

I. CALL TO ORDER

The special meeting of the Matanuska-Susitna Borough Assembly was held on June 8, 2010, at the Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 6:03 p.m. by Mayor Talis J. Colberg 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 (*Deputy Mayor*)
Mr. Pete Houston, Assembly District No. 2
Mr. Ron Arvin, Assembly District No. 3
Mr. Mark Ewing, Assembly District No. 4 (*via teleconference*)
Ms. Cindy L. Bettine, Assembly District No. 5
Mr. Jim Colver, Assembly District No. 6
Mr. Vern Halter, Assembly District No. 7

School Board members present and establishing a quorum were:

Ms. Sarah Welton, Seat B
Ms. Susan Pougher, Seat C
Mr. R. Ole Larson, Seat D
Mr. Erick Cordero, Seat E
Ms. Colleen Vague, Seat F (*School Board President*)

School Board members absent and excused were:

Mr. Mike Dunleavy, Seat A
Mr. Myrl Thompson, Seat G

Borough staff in attendance were:

Mr. John Duffy, Borough Manager
Ms. Elizabeth Gray, Assistant Borough Manger
Mr. Nicholas Spiropoulos, Borough Attorney
Ms. Lonnie R. McKechnie, Borough Clerk
Ms. Cheryl D. Marino, Borough Deputy Clerk
Ms. Shaune O'Neil, Public Works Director
Ms. Tammy Clayton, Finance Director

III. APPROVAL OF AGENDA

Mayor Colberg 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 Dr. Deena Paramo, Assistant Superintendent of Education.

V. AUDIENCE PARTICIPATION

The following person spoke in support of Resolution Serial No. 10-046: Dr. Susan McCauley, Birchtree Charter School Principal.

VI. ITEMS OF BUSINESS

A. Building Construction Progress and Review of School Capital Construction Plan *(Requested by Borough Administration and Pursuant to MSB 2.12.075(A))*

Mr. Duffy provided an update on the following projects:

- Cottonwood Creek Elementary School and Wasilla High School traffic upgrades;
- electrical upgrades;
- Palmer High School Roof Replacement;
- Susitna Valley High School;
- Machtetanz Elementary School;
- Houston High School Football Field Lights; and
- Trapper Creek Elementary School Roof.

B. School District Requests for Capital Projects (State Budget) and Bond Issues *(Requested by Assemblymembers Woods and Bettine and School Board President Vague)*

Assemblymember Bettine:

- stated that a constituent pointed out that Anchorage and Fairbanks had a lot of school district projects through the State compared to the Borough;
- queried if the School District is requesting like projects;
- noted that a lot of funding is received for libraries; however, the other municipalities are doing projects such as classroom upgrades, classroom models, and computer labs; and
- queried how the Borough is funding those type of projects.

Assemblymember Woods:

- noted that the School District projects usually are not on the Borough priority list;
- commented that the Assembly includes full funding for the schools on their list, however, it doesn't get into the project details;
- stated that perhaps these items should be included in the list that the School District provides to the State Legislators to show costs; and
- opined that the Borough should follow the example of other larger municipalities by including the School District projects in the priority list that is provided to the State Legislators.

Assemblymember Colver:

- stated that most of the items are probably discretionary funds with the exception of the Service High School renovation;
- noted that each Representative and Senator is allocated a certain amount of money; and
- commented that Service High School had their project ranked high enough to receive 100 percent funding.

Mr. Cottle:

- reported that the list is a one-time recipient to grant list;
- noted that the Borough has six State Legislative Representatives compared to Anchorage's seventeen State Legislative Representatives;
- commented that some of the Borough's State Legislators are fairly new and are not as versed in getting recipients to grants;
- spoke to the number of recipient to grants that the School District had received last year and this year; and
- opined that a lot of the grants depend on our local State Legislators.

Assemblymember Bettine queried whether the School District was requesting funding.

Mr. Cottle:

- reported that the School District has discussed what their needs are and what they would like to receive;
- noted that the list being discussed is different than the listing of capital improvement projects;
- spoke to the reasons why some of the items are partially funded;
- spoke to the State Legislators speaking directly to principals rather than School District Administration regarding what their schools need; and
- spoke to the need to streamline the process.

Assemblymember Bettine:

- queried whether the School District Administration could strongly suggest to the principals that they refer these calls to Administration;
- noted that the Borough road service areas have the same issue regarding items being partially funded; and
- spoke to the possibility of creating a policy.

Mr. Troxel:

- noted that the School District has covered this topic at the principal meetings for the last several years; and
- commented that it is the constituents that the State Legislators may have conversations with rather than the principals.

School Board President Vague:

- commented that the School District does not have six State Legislators that the School District can speak to;
- noted that the School District has four State Legislators that will converse with them; and
- opined that the School District does not have a lot of support in Juneau to get things done.

Assemblymember Bettine:

- stated that the Borough and the School District are the bodies that decide how to work with the State Delegation;
- commented that the bodies need to talk about how to work with the State Delegation;
- stated that the Borough tax payers should understand that Anchorage and Fairbanks are getting appropriations from Juneau, but the Borough is paying for the same services through property taxes; and
- spoke to how the Borough could approach the issue.

Assemblymember Arvin queried if the State Representatives receive \$500,000 and the Senators receive \$1,000,000 in discretionary funding.

Assemblymember Colver:

- noted that the two statewide lists are the school construction list and the major maintenance list;
- spoke to how the lists are scored;
- spoke to the ranked schools on the lists;
- commented that the small schools tend to be funded from discretionary funds; and
- opined that it comes down to who is serving on the Finance Committee and who is in leadership.

Discussion ensued regarding:

- the last time the Borough was rated number one on the State's list;
- that the only way to get construction done is through bonding;
- whether items on the State's list are on the School District's priority list;
- the School District not allowing schools to fall apart, which makes it harder to gain points on the State's lists;
- the way the School District feels they are treated in Juneau;
- the need for the Borough to speak to the School District's needs in Juneau;
- the need to be more comprehensive in the approach for funding;
- the possibility of the School District hiring their own lobbyist or jointly hiring one with the Borough; and
- the issues with the State Capital Improvement Projects application.

C. Literacy Initiatives and Data Report *(Requested by School District)*

Dr. Deena Paramo, Assistant Superintendent of Education, provided a presentation on literacy initiatives.

School Board Member Larson queried the early age development program regarding children receiving a book monthly from the time of birth through fifth grade.

Dr. Paramo:

- noted that the Boroughwide program is called the Imagination Library; and
- spoke to the program and its sponsors.

School Board Member Larson:

- noted that the Imagination Library early development program started recently;
- commented that the Assembly could promote the program;
- stated that the books are of high quality;
- noted that parents tend to read the books to their kids when they are received; and
- opined that the Imagination Library is a good program.

Assemblymember Woods noted that a group meets at the Sutton Library called Moms with Babies.

Dr. Paramo noted that she could get the group a contact name for the Imagination Library Program.

D. District Plan for American Recovery and Reinvestment Act Funds *(Requested by School Board Member Larson)*

School Board Member Larson:

- noted that the American Recovery and Reinvestment Act (ARRA) funds have been received for two years now;
- commented that next year the School District will not have ARRA funding;
- noted that the School District has been discussing a strategy over the past year for the lack of these funds;
- reported that part of the School District's plan was to request the Assembly to allow the School District to retain any funding that is left over;
- noted that the School District has \$650,000 in the reserve account from the previous year and are looking at putting more money into it so that when the ARRA fund depletes, the School District will not fall short;
- stated that the School District will have a two or three year plan so that they do not have to lay off teachers and so there is a long term goal to maintain the drop off so that it does not curve;
- stated that he wanted the Assembly to know that the School District is working on this issue; and
- requested that the Assembly waive the 50 percent surplus requirement for this year and next year at least, so that the School District could use the funds in their reserve account.

Assemblymember Ewing queried if \$30,000,000 was received this year.

School Board Member Larson:

- noted that the amount was \$4,000,000 total;
- commented that the School District saves all year long in case something should happen in the middle of the year;
- noted that the School District would like to save the funding for the 2012 school year instead of scrambling to buy things at the last minute; and
- commented that the School District would like to continue this plan for the next two years.

Assemblymember Ewing:

- queried the long range plan;
- noted that the Assembly receives comments that the Borough does not fully fund the schools;
- stated that knowing what the projections are for the next five years would be helpful; and
- spoke to the possibility of the projections leading to a proposition on the ballot where the voters could vote whether to fully fund schools through increases in the mill rate.

School Board President Vague:

- requested that Mr. Troxel provide information regarding where the ARRA funding has been spent and the suggestions that the School District Administration has come up with to try to place funds into a reserve account; and
- commented that the School District does not want to lose the 40 teachers that were hired with ARRA funds, as it would cause the teacher student ratio to increase significantly.

Mr. Troxel:

- provided background information on the ARRA funds;
- noted that the State Fiscal Stabilization Fund (SFSF) funds portion of the ARRA funds are used to cover operating costs in the budget which fund a little more than 40 regular education teacher positions;
- spoke to Title 1a operating funds and Title 6b funds;
- stated that it is important keep in mind that not all of the funds were directed to personnel;
- noted that the School District did not use ARRA funds to start new programs, but rather the funds were used to continue programs that would have otherwise been eliminated;
- commented that the School District does not have any control over keeping funding going for the programs;
- spoke to other areas that the ARRA funds were used such as professional development, curriculum material, and behavior specialist positions;
- stated that it is hard to make cuts that do not impact School District staff as 87 percent of the School District budget funds salaries and benefits for the staff;
- commented that the School District has a very small central office compared to other school districts;
- spoke to the energy savings program;
- stated that the only place the School District can turn to is to reduce positions if the ARRA funds do not continue;

- spoke to the variables and reasons why it is difficult for the School District to know exactly how much funds will be left at the end of the year; and
- commented that it would help with planning and maintaining staff employment if there was a cushion in the School District's budget.

Assemblymember Houston:

- noted that Assemblymember Ewing had made a good point regarding putting questions to the voters;
- commented that there seem to be a number of perennial issues;
- stated that the Assembly looked at the surplus monies last year and made changes so that the reserve account could be built;
- commented that the issue of whether the Borough is fully funding schools comes up every year;
- stated that he does not mind readdressing the issue and reconsidering it;
- noted that there was a lot of effort put into it last year and a workable model was created;
- stated that he wanted to emphasize that the 50 percent still stays with the schools as it goes to the School Site Selection fund;
- noted that the Borough cannot fully fund the schools with the current revenue cap formula; and
- spoke to the possibility of the questions being put to the voters to come up with a final solution so that they are no longer perennial issues.

Discussion ensued regarding:

- the need for the student teacher ratio to stay low;
- the development of the School District's strategic plan;
- other districts facing the same issues; and
- the need for the School District to have surplus funds.

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

School Board Member Cordero:

- urged the Assembly to make a smooth transition when discussing the Birchtree Charter School;
- noted that there are 100 families waiting for Birchtree Charter School; and
- commented that the 2010 school year will start soon.

School Board Member Larson:

- spoke in support of the Birchtree Charter School lease;
- noted that there is a taxation issue with the Birchtree Charter School;
- stated that the voters would fail a ballot measure for fully funding the School District;
- commented that the School District is working on a strategic plan; and
- stated that the School District would like to coexist with the Borough, work on the strategic plan together as well as find other funding sources.

School Board Member Pougher spoke to the need to have a joint meeting with the State Delegation with a list of priorities.

School Board Member Welton:

- spoke in support of the Birchtree Charter School lease; and
- thanked Mr. Duffy for his time served at the Borough and the guidance he has provided.

School Board President Vague:

- noted that the School District received a Certificate of Excellence for their budgetary process from the National School Board Association;
- commented that many charter schools are paying high property taxes;
- spoke to some of the schools and property tax amounts;
- stated that she would like to see the tax structure change for the charter schools;
- noted that Birchtree Charter School is going to be in the same situation in regards to the property tax;
- commented that there are 258 students interested in attending the Birchtree Charter School;
- noted that the School District followed Ordinance Serial No. 09-157 and the Borough standard policies with Birchtree Charter School;
- commented that the request for proposal process (RFP) was long;
- requested that the Assembly keep in mind that the first day of school is nine weeks away should the RFP need to go out again;
- stated that there is an increase of 10 percent in the student body and the School District has not reached that in funding from the Borough; and
- stated that it was a pleasure to work with Mr. Duffy.

Assemblymember Ewing:

- stated that State funding is at an all time low;
- noted that the State has put the Assembly in a tight position that increases every year;
- spoke in support of exempting charter schools from property tax; and
- noted that he is a big fan of charter schools.

Assemblymember Colver:

- noted that he spoke to the State Assessor regarding tax exemptions for leased charter schools;
- commented that it would require a change in State law as the land is taxable private property;
- noted that the State Assessor stated that he would oppose this change to State law; and
- spoke to the need to move the Birchtree Charter School legislation before the Usibelli Coal Lease legislation on the June 15, 2010, agenda.

Assemblymember Bettine:

- spoke to the possibility of the Borough lobbyist setting up a joint meeting;
- spoke to the need to invite some members of the Parent-Teacher Association and the chambers of commerce to the meeting; and
- queried if the School District funded a grant writer position.

School Board President Vague noted that the School District did fund a grant writer position.

Assemblymember Halter:

- congratulated the School District on receiving the Certificate of Excellence; and
- noted that he would like to learn more about the ARRA funds and School District positions.

Assemblymember Arvin:

- stated that the School Board, School District, and teachers do an excellent job;
- noted that his daughters have enjoyed a great public education thus far;
- stated that he supports the system and that he supported the budget increase;
- commented that he is trying to learn more about the process so that he can be a stronger advocate for the public school system;
- spoke to lobbying the State Legislature for infrastructure, emergency services, and education;
- noted that he supported the Legislature on the lighting and turf items as he had heard about them repeatedly;
- recommended that he receive the full itemized list so that he could be an advocate to the State Legislature for the items in the future;
- stated that if there was a way to exempt charter schools from property tax that he would support taking a look at it; and
- clarified that he is not an employee of NPI as was stated in a newspaper article.

Assemblymember Woods:

- spoke in appreciation of Dr. Paramo's report;
- noted that she is a full supporter of schools even when complaints are received from constituents; and
- commented that it is good to hear the progress.

Mr. Duffy:

- noted that this was his last Joint Assembly/School Board meeting;
- stated that he has enjoyed a lot of the meetings;
- complimented Mr. Troxel for changing the working relationship with the Borough;
- wished Mr. Troxel good luck with his upcoming retirement;
- noted that he has learned a lot; and
- congratulated the School District on their great improvements.

Mr. Spiropoulos:

- spoke to looking at the issue regarding property taxation extensively four years ago;
- noted that the person that is getting taxed for the charter school property is the owner of the property and not the charter school;
- commented that the property owner is a private person;
- stated that if a person agrees to the lease to pay the property taxes, that they are agreeing to pay the property taxes;
- stated that it would require a change in State law; and
- noted that the counsel for the NPI litigation would like to schedule an executive session with the Assembly on June 15, 2010, at 4 p.m.

Mayor Colberg asked if there was any objection to scheduling a special meeting on June 15, 2010, at 4 p.m. to hold an executive session regarding NPI litigation.

There was no objection noted.

Mayor Colberg wished Mr. Troxel good luck in his retirement.

IX. ADJOURNMENT

The special meeting adjourned at 8:06 p.m.

ATTEST:



TALIS J. COLBERG, Borough Mayor



LONNIE R. McKECHNIE, CMC, Borough Clerk

Minutes approved: 07/20/10