

MUNICIPALITY OF ANCHORAGE

ANCHORAGE ASSEMBLY/ANCHORAGE SCHOOL BOARD

Minutes for Joint Meeting of August 15, 2000

1. CALL TO ORDER:

Assembly Chair Fay Von Gemmingen convened the meeting at 10:40 a.m. in the Mayor's Conference Room, 632 West 6th Avenue, Anchorage, Alaska.

2. ROLL CALL:

School Board Members Present: Peggy Robinson, Dave Werdal, Bettye Davis, Debbie Ossiander, Tom Anderson

School Board Members excused: Harriet A. Drummond, Rita J. Holthouse

Assembly Members Present: Pat Abney, Anna Fairclough, Dan Kendall, Kevin Meyer, Dan Sullivan, Allan Tesche, Melinda Taylor, Dick Tremaine, Fay Von Gemmingen, Wilda Hudson

Assembly Member excused: Cheryl Clementson

3. PLEDGE OF ALLEGIANCE:

School Board President Ms. Robinson led the pledge.

The Chair asked for a moment of silence for Ms. Drummond and family.

4. MINUTES OF PREVIOUS JOINT MEETINGS:

- A. Joint Meeting – March 7, 2000
- B. Joint Worksession – March 21, 2000

Ms. Fairclough moved,
seconded by Ms. Robinson,
and it passed without
objection,

to approve the minutes of the joint meeting of March 7,
2000, and the worksession of March 21, 2000.

5. ADDENDUM TO AGENDA - None

6. ITEMS OF BUSINESS

- A. Ten-mill tax cap limit

Superintendent Christal said the tax initiative would mean a \$40 million reduction to the Municipality and a \$33 million reduction for the School District. He said that the budget directors of the Municipality and School District would confer about the basis for those reductions. The District has a major problem facing it whatever the amount of reductions. He recognized that reductions would be a major issue for the District if the initiative passed. He was concerned about the impact on the general fund, debt service and school bonds.

Mayor Wuerch said that the debt service for the Municipality would be affected and that the Municipality would sell all voter-approved bonds by December 31, 2000. He was encouraged that the Municipality kept its high quality bond rating evidenced by his recent trip to San Francisco. Bonds in the amount of \$138 million for the South Anchorage school would be sold if the initiative passes which would grandfather the debt service at 4 mills. If the initiative fails those bonds would not be sold. He outlined the financial effect of the initiative on the sale of bonds.

In response to Mr. Christal, Mayor Wuerch clarified that if the tax cap fails the \$138 million bond sale would be delayed. Other bonds would be sold on a staggered basis in increments of \$35, \$77, and \$38 million before November. He said that the preparatory work would be done for a sale; it was currently in the queue.

In response to Ms. Ossiander, Mayor Wuerch verified that the Municipality would sell all voter approved bonds if the tax cap initiative passed.

- B. Budget

Ms. Robinson expressed concern that last year's budget process was somewhat contentious and she asked for suggestions on what should be done differently in this budget year. The level of detail in the "large book" budget presented to the Assembly may not be what the Assembly needs. She asked what school budget information the Assembly wanted and for suggestions about how it is presented.

Ms. Fairclough replied that the revenues and expenses that affect property taxes would be the primary information; although, total revenue is also needed. She explained that some of her constituents complain that full-time kindergarten is costly, but the revenue for that program was funded by the state. She wanted to know how citizens' tax dollars were used.

Mr. Sullivan felt that the “Budget in Brief” booklet was useful, but he did not want the big budget binder. He also hoped that the Board and Assembly would work closer together. He volunteered to attend School District budget meetings as an Assembly representative.

Mr. Tremaine agreed. He said he had reviewed the large budget book, but found it overwhelming at times. He felt it was necessary to the task at hand.

Chair Von Gemmingen asked Municipal Attorney Greene to research if one book, located in the Assembly office, would fulfill the code requirement that the District submit its budget to the Assembly.

Mr. Tesche asked for a District organization chart and the ten-year trend of funding sources, major expenses, per student costs and performance indicators.

Mr. Meyer recalled that the School budget advisory commission usually recommends a school budget reduction and suggested that the District anticipate an answer regarding the impact of a given reduction to school services.

Ms. Ossiander felt it was difficult to respond to possible reductions before they were made since such proposals are usually very debatable. The 2001 budget will be atypical with large reductions and, therefore, challenging to answer reduction scenarios before any debate.

Mr. Werdal agreed that each budget year is unique; for example, next year’s budget already requires a \$20 million reduction due to teachers’ contracts.

C. Budget Process

Mr. Christal spoke about the District’s budget process review teams. He said that 128 volunteers contacted the District already and that he expected 200 such volunteers. It was a good response.

He spoke to ASD Memorandum #31 of August 14, regarding the FY 2001-2002 Budget Review Process which was described in two tiers: one based on maximum under local tax cap and the second on passage of the tax-cap initiative (99PTAR). General fund expenditures would be reduced by \$20 million in tier one and \$60 million in tier two if the tax-cap initiative passes. He explained the District’s General Fund budget, which was attached to ASD Memo #31 and shown on an overhead projector. The current budget for 2000-01 was \$338 million; but to continue that budget next year or “business as usual” plus contract and program obligations, it would be \$346 million. The District is aware that revenue will total only \$326 million which creates a \$20 million initial gap. He said the budget if the tax-cap initiative passed would be \$287 million. The District will prepare a budget \$20 million less. A tier two budget would be \$32 to \$39 million less.

Mr. Christal continued by explaining the community-wide effort organized in teams of eight citizens around seventeen different school areas. Citizen teams would review the budget for six to eight weeks and send recommendations to the Board. He expected the initial recommendations by October with an alternate budget in December. He emphasized that a \$20 million budget reduction was significant and a larger reduction will change the school system entirely.

In response to Mr. Kendall, Mr. Christal explained the estimated revenue projection scenarios based on the FY 2000-2001 total of \$337,846,879: state sources are \$215 million and federal sources are \$9 million. For FY 2001-02, twelve million dollars in fund balance was dedicated so it would not be reoccurring. Property tax revenues are \$101 million and state and federal sources are about the same as the current year. The district wants the allowable tax cap revenue in order to fund a \$326 million budget; the impact with a tax-cap would be \$101 million versus \$65.5 million revenue for schools. He mentioned that an additional loss of \$3 million in state revenue would be realized due to a tax-cap also.

Janet Stokesberry spoke about the effects of increased assessed property evaluations, level enrollment and the fact that a one-time grant would not be repeated that reduced the state sources to \$211 million.

Ms. Ossiander felt it would be a challenge to explain to the public why there were funds for school construction if personnel layoffs were made. She felt it would be necessary to educate the public about that.

In response to Mr. Tesche, Mr. Christal expected a preliminary tier one budget available after mid-October and early November for major tier two impact.

Mr. Tesche said that the budget time frame was tight; he hoped that the public would know the impacts of budget reduction before the November election. He felt that even summary information would be important for public understanding of what the town would look like.

Ms. Fairclough suggested that each budget team include someone who supported the 10-mill tax cap initiative.

Ms. Taylor concurred with Ms. Fairclough’s suggestion because those proponents would add impartiality to the budget process.

Mayor Wuerch invited the Assembly’s attention to footnote one, the maximum allowable tax under the tax cap formula. He said it was a tough strategic question. He explained that if Municipal spending was reduced below the tax cap and then adjusted to the maximum, that might create additional funding for the school district because that is not money used for Municipal operations. The trade off that members would have to make is what kind of community they wanted. The administration was aiming to give members choices; it is aiming to lower taxes below the maximum under the local tax-cap. If it is agreed to lower Municipal spending, do the members want to reapply that money, then, to education?

D. Assembly action regarding appropriating \$5 million if Tax Initiative fails.

Ms. Robinson reminded the members that \$5 million would be restored if the tax initiative failed. She asked what process was needed to effect that restoration of money.

Mr. Kendall recalled that the money would be automatically restored. Chair Von Gemmingen and Mr. Christal agreed to that interpretation.

Chair Von Gemmingen would verify the restoration with the Municipal finance and legal departments.

E. ASD and MOA needs from the State.

Ms. Ossiander spoke about the District's legislative package. She said Juneau was concerned about transportation cost increases and limitations thereon. She explained the "Adequacy Study" which the Board would monitor closely. The Board will work with the Municipal League as well as the Assembly on its legislative issues.

Chair Von Gemmingen said that Anna Fairclough was the Assembly's legislative chair this year. And, Ms. Ossiander responded that she is the Board's legislative chair.

Ms. Ossiander continued that the Board was meeting on September 16 with other school board members from Juneau, Fairbanks, Matanuska-Susitna and Kenai to discuss common areas of interest. They will meet at the School District.

In response to Chair Von Gemmingen, Mayor Wuerch discussed plans for meetings with the legislative caucus after the November 7th election to deal with the legislative priority.

Chair Von Gemmingen suggested that University of Alaska Anchorage could be included.

Mayor Wuerch felt that sharing consistent information on budget details helped to capture the public's attention about making an informed decision on November 7th. He hoped to meet with the legislative caucus.

Ms. Ossiander said, historically, the Board met with each caucus member to talk about District concerns in depth.

Ms. Robinson recalled that just the Assembly and School Board were in the budget consortium, not UAA.

F. Proposed bond Package for 2001 ballot

Superintendent Christal said that the Board should be realistic with citizens about the impact on school construction bonds if the tax-cap initiative passed. He said people would not be hearing about Chugiak-Eagle River, Muldoon Middle or various school renovations if it passes. He felt it was incumbent on the members to so inform the public. He did not feel that the public understands that clearly now.

Chair Von Gemmingen related how she tried to explain how bonding would be affected to a Spenard Community Council. She found people were surprised to hear that. They had no idea that bonding would be affected as well as replacing roofs.

G. Cost Savings by joint ASD/MOA use.

Mayor Wuerch referred to a booklet that documented earlier efforts at District and Municipal consolidation. More recently, he related the need of the two agencies to address consolidation of swimming pools. He hoped that a solution to avoid losses could be found rather than shifting them from one group to another. He said the Administration was inundated with the budget process at the present time however.

Ms. Fairclough said that the Dimond High School pool had "ran in the green" because of its management. She asked if the same strategies might be used at other pools.

In response to Mr. Meyer, George Vakalis said that there were no joint custodian contracts in the past five years. However, the City and the State shared favorable purchase bids and the School District does the same thing. There has been a collaborative effort on the joint use of gymnasiums, hockey areas, and ball fields. There is, now, a formal process that makes those facilities available to anyone.

Superintendent Christal noted that school custodians have different jobs than other custodians. They open buildings for community use, manage traffic through schools and do more than a cleaning function. They are, in fact, the gatekeepers for community school programs. He said that in past reviews regarding custodians, the added responsibilities increased costs compared to traditional nighttime custodial duties.

Mr. Meyer felt that increased security and trust could be obtained with contract employees. He remembered that the consolidation booklet reflected a possible \$1 million savings by using private companies.

Mr. Christal spoke about cost savings made within the District's custodial budget as recommended. As an example, the District reduced "windshield" time for custodians to save money. He said the District did not ignore past recommendations, but it did not have to contract out to get them.

Ms. Fairclough talked about rental of schools to the public to increase public perception of school ownership. However, the overtime costs of building maintenance staff, due to negotiated contracts, were too burdensome for the group with whom she had worked. She asked if overtime costs had been addressed in these contracts. For example, when a group rents a gym and pays rental plus the costs of security on a Saturday, it is prevented from raising the event costs enough to pay for personnel.

Mr. Christal responded that the District had made some growth in that area; it had not eliminated all overtime by any means. He said that the District had made adjustments in the contract language to get flexibility to reduce such costs.

Mayor Wuerch noted that the Municipality was searching its surplus properties like the property on “L” street. He said that over the next few years he hoped to have a comprehensive assessment of Municipal buildings and properties including equipment yards and dispatch shacks to see if MOA is properly positioned for the size of services delivered.

In response to Ms. Robinson’s question about the status of the Tudor bus barn, Mr. Vakalis explained that the Municipality required additional space for its new Permit Center building and parking. Consequently, the District gave up some acreage near the bus barn. The thought was that the District might address complaints about idling buses by having an enclosed bus barn similar to the Transit Department. If this concept could work, the School District would be a good candidate for that area (Old Public Works location) as well as providing space for the “L” Street Health Department because of its proximity to the Native Hospital and closeness to a major bus route. He related the process taken before he left the Municipal manager’s position. He did not know if a site plan analysis had been started.

H. Status Report: Construction Management.

Mr. Vakalis said there was eight, different management studies made about the District’s construction process as well as consolidation efforts. The most recent study, conducted by Arthur Andersen in 1998, elicited Assembly discussions about hiring an outside firm to look at the District. He distributed an analysis of the fifteen findings in the Andersen study, eight of which are completed; five are soon to be complete. He said the study was helpful to the District. He invited the Assembly, at another time, to request more detail about the report. He felt it was a positive effort for the District.

Superintendent Christal asked for time with the Assembly to examine the Andersen study in more detail. He hoped it would not be put off and placed “on the shelf.” It was a big issue two years ago.

In response to Ms. Abney, Mr. Vakalis said that the District has an in-house person and outside consultant to evaluate the District’s completion of the recommendations. The outside firm was Barbar Arkhon.

I. Joint Committee on (Construction) Memorandum of Agreement.

Ms. Ossiander wanted the bodies to re-examine the Memorandum of Agreement, which has caused countless discussions and confusion. She and the Board would support any change to make the process work better. The biggest problem was lack of clarity about what is covered in the Memorandum; she had strong personal frustration with the recent ordinance on changing the way design professionals and designs are adopted. She recalled that when Mr. Begich was Chairman, the process was begun, but has been put off since. It was warranted now because of the vast amount of construction coming. The basic documents were very general, amplified somewhat by the Mayor’s notes, but they did not fully articulate the respective responsibilities. For example, she said the Board had assumed, for many years, that design approval was in the Board’s province.

Ms. Robinson asked if the members agreed that it should be rewritten and, if so, how to get the plan off the ground.

Ms. Hudson agreed with Ms. Ossiander. She recalled that the agreement provided that the District take over these functions. She read a copy of it and changed her mind about who made the decision on the designers. It was from a very narrow, back in the 80’s, context that did not extend beyond specific projects. That was her interpretation; she felt there was a big gap between what the agreement says and people could agree on. She felt it was a very hastily drawn document.

Ms. Ossiander added that a lot of it was specifically responsive to litigation concerns over the construction of Gruening School. The atmosphere at that time influenced what was happening then, rather than the future good and clarity.

Chair Von Gemmingen verified that the date it was executed was sometime in 1982. The Chair asked that all members have copies of the agreement and for volunteers for a committee to work on the issue.

Ms. Fairclough volunteered to be a member of such a subcommittee.

Superintendent Christal said that the District was beginning \$170 million construction over multiple years. He felt it was a very big issue for the community. Where would school construction be over the next three to five years. Construction seems to come up monthly, but District staff is fearful of losing their jobs because of comments made by an elected official, someone in the Municipality or District. It is a big and legal issue for the District when signing contracts with contractors.

In response to Ms. Abney, Mr. Christal said that school employee turnovers are due to today’s workforce. However, people get nervous when they hear about these things and start looking.

In response to Ms. Abney, Mr. Vakalis said that the District was not real competitive in salaries. He felt there was a shortage in certain categories in Anchorage as a whole.

The Superintendent said that the value to District employees might not be salary alone, but associated benefits are attractive.

Ray Amsden, from the District, said there are clearly other opportunities in the design community right now, not only in Alaska, but nationwide. That circumstance is a draw to District people and others pay more.

In response to Chair Von Gemmingen, Mr. Kendall and Mr. Tremaine also volunteered for the Memorandum of Agreement subcommittee. Mr. Anderson, Ms. Ossiander volunteered from the Board.

J. Future Construction Approvals.

Mr. Amsden outlined the construction projects in the District. The South Anchorage school was on going. The on-going high school renovation projects are: Chugiak High School, Phase 3 beginning design effort this fall, all the design work is complete for Phase 1; Service High School designer selection is on the August 15 Assembly agenda; the schematic design for East High School is complete and the Board will see it on the 28th of August; and Bartlett design work is beginning, schematics in September. The Denali designer selection is for tonight with preliminary design this fall. Wendler has funding for Phase 1, which is primarily the site development.

Superintendent Christal named what construction projects would be finished this summer. He was proud of what was happening at Oceanview, Government Hill, and others.

Mr. Amsden said that the Government Hill project was an expedited procurement process; it was design-built and finished a half year early.

K. Status Report: Dimond High School gym and pool

In response to Chair Von Gemmingen, Mr. Vakalis said Mr. Christal approached the Mayor to form a joint committee to look at the possibility of the pool and gymnasium as a recreation center. A formal process was established, but the first task force meeting was delayed, during administrative transitions on both sides, until last week. The committee also looked at pools, in general. The Dimond gymnasium is unique in that it will be a “stand-alone” facility with its own mechanical system. Since folks from South Anchorage felt they were under served in sports facilities, perhaps it is time to look at some type of recreation center for that area of Anchorage. It was an opportune time for the committee to discuss the Dimond pool and gymnasium.

He continued that the current pool arrangement is that Municipal Parks and Recreation run pools, except for Chugiak High School. They have run the programs and received the revenues for many, many years. However, the School District pays for all the expensive major maintenance, about half a million dollars a year, not including utilities. Some may feel this is inequitable, and it may be a good time to examine the arrangement. In addition the District pays \$60 per hour rental fee for use of the pools to Parks and Recreation. Documents on that arrangement have not been located.

Mr. Vakalis said the District would be examining the arrangement due to budget restrictions; both the District and Municipality are now running a deficit in pool operations. The task force was asked to make recommendations to the Municipal Manager, Harry Kieling, and Mr. Vakalis by September 1.

9. ADJOURNMENT:

Chair Von Gemmingen reminded that the status report on the construction management audit should be on the next joint meeting agenda.

President Robinson and Chair Von Gemmingen agreed to set the next meeting in late September. Chair Von Gemmingen requested an update on school enrollment statistics at that time.

The meeting adjourned at 12:10 p.m.

Chair
Anchorage Assembly

President
Anchorage School Board

ATTEST:

Recording Secretary

Date Minutes Approved: December 19, 2000

VC/vc