

I. CALL TO ORDER

The special meeting of the Matanuska-Susitna Borough Assembly was held on May 26, 2004, at the Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 1 p.m. by Mayor Timothy L. Anderson, for the purpose of holding a public hearing on Ordinance Serial No. 04-099 and Resolution Serial No. 04-080, and also to continue deliberations of the FY05 budget.

II. ROLL CALL

Assembly members present and establishing a quorum were:

- Mr. J. Bruce Bush, 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. Jody Simpson, Assembly District No. 5
- Mr. Jim Colver, Assembly District No. 6 (*Deputy Mayor*)
- Ms. Betty Vehrs, Assembly District No. 7

Staff in attendance were:

- Ms. Sandra A. Dillon, CMC, Borough Clerk
- Ms. Michelle M. McGehee, CMC, Incoming Borough Clerk
- Mr. John Duffy, Borough Manager
- Mr. Jack Krill, Assistant Borough Manager
- Ms. Teresa S. Williams, Borough Attorney
- Ms. Tammy Clayton, Finance Director
- Mr. Don Shiesl, Public Works Director
- Mr. Dennis Brodigan, Emergency Services Director
- Mr. Ron Swanson, Community Development Director
- Mr. Allen Black, Borough Assessor
- Ms. Susan Dickinson, Planning and Land Use Director

III. APPROVAL OF AGENDA

Mayor Anderson 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 Darcie Salmon, previous Borough Mayor and a member of the audience.

V. PUBLIC HEARING

- A. Ordinance Serial No. 04-099: AN ORDINANCE ADOPTING MSB 3.37 TO ADDRESS A REAL ESTATE TRANSFER FEE.
- 1. Resolution Serial No. 04-080: A RESOLUTION APPROVING THE SCHEDULE OF FEES FOR REAL ESTATE TRANSFERS UNDER MSB 3.37: REAL ESTATE TRANSFER FEE. (*Sponsors: Assemblymembers Allen, Kvalheim, Colver, and Vehrs*)
 - a. IM No. 04-147

Mr. Duffy:

- reported that previous public testimony had been received stating the need to diversify revenue sources and lower property taxes;
- noted the current sources of revenue;
- identified potential sources of revenue including a real estate transfer fee, a sales tax, and a resource extraction tax for gravel;
- explained what a real estate transfer fee would entail; and
- spoke regarding the exponential growth of the Borough.

Discussion ensued regarding:

- sponsorship of ordinances; and
- the implementation of a real estate transfer fee upon adoption.

Mr. Duffy stated that should the ordinance be adopted, regulations would be drafted for implementation and brought back to the Assembly.

Mayor Anderson opened the public hearing.

The following persons spoke in opposition to Ordinance Serial No. 04-099 and Resolution Serial No. 04-080: Ms. Lynn Baker, Mr. Ron Eggleston, Ms. Lynda Locke, Ms. Kathryn Clark, Ms. Jay Nolfi, Mr. Mark Lee, Ms. Ann Barndt, Ms. Jessica Gallagher, Mr. Ted Berry, Mr. Don Olstad, Ms. Susan Jennings, Mr. Nick Zywot, Mr. Wallace Riehle, Mr. Red Secoy, Ms. Donna Webster, Ms. Marsha Carlisle, Ms. Tracie Barickman, Mr. Dwight Haustman, Mr. Darcie Salmon, Ms. Rose Johnson, Ms. Mary Vincent, Mr. Kevin Sorensen, Ms. Deann Gleason, Mr. Pio Cottini, Mr. Kibe Lucas, Ms. Cindy Bettini, Mr. David Owens, Mr. Scott Patterson, Mr. Don Zimmerman, Ms. Pia Cottini, Ms. Donna Adcock, Ms. Betty Salmon, Mr. Paul Leeland, Ms. Lucille Frye, Ms. Linda Nessland, Mr. Duane Mathis, and Ms. Mary Psenak.

The following person spoke in support of Ordinance Serial No. 04-099 and Resolution Serial No. 04-080: Ms. Michelle Church.

(The special meeting recessed at 2:15 p.m. and reconvened at 2:33 p.m.)

MOTION: Assemblymember Colver moved to adopt Ordinance Serial No. 04-099 and Resolution Serial No. 04-080.

MOTION: Assemblymember Colver moved a primary amendment to insert a new paragraph to MSB 3.37.025 to read: “Any deed delivered for the purpose of confirming, correcting, modifying, or supplementing a transfer previously recorded or for removing clouds on title and where the substantive information of the preceding transfer requiring payment of transfer fee is not changed.”

VOTE: The primary amendment passed with Assemblymembers Bush and Colberg in opposition.

MOTION: Assemblymember Kvalheim moved a primary amendment to the NOW, THEREFORE, BE IT RESOLVED, clause in Resolution Serial No. 04-080, specifically to the fee schedule, to strike the \$1,500 fee for Commercial and to insert in its place the following tiered fee schedule for Commercial; “Commercial Building, 3,000 square feet or less = \$500, over 3,000 square feet to 10,000 square feet = \$1000, and over 10,000 square feet = \$1,500.”

Discussion ensued regarding how to assess the fee based upon square footage.

VOTE: The primary amendment passed with Assemblymembers Bush, Colberg, and Simpson in opposition.

Assemblymember Colver asked Ms. Clayton to explain how the transaction process would be implemented through the Assessments Department.

Ms. Clayton:

- stated that the real estate transfer fee regulations are partially drafted and will be finalized and brought back to the Assembly for approval, including forms; and
- opined that the process would address many of the concerns raised this evening.

Assemblymember Colver inquired if the fee was specific to valley based businesses.

Ms. Clayton affirmed that it was.

Discussion ensued regarding real estate having to be recorded in the state of Alaska.

Assemblymember Allen advised Ms. Clayton to gather input from the expertise of the real estate community when finalizing the draft of the specific regulations.

Assemblymember Bush queried regarding the Borough’s implementation costs.

Discussion ensued regarding:

- the implementation costs;
- regulations not accompanying the ordinance and resolution this evening due to the shortened amount of preparation time; and
- collection of the fee through the real estate agencies.

MOTION: Assemblymember Colver moved a primary amendment to MSB 3.37.020(C), to strike the language “and maintaining offices within the Matanuska-Susitna Borough” to read: “For the purpose of collection of the fees imposed by this chapter, the office of the State Recorder, together with all banks, title companies, escrow companies, building and loan institutions and real estate agencies permitted as such to do business under the laws of the state of Alaska are hereby appointed as authorized agents for the Matanuska-Susitna Borough for the collection of said fee.”

VOTE: The primary amendment passed without objection.

Discussion continued regarding exemptions and the real estate transfer fee.

Assemblymember Colberg:

- referenced page five of nine, section B, that last part of the sentence, “and such other information as he may require”; and
- queried the privacy of individuals in the disclosure of the sales amount of the transaction.

MOTION: Assemblymember Colberg moved a primary amendment to insert the phrase “except the sales amount of the transaction” in between the words “information” and “as” to read: “and such other information, except the sales amount of the transaction, as he may require.”

Assemblymember Simpson queried if there were any other methods of extrapolating the sales price.

Assemblymember Allen queried Ms. Williams if there were any other ways that the transaction amount could be ascertained.

Ms. Williams replied that she is not aware of any way off hand, but does not know what other information the Assessor would require.

Mr. Black:

- spoke regarding mail out questionnaires of all buyers; and
- noted the optional information that appeared on the questionnaire.

Assemblymember Allen expressed his desire to see language very clearly stated in the regulations that the Borough will not ask for disclosure from buyer or seller of the sales amount of the transaction in the interest of protecting privacy.

Assemblymember Colver stated that all forms should be void of any question related to the sales amount of the transaction and that an optional questionnaire could be mailed once the transaction is closed.

VOTE: The primary amendment passed without objection.

Discussion ensued regarding how property would be classed as commercial property.

Mr. Black advised that under existing practices, anything not residential is considered commercial.

Assemblymember Vehrs inquired regarding properties with multiple uses.

Mr. Black stated that it will be up to the appraisers to state how properties are classified.

Discussion continued regarding:

- access of information through the new assessment software;
- the ability of the real estate community to know what the classifications of property are; and
- the requirement of an existing structure in order to classify a property as commercial.

Assemblymember Bush opined that the legislation should be postponed until the Administration could come back with the regulations of the fee.

MOTION: Assemblymember Bush moved to postpone Ordinance Serial No. 04-099 and Resolution Serial No. 04-080 indefinitely.

VOTE: The motion to postpone indefinitely failed with Assemblymembers Bush, Colberg, and Simpson in support.

Assemblymember Colberg:

- spoke to the short notice in bringing the legislation forward for action;
- noted ways that the real estate transfer fee would affect certain groups of people, like persons getting married; and
- spoke regarding growth patterns and the mill rate increase.

Discussion continued regarding alternative revenues to help offset the increasing mill levy.

Assemblymember Colver:

- spoke to having to fund services all from property taxes;
- spoke regarding municipal revenue sharing cuts;
- commented that the Borough has an obligation to keep property taxes reasonable;
- noted public testimony that people cannot bare the burden of property tax increases;
- spoke to the need to diversify revenues;
- noted public testimony to fund schools; and
- remarked that growth will keep increasing and that the burden should be placed on the growth.

Discussion continued regarding requests made to fund education to the maximum.

VOTE: The motion as amended passed with Assemblymember Bush, Colberg, and Simpson in opposition.

MOTION: Assemblymember Colver moved for immediate reconsideration

VOTE: The motion to reconsider failed with Assemblymembers Bush and Colberg in support.

(The special meeting recessed at 3:30 p.m. and reconvened at 3:55 p.m.)

VI. UNFINISHED BUSINESS *(Continued Deliberation from 05/13/04)*

A. Ordinance Serial No. 04-004: AN ORDINANCE APPROPRIATING MONIES FROM THE CENTRAL TREASURY AND ESTABLISHING THE RATE OF LEVY FOR ALL BOROUGH FUNCTIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 2004, AND ENDING JUNE 30, 2005.

Mayor Anderson noted budget deliberations were continued from May 13, 2004.

MOTION: Assemblymember Colver moved to adopt the Capital Projects budget.

VOTE: The motion passed without objection.

MOTION: Assemblymember Colver moved to adopt the Land Management budget.

VOTE: The motion passed without objection.

Ms. Clayton noted the areawide mill rate at 11.80 and the non-areawide mill rate at .38.

MOTION: Assemblymember Colver moved to adopt the non-areawide budget as amended.

Assemblymember Colver queried Administration if they would come back to the Assembly with an increase in fees for residential use at the land fill.

Mr. Duffy replied that the current solid waste enterprise fund does not propose any new fees.

VOTE: The motion passed without objection.

MOTION: Assemblymember Colver moved to adopt the areawide budget as amended.

VOTE: The motion passed without objection.

MOTION: Assemblymember Vehrs moved a primary amendment to the education budget to increase the contribution to education by \$988,000, the amount representing the additional amount that will be received from real estate transfer fee as amended.

Discussion ensued regarding:

- the school districts' education funding request; and
- a possible source of additional funds should a sales or severance tax be passed by the voters.

MOTION: Assemblymember Allen moved a secondary amendment to strike \$988,000 and to insert \$1,850,000.

Assemblymember Vehrs queried what the mill rate increase associated with the secondary amendment would be.

Ms. Clayton noted that the areawide mill rate would be 12.02.

Assemblymember Allen queried regarding the projected revenue from a severance tax.

Ms. Clayton responded that approximately \$850,000 would be the projected revenue of a severance tax.

Assemblymember Vehrs:

- noted her desire to keep the areawide mill levy at 11.80;
- stated if the Assembly decides to pass to the voters a sales tax or a severance tax, that she would have no issues with a supplemental appropriation to the School District; and
- remarked that her goal is to have a steady revenue stream for education.

Assemblymember Colberg:

- stated that he would be opposing the amendment;
- referred to consistent increases in the education budget; and
- commented that the steady level of increase is disproportional and unsustainable.

VOTE: The secondary amendment failed with Assemblymember Allen in support.

VOTE: The primary amendment passed with Assemblymembers Colberg and Bush in opposition.

VOTE: The education budget as amended passed with Assemblymembers Colberg and Bush in opposition.

MOTION: Assemblymember Colver moved to amend section 8 of Ordinance Serial No. 04-004, Appropriation for Reservation of Fund Balance, to decrease the reservation by \$17,697, from \$11,374,008 to \$11,356,312, which is the amount equal to a minimum of 25 percent of all budgeted operating expenditures of the fiscal year 2005 budget, excluding the budgeted operating expenditures of the School District.

VOTE: The motion passed without objection.

MOTION: Assemblymember Colver moved to set the mill rates at 11.80 areawide and the non-areawide mill rate at .38.

VOTE: The motion passed without objection.

VOTE ON MAIN MOTION AS AMENDED: The motion to adopt Ordinance Serial No. 04-004, as amended, passed without objection.

MOTION: Assemblymember Colver moved for immediate reconsideration of the action to set the mill rates and adopt Ordinance Serial No. 04-004, as amended.

VOTE: The motion to reconsider failed without objection.

VII. AUDIENCE PARTICIPATION

The following person submitted a petition application for a tax cap initiative: Mr. Penny Nixon.

The following person thanked the Assembly for the funding allocated toward education and spoke to the quality of education for the children of the Borough: Ms. Kris Moore.

The following person thanked the Assembly for the funding allocated toward education and stated that she would support additional tax bases: Ms. Barbara Morris.

The following person spoke to the sponsorship of the real estate transfer tax ordinance: Ms. Jean Woods.

The following person thanked the Assembly for the funding allocated toward education and noted that the idea of supplemental funding was a good idea, but that it may be difficult to implement in the middle of a school year: Mr. Ron Rucker, President of the Classified Employees Association.

The following person spoke regarding the sponsorship of the real estate transfer fee ordinance and asked Mayor Anderson to exercise his veto power in regard to the legislation: Ms. Jay Nolfi.

There being no others who wished to speak, Mayor Anderson closed audience participation.

VIII. MAYOR, ASSEMBLY, AND STAFF COMMENTS

Ms. Dillon:

- presented Ms. McGehee with her official Certified Municipal Clerk certificate and pin that was sent from the International Institute of Municipal Clerks;
- congratulated Ms. McGehee for her achievement;
- thanked the Assembly for all their support throughout the years;
- stated that it has been her honor to represent the citizens of the Borough and the Assembly; and
- concluded by advising Mayor Anderson and the members of the Assembly that the packet for the June 1, 2004, Assembly meeting would not be available until Thursday.

Assemblymember Simpson:

- thanked the members for their work on the budget;
- thanked the Assembly for accommodating her request to attend her son's graduation this evening, resulting in the 1 p.m. scheduling of the meeting;
- asked Ms. Clayton to send out an e-mail posting the final amount of the budget; and
- thanked Ms. Dillon for her years of service and wished her a wonderful vacation.

Assemblymember Bush:

- commented that it has been a stressful budget year; and
- thanked Ms. Dillon for her honesty and for her work.

Assemblymember Colberg:

- congratulated the incoming Clerk, Ms. McGehee;
- thanked Ms. Dillon for her years of service; and
- wished her a good vacation.

Assemblymember Vehrs:

- thanked Ms. Dillon and welcomed Ms. McGehee;
- thanked her colleagues for their leadership;
- stated that she is proud to be a member of the Assembly;
- opined that the Assembly introduced the right idea today in their action to diversify revenues; and
- spoke regarding her co-sponsorship of the real estate transfer fee.

Assemblymember Allen:

- commented that Ms. Dillon is a real professional at representing the Borough;
- stated that she would be missed;
- welcomed Ms. McGehee as the new Clerk;
- remarked that he is not totally satisfied with the outcome of funding education this evening;
- expressed his disappointment that the School District did not participate fully in the budget process with Assembly;
- spoke to the need to have a serious and aggressive marketing program so industry can support Borough services instead of continually raising property taxes; and

- stated that he is proud to be a representative of the Borough.

Assemblymember Kvalheim:

- thanked Ms. Dillon for her service;
- stated that she has been very pleased with her performance and professionalism;
- stated that she was also happy with the budget process; and
- spoke in regard to her co-sponsorship of the real estate transfer fee ordinance; and
- noted that she has not spoke with other members of the Assembly regarding the views of the legislation.

Assemblymember Colver:

- wished Ms. Dillon well in her retirement;
- stated that she would be missed;
- remarked that the budget process had been overwhelming this year;
- stated that the Assembly listened to the public and responded to their concerns;
- spoke to the interaction of the Borough and the School District;
- commented regarding the need to consolidate services of the Borough and the School District; and
- congratulated this year's graduating students.

Mayor Anderson:

- encouraged the members of the Assembly to attend as many graduation ceremonies as possible;
- congratulated the Assembly on passing a difficult budget;
- noted the concerted effort to respond to the testimony and needs of the public;
- spoke regarding supplemental funding to the School District;
- asked Mr. Duffy to bring forward ordinances for a one percent sales tax and a resource extraction tax for Assembly consideration at the June 1, 2004, meeting;
- welcomed Ms. McGehee;
- thanked Ms. Dillon for her professionalism and dedication; and
- stated that she would be missed.

IX. ADJOURNMENT

The special meeting adjourned at 5:07 p.m.

/s/

TIMOTHY L. ANDERSON, Borough Mayor

ATTEST:

/s/

MICHELLE M. MCGEHEE, CMC, Borough Clerk

Minutes approved: June 15, 2004