

I. CALL TO ORDER

The special meeting of the Matanuska-Susitna Borough Assembly was held on March 21, 2000, at the Matanuska-Susitna Borough Assembly Chambers, Palmer, Alaska. The meeting was called to order at 2 p.m. by Mayor Darcie K. Salmon. The purpose of the special meeting was to discuss the Knik Alaska Regional Multi-Modal Project, Port MacKenzie, Hatcher Pass, and the property tax initiative.

II. ROLL CALL

Assembly members present and establishing a quorum were:

Mr. Larry DeVilbiss, Assembly District No. 1
Ms. Sara Jansen, Assembly District No. 2
Mr. James Colberg, Assembly District No. 3
Mr. Dan Kelly, Assembly District No. 4
Ms. Jody Simpson, Assembly District No. 5
Mr. Doyle Holmes, Assembly District No. 7 (Deputy Mayor) (entered at 2:16 p.m.)

Assembly member absent and excused:

Mr. Jim Turner, Assembly District No. 6

Staff in attendance were:

Ms. Sandra Dillon, Borough Clerk
Mr. Michael J. Scott, Borough Manager
Mr. John Duffy, Assistant Manager
Mr. Michael Gatti, Borough Attorney
Ms. Elizabeth Manfred, Borough Deputy Clerk
Mr. Jim Swing, Public Works Director
Ms. Tammy Clayton, Finance Director
Mr. Rick Brown, Platting Officer
Mr. Ron Swanson, Community Development Director
Mr. Kevin Koechlein, Public Safety Director (entered at 3:30 p.m.)

III. APPROVAL OF AGENDA

There was no objection to the agenda as presented.

IV. PLEDGE OF ALLEGIANCE

The pledge of allegiance was led by Assemblymember Kelly.

IV. NEW BUSINESS

A. Knik Alaska Regional Multi-Modal Project

Mr. Scott:

- Stated that the Matanuska-Susitna Borough, Municipality of Anchorage, and the Alaska Railroad are involved with the regional transportation plan.
- Commented that the Alaska State Department of Transportation (DOT) was contacted regarding available funding to allow a plan review, and that DOT agreed to fund the preliminary concept draft.
- Announced that the project is a 360-degree inter-modal, interconnected transportation network that would start in Anchorage and cover four modes of transportation: air, marine, rail, and road.
- Remarked that the concept serves Port MacKenzie and commuter rail for the Valley along with interspersed, inter-modal stations.
- Noted that Mat-Su road improvements would be: paving the last 12 miles of the Port MacKenzie Road to the port site; reconstruction of Big Lake/Burma Road to the Parks Highway; and relatively minor improvements at the port site to handle the ferry service from Anchorage.
- Stated that the Alaska Railroad will improve the roads and lines in the Ship Creek area.
- Commented that the full project request was \$250 million and a portion was funded.
- Announced that Mr. Duffy is the Valley team leader and is working with Ms. Gilder and the consultant from Northern Economics on the project.

Mr. Duffy:

- Stated that the determined levels of service are for three options: high, medium, and low for each leg (east side commuter rail, ferry system, and the west rail spur to Port MacKenzie).
- Commented about the determination of capital needs: train set types, staging facilities in this borough for standby electrical power, number of ferries, and road paving.
- Remarked that the consultants were requested to determine phases of the project with estimates for funding.
- Noted that land uses will be included in the review, such as incentives to encourage participation with public transportation commuter rail.
- Stated that regional planning with other agencies on an informal basis is needed to bring the project to a reality.
- Noted that the report will include ideas such as commuter access and transportation in Anchorage.
- Stated that the borough is questioning commuter numbers provided by the consultants.

Discussion followed.

Mr. Scott stated that Mayor Mystrom has shared his commitment to working on the project with this borough to all the Anchorage mayoral candidates.

(Assemblymember Holmes entered the meeting at 2:16 p.m.)

Discussion continued.

Assemblymember Colberg stressed the importance of the borough maintaining land for a transportation corridor.

Discussion continued.

Assemblymember Simpson inquired about the commitment this borough will have from the Municipality of Anchorage for the joint effort.

Mr. Scott responded that he anticipates a memorandum of agreement will be signed by Mayor Mystrom prior to the end of his term (July 1, 2000).

Discussion continued.

Assemblymember Jansen questioned the borough expense of promoting this project and the cost of the study.

Mr. Scott responded that the borough's cost for the report was \$10,000 while DOT expended \$135,000.

Discussion continued.

Mayor Salmon welcomed assembly members and the public to contact him with questions at a later time.

B. Port MacKenzie Project - Financial Report

Mr. Scott referred to the a project summary provided in the packet.

Assemblymember Simpson questioned the status of disputed reimbursement items.

Mr. Scott responded that the status report figures reflect the non-participating reimbursement and disputed items.

Assemblymember Colberg inquired about the completion of the project and project budget funds remaining.

Mr. Scott:

- Stated that the 82 percent of the work under contract is complete and is approximately \$500,000 less than originally agreed.
- Commented that non-participating costs are not claim costs.

Assemblymember Mr Colberg requested that administration provide a project funding report with the amount of borough tax payer money versus federal funding.

C. Property Tax Initiative

1. Sales Tax

Mr. Scott:

- Stated that discussion with bond counsel reiterated that the approved bonds must be issued by January 1, 2001, so that the bond debt reimbursement would not be included in the 10 mill tax cap, should it pass.
- Requested assembly direction concerning the issue.

Ms. Clayton:

- Announced that approximately one mill of borough funding relates to current debt service, and because the bonds have been issued, this would not be included in the tax cap.
- Stated that the tax cap would entail a \$12 million or 30 percent reduction; the school district would be reduced approximately \$7 million.
- Commented that a tax cap would not allow funding for service area capital projects; it would fund only maintenance.
- Noted that a consolidation of fire and road service areas could assist with service area capital funding.
- Remarked that the borough currently has the lowest bed tax in the state, and an alternative would be to raise that tax by 3 percent and stipulate those funds for capital project items.
- Stated that the borough could implement a 3 percent sales tax that would cover the \$12 million reduction.

Discussion followed.

Mr. Scott:

- Stated that a February projected date for a special sales tax election would allow time for budget incorporation and has a short implementation time; a November date can give information about the meaning of a local tax cap, but may confuse the voters with both issues at once (state tax cap and borough sales tax) [Clerk notes there is no tool to get a borough proposition on a state election ballot or run the election concurrently]; an October election would be a local concern, but does make presumptions (actual passage of the tax cap); a June election is late, but could be considered a second option if a February election fails.

Discussion continued.

Assemblymember Simpson requested administration provide an outline of the pros and cons of each date discussed.

Discussion continued.

2. Severance Tax

Mr. Scott stated that the severance tax information was included in the packet.

Mr. Kelly:

- Commented that a severance tax should be on all natural resources, not just gravel, and suggested the tax be set at 5 percent of the resource value, not five cents per ton.

Discussion followed.

Assemblymember Simpson inquired if a severance tax could be dedicated for a specific use.

Mr. Scott responded that a severance tax could not be dedicated for a specific use, that funds collected in this manner would be subject to appropriation.

Discussion continued.

Mr. Gatti:

- Remarked that dedication of revenue in the State Constitution only pertains to the state, and the borough's position is that, as a municipality, the borough can dedicate revenue.
- Commented that the Attorney General issued an opinion that the dedication of revenue prohibition does not apply to municipalities.

Discussion continued.

The special assembly meeting recessed at 4 p.m. and reconvened at 4:18 p.m.

Deputy Mayor Holmes reconvened the meeting as Mayor Salmon was detained.

D. Hatcher Pass Status Report

Mr. Scott:

- Introduced Mr. Greg Romack, President, Hatcher Pass Development Corporation (HPDC).
- Explained the joint venture agreement.

Mr. Swanson:

- Stated that the lease covers approximately 10,000 acres, payments to the borough will not commence until the construction is initiated, annual payments will be a yearly fee or ski area lease fee, whichever is greater.
- Commented that the lease conditions were negotiated between Hatcher Pass Development Company and State Department of Natural Resources (DNR), and then the lease was assumed by the borough.
- Remarked that DNR will manage the ski slopes once the project is open; the lease states that the borough is not liable for maintenance costs.
- Announced that the borough assumed lease management on January 9, 1999, with terms and conditions.
- Explained the management agreement with HPDC.
- Noted a lease requirement that the land will be reappraised every five years.
- Spoke to the DNR agreement of the leased area mineral closing.
- Remarked that the borough may, by state mandate, select up to 160 acres for public use in the Hatcher Pass area, and stated that the lands have been selected, but not yet conveyed.
- Commented that the borough will not own the ski slopes, but will own the area locating the lodge and sports facilities.
- Explained that the joint venture agreement is the tool to determine specific activities accomplished by the borough and HPDC.

Discussion followed.

Assemblymember Colberg questioned the borough funding and essentially owning a portion of the ski lodge.

(Mayor Salmon re-entered the meeting at 4:43 p.m.)

Mr. Scott:

- Responded that the agreement is to assist with funding the construction of the ski lodge.
- Stated that the funds collected from the use of the facility will be placed in the land management fund and used for future borough development. (He clarified later in the meeting that the proceeds would be used for reinvestment in the project.)

Discussion continued.

Mr. Gatti stated that borough appropriations must be legislative from the assembly, and that this agreement does not allow it.

Discussion continued.

Assemblymember Jansen stated that she supports the joint venture agreement and requested that the attorney and administration review the contract.

Assemblymember Simpson inquired about what account will be used to fund the ski lodge construction.

Mr. Scott responded that the borough currently has funds from the state legislature and the future lease payments. The borough has also applied to the Economic Development Authority (EDA), and Senator Stevens for additional grants.

Assemblymember Colberg reiterated that the borough attorney and manager review the joint venture agreement and place within the document a statement that the borough will not use taxpayer revenue to fund any portion of the project.

Discussion continued.

Mr. Gatti:

- Stated that the assembly should pay attention to default clauses contained within the agreement.
- Spoke to the water system completion by 2002 and stated there needs to be a default clause if it is not completed.

Assemblymember Holmes inquired about the differing phases between the November 1, 1998, Hatcher Pass Ski Resort Brochure presented to the state of Alaska and the joint venture agreement presented at this meeting.

Mr. Scott explained the difference between the documents and emphasized that the financial sides remain unchanged.

Discussion continued.

MOTION: Assemblymember Colberg moved to postpone the discussion on the joint venture agreement until 9:30 p.m., or sooner, during the March 21, 2000, regular assembly meeting.

GENERAL CONSENT: The motion passed without objection.

V. EXECUTIVE SESSION

MOTION: Assemblymember Holmes moved to enter an executive session for matters the immediate public knowledge of which would clearly have an adverse effect upon the finances of the borough, specifically for land acquisition or disposal, and particular, matters relating to Hatcher Pass, but outside of the special use management area.

GENERAL CONSENT: The motion passed without objection and the assembly entered the executive session at 5:15 p.m. Those present for the

executive session were the mayor, entire assembly, manager, attorney, clerk, finance director, and Mr. Romack.

MOTION: Assemblymember Holmes moved to exit from the executive session.

GENERAL CONSENT: The motion passed and the assembly exited the executive session at 5:49 p.m.

VI. MAYOR, ASSEMBLY, AND STAFF COMMENTS

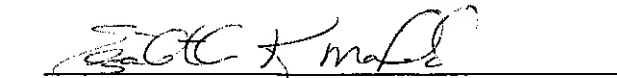
(There were no comments.)

VII. ADJOURNMENT

The special assembly meeting adjourned at 5:50 p.m.

ATTEST:


DARCIE K. SALMON, Borough Mayor


SANDRA A. DILLON, Borough Clerk

Minutes approved April 4, 2000.