

I. CALL TO ORDER

The special meeting of the Matanuska-Susitna Borough Assembly was held on May 6, 2013, at the Borough School District Administration Building, 501 N. Gulkana Street, Palmer, Alaska. The meeting was called to order at 6 p.m. by Mayor Larry DeVilbiss for the purpose of deliberations and possible adoption of Ordinance Serial No. 13-013 (fiscal year 2014 budget ordinance).

II. ROLL CALL

Assembly members present and establishing a quorum were:

- Mr. Warren Keogh, Assembly District No. 1
- Mr. Noel Woods, Assembly District No. 2
- Mr. Ronald Arvin, Assembly District No. 3 (*Deputy Mayor*)
- Mr. Steve Colligan, Assembly District No. 4
- Mr. Darcie K. Salmon, Assembly District No. 5
- Mr. Jim Colver, Assembly District No. 6
- Mr. Vern Halter, Assembly District No. 7

Staff in attendance were:

- Ms. Lonnie R. McKechnie, Borough Clerk
- Mr. John Moosey, Borough Manager
- Mr. George Hays, Assistant Borough Manager
- Mr. Nicholas Spiropoulos, Borough Attorney
- Ms. Jamie Newman, Deputy Borough Clerk
- Ms. Tammy Clayton, Finance Director
- Mr. Dennis Brodigan, Emergency Services Director
- Mr. Don Dyer, Economic Development Director
- Ms. Stephen Hinman, Media Design Specialist
- Mr. Eric Phillips, Community Development Director
- Ms. Cheyenne Heindel, Financial Analyst
- Ms. Shannon Post, Director of Informational Technology

III. APPROVAL OF AGENDA

Mayor DeVilbiss inquired if there were any changes to the agenda.

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

IV. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Ms. Tammy Clayton, Finance Director

V. ITEMS OF BUSINESS

A. DELIBERATIONS OF THE FISCAL YEAR 2014 BUDGET

1. Ordinance Serial No. 13-013: AN ORDINANCE APPROPRIATING MONIES FROM THE CENTRAL TREASURY FOR THE BOROUGH OPERATING FUNDS, ENTERPRISE FUNDS, EDUCATION OPERATING FUND, AND CAPITAL FUNDS AND ESTABLISHING THE RATE OF LEVY FOR ALL BOROUGH FUNCTIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 2013, AND ENDING JUNE 30, 2014.

MOTION: Assemblymember Arvin moved to adopt Ordinance Serial No. 13-013, appropriating monies from the central treasury for the borough operating funds, enterprise funds, education operating fund, and capital funds and establishing the rate of levy for all Borough functions for the fiscal year beginning July 1, 2013, and ending June 30, 2014.

Ms. McKechnie:

- reported that two technical corrections to Ordinance Serial No. 13-013 have been requested; and
- stated that the technical amendment may be moved in one motion.

Ms. Clayton provided a staff report.

Technical Amendment

MOTION: Assemblymember Arvin moved a primary amendment to Ordinance Serial No. 13-013, as follows:

FUND 100 - AREAWIDE/REVENUES								
B	13	000	000	315.100	Tobacco Excise Tax	5,000,000	2,000,000	7,000,000
					Net Increase In Revenues		2,000,000	
FUND 204 - EDUCATION/REVENUES								
J	2	000	000	350.000	Education/Local	8,073,399	(118,565)	7,954,834
					Net Increase In Revenues		(118,565)	

Assemblymember Halter requested that Administration provide a monthly report to the Assembly on the actual amount of tobacco tax generated commencing August 1, 2013, and continuing every month thereafter.

There was no objection noted.

Assemblymember Arvin requested the amount of tobacco tax revenue generated to date in fiscal year 2013.

Ms. Clayton noted \$3,386,577 in revenue has been generated through April 2013.

VOTE: The primary amendment passed without objection.

Mr. James Wilson, Contract Budget Analyst:

- noted that the Borough's processes appear to be moving forward in a positive manner;
- spoke to budgeted expenditures and revenue from fiscal years 2007 to date;
- added that if the same spending and revenue patterns continue, the Borough will be operating in a deficit budget;
- further added that is not truly a deficit budget because the deficit is made up through the fund balance;
- noted that the Borough historically budgets high and spends less;
- spoke to the impact on revenue as Federal payment in lieu of taxes funds are lost in fiscal year 2015;
- spoke to scenarios to address declining revenues such as shifting priorities; and
- spoke to recommendations to improve upon budget forecasting.

Discussion ensued regarding:

- the Borough's current bond rating;
- the pros and cons of drawing down the unassigned fund balance;
- the impact of the loss of federal and state revenue on future budgets; and
- the process for raising the minimum amount of funds held in reserve.

(Assemblymember Arvin exited the meeting at 7:03 p.m. and reentered the meeting at 7:05 p.m.)

(The meeting recessed at 7:20 p.m. and reconvened at 7:32 p.m.)

Mr. Spiropoulos:

- spoke to Borough powers provided in code;
- added that in addition to the powers outlined to code, State law provides some general powers to the Borough; and
- added that areawide functions may only be funded through areawide taxes and non-areawide functions may only be funded through non-areawide taxes.

(Assemblymember Salmon reentered the meeting at 7:36 p.m.)

Assemblymember Arvin queried if funds for a Sexual Assault Response Team (SART) or funds for the construction of a road to access a school site could be justified under a Borough power.

Mr. Spiropoulos:

- noted that the Borough does not have general health powers;
- added that the power to provide ambulance service was granted to the Borough by the voters decades ago;
- further added that research continues on the matter of funding SART, under existing Borough powers, should the Assembly choose to fund the program; and

- spoke to a Supreme Court case out of Kenai in which the construction of a road to a new school site was challenged in court and ultimately upheld under education and the broad construction of municipal powers.

Discussion ensued regarding:

- how SART program funding might qualify for the Health and Human Services Matching Grant Program;
- how State revenue sharing might be applied to SART program funding; and
- how areawide and non-areawide funds may be applied to programs under various Borough powers.

MOTION: Assemblymember Arvin moved to continue Ordinance Serial No. 13-013 to a time certain of May 9, 2013.

VOTE: The motion passed with Assemblymember Keogh opposed.

VI. AUDIENCE PARTICIPATION

The following person spoke to the need for a regional waste facility and clarified that, although she serves as a member of the Wastewater and Septage Advisory Board, her comments are personal and do not represent the Board: Ms. Helen Munoz.

VII. MAYOR, ASSEMBLY, AND STAFF COMMENTS

Mr. Moosey:

- spoke to an offer of sale for the M/V Susitna in the amount of \$6 million;
- noted that the sale will cover the cost of monies owed to the Federal Transit Authority (FTA) for the ferry;
- stated that the funds will not cover the cost of the terminal building;
- reported that there may be a potential offer from a foreign entity in the amount of \$8 million;
- added that there may be complications with the sale of the vessel to a foreign entity; and
- further added that unless he hears otherwise, the purchase offer of \$6 million will be pursued.

Assemblymember Salmon:

- voiced support for selling the M/V Susitna to the most viable buyer; and
- cautioned potential offers do not always materialize.

Assemblymember Keogh:

- noted that the County of Los Angeles was at one time a prospect for the purchase of the M/V Susitna; and
- requested an update on the potential offer.

Mr. Moosey:

- noted that earlier in the week, a telephone call was placed to officials with the County of Los Angeles regarding the sale of the ferry; and
- added that as of today, the call has not been returned.

Assemblymember Colligan requested clarification on what expenses the \$6 million would cover should the Borough accept the offer of sale for the M/V Susitna.

Ms. Spiropoulos:

- spoke to the manner in which the FTA recovers money from a piece of equipment or grant;
- added that the FTA is prohibited from making money off of grants; and
- added that \$6 million would cover the cost of the grant.

Assemblymember Colligan expressed that he stands by the remarks made by Assemblymember Salmon with respect to selling the M/V Susitna for \$6 million.

Assemblymember Halter queried as to the value of the ferry terminal building.

Mr. Moosey:

- noted that the estimated value of the terminal building is \$4.5 million; and
- spoke to his plan to address the terminal building outside of the ferry sale.

Ms. McKechnie requested that the Assembly submit budget amendments by Wednesday in preparation for the upcoming budget deliberations on Thursday, May 9, 2013.

VIII. ADJOURNMENT

The special meeting adjourned at 8:10 p.m.


LARRY DeVILBISS, Borough Mayor

ATTEST:


LONNIE R. McKECHNIE, CMC, Borough Clerk

Minutes Approved: 05/21/13