

MUNICIPALITY OF ANCHORAGE

ANCHORAGE ASSEMBLY

Minutes for Special Meeting #2 of April 4, 2000

1. CALL TO ORDER:

The meeting was convened at 5:10 p.m. by Assembly Chairman Kevin Meyer in the Assembly Chambers, 3600 Denali, Anchorage, Alaska.

2. ROLL CALL:

Present: Dan Kendall, Dan Sullivan, Allan Tesche, Melinda Taylor, Kevin Meyer, George Wuerch, Anna Fairclough, Pat Abney, Fay Von Gemmingen, Cheryl Clementson (6:00 p.m.)
Absent: Dick Tremaine (excused.).

3. PLEDGE OF ALLEGIANCE:

The pledge was recited earlier in the evening, before the previous special meeting.

4. CONTINUED PUBLIC HEARING:

- A. Ordinance No. AO 2000-39, an ordinance determining and approving the total amount of the **annual operating budget of the Anchorage School District for its fiscal year 2000-2001** and determining and appropriating the portion of the Assembly approved budget amount to be made available from local sources, Anchorage School District.
1. Assembly Memorandum No. AM 125-2000.
 2. Ordinance No. AO 2000-39(S), an ordinance determining and approving the total amount of the annual operating budget of the Anchorage School District for its fiscal year 2000-2001 and determining and appropriating the portion of the Assembly approved budget amount to be made available from local sources, Assemblymember Clementson.
 3. Assembly Memorandum No. AM 303-2000.
 4. Assembly Memorandum No. AM 349-2000, Mayor's Office.
 5. Ordinance No. AO 2000-39(S-1), an ordinance determining and approving the total amount of the annual operating budget of the Anchorage School District for its fiscal year 2000-2001 and determining and appropriating the portion of the Assembly approved budget amount to be made available from local sources, Assemblymember Kendall.
 6. Assembly Memorandum No. AM 352-2000.
 7. Ordinance No. AO 2000-39(S-2), an ordinance determining and approving the total amount of the annual operating budget of the Anchorage School District for its fiscal year 2000-2001 and determining and appropriating the portion of the Assembly approved budget amount to be made available from local sources, Assemblymember Sullivan.
 8. Assembly Memorandum No. AM 354-2000.
 9. Ordinance No. AO 2000-39(S-3), an ordinance determining and approving the total amount of the annual operating budget of the Anchorage School District for its fiscal year 2000-2001 and determining and appropriating the portion of the Assembly approved budget amount to be made available from local sources, Assemblymember Von Gemmingen. **(LAID ON THE TABLE)**
 10. Assembly Memorandum No. AM 373-2000.
- (CONTINUED FROM 3-21-00)

Chairman Meyer opened the public hearing and asked if anyone wished to speak.

CHRISTIAN WARREN yielded his time to Mr. Kalenka.

Chairman Meyer ruled all speakers had three minutes to testify. He noted Assemblymembers may have questions for persons testifying, which would extend their time at the podium.

UWE KALENKA, speaking on behalf of Alaskans for Property Tax Reform, noted the group supports raises for Anchorage School District (ASD) teachers. He felt it was hypocritical for District officials to accept pay raises, while teachers' raises are still in question. Mr. Kalenka felt some Assemblymembers and District officials were using teachers as pawns to scare the public into voting against the 10-mill rate cap initiative in November. He said there is enough money to pay teachers a decent salary. He felt the Municipal budget was also unbalanced, with a few employees earning a disproportionate amount of salaries. He urged teachers to vote for a raise for themselves, and urged the public to support the 10-mill cap initiative in November.

JO GARRETT, supervisor for Gifted Programs with the ASD, spoke as an advocate for the over 2,000 gifted students in the District. She pointed out these students currently receive a minimal amount of service. She said if the ASD requested budget is reduced, services to gifted students will be reduced to an inadequate level. She felt the Gifted Program should be driven by educational theory, and not economics. Ms. Garrett urged the Assembly to make no cuts to the proposed budget.

MICHAEL GRAHAM and CHERYL GUYETTE, assistant principals at East High, addressed the Assembly. Mr. Graham also spoke as assistant principal at large for the Alaska Association of Secondary School Principals, and as a parent of ASD

students. He noted District officials have worked very hard in the last few years to cut spending as much as possible. Mr. Graham pointed out a few years ago, citizen groups identified areas of the ASD budget that could be cut, and ASD officials implemented many of those recommendations. When citizen groups assembled to review the budget for a second year, they had trouble identifying more areas to cut, and in fact suggested areas that needed increased funding. It was clear additional cuts would adversely impact students. Mr. Graham noted State-mandated exit exams and performance tests, improvement of education is a real concern. He agreed the proposed 10-mill cap would have a negative effect on schools, but pointed out citizens have not voted on that issue yet. He asked the Assembly to act on the proposed budget without making cuts in anticipation of approval of the 10-mill cap.

KATHERINE JONES introduced her colleagues from Chugiak High School, JACKIE LOUIS and PAT WALKER. Mr. Jones pointed out students are an undiscovered treasure, and teachers and other staff help to unearth the treasure. She said their goal was to educate students to enhance their success in the future. Each year, the public places more responsibility in the hands of public schools, and there is a price to be paid for this enormous task. Unless people understand the importance of educators and their tasks, their efforts will continue to be unappreciated and the budget will be viewed as something to reduce. Ms. Jones noted budget reductions complicate educators' efforts, and discussed the impacts of proposed cuts at Chugiak. She asked the Assembly to approve the ASD budget as proposed.

MIKE TAVELLA, chairman of the Alaska High Tech Business Council, recounted a story of schools in Bloomfield, New Jersey. The schools in that older community are not very good, because the community wanted to keep property taxes as low as possible and continually voted against school improvements. His brother moved from that community to Montclair, New Jersey, where there are higher property taxes and very good schools, in the interests of his child's education. Montclair is a younger community with many professional citizens. Mr. Tavella felt younger professionals are not as concerned with higher property taxes. The High Tech Business Council is trying to attract young, professional high-paid citizens to Alaska, which is difficult when they find out that Anchorage is moving backwards by reducing education funding and reducing property taxes and services. He felt this trend was not conducive to expanding the economy. The more property taxes and services are reduced, more people who can afford to expand the economy are discouraged from settling here. This has the effect of increasing property taxes, because there would be fewer citizens to pay the taxes.

PATTY KENNEDY, a math teacher with the ASD, noted ASD elementary students are performing better in the area of mathematics than they were in 1995. She cited studies which show higher levels of math achievement in high school lead to higher rates of bachelor degree completions in college, and high school math achievement is directly affected by middle and elementary math performance. Ms. Kennedy pointed out the District's math coordinator was "pink slipped" recently because of pending cuts to the proposed budget. She acknowledged the proposals would all increase the budget over last year, but pointed out less than the requested amount would be a reduction in terms of needs for the coming year. The math coordinator position keeps the District moving forward with high standards for math education and training for teachers. She felt it seemed reckless to reduce funding to the District at a time when students are doing well and continue to improve in the area of mathematics. She asked the budget be approved as submitted.

MARY JOHNSON, principal of Susitna Elementary and president of the Alaska Association of Elementary School Principals, urged the Assembly to support the ASD budget. She felt the opportunity for her grandchildren to have the best education possible was in jeopardy if the proposed ASD budget is not supported. Ms. Johnson acknowledged the challenges faced by the Assembly, particularly in light of the 10-mill cap proposal, but she urged them to keep children in mind. She pointed out two or three years in larger classes with fewer learning opportunities and less-qualified teachers would affect students considerably.

DOROTHY OTTER, principal at Steller, encouraged the Assembly to support the proposed ASD budget. She felt most residents of Anchorage ranked quality education as a high priority. She felt currently, the District provides high quality education, via many different educational programs. She noted the District must cater to gifted and special needs students as well as those preparing for college or vocational training and those involved in athletics, arts or alternative programs. Ms. Otter said the tremendous diversity of the Anchorage population is one of the community's strengths, and the District has a mandate to serve that diversity. She added that if the 10-mill cap is approved in November, she hoped Municipal officials would use the Municipal undesignated fund balance to maintain the quality schools existing in the District. She felt it was important for officials to find alternative methods of generating revenue.

ED EARNHART felt the School Budget Advisory Commission members have not tried to understand education issues, but merely tried to find ways to reduce the ASD budget. He felt most Alaskan residents were sensible, and would not approve the 10-mill cap. He encouraged the Assembly not to be influenced by the threat of the 10-mill cap, as there is plenty of money to deal with that emergency if and when it comes to pass.

BRIAN HOSKEN, Dimond High School activities principal, spoke about the impact of any budget reductions would have at the high school level. When any budget cuts are made, extra-curricular activities are usually the first to be eliminated or reduced. He pointed out these activities are often responsible for life-long positive impacts on students, and provide a multitude of learning opportunities outside of the academic environment. Mr. Hosken felt reducing the ASD budget was short-sighted and would devalue the future of the community.

CHUCK NIGARD, dean at East High, and SYD DUFFIN, assistant activities principal at East, spoke. Ms. Duffin outlined the various achievements by East students and noted every school in the District has similar records of achievement. She noted the District has one of the highest rates nationally for high school graduation, and Anchorage students have among the highest S.A.T. and other test scores in the country. Ms. Duffin said a thriving, economically viable city is measured by the caliber of its school system. She said reducing the budget, thereby cutting programs and increasing class size, would not enhance the quality of life in Anchorage. She pointed out the requested budget was analyzed and approved by qualified people.

MARGO BELLAMY, principal at Wendler Middle School, spoke on behalf of students, who are the reason everyone was present. She introduced two students, Yen and Helen.

YEN TAW, an eighth-grade student at Wendler, described her involvement with the music program at the school and with the Anchorage Junior Youth Symphony Orchestra. She felt a reduction to the ASD budget would greatly affect both of the music activities she is involved in, as well as her general education. She noted currently, the middle school status at Wendler gives students seven classes, more teachers and an enriched education experience. If the budget is reduced, Wendler may return to a junior high status, which would reduce the educational opportunities. She asked the Assembly to consider the importance of the programs at Wendler which might be eliminated if the budget is cut.

HELEN FLEMMING, an eighth-grade student at Wendler, felt the proposed reductions to the ASD budget would directly affect her education. She reiterated Ms. Taw's comments about the benefits of the teaching and program at Wendler. She requested the Assembly support the proposed ASD budget.

DARRYL VINSEK, principal of Russian Jack Elementary and a parent, spoke about the potential impact of proposed cuts to the proposed ASD budget. He pointed out education now includes social skills as well as academic skills. Anger management, conflict resolution, personal health, community involvement are also taught in schools. Since many children no longer learn these skills in the home, it is important for them to be taught in schools. If the skills are not taught in schools, children will learn them from exposure to other cultural sources. If the budget is reduced, the effects on the community will be damaging and last for years. Mr. Vinsek felt the District must offer quality teachers incentive to come to Anchorage. He asked the Assembly to invest wisely in Anchorage's children.

PETER MAXY, a parent and community schools advocate, pointed out education does not end at graduation. He noted Community Schools served about 160,000 people in the spring and fall semesters last year. He felt the Assembly has been supportive of education in the past, and asked them to continue on that path.

Mr. Tesche noted several students from the University of Alaska, Anchorage were present to address the Assembly on the issue of creating a polling place at UAA.

Chairman Meyer pointed out only the ASD budget would be considered at this meeting. However, he invited the students to attend a worksession to discuss the UAA polling place issue on April 11, 2000.

SARAH GANT spoke on behalf of the 57 PTA units in the Anchorage Council of PTA's. She opposed the proposed reductions to the ASD budget. She presented a resolution approved by the Council last night in opposition to the proposed 10-mill cap initiative. Also, a similar resolution will be presented at the State PTA convention later this month. PTA Councils in Fairbanks and Nikiski have passed similar 10-mill cap opposition statements. Ms. Gant pointed out Anchorage is the only community she is aware of that is considering reducing its education budget prior to the November vote on the 10-mill cap initiative. She said it would be impractical to open the school year under one budget scenario, and change the scenario halfway through the year. The District would not be able to find personnel to implement the programs and provide education at the level expected by the community. She felt it was unfair to expect educators to remain in a community that would operate in this fashion.

SOPHIA MASEWICZ, principal of Romig Middle School, spoke in support of full funding for the ASD budget. She said in the nine years she has been principal, she has witnessed significant improvements and documented increases in student achievement. Student suspension reductions, more parent involvement, more integrated curricula and high quality teaching collaboration are only some of the benefits of the middle school system. She felt a reduction to the proposed budget would compromise the continued success of these achievements. Many programs and staff positions will be reduced or eliminated, and the middle school concept will be discontinued. Ms. Masewicz urged the Assembly to support full funding of the ASD budget.

BILL BASSETT noted he voted "no" on all the school bond propositions today, because the District Administration and School Board do not provide funds for maintenance of buildings. Also, the current building design has not been improved and schools are still being built with flat roofs that habitually leak. Mr. Bassett felt the District should have a few quality designs, so not as much money is required for designing each school. He pointed out some schools in other cities have lasted over 50 years; he felt a school designed to last only 25 years was inefficient.

In response to Ms. Fairclough, Mr. Bassett supported reducing the ASD proposed budget by \$16 million. He felt the 10-mill cap would be approved in November, so there must be some adjustments made to expenses.

CATHY LICHNER, spoke in support of the Community Schools program. Although Community Schools represents a small portion of the ASD budget, if the budget is not fully funded the program would be crippled or eliminated entirely. She described the benefits of the Community Schools program. Ms. Lichner acknowledged the budget would need to be cut if the 10-mill cap is approved, but pointed out there is still a possibility the cap will not be approved. Even if the cap is approved, it will not become effective until after the school year has begun. Fully funding the ASD budget will provide time and resources to develop a plan to cut the budget, if and when necessary.

SHERRY STEARS, principal of Clark Middle School, asked the Assembly to consider the testimony of citizens before making a decision on the ASD budget. She discussed the increasing problem of gang activities in Anchorage. Experts agreed that to prevent violence, youth must be offered more activities, more intervention and more individual services. She noted the ASD was doing an excellent job of providing these types of services, however, if the budget is reduced, these services will be the first to be eliminated. If the 10-mill cap is approved, she felt cuts should be made in areas other than education. People will then have to deal with potholes and inadequate snow removal. If they are unhappy, they can decide to vote again or pay for those services another way. There would be no lasting damage from an interruption in these services, but there would be lasting damage from cuts and interruptions in education. She asked the ASD budget be approved as presented.

KAREN IRIS, a teacher at Abbott Loop Elementary, spoke about the importance of forward thinking regarding education. She pointed out students in first grade this year will be doctors, lawyers and community leaders in 30 years. Without a

standard and financial plan, it will be more and more difficult to educate children. Also, cutting the budget now will make it more difficult to catch up in future years.

KAREN STROBE, parent of two elementary-aged children, noted studies indicate that every dollar dedicated to youth programs and classrooms is repaid to the community tenfold. Children exposed to positive programs become productive members of the community. She reiterated the comments in support of the budget made by previous speakers.

LOU KUSTIN, principal of Oceanview Elementary and president of the Anchorage Principal's Association, noted throughout his career there has been a need to advocate for children. Despite this advocacy, his profession receives repeated criticisms about their performance. He and his colleagues do the best they can to provide quality programs for children, with continually decreasing resources. Mr. Kustin acknowledged people still think the ASD administration has more money and staff than needed. He disputed this perception, noting administrators work 60-hour weeks attending public meetings, resolving disputes and other duties, leaving little time for basic job duties and no time to assess those areas which could be improved. He discussed the difficulties faced by teachers to meet the needs of a very diverse student population. He added the ASD Maintenance and Operations Department has done a great job in keeping District buildings in shape, but that Department is stretched to its funding limit also. There are many other areas of the District which are necessary to serve children, such as food service, secretarial personnel and others. All these areas must be fully funded to provide a quality education for Anchorage children. He said reducing the proposed budget would negate all the gains made in the last few years. He asked the budget be approved as proposed.

MYRNA MOULTON spoke on behalf of the North Star PTA Board. Ms. Moulton read a statement by the Board in support of full funding for the ASD budget. Board members felt any reductions to the budget had potential to be devastating to the quality of education. They asked the Assembly to consider all citizens; students as well as taxpayers.

KATHI GILLESPIE, a member of the School Board, spoke in support of the proposed ASD budget. She said if local funding of the budget is reduced, it would be difficult for School Board members to lobby for State funding in Juneau. Legislators will question why State funding should be increased if the local legislative body would not fully fund the local share. It will be very difficult for her and other Board member to answer that question. She commended the Assembly for approving the ASD budgets in the past few years, and she felt it would be a mistake to reverse that trend. Ms. Gillespie pointed out reduction of the proposed budget would result in cuts to programs and activities, even if the reductions are reinstated later. Making a preemptive cut to the budget would remove citizens' ability to consider the consequences of their vote in November on the 10-mill cap initiative. She asked the Assembly to fully fund the ASD budget.

In response to Ms. Fairclough, DEBBIE OSSIANDER, School Board member, addressed Ms. Fairclough's question on the amount of State funding. She said they will not know the full amount of State funding for some time.

In response to Ms. Fairclough, Ms. Gillespie said the School Board has not yet taken a position on the actions which would be taken to adjust the budget if the 10-mill cap is approved. She felt with the Municipality's fund balance and a possible legal challenge to the 10-mill cap initiative, the District budget would not face circumstances so dire as people imagine. She felt it was important to concentrate on how to manage a potential cut in funding, rather than to cut the budget in a preemptive strike, which will be damaging to Anchorage students.

In response to Ms. Fairclough, ASD Superintendent Bob Christal said if the 10-mill cap is approved, it will impact the District's budget by \$33 million next year. He said that would mean loss of jobs, programs and services. Those reductions would be made with the help of a public input process. Until that process is under way, he could not speculate the impact on various areas.

DEB MACINTIRE requested the Assembly not reduce the proposed budget. She attested to the fact there is no surplus at her child's school, as she spends a lot of time there. As a member of the PTA, she knows that organization works hard to provide the extras the District is no longer able to provide, such as an ice rink, printers and cables for the computers, library books and field trip buses. She was afraid in a few years, the PTA will be working to provide basics rather than extras. She was also concerned that the District's best teachers will leave if they are not given a decent raise at this time. Ms. MacIntire supported the concept of diversifying the tax base, so people other than property owners would pay taxes.

ANDY HOLLOMAN, a teacher at Golden View Middle School, said he and his colleagues work hard to plan how to use available funds. He asked the Assembly to only reduce the budget if absolutely necessary, and if necessary not to an extreme. He said a large reduction would negate years of slow, careful work to build the District's current level of service. He pointed out most school bond issues are approved by Anchorage voters; citizens here do not appear to be revolting against taxes. If the 10-mill cap is approved, he felt Anchorage citizens will find some way to fund Municipal and ASD services at the same level.

NINA JOHNSON, a student at Mirror Lake Middle School, felt it was important that the Assembly not reduce the budget. She explained how important team sports and other extra-curricular activities are to people her age. This is a time when people are deciding how to use the rest of their lives, and these activities are helpful to those decisions.

DAN BAILEY and CHAD FRICTLE, students at Mirror Lake Middle School, spoke about the importance of team sports. They were concerned team sports would be reduced or eliminated if the proposed ASD budget is reduced.

FOREST LEO, a fourth-grade student at Inlet View Elementary, asked the Assembly not to take an actions that would reduce art and music programs, or the Community Schools program. He said his family returned to Anchorage from Chicago in large part because of these services through Anchorage schools.

STAN SYTA, Director of Operations for the ASD, said his staff keeps the schools clean for students and all community users. He acknowledged things are very difficult because of the potential 10-mill cap. He pointed out the community seems to always request more in the area of school programs and services, and government demands more through rules and regulations. These requests and demands cannot be met without more funding. He felt it was unrealistic to expect the same

level of services without an increase in the budget, as the cost of everything is constantly on the rise. Mr. Syta noted custodians suffered a serious reduction a few years ago, with the result that many schools are not as clean as they should be. Many students, staff and parents complain about the lack of services. He asked the Assembly not reduce the proposed budget, as it would likely result in more job cuts. He noted it was possible to cut custodian staff to a level that might result in schools being closed for health reasons.

DUANE MORAN, Supervisor of AV Services and Library Resources for the District, spoke about quality of life issues. He noted cities that ranked high on a list of places to live shared certain qualities, including a strong economy, good schools, cultural and recreational opportunities, and safety in transportation. He felt Anchorage has these qualities, and we should try to maintain and improve them. Keeping and enhancing this quality of life will attract industries to Anchorage.

PAM FRICTLE, a parent, spoke in support of the proposed ASD budget. She noted the increase in the budget was from increased grant revenues, and the desire to give teachers raises. Although elementary school populations are beginning to level off, middle school and high school populations will continue to increase over the next few years. She explained the importance of the middle school concept, which would be seriously affected by teacher reductions.

DEBORAH WRIGHT spoke about the Community Schools program. She noted the program benefits everyone in the community, and it would be a shame if it was eliminated due to the proposed budget reductions.

MATT NOLAN, president of the Anchorage Council of Education, noted the proposed 10-mill cap vote is still five months in the future. He committed his time and energy to campaign against the initiative. He felt in order to fight approval, it was necessary to have confidence in that fight. If the ASD budget is reduced, it will create an element of doubt, and remove the incentive for people to vote against the initiative.

DIANE JOHNSON, PTA president at Creekside Park Elementary, commended the Assembly for supporting education funding in the past. She urged them to maintain that support tonight. She asked the Assembly not to assume approval of the 10-mill cap is a given, because it was possible for concerned citizens to defeat the measure.

WANDA JOSE, president of the Chester Valley PTA, spoke in support of the proposed ASD budget. She noted Chester Valley is a small school, serving only 350 students. The school is long overdue for needed renovations. Also, the Community Schools program is a vital part of the school, and any budget reductions would seriously impact the program.

GARY HOFF secretary at Oceanview Elementary, spoke representing the school staff. He urged the Assembly to approve the proposed ASD budget. He felt it was important to keep the quality of education at the level it has risen to in Anchorage. He felt the budget should be approved, and then citizens can address changes in State funding of education and unfunded Federal education mandates. If the 10-mill cap is approved, impacts can be addressed at that time. In the meantime, he encouraged the Assembly to approve the budget as presented.

TELEQUI FINAU, spoke representing the Tongan American Society of Anchorage, spoke in favor of the proposed ASD budget. He noted lack of education was a problem in his native home of Tonga, and he wanted that situation to be different for the Tonganese in Anchorage. He pointed out sports activities are especially important, as some students can only attend college if they excel in sports. If the budget is reduced, sports and other extra-curricular activities will suffer.

RITA HOLTHOUSE, a member of the School Board, assured the Assembly there is no surplus in the proposed ASD budget. She was present at all the meetings and public testimony used to prepare the budget. She pointed out the ASD is the only district in the State that is being threatened by its funding agency with the proposed preemptive cuts. She could not understand why this is the only community trying to address the 10-mill cap in this manner, yet the cap will affect the entire State. She pointed out the District has received a legal opinion that the preemptive reduction is not necessary, and she felt it should be given more credence. The idea that the reduction would be returned to the District in the event the cap is not approved is flawed. Ms. Holthouse explained if the reduction is made, teachers will be fired, programs will be eliminated and supplies and textbooks will not be ordered. It will be too late at the end of the calendar year to reinstate those losses, even if the remainder of the budget is returned. She said the District would support the Municipality in the event the budget is fully funded, and the cap is approved later in the year.

In response to Ms. Clementson, Ms. Ossiander said the Board will do its best to plan ahead and make reductions as possible in anticipation of the 10-mill cap approval. She explained it was impossible to make drastic budget reductions in the middle of a school year. They have the ability to defer major purchases and defer textbook examinations, but not the ability to perform layoffs in the middle of the year or offer partial-year contracts.

Ms. Holthouse added the Board has already tabled the purchase of new school buses for this year.

BEVERLY THORNBERG noted making a preemptive decision based on uncertainty about a potential event was unwise. She pointed out many people are organized to counter the 10-mill cap initiative, and it seems there will be a lot of discussion on the subject before the vote. She no longer feels approval of the cap is a sure thing. Ms. Thornberg felt a more slow approach to reductions would be better. A large cut to the ASD budget might send a message in inevitability and endorsement to voters.

DEE HUBBARD recalled many problems when the ASD budget was reduced by \$14 million ten years ago. She hoped everyone could learn from past mistakes. She felt the proposed budget reductions, in combination with approval of the 10-mill cap, would require school closings rather than mere program cuts.

CHUCK SCREWS commended the Assembly members for serving the community in the capacity of an elected official. He encouraged members to recall their campaign platforms, which included support of education, and show those campaign promises were genuine.

Chairman Meyer asked if anyone else wished to speak. There was no one, and he closed the public hearing.

The meeting recessed at 7:40 p.m. and reconvened at 8:10 p.m.

In response to Chairman Meyer, Mr. Christal of the School District, Gene Dusek of the Office of Management and Budget and Assistant Municipal Attorney Bill Greene addressed the Assembly.

Mr. Christal discussed the total amount of local taxes the District will receive for the 1999-2000 budget, \$117,633,000. He noted the proposed budget would include \$124,540,000 in local taxes, a difference of \$6.9 million. Mr. Christal noted the proposed S and S-3 versions would reduce local taxes by \$9,593,000 from the 99/2000 level, while the S-2 version would be a reduction of \$3 million and the S-1 version would result in a reduction of about \$1,093,000. He pointed out the majority of the proposed budget increase was designated for teacher salary increases.

Mr. Dusek discussed how the Assembly's action tonight would affect the existing Municipal tax cap, initiated in 1983.

In response to Mr. Wuerch, Mr. Dusek confirmed the amount of taxes for the ASD budget approved by the Assembly tonight would be added to any supplemental amount it might approve later in the year, and the sum would be used as the starting point for next year's budget.

Mr. Greene discussed the proposed 10-mill property tax cap initiative which will appear on the State election ballot in November. He said the cap, if approved, would not limit appropriations or fix levies. However, it would limit the amount of taxes the Assembly can levy on real property. He felt the Assembly would be bound by the initiative, if adopted, when setting the mill rate in 2001.

In response to Mr. Tesche, Mr. Greene said he had not been requested to prepare a written opinion on this matter. He confirmed the Alaska Constitution stipulates an initiative may not be used to make or repeal an appropriation. Mr. Greene said he disagreed with the opinion of ASD legal counsel that the proposed 10-mill cap, if approved, would limit the appropriation made by the Assembly tonight.

Ms. Clementson moved, to adopt AO 2000-39(S).
seconded by Mr. Wuerch,

Ms. Clementson felt it was important for the community to discuss the potential impact of the proposed 10-mill cap.

Mr. Kendall moved, to substitute AO 2000-39(S-1).
seconded by Mr. Sullivan,

Mr. Kendall pointed out the 10-mill cap, if approved, would only limit taxes levied on property owners. However, it would not limit other sources of revenue such as a vehicle rental tax or a sales tax. He said his proposal would require less spending from the ASD fund balance, as he felt it was important to keep some money in savings. It was not his intent to approve local taxes in an amount less than last year, so he would offer an amendment to the ordinance if it is substituted. Mr. Kendall said he agreed with the ASD legal opinion regarding the effect of the proposed 10-mill cap.

Mr. Sullivan spoke in support of substitution. He commended the sponsors of the S version for their foresight, but he felt that appropriation would be too disruptive to the District. He said it was not possible to pay operating costs out of a savings account for more than two years in a row.

In response to Mr. Wuerch, Mr. Kendall said his intent was to revisit the ASD budget, and possibly approve a supplemental appropriation, in the event the 10-mill cap initiative is defeated.

Question was called on Mr. Kendall's motion to substitute and it passed:

AYES: Kendall, Sullivan, Taylor, Meyer, Wuerch, Fairclough, Abney, Von Gemmingen.
NAYS: Tesche, Clementson.

Mr. Kendall moved, to amend AO 2000-39(S-1) on line 19 to read: "...the
seconded by Mr. Sullivan, amount of \$119,492,622 shall be the amount..."

Mr. Kendall noted he added the current amount of local taxes to the amount of debt service to arrive at the \$119 million figure.

In response to Mr. Wuerch, Mr. Christal said he concurred with the proposed amendment.

The meeting recessed at 9:00 p.m. and reconvened at 9:25 p.m.

Question was called on Mr. Kendall's motion to amend and it passed:

AYES: Kendall, Sullivan, Taylor, Meyer, Wuerch, Fairclough, Abney, Von Gemmingen, Clementson.
NAYS: None.

(Clerk's Note: Mr. Tesche was out of the room at the time of the vote.)

Ms. Von Gemmingen moved, to amend AO 2000-39(S-1) to replace Sections 2 and 3
seconded by Ms. Abney, with Sections 2 and 3 from the S-3 version, and change
Section 2 to read: "...total amount of said budget by \$8
million and the amount of money appropriated by local

property taxes and/or other local sources for said budget by the additional sum of \$5,047,774.”

In response to Mr. Tesche, Howard Trickey, ASD legal counsel, addressed the Assembly. Mr. Trickey said he researched the topic of a conditional appropriation, and felt such an appropriation would not be valid and would be subject to challenge.

Mr. Tesche opposed the amendment because of the potential for a legal challenge.

Mr. Fairclough supported the motion. She pointed out every action of the Assembly was subject to challenge. She felt the amendment would guarantee a needed appropriation to the District in the event the 10-mill cap is defeated.

Mr. Wuerch spoke in support of the amendment. He noted the ordinance as amended would then protect the ASD fund balance, fully fund the budget if the 10-mill initiative failed, and provide for the Municipality to shoulder half the burden if the 10-mill cap is approved. He encouraged everyone to help defeat the 10-mill cap initiative.

In response to Mr. Tesche, Mr. Christal said he would prefer approval of the version which would guarantee the additional funds if the 10-mill cap fails, rather than a version that would merely state an intention to provide the additional funds.

In response to Ms. Abney, Mr. Christal discussed actions the District would take if the proposed ordinance as amended were adopted. He said some savings would be realized by deferring purchases of items such as school buses. However, layoffs cannot be avoided. They will not be as severe for an \$8 million reduction as they would be for \$16 million reduction, but they will occur.

Question was called on Ms. Von Gemmingen’s motion to amend and it passed:

AYES: Tesche, Taylor, Meyer, Wuerch, Fairclough, Abney, Von Gemmingen.
NAYS: Kendall, Sullivan, Clementson.

Mr. Tesche moved, to substitute AO 2000-39.
seconded by Ms. Taylor,

Mr. Tesche felt the ASD proposal deserved careful consideration. He supported the ordinance as presented by the District. He felt the 10-mill cap initiative was not a foregone conclusion, and defeat of the initiative was possible if concerned citizens get involved. Mr. Tesche felt the decision on the ASD budget should not be made based on the possibility of approval of the initiative. He added a legal opinion by ASD counsel was the most comprehensive research of the 10-mill initiative he has seen. In contrast, the Assembly has not heard much from the Municipal Attorney other than she apparently disagrees with that opinion, and no written opinion has been prepared. Mr. Tesche pointed out the experts on education, the School Board and District administration, have prepared the proposed budget per their responsibility according to the Charter. He felt it would be inappropriate to second-guess the judgement of the District officials, as they have not acted in an unreasonable manner. He felt campaign promises to support education should be honored by supporting the proposed ASD budget.

Ms. Clementson pointed out many candidates also profess to be fiscal conservatives. She argued the Assembly must consider the possibility that the 10-mill cap may be approved. She noted if the full ASD budget is approved, the impact would be severe, and it would be irresponsible not to plan for that impact.

Ms. Abney pointed out the cost to the community would be great if the budget was not adequately funded, and the education system damaged. She noted Alaska’s economy depends on an educated population, and diversification of the economy depends on attracting new industries to the State. It would be difficult to attract new businesses if education is not a high priority in the community. Ms. Abney felt a regressive and destructive action was not necessary, because the results of the 10-mill cap initiative vote are not known yet. According to legal opinions, the 10-mil cap, if approved, would not impact the budget until 2002. She urged her colleagues to support the ASD budget as proposed.

Ms. Taylor felt commitment to education must be total. She urged support for the original budget proposal by the District.

Ms. Fairclough spoke in support of the substitution. She pointed out she has been advised that it is short-sighted to deal with issues outside the current law. However, in this situation many Assembly members wish to act based on a potential law. She discussed the needs of the District, and urged everyone to become educated or make others aware of the impact of the 10-mill cap initiative.

Question was called on Mr. Tesche’s motion to substitute and it failed:

AYES: Tesche, Taylor, Fairclough, Abney.
NAYS: Kendall, Sullivan, Meyer, Wuerch, Von Gemmingen, Clementson.

Ms. Von Gemmingen asked to be added as a sponsor of AO 2000-39(S-1). She noted she campaigned for office with the promise of fiscal responsibility rather than fiscal conservatism. She felt the proposed ordinance would be fiscally responsible. Ms. Von Gemmingen noted most Anchorage residents pay very little in taxes, after receiving their State Permanent Fund Dividend. The large corporate businesses in Anchorage pay large amounts of property taxes, and contribute to the high quality of life in Anchorage. If the 10-mill property tax cap is approved, the owners of these businesses will realize a huge savings, and they will not be impacted by resulting decline of government services. However, their employees and other residents of Anchorage will be affected by reductions to services and education. She spoke in support of the S-1 version.

In response to Mr. Kendall, Mr. Greene clarified the effective date of the ordinance as amended had two provisions. Sections 1 and 3 of the ordinance will become effective upon passage and approval. Section 2 of the ordinance would only become effective if the 10-mill property tax cap initiative on the State ballot in November is not approved.

Ms. Clementson felt the proposed ordinance was ill-advised. However, she felt it was better than the original version submitted by the School District, and said she would vote in support of the S-1 version because if none of the substitute versions received six affirmative votes, the original version would take effect.

Question was called on the motion to adopt AO 2000-39(S-1) as amended and it passed:

AYES: Kendall, Sullivan, Tesche, Taylor, Meyer, Wuerch, Von Gemmingen, Clementson.

NAYS: Fairclough, Abney.

Mr. Wuerch moved, immediate reconsideration of AO 2000-39(S-1).
seconded by Mr. Kendall,

AYES: Taylor, Fairclough, Abney.

NAYS: Kendall, Sullivan, Tesche, Meyer, Wuerch, Von Gemmingen, Clementson.

5. ADJOURNMENT:

The meeting adjourned at 10:30 p.m.

Chair

ATTEST:

Municipal Clerk

Date Minutes Approved: May 23, 2000

GL(ASD)/db