

I. CALL TO ORDER

The special joint meeting of the Matanuska-Susitna Borough Assembly and School Board was held on December 9, 2003, at the Borough Assembly Chambers, 350 E. Dahlia Avenue, Palmer, Alaska. The meeting was called to order at 6 p.m. by Deputy Mayor Jim Colver.

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

Assembly members absent and excused were:

Ms. Mary Kvalheim, Assembly District No. 4

School board members present and establishing a quorum were:

Sarah Welton, School Board Seat B
Linda Menard, School Board Seat C
Mike Chmielewski, School Board Seat E (President)
Larry DeVilbiss, School Board Seat F
Daniel Contini, School Board Seat G

School board members absent and excused were:

Rob Wells, School Board Seat A
Bob Johnson, School Board Seat D

Borough staff in attendance were:

Ms. Sandra A. Dillon, CMC, Borough Clerk
Ms. Tammy Clayton, Acting Borough Manager
Ms. Teresa S. Williams, Borough Attorney
Ms. Michelle M. McGehee, Deputy Borough Clerk
Mr. Murph O'Brien, Planning Chief

School District staff in attendance were:

Mr. Bob Doyle, Chief School Administrator
Mr. Jack Sherman, Assistant Superintendent of Business
Ms. Kim Floyd, Public Information Specialist
Mr. Scott Schwald, Director of Operations and Maintenance
Mr. Lebron McPhail, Director of Elementary and Secondary Education
Mr. George Troxel, Assistant Superintendent

III. APPROVAL OF AGENDA

The agenda was approved as presented without objection.

IV. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Rachel Trapp, a student from Su-Valley High School.

V. AUDIENCE PARTICIPATION

(There was no one present who wished to testify.)

VI. NEW BUSINESS

A. Annual Budget (*MSB 2.12.075(A)*)

Chief School Administrator Bob Doyle reported regarding the status of the annual budget.

Discussion ensued regarding:

- increases to the Teachers Employees Retirement System (TERS) and to the Public Employees Retirement System (PERS) benefits;
- increases in workers compensation and liability insurance;
- student enrollment numbers;
- performance-based budgeting;
- the finance advisory committee's findings and recommendations;
- the need for a broader review of salary and benefits; and
- fund balances and potentially creating a reserve fund for the School District.

B. State Legislation (*MSB 2.12.075(A)*)

School Board President Chmielewski:

- reported that the School Board will be meeting with the local legislative delegation on December 18, 2003;
- stated that he expects to have a dialogue regarding issues pertinent to this legislative session;
- commented that there is not a clear picture of what will transpire in the legislature this year;
- referred to a School Board resolution suggesting that effort be put into closing the fiscal gap this year; and

- spoke to additional funding that will be needed by the District.

Assemblymember Simpson inquired if the School Board could provide a list of priorities to the Assembly prior to the December 18 meeting with the legislators.

School Board President Chmielewski responded that a summary of the issues could be provided.

Discussion continued regarding:

- more specific items in the legislative priorities such as “school start times;”
- comparing and prioritizing items that are significant to the community – class sizes, programs, and services; and
- town meetings being held by the District to hear the communities concerns and desires.

C. Local Funding Cap (*Assemblymember Allen*)

Assemblymember Allen:

- stated that he is opposed to funding caps, as they become the driver of a budget rather than needs and quality;
- queried what the costs associated with quality would be;
- cautioned the Assembly and members of the School Board regarding the need for establishing performance-based indicators and measuring performance; and
- queried if the finance advisory committee discussed accountability of funds invested in education.

D. Fund Balance Calculations (*Chief School Administrator Bob Doyle*)

Discussion ensued regarding:

- a letter sent from the Borough Attorney to the auditors regarding their calculations; and
- a slight impact to the finance advisory committee’s report due to the way the auditors looked at the issue.

Ms. Clayton:

- stated that the auditors’ original calculations were based solely on the year’s activity and did not include fund balance rollover from the start of the year;
- stated that the District had started the year with approximately \$900,000 in fund balance;
- noted that when the auditor’s did not include the previous year’s fund balance in their calculations, the District showed as having a deficit;
- clarified that a fund balance exists after calculating in the previous year’s fund balance.

Mr. Sherman stated that the audit shows lapsed funds back to the Borough in the amount of approximately \$450,000.

Discussion continued regarding:

- the change in the fund balance calculation over time;

- the current code provision that states that 50 percent of fund balance will lapse back to the Borough;
- being on the same page as the auditors when the next audit is conducted;
- the possibility of having an independent auditor that will not be impacted by legal opinions from the Borough or the District;
- the potential development of a School District budget reserve;
- co-mingled Borough and District funds and the challenge of defining the funds;
- possible options regarding drafting language to meet the needs of both the Borough and the District;

(School Board Member Welton arrived at 6:43 p.m.)

- resolving the fund balance issue when a policy has been agreed upon by the two bodies without warranting another audit; and
- clarifying policy and implementing clear directives in the auditor's instructions.

E. Supplemental Funding Requests *(Chief School Administrator Bob Doyle)*

Mr. Sherman:

- stated that the District has submitted a request to the Borough for supplemental funding, as the District received 143 students over their initial projection; and
- informed that this request would result in an additional \$376,000 appropriation from the Borough to the District.

Ms. Clayton stated that the Borough has received the request from the District and that the Borough is waiting for a confirmation of the enrollment numbers from Juneau.

Mr. Sherman stated that he expects the enrollment count to be certified within the week.

Discussion ensued regarding:

- how the funding formula cap would be affected due to the increase in enrollment; and
- a readjustment to the cap and to the amount the Borough can appropriate to the District, not exceeding the adjusted cap.

F. Finance Committee Report *(Assemblymember Simpson)*

Assemblymember Simpson spoke to the composition and focus of the finance advisory committee.

(School Board Member Contini exited chambers at 6:56 p.m.)

Assemblymember Simpson:

- stated that she thought the committee would present more findings; and
- queried what scenario may come up in the committee's opinion that would require supporting a large reserve for the District.

Mr. Sherman:

- reported that the committee was concerned that the fund balance was less than one-half of one percent of the total budget;
- noted that the recommendation is to have between three to five percent of the total budget in reserve;
- stated that the recommendation was made in correlation to any emergency situations that may occur; and
- spoke to the use of funding throughout the fiscal cycle.

Assemblymember Simpson queried regarding the use of a reserve as more of a savings account and who would be responsible for designating the expenditures that could be made from the reserve.

Mr. Sherman:

- responded that the School Board would be responsible for appropriating expenditures; and
- stated that the committee did agree that if a reserve was allowed that the reserve should not be unlimited and that a percentage cap should be placed on it with any funds above the cap being returned to the Borough.

School Board President Chmielewski spoke to accountability with the implementation of a reserve and direct involvement of the Assembly in this regard.

Discussion continued regarding:

- the awareness of the committee in regard to the state of the Borough's budget reserve when their recommendations were made;
- the potential tax burden on residents in regard to creating a reserve;
- the audit committee broadening their review;
- the definition of an "extraordinary need" that would merit creating a District reserve; and
- supplemental appropriations from the legislature to the School District.

(The special meeting recessed at 7: 16 p.m. and reconvened at 7:26 p.m.)

G. Progress of School Site Selections *(Chief School Administrator Bob Doyle)*

Mr. O'Brien:

- introduced himself as the new Matanuska-Susitna Borough Planning Chief;
- spoke to the progress of various school site selections;
- noted that there are three site selections that are in various stages of completion;
- reported that seven other site selections are also in various stages, but are not moving along as they should be due to previous Planning Department staffing issues;
- informed that three potential sites have been selected for the Vocational Education Center and that the recommendations would be going to the School Board for comment and then to the Assembly;
- advised that a site is being looked at for the Wasilla Area Elementary School west of Wasilla;

- stated that it has been difficult to obtain a quorum for some of the site selection committees; and
- suggested combining the site selection committees into one committee that will address all of the site selections.

Discussion ensued regarding:

- the status of bond projects;
- the potential advantages of establishing one committee, as long as geographical needs are taken into consideration;
- the need for further research of any potential consolidation of committees;
- the status of Valley Pathways School and the Midnight Sun Charter School;
- code requirements of site selections, specifically for charter schools; and
- the District providing the Borough with a priority listing of the school site selections.

H. Update on Horizon Charter School (*School Board Member Menard*)

Mr. McPhail:

- reported regarding the status of Horizon Charter School;
- stated that the School Board is very happy with the progress of the charter schools;
- advised that the home school program is drawing children throughout the region;
- spoke to the statewide composition of the school totaling 177 students, with an average daily membership of 161.45;
- advised that the charter school continues to enroll more students although they will not receive additional funds after the count date; and
- noted that the agreement with the District was that Horizon Charter School would be funded by an enrollment of 200 students, funding for enrollment under 200 students is based on the count date.

Discussion ensued regarding:

- how charter schools are funded;
- the composition and location of the children enrolled in the charter school; and
- marketing tactics of the charter school.

I. No Child Left Behind (NCLB) Update (*Chief School Administrator Bob Doyle*)

Mr. Troxel:

- referenced a handout listing a summary of goals for each of the District schools;
- stated that NCLB is comprised of two components (1) adequate yearly progress (AYP) and (2) highly qualified teachers;
- spoke regarding the factors of AYP – testing, attendance averages, graduation rates, etc;
- advised that an individual school is assessed and broken into subgroupings;
- noted that if one subgroup does not make AYP, then an entire school is assessed as not reaching AYP;
- reported that all schools have developed a school improvement plan, with two or three primary targets identified; and

- advised regarding the requirements of classifying as a “highly qualified teacher,” noting that the terminology has not yet been entirely defined at the federal level.

Deputy Mayor Colver asked the School District to follow up with Borough Clerk regarding a time that the District could present more information on NCLB.

Chief School Administrator Doyle spoke to measurability and accountability of NCLB and the need to follow up to ensure that the District is making progress.

J. MSB Code Revision Re: Liquor Licenses Near Schools and Bus Stops
(*School Board Member Welton*)

School Board Member Welton:

- voiced the concerns of some of her constituents regarding bus stops being located in parking lots and in surrounding areas of liquor stores; and
- inquired if anything could be done to allievate the concerns of residents in this regard.

Discussion ensued regarding:

- the issuance of liquor licenses;
- possible code revisions to address the location of bus stops during the issuance of conditional use permits for the establishment of liquor stores; and
- the change variable associated with bus stops from year to year and from direct requests.

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

School Board Member Menard:

- welcomed Assemblymember Vehrs to the Assembly;
- commented regarding the implementation of student uniforms; and
- wished all members happy holidays.

School Board Member DeVilbiss:

- congratulated Assemblymember Vehrs on her election to the Assembly;
- thanked Assemblymember Allen for encouraging the District to be performance oriented; and
- stated that he would like to see labor contracts motivated as well on a performance-based level.

School Board Member Welton:

- welcomed Assemblymember Vehrs;
- thanked the members for a good meeting; and
- wished everyone Merry Christmas.

School Board President Chmielewski:

- welcomed Assemblymember Vehrs;

- thanked the members for the discussion this evening;
- spoke to the significant effort of the finance advisory committee;
- stated that the District is making a concerted effort to include all parts of the community in their direction;
- advised regarding the transition of the Matanuska-Susitna Borough School District in becoming second in size in the state;
- spoke to the difference in PERS and TERS increases between the Borough and the School District, as there is a larger number of School District employees;
- commented regarding the high accountability of the School District and the change in the way testing is conducted and measured; and
- wished everyone Merry Christmas.

Ms. Dillon reminded the members of the Assembly of the December 18 meeting with the legislators at the Legislative Information Office at 3 p.m.

Ms. Clayton wished everyone happy holidays.

Assemblymember Bush:

- commented that the Matanuska-Susitna Borough has a good Assembly and School District with many opportunities;
- stated that he wished that more good jobs were available to graduates in the Mat-Su Borough; and
- wished everyone happy holidays.

Assemblymember Allen extended happy holidays on behalf of himself and his wife Sharon.

Assemblymember Colberg:

- commented regarding the need to have an understanding that there will be less funding available to the Borough and the School District in the future;
- opined that there has to be a recognition by everyone that there has actually been a steady increase in funding to the District and that there may be an end to the increase; and
- spoke regarding the necessity of caps and the need for discipline and realistic expectations.

Assemblymember Simpson:

- wished everyone happy holidays;
- commented regarding the NCLB standards that have not yet been solidified; and
- stated that she has to be careful about the requests that she makes and the policies that are set by the Assembly, as all standards and requirements have yet to be identified.

Assemblymember Vehrs:

- appreciated the efforts of everyone involved in working together to get the very best out of Mat-Su Borough schools;

- commented that the schools in the northern areas of the Borough are the heart of those communities;
- thanked everyone for keeping standards high while addressing shrinking revenues; and
- wished everyone Merry Christmas.

Deputy Mayor Colver:

- spoke to the waning support of the state on many projects that are important to the people of the Mat-Su Borough;
- commented that the smaller Mat-Su Borough schools should be treated the same as core area schools;
- spoke to the feed back associated with the recently held School District town meetings;
- stated that he would like the Assembly and the School Board to follow up on some of the items discussed this evening; and
- wished everyone Merry Christmas.

VIII. ADJOURNMENT

The special meeting adjourned at 8:45 p.m.

TIMOTHY L. ANDERSON, Borough Mayor

ATTEST:

SANDRA A. DILLON, CMC, Borough Clerk

Minutes approved: January 6, 2004