie

Cynthia Morgan of Alliance CPAs LLC presented an audit process letter and inquired about areas of concern. There were no concerns presented.

Committee members reviewed the following reports as of October 31, 2025:

- General Fund Balance Sheet with a fund balance of \$13.3 million
- Cash Flow Report with a balance of \$25.0 million
- General Fund Revenues and Expenditures Report with revenues of \$39.3 million and expenditures of \$37.2 million

Committee members reviewed an updated long-range financial plan for the General Fund that includes the 2026 Council Proposed Budget and AFLCIO Contract (see attachment).

Committee members discussed optimizing revenues from gaming activities. A matrix was reviewed with three proposed activities as follows: Fairbanks Adventure (tourism raffle), Green Up (variation of an ice classic), and Fairbanks Lottery (online lottery). Committee members and Mayor O'Neall recommend presenting the Fairbanks Lottery concept to the Council in January 2026.

The next Finance Committee meeting is scheduled for Thursday, January 15, 2026, at 7:00 a.m. in the Meeks Conference Room.

FINANCE COMMITTEE 11.20.2025

CITY OF FAIRBANKS, ALASKA

General Fund Long-Range Financial Projections

11.20.2025	2025 Budget	2025 Budget	2026 Proposed	2027 Projected	2028 Projected	2029 Projected	
	Original	Amended	Budget	Budget	Budget	Budget	%
Revenue							
Taxes	\$ 28,913,515	\$ 29,037,903	\$ 29,686,055	\$ 30,428,210	\$ 31,188,920	\$ 31,968,640	2.5%
Charges for services	6,579,500	6,741,500	6,895,700	6,999,140	7,104,130	7,210,690	1.5%
Intergovernmental	2,476,080	2,832,470	3,612,630	3,630,690	3,648,840	3,667,080	0.5%
Licenses and permits	2,193,805	2,197,805	2,313,060	2,347,760	2,382,980	2,418,720	1.5%
Fines and forfeitures	551,000	551,000	526,500	526,500	526,500	526,500	0.0%
Interest and penalties	1,515,000	1,610,000	1,625,000	1,543,750	1,466,560	1,393,230	-5.0%
Other revenues	408,539	390,884	393,659	393,659	393,659	393,659	0.0%
Total revenues	42,637,439	43,361,562	45,052,604	45,869,709	46,711,589	47,578,519	
Expenditures							
Mayor	892,030	902,030	926,750	949,920	973,670	998,010	2.5%
Legal	262,760	262,760	271,210	277,990	284,940	292,060	2.5%
City Clerk	630,120	632,372	655,630	672,020	688,820	706,040	2.5%
Finance	1,066,350	1,066,350	1,049,700	1,075,940	1,102,840	1,130,410	2.5%
Information Technology	2,898,400	3,010,442	3,220,000	3,381,000	3,550,050	3,727,550	5.0%
General Services	6,925,000	7,146,831	6,959,000	7,306,950	7,672,300	8,055,920	5.0%
Police	8,226,540	8,886,024	8,970,500	9,194,760	9,424,630	9,660,250	2.5%
Communications Center	3,004,590	3,626,945	3,597,570	3,687,510	3,779,700	3,874,190	2.5%
Fire	10,738,720	11,290,419	11,000,710	11,495,740	11,783,130	12,077,710	2.5%
Public Works	9,791,297	10,116,843	10,818,090	11,088,540	11,365,750	11,649,890	2.5%
Engineering	1,170,580	1,211,431	1,210,930	1,241,200	1,272,230	1,304,040	2.5%
Building	849,750	849,750	834,470	855,330	876,710	898,630	2.5%
Total expenditures	46,456,137	49,002,197	49,514,560	51,226,900	52,774,770	54,374,700	
Excess (deficiency) of revenues over expenditures	(3,818,698)	(5,640,635)	(4,461,956)	(5,357,191)	(6,063,181)	(6,796,181)	
Other financing sources (uses)							
Transfers in	5,865,282	5,795,887	5,940,486	6,120,000	6,390,000	6,750,000	5.6%
Transfers out	(591,600)	(8,361,600)	(663,508)	(670,140)	(676,840)	(683,610)	1.0%
Sale of capital assets	250,000	250,000	250,000	250,000	250,000	250,000	0.0%
Total other financing sources							
(uses)	5,523,682	(2,315,713)	5,526,978	5,699,860	5,963,160	6,316,390	
Net change in fund balances	1,704,984	(7,956,348)	1,065,022	342,669	(100,021)	(479,791)	
Fund Balance - beginning	19,538,997	19,538,997	11,582,649	12,647,671	12,990,340	12,890,319	
Fund Balance - ending	\$ 21,243,981	\$ 11,582,649	\$ 12,647,671	\$ 12,990,340	\$ 12,890,319	\$ 12,410,528	
Percent change in fund balance	9%	-41%	9%	3%	-1%	-4%	