I. CALL TO ORDER

The special meeting of the Matanuska-Susitna Borough Assembly was held on May 26, 2005, 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 addressing Ordinance Serial No. 05-005, adoption of the budget.

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 *(arrived at 6:08 p.m.)*
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. Michelle M. McGehee, CMC, Borough Clerk
Mr. John Duffy, Borough Manager
Ms. Teresa Williams, Borough Attorney
Ms. Janice Case, Deputy Borough Clerk
Ms. Marian Romano, Assistant Borough Manager
Ms. Tammy Clayton, Finance Director
Ms. Cheyenne Heindel, Financial Analyst
Mr. Dennis Brodigan, Emergency Services Director
Mr. Murph O'Brien, Planning Director
Mr. Ron Swanson, Community Development Director
Mr. Don Shiesl, Public Works 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 Ms. Kim Floyd, School District Public Information Specialist.

V. NEW BUSINESS

A. INTRODUCTION (For public hearing – 06/07/05, 7 p.m., Borough Assembly Chambers)

1. Ordinance Serial No. 05-079: AN ORDINANCE APPROVING AN APPROPRIATION OF $73,511 OF THE INTEREST EARNINGS ON THE PROCEEDS OF THE 2004 SERIES C, PORT GENERAL OBLIGATION BONDS AND $1,659,000 FROM THE PORT ENTERPRISE FUND LOAN PROCEEDS TO FUND 450 FOR CONTRACT CLOSEOUT FOR THE PORT MACKENZIE DEEP DRAFT DOCK CONSTRUCTION PROJECT.

a. Resolution Serial No. 05-069: A RESOLUTION APPROVING A LOAN FROM THE LAND MANAGEMENT PERMANENT FUND (FUND 203) IN THE AMOUNT OF $1,659,000 TO THE PORT ENTERPRISE FUND FOR CONTRACT CLOSEOUT OF THE PORT MACKENZIE DEEP DRAFT DOCK CONSTRUCTION PROJECT.

b. Resolution Serial No. 05-070: A RESOLUTION APPROVING AN AMENDED BUDGET FOR THE DEEP DRAFT DOCK PORT CONSTRUCTION PROJECT.

(1) IM No. 05-132

(2) AM No. 05-076: APPROVAL OF CHANGE ORDER NO. 2 TO MKB CONSTRUCTORS IN THE AMOUNT OF $1,732,511 FOR THE CONTRACT CLOSEOUT FOR THE CONSTRUCTION OF THE DEEP DRAFT DOCK AT PORT MACKENZIE.

Ms. McGehee read the above legislation in to the record.

MOTION: Assemblymember Colver moved to introduce the legislation as read into the record by the Clerk and set the public hearing for June 7, 2005.

VOTE: The motion passed without objection.

VI. UNFINISHED BUSINESS *(Continued Deliberation from 05/24/05)*

1. Ordinance Serial No. 05-005: 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, 2005, AND ENDING JUNE 30, 2006.

MOTION PENDING: Assemblymember Colver moved to adopt Ordinance Serial No. 05-005, appropriating monies from the central treasury and establishing the rate of levy for all borough functions for the fiscal year beginning July 1, 2005, and ending June 30, 2006.

Mayor Anderson:
- noted that he has issued a veto on Amendment No. 12 and Amendment No. 41;
- discussed his vetoes of Amendment No. 12 and Amendment No. 41; and
- stated that the Assembly may take action on the vetoes this evening.

Ms. Clayton noted that the mill rate is currently 11.18 areawide and .38 non-areawide.

Amendment No. 44 - Areawide Fund (100-000-000-446) (Tab B, Page 18) and Capital Projects/Grants/Pass – Planning (Tab N, Page 2)

MOTION: Assemblymember Kvalheim moved to amend the Capital Projects/Grants/Pass budget, Planning, to strike $15,000 proposed for a smart cart for monitoring vehicle speeds, for a decrease of $15,000, with a corresponding decrease to the areawide fund (100-000-000-446).

VOTE: The primary amendment passed without objection.

Amendment No. 45 - Areawide Fund (100-000-000-446) (Tab B, Page 18) and Capital Projects/Grants/Pass – Planning; Water and Sewer (Tab B, Page 2)

MOTION: Assemblymember Colver moved to amend the Capital Projects/Grants/Pass budget (Planning) to decrease water and sewer study from $175,000 to $110,000, for a decrease of $65,000; and further to establish projects funds in the amount of $65,000 for a groundwater, wastewater, and surface runoff evaluation and recommendations.

Assemblymember Colver:

- stated that this amendment would set funds aside for scientific and engineering expertise;
- noted that the funds would be used for groundwater, wastewater, and surface runoff evaluations and recommendation; and
- spoke in support of the amendment.

VOTE: The primary amendment passed without objection

Amendment No. 46 – Areawide Fund (100-00-000-446) (Tab B, page 18) and Capital Projects/Grants/Pass – DSJ Building Annex Study (Tab N, Page 2)

MOTION: Assemblymember Allen moved to amend Capital Projects/Grants/Pass budget to insert $75,000 to establish project funds to study the possibility of annexing the Dorothy Swanda Jones Borough Administration Building, with a corresponding increase in the areawide fund (100-000-000-446).

Assemblymember Allen:

- discussed the lack of space and poor working environment in the Dorothy Swanda Jones Administration Building; and
- discussed the need to have a safe and healthy working environment accessible to the public.

Assemblymember Vehrs spoke in support of the amendment.

VOTE: The primary amendment passed with Assemblymembers Colberg and Simpson opposed.

MOTION: Assemblymember Allen moved to reconsider the primary amendment (No. 46).

VOTE: The motion to reconsider failed with Assemblymember Colberg in support.

Amendment No. 47 - Areawide Fund (100-000-000-446) (Tab B, Page 18) and Capital Projects/Grants/Pass – Emergency Services (Tab N, Page 4)

MOTION: Assemblymember Vehrs moved to amend the Capital Projects/Grants/Pass budget, Emergency Services - Administration, to strike $35,000 proposed for a district 2 EMS command vehicle, for a total decrease of $35,000, with a corresponding decrease in line item 100-000-000-446.

Assemblymember Vehrs spoke in support of the amendment.

VOTE: The primary amendment passed without objection

Amendment No. 48 - Areawide Fund (100-000-000-446) (Tab B, Page 18) and Capital Projects/Grants/Pass – Emergency Services, Meadow Lakes Ambulance Division (Tab N, Page 4)

MOTION: Assemblymember Vehrs moved to amend the Capital Projects/Grants/Pass budget, Ambulance Divisions, to strike $40,000 proposed for the medic supervisor vehicle and equipment for the Meadow Lakes Ambulance Division, for a decrease of $40,000, with a corresponding decrease to the areawide fund (100-000-000-446).

Assemblymember Vehrs spoke in support of the amendment.

VOTE: The primary amendment passed without objection.

Amendment No. 49 - Areawide Fund (100-000-000-446) (Tab B, Page 18) and Capital Projects/Grants/Pass – Emergency Services (Tab N, Page 4)

MOTION: Assemblymember Colver moved to amend the Capital Projects/Grants/Pass budget, emergency services, - rescue division, to strike $146,500 proposed for all projects contained in the rescue division, with a corresponding decrease of $146,500 to the areawide fund (100-000-000-446).

VOTE: The primary amendment passed without objection

(The regular meeting recessed at 6:30 p.m. and reconvened at 6:45 p.m.)

~~Amendment No. 50 - Areawide Fund (100-000-000-446) (Tab B, Page 18) and Capital Projects/Grants/Pass – Emergency Services, Rescue Division (Tab N, Page 4)~~

~~MOTION:~~ ~~Assemblymember Simpson moved to amend the Capital Projects/Grants/Pass budget – Emergency Services, Rescue Division, to strike the $20,000 proposed for three ATVs, and to strike the $18,000 proposed for two snowmachines, for a combined decrease of $38,000 to the rescue division capital projects/grants, with a corresponding decrease of $38,000 to the areawide fund 100-000-000-446).~~

(This amendment was not moved.)

Amendment No. 51 - Areawide – Reserve for Major Repair and Renovation (Tab B, Page 1; Also Section 8 of Ordinance Serial No. 05-005)

MOTION: Assemblymember Colver moved to amend the Reserve for Major Repair and Renovation by decreasing the reserve by $213,900, with a corresponding amendment (decrease) of $213,900 to Ordinance Serial No. 05-005, Section 8, appropriation of reserve for major repair and renovation.

Assemblymember Colver stated that $500,000 would still remain in the reserve for major repairs and renovation, which should be sufficient.

Assemblymember Allen:
- voiced concern regarding decreasing this account; and
- stated that $500,000 should be sufficient and spoke in support of the amendment.

VOTE: The primary amendment passed with Assemblymember Colberg opposed.

MOTION: Assemblymember Colver moved to reconsider the primary amendment (No. 51).

VOTE: The motion to reconsider failed unanimously.

Ms. Clayton noted that the current areawide mill rate is 11.09.

Amendment No. 52 - Areawide – Capital Reserve Fund (Tab B, Page 1; Also Section 7 of Ordinance Serial No. 05-005)

MOTION: Assemblymember Kvalheim moved to amend the Capital Reserve Fund by decreasing the reserve by from $500,000 to $0, for a decrease of $500,000, with a corresponding amendment to Ordinance Serial No. 05-005 to strike section 7, appropriation of capital reserve.

Assemblymember Colberg:

- stated that the Assembly has consistently not funded this account; and
- opined that if the Assembly is not going to fund the reserve accounts they should just remove them.

Assemblymember Allen inquired regarding the bond companies thoughts on the Borough's reserve accounts.

Mr. Duffy:

- replied that the bond companies stated that they would prefer that the reserve accounts were funded; and
- stated that the bond companies did like the Borough's fund balance policy.

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

Amendment No. 53 - Areawide – Reserve for Emergency Response (Tab B, Page 1; Also Section 6 of Ordinance Serial No. 05-005)

MOTION: Assemblymember Colver moved to amend the Reserve for Emergency Response by decreasing the reserve from $500,000 to $0, for a decrease of $500,000, with a corresponding amendment (decrease) of $500,000 to Ordinance Serial No. 05-005, Section 6, appropriation of reserve for emergency response.

Assemblymember Colver spoke in support of the amendment.

Assemblymember Vehrs spoke in support of the amendment.

Assemblymember Allen inquired how the bond companies would respond to placing a portion of the fund balance in the reserve accounts.

Ms. Clayton opined that the bond companies would not respond well to using the fund balance.

Discussion ensued regarding the reserve accounts and the bond rating.

MOTION: Assemblymember Woods moved a secondary amendment to strike "$500,000" and insert "$250,000."

VOTE: The secondary amendment failed with Assemblymembers Woods, Colberg, and Simpson in support.

VOTE: The primary amendment passed with Assemblymembers Woods, Colberg, and Simpson opposed.

MOTION: Assemblymember Colver moved to reconsider the primary amendment (No. 53).

VOTE: The motion to reconsider failed unanimously.

Amendment No. 54 – Emergency Service, Ambulance District No. 1 (Tab B, Page 122)

MOTION: Assemblymember Woods moved to amend the Emergency Services, Ambulance District No. 1 budget, line item 429.200, training and conference fees, by decreasing $42,900 to $11,000, for a decrease of $31,900.

Assemblymember Woods spoke in support of the amendment.

VOTE: The primary amendment passed without objection.

Amendment No. 55 – Areawide, Emergency Services, Ambulance District No. 1 (Tab B, Page 122)

MOTION: Assemblymember Woods moved to amend the Emergency Services, Ambulance District No. 1 budget, line item 433.200, medical supplies, by decreasing $95,000 to $85,000, for a decrease of $10,000.

Assemblymember Woods:
- stated that the funds have increased from last year's budget, and
- noted that the service provided has leveled.

VOTE: The primary amendment passed without objection

(The regular meeting recessed at 7:20 p.m. and reconvened at 7:35 p.m.)

Ms. Clayton noted that the current mill rate was 10.9 areawide and .38 non-areawide.

Amendment No. 56 - Areawide Transfer (100-000-000-449-210)(Tab B, Page 18) and Capital Projects/Grants/Pass Budget (Tab N, Page 1)

MOTION: Assemblymember Kvalheim moved to amend line item 100-000-000-449-210, increasing the line item $50,000 for "The Children's Place," a non-profit organization.

Assemblymember Kvalheim:
- explained that these funds would go to The Children's Place, a child abuse investigative agency in the Borough; and
- discussed the work performed this agency and its benefits.

VOTE: The primary amendment failed with Assemblymembers Woods, Kvalheim, and Colver in support.

Amendment No. 57 - Fire Service Areas, Greater Palmer Consolidated (259-000-000-446-400) (Tab G, Page 75) and Capital Projects/Grants/Pass Budget (Tab N, Page 6)

MOTION: Assemblymember Colver moved to amend the Fire Service Areas, Greater Palmer Consolidated, 259-000-000-446-400 to strike $350,000 for the Fishhook Public Safety Building, with a corresponding decrease to the Capital Projects/Grants/Pass Budget, Greater Palmer FSA.

Assemblymember Colver spoke in support of the amendment.

VOTE: The primary amendment passed without objection

Amendment No. 58 - Areawide: Assembly (100-100-101-421-300) (Tab B, Page 19)

MOTION: Assemblymember Woods moved to amend the Assembly operating budget, 100-100-101-421-300, to insert $3000 to provide funding for seven digital subscriber lines (DSL) Internet connections for the Assembly members to conduct Borough business from their home Borough offices.

Assemblymember Woods spoke in support of the amendment.

Assemblymember Vehrs spoke in opposition to the amendment.

VOTE: The primary amendment failed with Assemblymember Woods in support.

Amendment No. 58-1 - Assembly: Records Management (100-100-106-429-900) (Page B 29)

MOTION: Assemblymember Simpson moved to amend the Areawide, Records Management operating budget (fund 100-100-106-429-900), to increase professional services from $34,500 to $59,500, for an increase of $25,000 for the purpose of providing funds for the Borough's inventory and purge project of the records management program.

Assemblymember Simpson:
- stated that the Borough is required by law to comply with the records management program;
- discussed the amount of space wasted by records that need to be inventoried and purged; and
- encouraged the members of the Assembly to support the amendment.

Assemblymember Vehrs:
- spoke in support of the amendment;
- noted that the current purchase order contract with Acumen will expire at the end of the fiscal year; and
- discussed the importance of continuing this project.

Assemblymember Allen inquired how much space is currently being used for records in the Dorothy Swanda Jones Administration Building.

Discussion continued regarding the amount of records pending processing.

Assemblymember Allen spoke in support of the amendment.

Discussion continued regarding the purge and inventory project and the project employee.

MOTION: Assemblymember Simpson moved a secondary amendment to strike "$25,000" and to insert "$50,000."

Assemblymember Colver stated that the full-time employee that was proposed and denied was approximately $50,000.

VOTE: The secondary amendment failed with Assemblymembers Woods and Simpson in support.

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

Ms. Clayton reported that the current mill rate is 10.9 areawide.

MOTION: Assemblymember Colver moved to override the vetoes of Amendment Nos. 12 and 41.

VOTE: The motion to override the vetoes failed with Assemblymember Colberg in support.

(The regular meeting recessed at 8:05 p.m. and reconvened at 8:17 p.m.)

Amendment No. 59 - (Page 5 of 7 of Ordinance Serial No. 05-005)

MOTION: Assemblymember Colver moved to amend Section 10 of Ordinance Serial No. 05-005, Appropriation for Reservation of Fund Balance, to increase the reservation by $57,245, from $13,121,307 to $13,178,552, which is the amount equal to a minimum of 25 percent of all budgeted operating expenditures of the fiscal year 2006 budget, excluding the budgeted operating expenditures of the School District.

VOTE: The primary amendment passed without objection

MOTION: Assemblymember Colver moved to set the mill rates at 10.90 areawide and 0.38 non-areawide.

VOTE: The motion passed with Assemblymember Colberg opposed.

VOTE: The main motion, to adopt Ordinance Serial No. 05-005, appropriating monies from the central treasury and establishing the rate of levy for all Borough functions for the fiscal year beginning July 1, 2005, and ending June 30, 2006, passed as amended without Assemblymember Colberg opposed.

MOTION: Assemblymember Colver moved to reconsider the actions to set the mill rates and to adopt Ordinance Serial No. 05-005, as amended.

VOTE: The motion to reconsider failed unanimously.

(The regular meeting recessed at 8:25 p.m. and reconvened at 9:16 p.m.)

Mayor Anderson:
- issued a veto to non-areawide, Community Development Libraries budget (200-000-000-446-120) in the amount of $10,000, which was budgeted for proposed lighting and outlets at the Big Lake Library; and
- issued a veto to reduce the areawide fund operating budget across the board by .20 percent or $48,048 to decrease the budget from $24,204,072 to $24,156,024.

MOTION: Assemblymember Simpson moved to override the veto to the non-areawide, Community Development Libraries budget (200-000-000-446-120) in the amount of $10,000.

Assemblymember Simpson:
- spoke in opposition to the veto;
- stated that the bond proposition is not guaranteed to pass; and
- stated that she has not seen legislation for a library bond.

Assemblymembers Allen, Colberg, and Kvalheim spoke in support of overriding the Mayor’s veto.

Assemblymember Colver spoke in support of upholding the veto.

VOTE: The motion to override failed with Assemblymembers Woods, Allen, Colberg, and Simpson in support (two-thirds vote required).

MOTION: Assemblymember Colver moved to override the Mayor’s veto to reduce the areawide fund operating budget across the board by .20 percent or $48,048 to decrease the budget from $24,204,072 to $24,156,024

Assemblymember Allen spoke in opposition to the veto.

Assemblymember Colberg opined that reducing the mill rate can be misleading due to increased assessments.

Assemblymember Colver spoke in support of the veto.

VOTE: The motion to override failed with Assemblymembers Allen and Colberg in support.

Ms. Clayton reported that due to the vetoes, the minimum fund balance was now $13,166,450 and the areawide mill levy was set at 10.88 and non-areawide at 0.38.

VI. AUDIENCE PARTICIPATION

The following person thanked the Assembly for their support of education and noted that the School District will begin performance-based budgeting in August: Ms. Kim Floyd.

The following person thanked the Assembly for the responder wage increase and health benefits, especially Assemblymember Vehrs and staff for assistance on researching the insurance program: Mr. Ken Slauson.

VII. MAYOR, ASSEMBLY, AND STAFF COMMENTS

Ms. McGehee:
- noted that the Canvass Board has been working hard this week to complete the certification process for the tax cap initiative petition;
- stated that they have completed their process and have certified the petition; and
- noted that the question will be on the ballot for the October 4, 2005, regular Borough election.

Mr. Duffy thanked the Assembly for providing additional resources and support.

Assemblymember Simpson:
- expressed her appreciated for the budget process;
- thanked the members of the Assembly for their support of the Civil Engineering Technician position and for the funds to continue the records management project;
- stated that she was shocked to receive e-mail regarding the events of a press conference on the amendment for the additional $2 million for the School District;
- noted that she has spoken to the Manager and the Public Affairs Director regarding the press conference;
- referred to the memorandum in the folder regarding press conferences;
- opined that action of a colleague compromised the integrity of the body and tainted the deliberative process of the FY06 budget process;
- stated that she felt the actions were premature and inappropriate;
- opined that it was inappropriate for the member of the Assembly to act as a spokesperson representing the full body;
- commented that calling the press conference in the middle of the budget process constitutes unacceptable behavior;
- noted that it is vital to maintain the integrity of the body's deliberative process above all else;
- opined that one person should not purport to speak for the body without clear direction;

- spoke to established policies and procedures previously passed by the Assembly on communications, specifically transmission of communications being at the direction of the Assembly;
- voiced her disapproval of the matter; and
- stated that she hopes this type of activity will be discontinued.

Assemblymember Colberg:
- agreed with Assemblymember Simpson regarding the press conference;
- referred to a portion of the e-mail on the press conference stating, “Mayor Tim Anderson and Deputy Mayor Jim Colver will represent the Assembly;”
- stated that he did call the Manager regarding the press conference;
- opined that it was the Manager’s responsibility to make clear to his employee, the Public Affairs Director, that an Assembly member cannot speak for the other members of the Assembly;
- stated that the press conference was represented as something the Assembly had agreed to, which was not the case; and
- opined that the press conference was inappropriate and should not have happened.

Assemblymember Woods stated that there are many important issues in her district she would like to address, such as a natural gas pipeline, now that the budget process is over.

Assemblymember Vehrs:
- thanked the members of the staff for doing a wonderful job on the budget presentations and making themselves available to answer questions;
- stated that the budget is a difficult process; and
- stated that the members of the Assembly are trying to do the best possible job they can for their constituents and sometimes they make mistakes.

Assemblymember Colver:
- thanked the members of the public for attending the budget meetings;
- stated that the Assembly has adopted a responsible budget this year;
- commented that the Assembly has decreased the mill levy and offered property tax relief with the adoption of the tobacco tax;
- apologized to the members of the Assembly who were offended by the press conference;
- stated that he wanted to share the good news with the members of the public;
- noted that the press conference was not intended to represent the Assembly; and
- thanked Mayor Anderson for his leadership during the budget process.

Mayor Anderson:

- spoke to the vetoes he issued, and noted that there are times when he has to make difficult decisions as Mayor;
- spoke to the press conference that was held;
- stated that he is happy with the work that Mr. Ameduri has done for the Borough;
- stated that as public officials, we all have the right to speak to the press;
- noted that the members of the press sometimes assume that he or the Assembly members are speaking of behalf of the Borough;
- spoke regarding the thank you card from the American Cancer Society;
- stated that he was glad that they were able to reduce the mill rate this year;
- commented that he was glad that the wage increase and optional health benefits passed for the emergency medical service responders;
- expressed hope to continue to diversify revenue sources and support education to the max; and
- discussed combining services with the School District and other municipalities to save money.

VIII. ADJOURNMENT

The special meeting adjourned at 9:58 p.m.

/S/

TIMOTHY L. ANDERSON, Borough Mayor

ATTEST:

/S/

MICHELLE M. MCGEHEE, CMC, Borough Clerk

Minutes approved: June 7, 2005