

I. CALL TO ORDER

The special meeting of the Matanuska-Susitna Borough Assembly was held on March 14, 2006, at the Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 6 p.m. by Mayor Timothy L. Anderson for the purpose of holding a joint Assembly/School Board meeting.

II. ROLL CALL

Assembly members present and establishing a quorum were:

Ms. Lynne Woods, Assembly District No. 1
Mr. Bill Allen, Assembly District No. 2
Mr. Talis J. Colberg, Assembly District No. 3
Ms. Mary Kvalheim, Assembly District No. 4
Ms. Cindy Bettine, Assembly District No. 5
Mr. Jim Colver, Assembly District No. 6 (*Deputy Mayor*)
Ms. Betty Vehrs, Assembly District No. 7

School Board members present and establishing a quorum were:

Mr. Rob Wells, Seat A
Ms. Sarah Welton, Seat B (*School Board President*)
Ms. Linda Menard, Seat C
Ms. Patricia Purcell, Seat D
Ms. Cheryl Turner, Seat E
Mr. Daniel Contini, Seat G

School Board members absent and excused were:

Mr. Larry DeVilbiss, Seat F

Borough staff in attendance were:

Ms. Michelle M. McGehee, CMC, Borough Clerk
Mr. John Duffy, Borough Manager
Ms. Nicholas Spiropoulos, Assistant Borough Attorney
Ms. Lonnie R. McKechnie, Executive Assistant to the Borough Clerk
Ms. Marian Romano, Assistant Borough Manager
Mr. Keith Rountree, Public Works Director
Ms. Patty Sullivan, Public Affairs Manager
Ms. Cheyenne Heindel, Revenue and Budget Manager
Ms. Elizabeth Hartley, Comptroller

School Board staff in attendance were:

Mr. Jack Sherman, Assistant Superintendent of Business and Risk Management
Mr. George Troxel, Assistant Superintendent of Education

III. APPROVAL OF AGENDA

Mayor Anderson:

- advised that Assemblymember Bettine requested that item B, under new business, be pulled from agenda; and
- inquired if there were any other changes to the agenda.

GENERAL CONSENT: The agenda was approved as amended without objection.

IV. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Mr. George Troxel, Assistant Superintendent of Education for the School District.

V. AUDIENCE PARTICIPATION

The following person spoke in opposition to the School District outsourcing the custodial services: Mr. Neal Lacy.

V. UNFINISHED BUSINESS (*business carried forward from 12/15/05*)

A. Election of School Board Members by District (*requested by Mayor Anderson*)

Mayor Anderson:

- advised that the ordinance that is in the packet was introduced to the Assembly last summer;
- advised that the Assembly would like to hear from the School Board regarding this issue prior to moving forward to election;
- stated that this is based on representation by district, which is the type of representation that the public expects; and
- noted that districts 5 and 7 currently do not have School Board members residing in those districts.

Assemblymember Vehrs:

- noted that the representation issue arose during the Susitna Valley High School issue;
- spoke regarding rural districts having unique problems that are different than the core area; and
- advised that she has heard support for School Board member to representation by district.

School Board Member Purcell:

- advised that since she has been elected, she has spent a lot of time at Susitna Valley High School; and
- spoke regarding the time that the School Board has taken to listen to the concerns.

School Board Member Turner:

- advised she did campaign in favor of having the School Board elected by districts; and
- spoke regarding having a centralized area to hold the meetings.

School Board Member Contini:

- advised that he is not in support of representation by district;
- spoke regarding the need for the School Board members to look at the big picture rather than by district; and
- spoke regarding the School District solving problems as a group.

School Board Member Menard:

- stated that she does not see an issue with the makeup of the School Board;
- spoke to visiting the northern schools; and
- stated that she takes her job seriously and does not slight any district.

School Board Member Wells:

- advised that he has asked questions of the State Association of School Boards regarding examples throughout the State that use school board districts;
- spoke regarding the Kenai School Board representing by district;
- stated that the big picture for education is what the School Board's obligations need to be;
- noted that he would be worried that a School Board member would only take care of schools within their district;
- opined that the School Board responded well during the Susitna Valley High School issue; and
- stated that the focus should be every school and every child throughout the Borough.

Assemblymember Vehrs:

- stated that it is a privilege to work with the current School Board due to the fact that everyone is responsive; however, that has not always been the case;
- noted that it took a big issue to get everyone's attention;
- noted that every Assembly Member represents a unique area of the Borough;
- stated that when you represent the district you live in, you are more in tune with the issues before they become problems; and
- spoke regarding the needs of the rural districts not being met due to the growth and the needs in the central districts.

School Board President Welton:

- advised that she is opposed to districting because she represents everyone within the Borough;
- stated that she was going to Susitna Valley High School prior to it becoming a hot button issue; and
- opined that dividing the School Board by district would create an "us" and "them" boundary, which is not needed.

Assemblymember Kvalheim:

- advised that she has not made up her mind regarding this issue; and
- spoke regarding letting the people decide by voting on this issue.

Discussion ensued regarding electing School Board members by district.

B. Joint Purchasing Efforts/Shared Services *(requested by Assemblymember Kvalheim)*

Assemblymember Kvalheim:

- stated that she has been trying to get a joint purchasing effort going for awhile; however, nothing has come forward to the Assembly; and
- queried the reason that joint purchasing is not possible.

Mr. Sherman:

- advised that they started to outline areas to combine in a meeting last week;
- stated that he does not believe that joint purchasing has been ruled out; and
- advised that the Borough and the School District's policies need to be looked at.

Assemblymember Kvalheim:

- proposed that the Borough take over the administration portion of the School District in areas that correspond;
- stated that instead of duplicating services, the Borough and School District need to get together and save money; and
- spoke to the need to merge services to save the taxpayers money.

Assemblymember Colver:

- stated that they have asked for joint purchasing for several years without any action;
- advised that the bodies are obligated to reduce overlapping services;
- spoke regarding areas that can be combined between the Borough and the School District;
- advised that he would like the Manager to bring something forward for the Assembly to review prior to the closing of the budget; and
- spoke regarding the need to save money so 120 custodians did not have to be laid off.

School Board Member Turner:

- stated that the Borough and School District used to share technology services;
- advised that when she was previously on the School Board there was an attempt to share services; and
- spoke regarding areas that could be shared between the Borough and the School District.

School Board Member Contini:

- stated that there is a need to have someone with expertise figure out how the two bodies can share services;
- stated that combining services was done years back and it did not come out very well; and
- spoke to the need to look at the big picture.

Assemblymember Vehrs:

- stated that it is our job to figure out how to get property tax relief and fund the school budget; and
- stated that with the present bodies, a joint purchasing effort is doable.

School Board Member Purcell:

- stated that there are ways this could work through prioritizing; and
- spoke to the need to have experts look at the issues and see how the services can be combined;

School Board President Welton:

- advised that there was a licensing issue regarding the information technology services, which would not allow licensing to be shared legally;
- noted that both management review audits need to be looked at to see where each others strengths and weaknesses are; and
- spoke to the need to look at psychological issues as well.

Assemblymember Allen:

- spoke regarding hiring and independent efficiency advisor when he was in Fairbanks;
- commented that with his experience in Fairbanks, combining services does not work;
- noted that the Manager would not be able to pull this information together before the end of budget time; and
- spoke to the need to put a great deal of thought into this issue.

School Board Member Turner queried if it would be feasible to look at combining the facilities director and labor relations director.

Mr. Duffy:

- advised that those two positions can be looked at;
- stated that combining purchasing efforts has possibilities; and
- noted that he was not sure about combining labor relations due to the different unions.

Assemblymember Kvalheim:

- advised that she would like to have a committee put together of employees and administration to look at this issue;
- spoke regarding the committee looking at different ways to cut back on costs;
- stated that she is not expecting this to happen immediately; however, tax payers need some relief;
- noted that the School District is the biggest part of the Borough's budget; and
- stated that the School District should not be burdened with financial problems, but rather with teachers, students, and education.

Discussion ensued regarding joint purchasing efforts and shared services.

VI. NEW BUSINESS

A. Annual Budget (*pursuant to MSB 2.12.075(A)*)

School Board President Welton:

- advised that they have projected 16,025 students next year;
- stated that based on Governor Murkowski's budget of \$5347 per student allocation, the foundation will be \$103,951,000;

- advised that the School District is requesting the same funding that they received from the Borough last year;
- advised that the total projected budget for the School District is \$142,357,040;
- spoke regarding expenditures; and
- advised that the total projected expenditures for the School District is \$178,000,000.

Mayor Anderson queried the shortfall in the budget.

School Board President Welton:

- stated that in order to balance the budget there have been suggested cuts; and
- noted that the School Board has not voted on the suggested cuts as of yet.

Mayor Anderson queried the projected revenues.

School Board President Welton:

- stated that there is a balanced budget; however, items still need to be moved around in the budget;
- advised that on March 22, 2006, the School Board will meet to decide these issues; and
- spoke regarding the shortfalls and the cuts in the budget.

School Board Member Wells:

- advised that they focused on State and Borough support when the School Board was building the budget;
- spoke regarding the increases in the School District's budget;
- noted that when some Assembly Members attended the School Board's meeting, they suggested that they request additional funds from the Assembly;
- spoke regarding the formula that was previously used;
- noted that they have had presentations regarding the affects of the tax cap;
- spoke regarding the State providing municipal assistance;
- advised that the School Board has another budget public hearing on March 15, 2006; and
- spoke regarding the issues that the School Board still need to vote on.

Mayor Anderson advised that the Assembly has come to consensus that any revenue sharing funds from the State would go directly to reducing property taxes.

Assemblymember Colver queried the sources of the nutrition fund.

Mr. Sherman advised that there are Federal funds for the free and reduced lunch and the cost that students pay for lunch.

Assemblymember Colver queried if the grants and title funds are Federal monies.

Mr. Sherman advised that most of the grants and title funds are Federal; however, some come from the State.

Assemblymember Colver:

- stated that the Borough is providing twice the level of Federal funding;
- spoke regarding the strings that are attached to Federal monies; and
- spoke regarding residents being concerned about their tax rate.

Assemblymember Allen queried if the bodies would be meeting again after the School Board passed their budget.

Mr. Sherman advised that the School District staff will present a finalized budget to the Assembly.

Assemblymember Allen spoke to the need for the Assembly and the School Board to meet again to discuss the School District's budget.

Discussion ensued regarding holding another joint special meeting with the two bodies to discuss the School District's budget.

Mayor Anderson:

- spoke regarding the tight meeting schedule that the Assembly has;
- advised that the Board of Equalization's final meeting is at the end of May; therefore, the Assembly does not have the final assessment numbers until then;
- spoke regarding the additional issues that the Assembly needs to look at besides the School District; and
- noted that the Assembly is dedicated this year to lowering property taxes.

Assemblymember Allen:

- spoke regarding an article from the February issue of the Chronicle of Higher Education;
- noted that in the article a Colorado Superintendent asked a class of seniors how many students would go to college if the School District paid the costs for the first year, which 75 percent responded they would attend college;
- advised that the Colorado Superintendent did not graduate the students in their twelfth year, but enrolled them in the local college and had the State pay for their first year of college;
- noted that the Assembly's primary objective is to develop the Mat-Su College to a 4-year College; and
- noted that he would like see the School Board consider this.

School Board President Welton:

- advised that some of the students in the School District are attending college; and
- noted that the tuition is being partially paid through the School District.

Discussion ensued regarding students from the School District attending college, while still in high school.

B. School Construction and Methods for Setting Priorities for School Construction (*requested by Assemblymember Bettine*)

(This item was pulled at agenda setting)

VIII. SCHOOL BOARD, MAYOR, ASSEMBLY, AND STAFF COMMENTS

School Board Member Contini:

- spoke regarding sharing the price of fuel not saving the bodies any money;
- spoke regarding the tax cap affecting the fire service areas;
- noted that he was disappointed that more members of the audience did not speak to the outsourcing of custodial services;
- stated that the children are the goal of the School Board; and
- opined that the Assembly could cut taxes if the assessed values did not rise every year.

School Board Member Wells:

- requested updates regarding the School District's capital improvements;
- stated that he hopes that the two bodies can pull together for the community; and
- advised that he has provided a DVD to the Clerk for the Assembly to review regarding digital schools.

School Board Member Menard:

- spoke to the need to get the word out regarding the school bonds on the special election;
- stated that there is talk that if the School District cannot run the schools correctly, that they should not get any more schools;
- noted that it is the students that will be affected if the school bonds are not passed; and
- advised that she is an advocate of having school year round.

School Board Member Turner:

- reiterated that she would like the labor relations director and the facilities director's positions be combined; and
- advised that there needs to be a discussion regarding the preschool program within the School District, as it is not State mandated; however, the preschool program is using 20 classrooms.

School Board President Welton invited the Assembly to attend the School Board's public hearings and budget meetings.

Assemblymember Bettine:

- stated that the property tax increases are related to the lack of revenue sharing from the State;
- stated that all residents in the Borough need to start contacting the State Legislators regarding revenue sharing;
- spoke to the need for the Borough to be reimbursed for property tax exemptions, as it is State mandated; and
- spoke regarding the reasons for holding a special election for the school bonds rather than waiting for the regular election in October.

Assemblymember Woods:

- spoke regarding property tax assessments;
- spoke regarding having the highest quality of education in the Borough; and
- stated that the residents, public officials, and staff are working hard to do the best that they can.

Assemblymember Kvalheim:

- requested that the School Board members that voted in favor of the outsourcing of custodial services rescind the decision until the Assembly has had the opportunity to look at the Borough budget; and
- opined it was a loss to the community and too early to make the decision to outsource the custodial services.

Assemblymember Allen queried if a five-year cash flow projection has been performed since the tax cap has been adopted.

Mr. Duffy advised that a three-year cash flow projection has been performed.

Assemblymember Allen:

- spoke regarding the need to look at where we are from a fiscal point of view;
- stated that there are unfunded mandates that need to be funded; and
- requested that Administration do a cash flow projection for the next three years in consideration of the tax cap.

Assemblymember Vehrs:

- thanked the audience for attending the meeting;
- stated that the outsourcing of custodial services was a hard decision for the School Board to make; however, the School Board needs to look at amending the decision to authorize the administration to enter into a contract prior to hearing the Borough's budget numbers;
- advised that she has a conflict of interest with regards to the hiring of a new Borough Attorney, as her husband has applied for the position; and
- requested that Mayor Anderson rule on the conflict.

Mayor Anderson advised that Assemblymember Vehrs should recuse herself from any participation in the selection process for the Borough Attorney.

Assemblymember Colver:

- opined that there was good spirit of cooperation between the two bodies;
- stated that he is disappointed that so many of his neighbors and friends have lost their jobs;
- spoke to attending the School Board meeting where the outsourcing of the custodial services was voted on;
- urged the School District to repeal and debate the outsourcing issue again;
- spoke regarding parents being worried that the custodians will no longer be employees of the School District; and
- voiced concern regarding the State fining the School District \$1.8 million for special education funding.

Mayor Anderson:

- noted that funds can be saved for fuel costs by purchasing from the same supplier;
- advised that taxes have increased due to the fact that the State Statute mandates that assessed values be at market value;
- noted that property values are driven by growth;
- spoke regarding lowering the mill rate;
- stated that the School Board and Assembly are responsible for the consequences of their actions;
- opined that the outsourcing of custodial was a premature decision and would like to see the School Board look at it again; and
- thanked the audience for attending the meeting.

IX. ADJOURNMENT

The special meeting adjourned at 7:55 p.m.

/ S /

TIMOTHY L. ANDERSON, Borough Mayor

ATTEST:

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MICHELLE M. MCGEHEE, CMC, Borough Clerk

Minutes approved: 04/04/06