

## MUNICIPALITY OF ANCHORAGE

### ANCHORAGE ASSEMBLY

Minutes for Special Meeting of November 21, 2001

#### 1. CALL TO ORDER:

The meeting was convened at 4:43 p.m. by Assembly Chairman Dick Traini in the Assembly Chambers, 3600 Denali, Anchorage, Alaska.

#### 2. ROLL CALL:

Present: Dan Sullivan, Fay Von Gemmingen, Melinda Taylor, Doug Van Etten, Dick Traini, Anna Fairclough, Dan Kendall, Allan Tesche, Janice Shamberg, Dick Tremaine, Cheryl Clementson.

Absent: None.

#### 3. OLD BUSINESS AND UNFINISHED ACTION ON PUBLIC HEARING ITEMS:

A. Ordinance No. AO 2001-162, an ordinance of the Municipality of Anchorage adopting and appropriating funds for the **2002 General Government Operating Budget** for the Municipality of Anchorage, Office of Management and Budget.

1. Assembly Memorandum No. AM 792-2001.

(POSTPONED FROM 11-13-01)

Mr. Tremaine led the pledge.

Chairman Traini gave the history of AO 2001-162 and noted a motion to adopt was on the floor.

(Clerk's Note: See Exhibit A attached to November 20, 2001 minutes for proposed amendments referred by Assembly members.)

Chairman Traini noted that Ms. Clementson's motion to delete Rank 14 was on the floor from the regular meeting of November 20, 2001.

Mr. Kendall urged a no vote.

Mr. Sullivan said the Mayor mentioned that he had made cuts within his department and it was operating more efficiently than past administrations. The Mayor allows the Assembly to handle their internal affairs without interference and he felt they should extend that same courtesy to the Mayor.

Chairman Traini opposed the motion.

Question was called on the motion to amend AO 2001-162, page 1, item 5, and it passed:

AYES: Von Gemmingen, Taylor, Van Etten, Shamberg, Tremaine, Clementson.

NAYS: Sullivan, Traini, Fairclough, Kendall, Tesche.

Ms. Clementson moved,  
seconded by Ms. Von Gemmingen,

to amend AO 2001-162, page 1, item 4,  
Rank 22, to restore funding of overtime fuel  
and parts for maintenance of Anchorage  
Police Department vehicles to the 2001  
level. \$206,000.

Ms. Clementson noted that fuel and maintenance had been cut to 91 percent of the 2001 level. During the last two months we have seen a lot of overtime. She did not feel it made sense to start out with a fuel and maintenance level that was at 91 percent of the 2001 level given the condition that the country was in.

Question was called on the motion to amend AO 2001-162, page 1, item 4, and it failed:

AYES: Von Gemmingen, Van Etten, Fairclough, Clementson.

NAYS: Sullivan, Taylor, Traini, Kendall, Tesche, Shamberg, Tremaine.

Ms. Clementson moved,  
seconded by Ms. Von Gemmingen,

to amend AO 2001-162, page 2, item 7,  
Rank 32, to eliminate the matching grant to  
the University of Alaska Anchorage for its  
Logistics Management Degree Program.  
This will be the 4<sup>th</sup> year this subsidy has  
been granted. (125,000).

Ms. Clementson said she did not have a problem with this program, but originally they were providing seed money for three years and this was the fourth year of the program. She felt there were better places to put the money. There is an equal and critical need for police officers, nurses and any number of things that UAA teaches. She did not feel they should continue the fourth year funding of \$125,000 for only one program at UAA.

Mr. Sullivan concurred with Ms. Clementson. The funding was initially for the start-up of the program. The program has been very successful and is operating independently. Over the last half dozen of years, we have lost \$40,000,000 from the state and revenue sharing while the University system has been extremely successful in getting additional funding in the tune of \$17,000,000 to \$20,000,000 a year. He felt UAA could support this program without their assistance. He supported the motion.

Mr. Tesche said several months ago the Assembly worked cooperatively with the Mayor's office and passed a resolution stating their intent to proceed with this program. He did not feel that anything had changed to suggest that the Assembly should retreat from the commitment they made to the University for economic develops. He opposed the motion.

Question was called on the motion to amend AO 2001-162, page 2, item 7, and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Traini, Fairclough, Kendall, Shamberg, Clementson.

NAYS: Van Etten, Tesche, Tremaine.

Mr. Kendall moved,  
seconded by Ms. Fairclough,

to amend AO 2001-162, page 16, item 8,  
Rank 39, to restore funding for the operation  
costs of the Alaska Center for the  
Performing Arts to the 2001 level for  
\$48,500.

Mr. Kendall noted that this would bring the Alaska Center for the Performing Arts back to the funding level of previous years. He urged a yes vote on the motion.

Ms. Clementson said they allocated \$31,000 yesterday to provide manned security outside of the Performing Arts Center. She thought Mr. Kendall had made a good point when he said they were providing security outside, but people had not signed up to provide the services inside the facility. The \$31,000 was identified as a cut in the department for manned security, because it was not used this year. The funded service was not requested and only used during special events. She suggested reconsidering that item, because this might be a better place to put the money. She urged support for the Performing Arts Center.

Ms. Fairclough said it would be nice to have something going on inside of the building if they were going to fund security outside of the building. This would continue the existing budget and not increase it. She urged a yes vote.

Question was called on the motion to amend AO 2001-162, page 16, item 8, and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Tesche, Shamberg, Tremaine, Sullivan.

NAYS: None.

Ms. Taylor moved,  
seconded by Mr. Tesche,

to amend AO 2001-162, page 4, item 4,  
to add funding to provide a one-time local  
match to the Community Outreach Program  
Center (COPC). This program was formed  
to increase educational opportunities for  
adults, improve access to available human  
services, crime prevention among school  
aged youth, and community education. This  
funding will be used to continue the adult  
basic and adult secondary education classes  
in the Russian Jack area. \$15,000.

Ms. Taylor said they had expanded the Weed and Seed Program to include Russian Jack. Some people approached her from the Adult Literacy Program who said this would help them retain a couple of staff positions to assist with adult learning.

In response to Mr. Sullivan, Ms. Taylor said COPC received primarily state funding. She did not know what their total budget was for the year.

Ms. Taylor yielded until Ms. Casey arrived at the meeting to address the issue.

Mr. Van Etten referenced pages 12 and 13, items 4 through 7.

In response to Chairman Traini, Mr. Tesche said he had read Municipal Attorney Bill Greene's opinion on the code violations, which cites the fact that a number of code sections refer to the location of this unit. The opinion does not say that the Assembly, in the exercise of its power to make appropriations, cannot make the appropriations for this department unless these other code changes are made. There was nothing in Mr. Greene's memorandum to suggest that Mr. Van Etten's motion would be out of order to place these funds in a different department. If that occurs through legislative action of the Assembly, the administration would want to come back later with the code changes suggested by Mr. Greene to implement that policy choice. Nothing forbids this appropriation action by the Assembly.

Mr. Greene concurred with Mr. Tesche to the extent that the Assembly could make the appropriation to this department, but the department could not expend the funds in pursuit of the program for which it was

designed, because it does not have authority over that program under the code. If the Assembly wanted the transportation inspection division to operate, the funding needed to be appropriated to the department under which it was listed. That does not preclude the Assembly from appropriating the funds to another department within the administration, but the department would not be able to expend the funds.

Mr. Tesche noted that the budget would take effect on January 1, 2002. He was confident that between now and then the legal department could come up with the appropriate legislation to implement this policy choice.

Mr. Van Etten moved,  
seconded by Mr. Tesche,

to amend AO 2001-162, page 12, item 4,  
Rank 8, Transportation Inspection Division  
(TRANSFER TO PUBLIC  
TRANSPORTATION). SL Amount -  
\$110,590.

Ms. Von Gemmingen felt this belonged in the Mayor's office. It had been there in the past and had served its purpose there. She did not feel that Mr. Kniefel needed any more problems to deal with. Whether or not you transfer the head of the Transportation Inspection Division over there or not, the fact was that they were completely separate in their duties and responsibilities and how they were operated. She did not feel they belonged together.

Mayor Wuerch said this function worked very well and had nothing to do with the People Mover, but with taxicabs and vehicles for hire. Ms. Abney worked for almost three years on their Vehicle for Hire Ordinance and it has been a success. We have a good Commission that is responsive, keeps the costs down and delivers a quality service to the citizens. Mayor Wuerch asked the Assembly to defeat the motion.

Ms. Clementson said the Assembly was concerned that the funds could be transferred to things other than what was listed if they were in the Office of the Mayor. She noted these were enforcement issues and not public transportation issues. The Transit Department does not do enforcement.

In response to Ms. Clementson, Mr. Kniefel said he would probably let Transportation Inspection do what they were currently doing if it was under his department. He felt they were doing a very good job and had a good Board and Commission. They have gone through trials and tribulations to get to where they are today. He did not want Transportation Inspection in his department, because he had plenty to do.

Mr. Etten withdrew the motion. Mr. Tesche withdrew his second of the motion.

Ms. Fairclough moved,  
seconded by Ms. Shamborg,

to amend AO 2001-162, page 15, item 2,  
Rank 81, to restore proposed increase to  
Chugiak/Eagle River nonprofit grants.  
\$10,000.

Ms. Fairclough said the Chugiak/Eagle River Park and Recreation Board was their own independent area and they taxed themselves. They would like to spend the money that they taxed their citizens for in the manner they saw fit.

Mr. Kendall said last year the Chugiak/Eagle River Park and Recreation Service Area absorbed a lot of the costs of taking over the pool at Chugiak High School and their budget was dramatically impacted in 2001. Their budget has recovered. They recognize that the community is growing and they need to increase the services that they provide. The other items listed were items previously in the budget. He felt a \$10,000 increase was very modest and asked the Assembly to support the amendment.

Ms. Fairclough said the money that was offset and leveraged in volunteer hours in the Chugiak area was expediently proportionate to the grants that they received. Almost everyone that they send a grant to matches those funds in some way in volunteer hours in the community. She urged a yes vote.

Question was called on the motion to amend AO 2001-162, page 15, item 2, and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Tesche, Shamborg, Tremaine, Clementson..

NAYS: None.

Ms. Fairclough moved,  
seconded by Mr. Kendall,

to amend AO 2001-162, page 15, item 3,  
Rank 94, to restore funding for  
Chugiak/Eagle River Parks & Recreation  
Operations for purchase and installation of  
park equipment and seasonal contracted  
maintenance for \$48,650.

Ms. Fairclough said the money was collected in the service area and they would like the blessing of the Assembly to spend it.

Mr. Kendall said this would bring the funding back to the 2001 level.

In response to Ms. Clementson, Mayor Wuerch said the administration did not object to all three of the items, because they were paid for by the residents of Eagle River/Chugiak area. It would affect the total amount of money to be spent, but the total amount was minimal and they could deal with the adjustments. They would have to shift the tax cap around to make it happen.

Ms. Frasca said Chugiak/Eagle River had a maximum mill rate plus for debt service. If they exceed the maximum mill rate, they can go into their fund balance, which was reflected in the administration comments.

In response to Ms. Clementson, Cheryl Frasca, Director of Office of Management and Budget said it would not affect the overall tax cap if Chugiak/Eagle River dipped into their fund balance.

In response to Mr. Sullivan, Ms. Frasca said she did not know how much Chugiak/Eagle River had available in their fund balance, but they would not propose spending money out of it unless there was an adequate amount of money available. The funds would be taken out of Fund 162, which was the Chugiak/Eagle River Parks and Recreation Service Area.

Question was called on the motion to amend AO 2001-162, page 15, item 3, and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Tesche, Shamberg, Tremaine, Clementson..

NAYS: None.

Ms. Fairclough moved,  
seconded by Mr. Kendall,

to amend AO 2001-162, page 15, item 4,  
Rank 110, to restore funding to purchase  
mowing equipment required for  
Chugiak/Eagle River Park & Recreation  
maintenance. \$31,000.

In response to Ms. Clementson, Cheryl Frasca, Director of Office of Management and Budget, said whether or not there had to be a corresponding offset depended on what the voters had selected to do. The Girdwood Valley Service Area had a different setup than the Chugiak/Eagle River area. Chugiak/Eagle River set a maximum amount they would pay for their service area. The Girdwood Valley is part of the overall mill rate that we pay.

Ms. Fairclough pointed out that the money would be coming out of the Chugiak/Eagle River fund balance.

Question was called on the motion to amend AO 2001-162, page 15, item 4, and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Tesche, Shamberg, Tremaine, Clementson..

NAYS: None.

Mr. Kendall moved,  
seconded by Ms. Von Gemmingen,

to amend AO 2001-162, page 15, item 1,  
to provide a grant to Team Alaska for the  
Arctic Winter Games for \$10,000.

Mr. Kendall pointed out that the Arctic Winter Games were held every other year. It has been a very successful program for both Alaska and Anchorage. The Arctic Winter Games is a multi-cultural program that allows Alaskan residents to travel to other parts of the northern hemisphere to participate in athletic games that are akin to the Natives of Alaska. It gives the people of Anchorage a chance to participate with the Alaskan Natives in the bush of Alaska. We go from Alaska to other countries as one team. This is an excellent program that works on racism and allows the youth of Alaska to experience each other firsthand. He felt they Assembly should continue to support the Arctic Winter Games.

In response to Mr. Sullivan, Chairman Traini ruled that Mr. Sullivan had a conflict of interest and directed him to abstain from voting.

Question was called on the motion to amend AO 2001-162, page 15, item 1, and it passed:

AYES: Von Gemmingen, Taylor, Van Etten, Fairclough, Kendall, Tesche, Shamberg, Tremaine.

NAYS: Traini, Clementson.

ABSTAIN: Sullivan.

Mr. Tremaine moved,  
seconded by Mr. Tesche,

to amend AO 2001-162, page 10, item 2,  
Rank 31, increase funding for park and trail  
improvements and recreational activities  
within the Girdwood Parks and Recreation  
Service Area for \$20,000.

In response to Mr. Tremaine, Municipal Attorney Bill Greene said the funds would come out of the Girdwood Parks and Recreation Service Area fund. Eagle River has limited the amount of the mill levy that they were willing to pay for parks and recreation services in the Eagle River area. Girdwood does not have such a limitation. If you increase the budget for Eagle River above their mill levy then they had no where to go except their fund balance. If you increased Girdwood's budget, you could possibly go above the areawide tax cap. If that happened, then another area would have to reduce their mill levies in order to remain within the cap. Another possibility would be taking it out of Girdwood's fund balance. The funds for Eagle River were taken out of their fund balance.

In response to Mr. Tremaine, Cheryl Frasca, Director of Office of Management and Budget, said for the proposed budget they based the amount they predicted would be collected in tax revenues on the assessed

values of the Eagle River/Chugiak service area properties. When the mill levy is set in April and there are different assessed values then the number may need to be adjusted slightly.

Mr. Tremaine recommended a yes vote on the motion.

In response to Ms. Clementson, Municipal Attorney Bill Greene said the ballot proposition proposed to the Chugiak/Eagle River voters showed a willingness to limit the mill rate to whatever it currently was. There was a built in mill levy limit for that particular service area, which was unrelated to the tax cap except when you levy that mill rate those taxes become part of the tax cap calculation.

Question was called on the motion to amend AO 2001-162, page 10, item 2, and it passed:

AYES: Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Tesche, Shamberg, Tremaine, Clementson..

NAYS: Sullivan.

Mr. Tremaine moved,  
seconded by Ms. Shamberg,

to amend AO 2001-162, page 10, item 3,  
to increase vacancy factor within the  
Department. (\$20,000).

Mr. Tremaine recommended a yes vote on the motion.

In response to Ms. Clementson, Mr. Posey said they just increased their vacancy factor in order to take care of the raises that were part of the contract negotiations. His budget was very tight and he did not know if he could absorb this or not. This would come out of the areawide 101 Fund as opposed to the Parks and Recreation fund. Their vacancy factor was 5.2 percent in the original calculation.

In response to Ms. Clementson, Cheryl Frasca, Director of Office of Management and Budget, said the library and the museum were funded by the 101 Fund. The vacancy factor would be against those two programs.

In response to Ms. Clementson, Mr. Posey said the vacancy factor was \$739,000 or 4.3 percent net.

In response to Ms. Clementson, Mr. Tremaine said he did not have the right funds cited, because they were not given to them. He worked out of the book that was supplied, which had a vacancy factor for the entire department.

In response to Ms. Clementson, Ms. Frasca said the funds would be out of the 161 Fund if it was the intent to have the funds come out of the Parks & Recreation operation of Cultural and Recreational Services.

Mr. Tremaine accepted Ms. Clementson's friendly amendment to use the 161 Fund.

Mayor Wuerch said it troubled him that they were pitting neighborhood against neighborhood. You are taking an areawide service that everyone benefits from and punishing them for something that could be automatically be done with the mill levy by Girdwood. He encouraged a no vote on the motion as amended, but supported the motion without the amendment.

Mr. Kendall said they would not need the friendly amendment if Fund 106 had adequate funds available.

Mr. Tremaine said he tried to present a balanced approach with the direction given to the Assembly by the Mayor and his administration. The budget book was supposed to be a balanced budget. He would withdraw the amendment if the Mayor's direction made it clear that they could add things without taking things away.

In response to Mr. Tremaine, Mayor Wuerch said he did not suggest that the book was a balanced budget. He appreciated Mr. Tremaine's efforts to balance the budget. You would be taking away from an areawide function to give to a limited service area function, which he felt was bad politics. He encouraged the Assembly to defeat the motion as amended.

Mr. Van Etten said if each department lapsed 3 percent as indicated by the budget then there would likely be funds available.

In response to Mr. Sullivan, Cheryl Frasca, Director of Office of Management and Budget, said the Girdwood Valley Service Area Fund funds their parks and recreation, street maintenance and one other function.

Mr. Sullivan said he would have voted yes on the last item if the source of funds were from the applied fund balance, because the fund balance was the savings account for the area. He felt the Mayor was correct when he said taking funds from an areawide property tax and applying them to a particular neighborhood was bad politics. He would support the spending of the \$20,000 if Mr. Tremaine would be willing to use the fund balance.

Mr. Tremaine felt that Mr. Sullivan had misunderstood what was going on. We are asking to increase the tax rate in Girdwood and what they pay in property taxes by \$20,000. They cannot do that unless we decrease the tax rate Municipal wide by \$20,000. It has nothing to do with fund balance. They want to replenish their fund balance and save money out of their taxes.

Mr. Sullivan said he did understand what was going on. He was suggesting that they use the fund balance rather than taking from the areawide funds, which they were at the tax cap on. The only way that \$20,000 could come out of the property tax was if it was taken away from somewhere else.

Ms. Von Gemmingen suggested discussing the overall service area situation when the budget was completed. It seemed like people in Eagle River/Chugiak and Girdwood wanted to tax themselves more and they wanted more services, but the big bad people in the Anchorage bowl were preventing them from doing it because we have our needs and we are up against the tax cap. She suggested forming a task force to discuss this issue.

Chairman Traini concurred with Ms. Von Gemmingen's idea of forming a task force to review the issue.

Question was called on the motion to amend AO 2001-162, page 10, item e, and it failed:

AYES: Taylor, Van Etten, Tesche, Shamberg, Tremaine.

NAYS: Sullivan, Von Gemmingen, Traini, Fairclough, Kendall, Clementson.

Mr. Tremaine moved,  
seconded by Mr. Tesche,

to amend AO 2001-162, page 10, item 4,  
Rank 2, to increase funding for year-round  
limited road maintenance services for the  
Girdwood Road Service Area. \$30,000.

Mr. Tremaine said the impact of this would be that the residents of Girdwood would pay \$30,000 more in property taxes at their own request. He suggested a yes vote.

Question was called on the motion to amend AO 2001-162, page 10, item 4, and it passed:

AYES: Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Tesche, Shamberg, Tremaine.

NAYS: Sullivan.

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

Mr. Tremaine moved,  
seconded by Mr. Tesche,

to amend AO 2001-162, page 10, item 5,  
to increase vacancy factor within the  
Department. (\$30,000).

Mr. Tremaine said the impact of this would be that the people contributing to the 101 Fund would pay \$30,000 less in property taxes. He recommended a yes vote.

In response to Ms. Von Gemmingen, Mr. Campbell said this would result in a reduction areawide in some service to make up the difference in spending the money in Girdwood.

Ms. Von Gemmingen said there was something wrong when our snow plowing and pothole services were reduced so the people in Girdwood could tax themselves to provide more services.

Mr. Campbell said the 101 Fund was the right-of-way fund, which was now in Development Services. There was no 101 Fund in Street Maintenance by itself.

In response to Mr. Tremaine, Cheryl Frasca, Director of Office of Management and Budget, said primarily they have the 141 Fund, which is Anchorage Road and Drainage Service Area. They also have some park maintenance money in the 162 Fund.

Question was called on the motion to amend AO 2001-162, page 10, item 5, and it failed:

AYES: Taylor, Van Etten, Tesche, Shamberg, Tremaine.

NAYS: Sullivan, Von Gemmingen, Traini, Fairclough, Kendall, Clementson.

Mr. Tremaine said the Assembly had watched the Mayor increase the vacancy factor in the Finance Department to 11.8 percent. He suggested that the Assembly have a vacancy factor from zero to two percent.

Mr. Tremaine moved,  
seconded by Ms. Clementson,

to amend AO 2001-162, page 10, item 6,  
to increase vacancy factor within the  
Department. (\$25,000).

Mr. Tremaine recommended a yes vote.

Question was called on the motion to amend AO 2001-162, page 10, item 6, and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Tesche, Shamberg, Tremaine, Clementson..

NAYS: None.

Mr. Tremaine moved,  
seconded by Mr. Tesche,

to amend AO 2001-162, page 10, item 7,  
to increase vacancy factor within the  
Development Services Department.  
(\$90,000).

Mr. Tremaine said adding \$90,000 would bring the vacancy factor to approximately 2.6 percent for the department. Within the department, the Mayor can move things around between funds as long as they are not limited service area funds. He cannot move them between departments.

Craig Campbell, Executive Director Planning, Development and Public Works, pointed out that they were in the process of passing fees and fines. A majority of those fees in Development Services for plan reviews, inspections and onsite would bring it up to 100 percent recoverable. Those numbers are not included in the 101 Fund, because they are generated as Enterprise Fund revenues. You are then left with the 101 Fund of code enforcement and right-of-way inspections. The consequence of this action would be the reduction of one position on the enforcement side.

Mr. Tremaine referenced the budget book, which has a total operating cost for personal services of \$7,000,000 and a vacancy factor of \$97,980. The information to indicate how that was split out was not given to the Assembly. He added \$90,000 to the \$97,980. He did not care which fund it came from, because they would not tell them which fund it would come from. If we added \$90,000 to the \$97,980, we would come in with a vacancy factor of approximately 2.6 percent for a total personnel of 101 people. He felt they could handle that.

Mr. Campbell said they had two separate funds, the revenue side and the 101 Fund, which was property tax. You cannot mix the two funds. They worked very hard the last couple of years to increase inspection and code enforcement so they could do a better job. The net result of the reduction would be one position from the code enforcement side.

In response to Ms. Clementson, Municipal Attorney Bill Greene said the city was overlaid with numerous service areas. Items being funded out of a service area could not be moved to the 101 Fund. You have to be careful when you are moving from one fund to another, because it is either an areawide fund or a service area fund. For example, roads and drainage is service area, but there is no areawide roads and drainage.

In response to Ms. Clementson, Mr. Campbell said when he said the Mayor could move money within funds, he was not talking about the same kind of funds as being discussed here.

In response to Mr. Van Etten, Mr. Campbell said code enforcement and right-of-way were the two that were paid for by the property tax. We are currently going through the increase in the fees. Plan reviews, inspections and onsite reviews are all generated by revenues. The open item of the 101 Fund lies within the property tax side, which is code enforcement and right-of-ways. All the other actions for plan reviews, permitting, inspections and onsite reviews are all fee generated operations within Development Services. The fees that are raised in revenues are not spent on code enforcement and inspection. In the past we have had to augment this by providing property taxes to pay the difference so we could provide these services. We have not been collecting full revenues for the plan review, permitting and inspections. In the fees and fines increases, we have brought those services up to nearly 100 percent cost recovery from the users. The property tax requirements that used to be with permitting, inspections and plans review should not be there in future years. It will simply be with the enforcement side. They have included the fees and fines in the budget for this year. If this comes out and you do not pass the fees and fines then the hole would get bigger.

In response to Ms. Clementson, Mr. Campbell said when they discussed paying the lease on the Bering Street property with the money from Mr. Beauchamp's vacant position, they were talking about a different department. That was not the Development Services department, but Facility Maintenance. Currently in Facility Maintenance we are funded for the executive position of the director. At this point we have not proposed a reorganization and the Assembly has not accepted a reorganization. The funding is there to allow payment of a director should the Assembly not accept the reorganization plan. Taking money away would be predisposing that we would have a reorganization.

Mr. Tremaine withdrew his motion. Mr. Tesche withdrew his second.

Mr. Tremaine moved,  
seconded by Ms. Shamburg,

to amend AO 2001-162, page 11, item 8,  
to increase vacancy factor within the  
Department. (\$45,000).

In response to Mr. Tremaine, Cheryl Frasca, Director of Office of Management and Budget, said she believed that most of the Mayor's office operations were Intra Government Charged (IGC) out which would include OMB and the Municipal Manager. They charge out their costs to all the other departments through the IGC process.

Mayor Wuerch said they had a relatively tight staff with little turnover. Vacancy factor is only dealt with when someone leaves their job or is terminated. This budget does not terminate any continuing employee. Mayor Wuerch reviewed the staffing of the Mayor's office. Fifteen years ago there were 63 people, five years ago there were 37, two years ago there were 32, last year there were 31 and this year there were 30. He encouraged the Assembly not to tamper with this.

Mr. Kendall pointed out that the Assembly had already reduced on position in the Municipal Manager's office and this would probably eliminate another position. He would not support this amendment.

Mr. Van Etten said when he heard that the Mayor's Office and the City Manager's Office was going to be combined under one title in the budget book, he was really excited and thought that meant they were going to have an efficiency of staff. He questioned if they had parallel staffs and if they needed that degree of staffing given they were to be combined.

Mayor Wuerch said there was no duplication or overlapping of the staff. They consolidated and went from 31 to 30 people. He felt the Assembly was getting a good, conservative administration in the executive office of the Mayor.

In response to Mr. Van Etten, Municipal Manager Kieling pointed out that 15 years ago there were four people handling Assembly business and today there is one person doing it.

Mr. Tremaine said there was a vacancy factor for each department that was not attributed to a particular fund in the budget information presented to the Assembly by the administration. He assumed they did not have to know what fund they were dealing with when they looked at vacancy factors by department.

In response to Mr. Tremaine, Cheryl Frasca, Director of Office of Management and Budget, said that was not correct. The resource plan is a summary document. We have three computer systems that put together the budget and converted it into the financial system. We have a very complicated budget process, because of all the service areas and the various funds. Behind every number in the budget book there is a story. If we had received these amendments prior to 5:00 o'clock yesterday, we could have commented on them, discussed them and provided you with the details that you are looking for. This document is a summary. When you pass the ordinance that approves the document that will become the document that you are passing.

Mr. Tremaine said the Mayor took \$700,000 away from the Finance Department and said there would be no laid off workers. The vacancy factor would go from 11.8 percent to 8 percent. He did not see how they could do that without laying people off. Mr. Tremaine's goal was to go from \$700,000 to \$400,000. The first thing he moved was a 2 percent vacancy factor for the Assembly, because he wanted to set an example. He was now proposing a 2 percent vacancy factor for the Mayor. He was told they could not do that, but he did not believe it.

Ms. Von Gemmingen agreed with Mr. Tremaine that a \$700,000 cut to the Finance Department was obscene. She thought they needed to address that in the first quarter budget revision. She did not think it would make much difference right now. The bottom line is we need to get some more money into the Finance Department. After Emergency Service, she felt the Finance Department was the most critical department to fund. We would not have anything to spend if we did not collect the taxes. She hoped this could be put off until the first quarter budget revision, because they would have a better idea of where they were and where they could go.

Ms. Clementson felt this was a very interesting proposal. She wished it had come up earlier, but it did not because they did not have the \$700,000 impact to the Finance Department until just recently. She felt an 11.8 percent cut to the Finance Department was horrendous. She questioned if the administration could give the Assembly a solid plan regarding the proposed cut to the Finance Department. The Finance Department has a high vacancy factor, because we mess with them every year. We are asking them to take a \$700,000 cut while we are funding things that turn out to be vacancies. She did not feel that was right.

Mayor Wuerch said there were a number of actions that could be taken to keep the Finance Department functioning well. This does not have to be viewed as the final answer, but we need to create a balanced budget before the year-end. Some of the actions that could be taken include supplemental appropriations by shifting funds from another department. We are dealing with 12 months of funding, but adjustments can be made at the first quarter budget review. The title transfer fee that was discussed could create a revenue stream. At the end of the first quarter there may be a funding source yet unidentified that could help. With a reorganization and restructuring of the department, we could get by without filling every position. We need to develop a balanced budget, which was why the \$700,000 amendment was presented.

Ms. Clementson said she was not the "trust me, we'll take care of this later" type of person. She wanted to see something up front. She said if she was going to "trust me, we'll fund this" she would rather fund some of the other departments in that manner, because the Finance Department has to start out the year. We had the plan of the \$700,000 title transfer fee, but when it got a little hot it was withdrawn.

Mayor Wuerch said the plan was never submitted. It was a work session to discuss an idea, but never a formal proposal from the administration.

In response to Ms. Clementson, Mayor Wuerch said he had outlined the four options available to them a few minutes ago. We could use any combination of those options to arrive at the best and most efficient answer.

Mr. Tesche felt the four options proposed by the Mayor was not as attractive as the overall plan proposed by Mr. Tremaine. He felt Mr. Tremaine was on solid ground in terms of his goal and would support him.

Question was called on the motion to amend AO 2001-162, page 11, item 8, and it passed:

AYES: Von Gemmingen, Taylor, Van Etten, Tesche, Shamberg, Tremaine, Clementson.

NAYS: Sullivan, Traini, Fairclough, Kendall.

Mr. Tremaine moved,  
seconded by Mr. Tesche,

to amend AO 2001-162, page 11, item 12,  
Rank 42, to restore funding for one position  
within the Women's, Infants and Children  
(WIC) Program for \$74,000.



Mr. Tremaine said the funding for the staff position had been taken out of the budget and was funded through the grant, which meant \$74,000 less would go to women, infants and children. This amendment would change that. He suggested a yes vote.

In response to Mr. Sullivan, Jewel Jones, Director of Health and Human Services, said the program manager position was taken out of the budget last year. The WIC Program was a federal food supplement program for women, infants and children. The grant passes through to the Municipality with federal funds. Prior to last year, the operating budget supported the program manager's position.

Mr. Sullivan said they had been trying to get grant funds to support different services. If this program was working then he could not see shifting the funds over to property tax.

In response to Chairman Traini, Ms. Jones said they moved the position into the actual program to reduce some of the actual program supplies and things like that last year. If the position was funded as proposed, they would have that amount of funding for additional food vouchers available.

In response to Ms. Von Gemmingen, Ms. Jones said this was a very important program and was very cost effective. Women and children are not going hungry. They serve almost 5,000 people in the program. The program is working now without this subsidy, but with fewer supplies available for distribution.

Ms. Von Gemmingen felt this was a very worthwhile program, but they should defer to the department head that said the program was working and serving the people.

In response to Mr. Van Etten, Ms. Jones said as a result of this particular funding, no one was being deprived.

In response to Mr. Sullivan, Ms. Jones said the grant covered the entire cost of the program, which included personnel, supplies and dispensing of the vouchers. The vouchers are used at participating grocery stores in the Municipality. Nothing would happen to the grant. This would add \$74,000 for additional food vouchers. Technically it would create a position, because the position would be funded out of the operating budget and not the grant.

In response to Mr. Van Etten, Ms. Jones said technically with this funding they would just be getting back to the same level of funding for the actual program that they had two years ago.

Question was called on the motion to amend AO 2001-162, page 11, item 12, and it passed:

AYES: Taylor, Van Etten, Traini, Tesche, Shamberg, Tremaine.

NAYS: Sullivan, Von Gemmingen, Fairclough, Kendall, Clementson.

Mr. Tremaine moved,  
seconded by Ms. Clementson,

to amend AO 2001-162, new item,  
to add facilities management, to reduce the  
funding by \$125,000 that covered Mr.  
Beauchamp's position.

Mr. Campbell advised the Assembly that with the disappearance of that money it would be highly probable that the Northwood agreement would not occur.

In response to Ms. Clementson, Mr. Campbell said the money that was currently for Mr. Beauchamp's position would be saved by the reorganization to be applied to the lease of the Bering Street facility.

Ms. Clementson said she did not appreciate the disconnect. Last week they were told that the funds would be used for the Bering Street facility, but now they are being told that they would be forced into a reorganization if the position were taken out.

Mr. Campbell said the terms of the lease agreement on the Bering Street facility were not the \$125,000 savings of Mr. Beauchamp's position. The conversation had been that there was about \$90,000 of personnel costs and additional efficiencies would be created. If the Assembly does not reorganization then the money has to come out of the Facility Maintenance budget to pay for the lease. It was intended that the savings from the personnel and the additional efficiencies would provide for that lease. It was understood up front that if the Assembly did not reorganize then that money would have to be made up for in the first quarter budget.

Ms. Von Gemmingen urged a no vote.

Question was called on the motion to amend AO 2001-162, to remove \$125,000 from Facility Management and it failed:

AYES: Tesche, Shamberg, Tremaine, Clementson.

NAYS: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall.

Mr. Tremaine moved,  
seconded by Mr. Tesche,

to amend AO 2001-162, page 11, item 9,  
to increase vacancy factor within the  
Municipal Attorney Department.

Mr. Tremaine pointed out that this would bring the vacancy factor up to about 2.6 percent.

In response to Ms. Fairclough, Municipal Attorney Bill Greene said that the department could be operated, but not as well as the department functions now.

Question was called on the motion to amend AO 2001-162, page 11, item 9, and it failed:

AYES: Taylor, Traini, Tesche, Shamberg, Tremaine.

NAYS: Sullivan, Von Gemmingen, Traini, Fairclough, Kendall.

(Clerk's Note: Ms. Clementson left for the remainder of the meeting.)

Mr. Tremaine noted for the record, the public and the press that those people who pontificate on small government and state that they want small government and want to cut costs are those who are voting against costs and in favor of additions.

Ms. Taylor moved,  
seconded by Mr. Tesche,  
and it passed without  
objection.

to amend AO 2001-162, page 8, item 12,  
to change the office to reflect the Mayor's  
Office.

Ms. Taylor moved,  
seconded by Mr. Tesche,

to amend AO 2001-162, page 8, item 12,  
as amended to restore the appropriation to  
provide additional support for community  
events for activities for the Downtown  
Partnership for \$12,500.

Mr. Sullivan questioned how this related to the Downtown Partnership's goal of safe, secure and clean. He thought they had funded them an additional \$125,000 last year over and above their appropriation from downtown businesses.

In response to Mr. Sullivan, Mr. Traini said they were adding additional funds to bring them back to last year's level.

Mr. Sullivan said this was supposed to be a self-sufficient organization that relied strictly on assessment of downtown businesses. He did not understand why they were going outside of that money.

Mr. Tesche said for several years the Municipality has supported activities of the Anchorage Downtown Partnership that go above and beyond the basic core functions that are funded through the business improvement district. There are a number of special events and activities that take place downtown that are handled every year by the Assembly and are not directly related to the clean, safe and vital program of the security ambassadors that go downtown. This appropriation would bring back the historic level of \$50,000 a year in support that the city has given the Downtown Partnership for these extra activities. This is completely unrelated to the grant that Mr. Sullivan referred to. It would simply restore funding for these activities to historic levels.

Mr. Sullivan said at the last quarter budget revision they gave them \$125,000. He questioned what that money had been used for and how much was left.

Mr. Tesche said the administration had conducted a thorough review of those activities and there was an audit. He was confident that the administration could answer every question that Mr. Sullivan might have regarding that grant. We are dealing with a separate appropriation for 2002, not the grant that was approved last year for 2001.

Mr. Sullivan pointed out that if they had money remaining from 200, it would be available in 2002 for activities over and above what they are assessed for. Mr. Sullivan said he could not support this due to the lack of information.

Mr. Kendall moved,  
seconded by Mr. Sullivan,

to amend the amendment to page 8, item 12,  
to delete the words "for the Downtown  
Partnership" at the end of the sentence.

Mr. Kendall said the Downtown Partnership was worthy of receiving support from the Municipality, but so were the Fur Rendezvous and other activities. He would like to allow some discretion in how the funds were allocated.

Question was called on the motion to amend the amendment to page 8, item 12, and it failed:

AYES: Sullivan, Von Gemmingen, Fairclough, Kendall

NAYS: Taylor, Van Etten, Traini, Tesche, Shamberg, Tremaine.

Question was called on the motion to amend AO 2001-162, page 8, item 12, and it passed:

AYES: Taylor, Van Etten, Traini, Tesche, Shamberg, Tremaine.

NAYS: Sullivan, Von Gemmingen, Fairclough, Kendall.

Ms. Taylor withdrew the amendment to AO 2001-162, page 8, item 7. Mr. Tesche withdrew his second.

Mr. Tesche moved,  
seconded by Mr. Tremaine,

to amend AO 2001-162, page 8, item 7,  
to restore funding for the management costs  
of the Egan Civic and Convention Center to  
the 2001 level (currently unfunded Rank 35  
in the Mayor's budget). Allocated Revenue  
Source: Contribution from Areawide CIP -  
Egan Center Reserve. \$30,000.

Mr. Tesche said this amendment would restore funding for management costs of the Egan Center to current levels.

In response to Ms. Von Gemmingen, Cheryl Frasca, Director of Office of Management and Budget, said the arrangement was the unused portion of the subsidy was returned to the capital reserve account. Last year they returned about \$497,000 of the \$730,000. This amendment proposes to take an additional \$30,000 out of that same account. We have \$350,000 coming out of the account, \$350,000 of tax dollars and this would be an additional \$30,000 out of their capital account. After this transaction goes through, the balance of the capital account would be approximately \$800,000 after they have done their capital improvements for this year. It was her understanding that this amendment was at the request of the ACVB.

In response to Ms. Von Gemmingen, Ms. Frasca said the capital reserve account was a Municipal fund, because the Egan Center was a Municipal facility. This was a fund that they had saved throughout the years and now they wanted to spend some of it. Last year we appropriated \$350,000 of the subsidy out of that same capital reserve account and \$350,000 of taxes. In the 2002 budget we proposed the same, but this was an additional \$30,000 out of that same capital reserve account. We reduced the overall appropriation from \$730,000 in 2001 to \$700,000. This would bring them up in total dollars to the same level as 2001.

In response to Mr. Kendall, Cheryl Frasca, Director of Office of Management and Budget, said the more prevailing number was the fund number, which was the 401 Fund. The funding source of the \$30,000 should be moved over to applied fund balance.

Mr. Tesche accepted Mr. Kendall's friendly amendment to move the funding source of the \$30,000 to applied fund balance.

Chairman Traini said this was page 8, item 7, which has been amended to the Mayor's office. This restores funding for the management costs of the Egan Center.

Question was called on the motion to amend AO 2001-162, page 8, item 7, and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Tesche, Shamberg, Tremaine.

NAYS: None.

Mayor Wuerch moved,  
seconded by Mr. Kendall,  
and it passed with  
Mr. Tremaine objecting,

to amend AO 2001-162, page 12, item 2,  
to change the department from the Assembly  
to the Mayor.

Mayor Wuerch moved,  
seconded by Mr. Kendall,

to amend AO 2001-162, Mayor's page 1,  
item 1, to restore some funding for book  
purchases; realign department budget by  
increasing vacancy factor in Library; realign  
department budget by decreasing funding  
for pool maintenance.

(Clerk's Note: See Exhibit A, attached below, for Mayor's proposed Amendments.)

Mayor Wuerch said this shuffled some funding within the budget and there was no impact other than realigning the numbers. The public had testified strongly in favor of this amendment.

In response to Ms. Shamberg, Mayor Wuerch said no individual would be laid off. By adjusting the vacancy factor, it would take a little longer before they rehired for future vacancies.

In response to Ms. Taylor, Mr. Posey said the proposed funding for this year was \$783,490 for the five Anchorage pools and the Chugiak pool. If the bond package passes, they would have \$1,780,000 to do the maintenance and pay the utilities. Part of the reason they decided to solicit the pools back into the Municipality's maintenance area was to keep from closing the pools. The pools are staying open and we have put in our maintenance requests to the facilities as of October 18<sup>th</sup>.

In response to Mr. Van Etten, Mr. Posey said they were bonding \$1,000,000 for maintenance. The utilities are part of our operating budget of \$783,490. There should not be an impact to the overall program that we planned for this year. The School District took care of a number of items as part of the agreement. There are a few remaining items that we should be able to finish. The bond was not determined with this \$65,000 decrease in mind. This was a three-year plan for taking care of the pools by standardizing to make the costs of maintaining the pools less.

Question was called on the motion to amend AO 2001-162, Mayor's page 1, item 1, and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Tesche, Shamberg.  
 NAYS: Tremaine.

Mayor Wuerch moved,  
 seconded by Mr. Kendall,  
 with Mr. Tesche and Ms. Taylor  
 objecting,

to amend AO 2001-162, page 3, item 3,  
 to change the department from Assembly to  
 Mayor.

Mayor Wuerch moved,  
 seconded by Ms. Fairclough,

to amend AO 2001-162, Mayor's page 1,  
 item 2, 4 building inspectors - Since first  
 quarter 2001 demand has increased another  
 37 percent over the same period the previous  
 year (funded from increase in fund 181  
 revenues per the omnibus fees and fines  
 package.)

Question was called on the motion to amend AO 2001-162, Mayor's page 1, item 2, and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Tesche, Shamberg,  
 Tremaine.  
 NAYS: None.

Mayor Wuerch moved,  
 seconded by Mr. Kendall,

to amend AO 2001-162, Mayor's page 1,  
 item 3, on-site Water/Wastewater engineer -  
 conduct field inspections of data submitted  
 with permit requests, request for Certificates  
 of On-Site Systems Approval, requests for  
 Subdivision Approval and requests for  
 variances (funded from increase in On-Site  
 Water & Wastewater permit fees)

Mr. Tremaine said he would be voting for these because program revenues would cover them. They were not increasing property taxes, but program revenues. They have not passed the fees and fines yet, but he felt that was imminent.

Question was called on the motion to amend AO 2001-162, Mayor's page 1, item 3, and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Tesche, Shamberg,  
 Tremaine.  
 NAYS: None.

Mayor Wuerch moved,  
 seconded by Mr. Kendall,

to amend AO 2001-162, Mayor's page 2,  
 item 5, increase for medical costs of Fire  
 retirees in Police/Fire Retiree Medical  
 System based on known revised 2001 costs.

Mr. Tremaine referenced AIM 116-2001. In a memo dated November 20, 2001, the Mayor said he felt that public safety should be increased somewhere between \$125,000 to \$250,000. Now the Mayor is coming forward with an increase of \$285,000, which is outside of the range that he recommended. He viewed this as conflicting advice.

In response to Mr. Tremaine, Cheryl Frasca, Director of Office of Management and Budget, said they noted in the memo that there was \$1,900,000 available in fund balance. They backed out this additional cost of \$800,000, leaving \$1,100,000. The allocation of the priorities adds up to \$1,100,000. We recognize this is an obligation of government. We regret it was not in our proposed budget, but we allocated out the priorities after addressing this.

(Clerk's Note: Mr. Tesche left for the evening at 7:00 p.m.)

Mr. Tremaine said his problem with this was that it would come out of property taxes and they were probably already beyond what they could do. He wants to give the money to the Fire Department and he feels it is important, but he was disappointed that it was not in the budget that was presented by the Mayor. He did not feel he could support the amendment at this late date.

Ms. Taylor said she was concerned that this had been thrown on the table at the last minute. She noted that the Assembly had prepared their amendments in a timely fashion.

Ms. Von Gemmingen said these payments were required due to negotiations that had taken place in prior years. We are obligated to pay it whether we want to or not. She urged a yes vote.

In response to Ms. Taylor, Cheryl Frasca, Director of Office of Management and Budget, said the funds source should be applied fund balance and not property taxes. The \$285,000 would come out of applied fund balance of the 101 Fund.

Mr. Sullivan moved,  
seconded by Ms. Von Gemmingen,  
and it passed without  
objections,

to amend AR 2001-164, Mayor's page 2,  
item 5, to have the \$285,000 come out of the  
applied fund balance of the 101 Fund.

Question was called on the motion to amend AO 2001-162, Mayor's page 2, item 5, as amended and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg.

NAYS: Tremaine.

(Clerk's Note: Mayor Wuerch left the meeting for the evening at 7:04 p.m.)

Ms. Von Gemmingen moved,  
seconded by Mr. Kendall,

to amend AO 2001-162, Mayor's page 2,  
item 6, increase for medical costs of Police  
Retirees in Police/Fire Retiree Medical  
System based on known revised 2001 costs.

In response to Mr. Tremaine, Cheryl Frasca, Director of Office of Management and Budget, said this would come out of the applied fund balance of the 101 Fund.

Mr. Tremaine moved,  
seconded by Mr. Sullivan,  
and it passed without  
objections,

to amend AO 2001-162, Mayor's page 2,  
item 6, to have the funds come out of the  
applied fund balance of the 101 Fund.

Mr. Tremaine said the Mayor suggested between \$300,000 to \$500,000. This was \$495,000 and we have already added on more than that. This is an obligation and it will be paid no matter what, but he did not believe they had the fund balance available for it. Mr. Tremaine urged a no vote.

Mr. Sullivan said he through the Mayor's AIM was referring to operating costs, but these were clearly Fire and Police retirement costs, which were separate items.

Question was called on the motion to amend AO 2001-162, Mayor's page 2, item 6, as amended and it failed:

AYES: Sullivan, Von Gemmingen, Traini, Fairclough, Kendall.

NAYS: Taylor, Van Etten, Shamberg, Tremaine.

Mr. Kendall moved,  
seconded by Mr. Sullivan,

to amend AO 2001-162, Mayor's page 2,  
item 7, bond debt payment for Senior Center  
(overlooked in preparation of proposed  
budget).

Ms. Von Gemmingen noted that item Mayor's page 2, item 6 had failed, but was a requirement under the union contract under the retirement benefits.

In response to Ms. Von Gemmingen, Ms. Frasca said they were required to pay this and would have to take funds from other areas, such as filling positions. The money would have to be reallocated out of their operating funds to cover this cost.

In response to Chairman Traini, Municipal Attorney Bill Greene said the Assembly could amend the budget at any time. The first quarter budget revision was unlike any other situation and done by resolution rather than an ordinance amending an ordinance. If the Assembly were consistent to that, then they could amend the budget by resolution on December 11, 2001. Once the budget is passed, appropriations over \$100,000 would require a public hearing.

Ms. Von Gemmingen said it appeared that the Assembly had just undone all the good work that they did last night in adding to the police budget to insure that they were adequately funded.

Question was called on the motion to amend AO 2001-162, Mayor's page 2, item 7, and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg, Tremaine.

NAYS: None.

Mr. Kendall moved,  
seconded by Ms. Fairclough,

to amend AO 2001-162, Mayor's page 2,  
item 8, increase 2002 salaries and benefits  
for IAFF personnel based on contractual  
requirement for CPI-W adjustment (3.3%)  
rather than the CPI-U adjustment (2.9%)  
included in 2002 proposed budget.

Mr. Kendall said this was for wage increases as called for in the contract. He felt it was appropriate for the Assembly to approve it.

Mr. Kendall and Ms. Fairclough accepted Ms. Von Gemmingen's friendly amendment to have the funds come out of the applied fund balance.

In response to Mr. Tremaine, Ms. Frasca said the contract stipulates that we use this index.

Question was called on the motion to amend AO 2001-162, Mayor's page 2, item 8, as amended and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg.

NAYS: Tremaine.

Mr. Kendall moved,  
seconded by Mr. Sullivan,

to amend AO 2001-162, Mayor's page 2, item 9, increase 2002 salaries and benefits for IAFF personnel based on contractual requirement for CIP-W adjustment (3.3%) rather than the CPI-U adjustment (2.9%) included in 2002 proposed budget.

Mr. Kendall moved,  
seconded by Mr. Sullivan,  
and it passed without  
objections,

to amend AO 2001-162, Mayor's page 2, item 9, to have the funds come out of the applied fund balance.

Question was called on the motion to amend AO 2001-162, Mayor's page 2, item 9, as amended and it passed:

AYES: Sullivan, Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg.

NAYS: Tremaine.

Mr. Kendall moved,  
seconded by Mr. Sullivan,

to amend AO 2001-162, Mayor's page 1, item 4, title transfer fees not implemented, department to take direct costs cuts.

Mr. Tremaine said the Mayor and the administration proposed a \$700,000 title transfer fee, which was in the budget. They have withdrawn that recommendation by this amendment. Because the administration has changed its mind about \$700,000, we have to make that up in property taxes. We are increasing the vacancy factor in the Finance Division up to 11.8 percent and currently they stand at 8 percent. He urged a no vote.

Question was called on the motion to amend AO 2001-162, Mayor's page 2, item 4, and it failed:

AYES: Sullivan, Traini, Fairclough, Kendall.

NAYS: Von Gemmingen, Taylor, Van Etten, Shamberg, and Tremaine.

Mr. Sullivan noted he had to leave. He asked that Mayor's page 2, item 6 be reconsidered.

Mr. Tremaine said they needed to consider where they stood on property taxes and fund balances.

The meeting recessed at 7:17 p.m. and reconvened at 7:47 p.m.

Ms. Taylor moved,  
seconded by Mr. Fairclough  
and it passed without  
objections,

the immediate reconsideration of  
AO 2001-162, Mayor's page 2,  
item 6., increase for medical costs of Police  
Retirees in Police/Fire Retiree Medical  
System based on known revised 2001 costs.

Ms. Taylor said she was concerned about things that had been thrown on the table at the last minute, but they should not punish the Police retirees for that.

Ms. Taylor moved,  
seconded by Ms. Von Gemmingen,

to amend in AO 2001-162, Mayor's page 2, item 6, increase for medical costs of Police Retirees in Police/Fire Retiree Medical System based on known revised 2001 costs.

Question was called on the motion to amend AO 2001-162, Mayor's page 2, item 6, as amended and it passed:

AYES: Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg, Tremaine.

NAYS: None.

(Clerk's Note: Mr. Sullivan had left the meeting at the time of the vote.)

Mr. Kendall pointed out that by item AO 2001-162, Mayor's page 1, item 4, failing there were no revenue sources for the Finance Department.

Assembly Budget Analyst Ms. Gray-Jackson said Mr. Kendall was correct about the lack of revenue sources. If they did not reconsider those decreases and vacancy factors, they would be \$500,000 and more over the tax cap.

Ms. Frasca said the Assembly had added \$4,332,000 to the proposed budget, including the last amendment. In their AIM they indicated that there was \$1,929,210 in fund balance available to apply towards that,

because they have already taxed to the cap in the proposed budget. There was \$2,402,790 of deficit spending.

Ms. Gray-Jackson said currently there was an increase in total direct costs of \$4,332,000, a negative in program revenues of \$311,060, allocated revenues \$1,675,980, applied fund balance \$2,428,310 and they were over the property tax by \$538,770.

In Tremaine said he found the magnitude of what came to the from the administration overwhelming, but he knew that came from a large number of departments. He commended Cheryl Frasca, Director of Office of Management and Budget, on the job that she did. We know have about \$530,000 in property taxes that are too high. Earlier in the evening he was trying to reduce vacancy factors in places other than the Finance Department, but he was unable to accomplish much of that. He was not willing to take all of that out of the Finance Department, but that seemed to be the only alternative presented. He felt they should take that amount of money out of vacancy factors, which they could do responsibly. He did not feel that they could take it all out of the Finance Department responsibly.

In response to Mr. Tremaine, Municipal Manager Kieling said they looked at using the vacancy factor Municipal wide. It was not applied initially in the Finance Department. When they looked at it again to try to come up with a balanced budget, they applied it to the Finance Department. If you consider the Finance Department and compare it with the other departments, they tried to come up with an equitable approach to that problem.

Mr. Kendall moved,  
seconded by Ms. Fairclough

to amend AO 2001-162, Mayor's page 1, X item 4, line 1 only and not the vacancy factors listed below line 1. Title transfer fees not implemented, department to take direct costs cuts.

Mr. Kendall pointed out that if the budget were not amended then there would be no program revenues to supply \$700,000 to the Finance Department. We need to keep the employees in the Finance Department, but we need to have another revenue source, such as property tax, applied fund balance, or some other source of revenues. We cannot just leave it out there with no revenue source. He was open to suggestions for other sources of revenue.

In response to Ms. Frasca, Mr. Kendall said the program revenue of \$700,000 had no real revenue source. The only other source we had at the moment was property taxes. In the existing budget it is a program revenue, but we need to move it out of program revenue to either property taxes, applied fund balance or allocated revenues.

Mr. Traini said the effect of that would bring us under the property tax cap to fund the department.

Ms. Von Gemmingen questioned if there were any new fees in the package related to the Finance Department other than the one that was being thrown out.

Kate Giard, Chief Fiscal Officer, said the Finance Department was appreciative of the Assembly's efforts. She felt they could carry the 8 percent vacancy factor they now had. That would represent a total vacancy factor for the Finance Department between \$450,000 and \$500,000. The \$128,000 vacancy factor that we have carried in the Finance Department for years was not realistic. She was comfortable carrying a vacancy factor that reflected reality. She asked that the Assembly to allow the Finance Department to work on a vacancy factor that was 7 to 8 percent. She felt that would be the best solution at this time.

In response to Mr. Kendall, Ms. Giard said the Assembly was \$540,000 over the tax cap.

In response to Ms. Von Gemmingen, Ms. Giard said no fees were currently charged for title transfers within the Municipality of Anchorage. They have a plan to talk to the industry and the community about the possibility of certain fees that would be related to title transfers.

Ms. Von Gemmingen said when they originally discussed this, they talked about it being tied to the purchase price. There is a significant amount of paperwork and staff time that goes into transferring titles and we are not recouping any of that cost. It goes back to cost causer, cost payer. She felt they needed to start looking at that as a source of revenue.

In response to Ms. Von Gemmingen, Ms. Giard said they supported that and believed they would come forward with that in the months of January and February. They wanted the opportunity to work more closely with the industry to develop an overall plan that the administration felt would be acceptable to both the constituency and the industry.

The meeting recessed at 8:06 p.m. and reconvened at 8:18 p.m.

Mr. Kendall withdrew his motion to amend AO 2001-162, Mayor's page 1, item 4.

Mr. Kendall moved,  
seconded by Mr. Tremaine,

to amend AO 2001-162, Mayor's page 1, item 4, to delete program revenues, change property tax to \$161,230; transfer \$103,770 from Fund 601, fleet maintenance; change the vacancy factor for the Controller Division to \$203,000; change the vacancy factor for Risk Management to \$20,000;

change the vacancy factor for Treasurer to \$100,000; and vacancy factor for Property Appraisal to \$240,000. For a total of \$563,000.

Mr. Tremaine said the provided numbers were cumulative at 8 percent, but the amendment talks about increased vacancy factors from the existing \$128,000. The numbers we are going to put in the amendment are less than the ones just provided.

Ms. Giard said Mr. Tremaine was correct. She provided the full amount of the vacancy factor including the original \$128,000 that was in the budget, which should total \$563,000. The \$563,000 represents 8 percent vacancy factor for the Finance Department.

Ms. Von Gemmingen said they take out the \$700,000 under program revenues. They delete the \$700,000 in property tax and insert \$161,230. They add in from Fund 601, applied fund balance, \$103,770. The vacancy factors for the Controller Division, Risk Management Division, Treasury Division and Property Appraisal Division would add up to \$530,000 less what was already in the budget. She was confused on those numbers.

Mr. Kendall said the old numbers were deleted and new numbers were inserted.

Ms. Fairclough said they struck the word increase and the new vacancy factor was exactly what was stated on the new amendment.

Mr. Tremaine said if you subtracted \$128,000 from it, you would get what the difference was, which was what was being added. The maker of the motion took the word increase out so that the vacancy factor would adjust to those numbers.

Ms. Giard said there was a \$700,000 revenue source. We are taking that revenue source away and replacing it with a \$265,000 revenue source. We had \$700,000 and we are taking away \$435,000. That \$435,000 is going to reside in vacancy factor for the department. When you add the \$128,000 that we originally had, our total vacancy factor for the department will be \$563,000, which equals 8 percent vacancy factor. The numbers indicate how the \$563,000 would be allocated across the various divisions and allocating the vacancy to the number of divisions with the highest number of employees. She was comfortable that if they added those two revenue source that they would come up with the right number.

In response to Ms. Von Gemmingen, Ms. Giard said they could allocate the \$435,000 out and then it balances within itself.

In response to Mr. Kendall, Ms. Giard said they would not lose any employees within the Finance Department and they would not adjust their hiring practices to slow down their hiring. They will continue to pursue full staff as in the past. The problem is that the private sector does not allow us to hire as quickly as we would like, because of competition. We will maintain some vacancy factors as a result of that.

In response to Ms. Von Gemmingen, Ms. Elvi said earlier in the evening when the motion was initially made regarding the \$700,000, she thought it passed and so she added it to her spreadsheet and came up with a bottom line number of \$538,770 over the property tax cap. She has since deleted that, because it did not pass, and the bottom line number is \$161,230 under the tax cap, not taking into consideration anything that was now happening.

Mr. Tremaine said he was comfortable that this was a reasonable compromise. The vacancy rate for the Finance Department was high, but it was the current vacancy rate. This allows them to continue to hire, because there is natural turnover in a department of that size. He felt it was workable and balanced the budget. He would support the amendment.

Question was called on the motion to amend AO 2001-162, Mayor's page 1, item 4, and it passed:

AYES: Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg, Tremaine.

NAYS: None.

The meeting recessed at 8:29 p.m. and reconvened at 8:38 p.m.

Mr. Kendall said he would like to know that they had the final budget signed off by Cheryl Frasca, Director of Office of Management and Budget,, Ms. Giard and Chairman Traini that reflected the actions of this evening.

In response to Mr. Kendall, Chairman Traini said he and Ms. Frasca has signed the final budget, but Ms. Giard had not signed it yet.

Chairman Traini read the final budget numbers. The result of all the amendments was that they were now in balance. The new budget will be \$272,246,430.

In response to Ms. Fairclough, Cheryl Frasca, Director of Office of Management and Budget, said their proposed budget was \$700,000 less than last year, so this would put them over last year's budget.

In response to Ms. Von Gemmingen, Ms. Frasca said the net affect of their amendments was about \$400,000. The revised budget for 2001 was \$266,863,400 compared to this year's budget of \$272,246,430.



Ms. Taylor moved,  
seconded by Ms. Von Gemmingen,

to amend in AO 2001-162, Mayor's page 2,  
item 6, increase for medical costs of Police  
Retirees in Police/Fire Retiree Medical  
System based on known revised 2001 costs.

Chairman Traini pointed out that the administration could make small, technical amendments to the budget as necessary.

Question was called on the motion to adopt AO 2001-162 as amended and it passed:

AYES: Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg, Tremaine.

NAYS: None.

Chairman Traini ruled that the budget was approved as amended.

- B. Resolution No. AR 2001-275, a resolution approving the **2002-2007 Municipal Utilities Capital Improvement Program**, Office of Management and Budget.  
1. Assembly Memorandum No. AM 793-2001.  
(POSTPONED FROM 11-13-01)

Chairman Traini gave the history of AR 2001-175 and noted no motion was on the floor.

Mr. Kendall moved,  
seconded by Mr. Tremaine,

to approve AR 2001-275.

Question was called on the motion to approve AR 2001-275 and it passed:

AYES: Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg, Tremaine.

NAYS: None.

- C. Ordinance No. AO 2001-163, an ordinance adopting and appropriating funds for the **2002 Municipal Utilities Operating and Capital Budgets** for the Municipality of Anchorage, Office of Management and Budget.  
1. Assembly Memorandum No. AM 853-2001.  
(POSTPONED FROM 11-13-01)

Chairman Traini gave the history of AO 2001-163 and noted no motion was on the floor.

Mr. Tremaine moved,  
seconded by Ms. Von Gemmingen,

to adopt AO 2001-163.

Mr. Tremaine moved,  
seconded by Ms. Shamberg,

to amend AO 2001-163 to add \$23,500  
to AEDC from AWWU combined Water  
and Wastewater operating budget.

(Clerk's Note: See Exhibit B, attached below, for proposed amendments to Utilities Operating Budget.)

Mr. Tremaine said the City received two sources of income from this utility that we own according to the code. The first one is in lieu of property taxes for those facilities within the Municipality and that comes at the mill rate for where those facilities are located. The second one is 1.25 percent of the gross operating revenue. The Regulatory Commission of Alaska does not allow us to collect that 1.25 percent.

In response to Mr. Tremaine, Mr. Premo said ML&P and AWWU were regulated by the RCA and both were prohibited by RCA orders from paying gross tax receipts.

Mr. Tremaine said the code indicates that we are collecting a percent of the revenue, but the state is precluding us from doing that. We own this very large asset and while we get a fee in lieu of property taxes, we get absolutely no operating income and no profit. We have to look at what these companies for within the community as good corporate citizens. AWWU has given its people work in the community as volunteers, but in terms of monetary contributions for economic development, publicity, and advertising, they are short on what other corporate citizens do. ML&P has given much more in the past, but their profit margin is much higher. There is a much larger discussion that the Assembly and the Municipality needs to have about these, but now is not the time. We are proposing two subsidies of \$23,5000 to AEDC, one from ML&P and one from AWWU.

In response to Chairman Traini, Mr. Kieling said the administration came out in support of this.

In response to Ms. Von Gemmingen, Mr. Premo said they have continually supported AEDC. The Enterprise Funds support general government to the tune of \$15,000,000 a year in the 2002 budget or about 6 percent of the budget. If you look at the Enterprise Funds in general, in aggregate, about 9 percent of their operating budget goes directly to general government either through MUSA or IGSs and that is approximately 10 percent of the tax base of the city. He noted that they were, and have been, very supportive of general government in the past.

Question was called on the motion to amend AO 2001-163 and it passed:

AYES: Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg, Tremaine.

NAYS: None.

Mr. Tremaine moved,  
seconded by Ms. Shamberg,

to amend AO 2001-163 to add a \$23,500  
subsidy to AEDC from ML&P's operating  
budget.

Question was called on the motion to amend AO 2001-163 and it passed:

AYES: Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg, Tremaine.

NAYS: None.

Mr. Tremaine distributed a handout. Two of the things that the Assembly added into their operating budget were a subsidy for the Alaska Small Business Development Center and some support to Brother Francis Shelter. The Enterprise Funds willingly and logically support the overall Anchorage economic development. He felt supporting the larger and the smaller development went hand in glove.

Mr. Tremaine moved,  
Seconded by Mr. Van Etten,

to amend AO 2001-163 to move a \$30,600  
subsidy to the Alaska Small Business  
Development Center.

Mr. Kendall pointed out that Small Business Development Center had only asked for \$80,000. Funding for the Brother Francis Shelter was not traditionally done as an incentive for economic development or growth out of the utilities, but funded by general government.

Mr. Tremaine said Mr. Kendall was correct. The funding that they added to the budget for the Brother Francis Shelter talks about maintenance, support utilities, fire and electric, which are utility enterprise fund activities. He saw a natural and logical connection. He felt this would also be a way for their enterprise funds to get out in the community and advertising themselves through good works. He felt it was financially within their capabilities. He said this would be a win-win situation for both their funds and the people of the city.

In response to Mr. Tremaine, Mr. Scott said the Small Business Development Center grant was not in similar to what they do with AEDC. With AEDC they have industrial and heavier commercial users that use their utility, such as the modules with the North Slope and Red Dog, and they generate substantial revenues for us. He has been supportive of the Small Business Development Center in other capacities. The Small Business Development Center was really for small entrepreneurs, cottage industry type facilities and not a true alignment with their business aspect. They had been approached a few months ago about trying to do something with the Brother Francis Shelter. The community services that they do both in volunteering of employees and financial arrangements are all done with marketing concepts. They do not give donations to people. There has to be something that relates their business interests. He did not know how they could do something of this size for the Brother Francis Shelter. They were being asked to look at \$15,000 and \$20,000 for Brother Francis Shelter and he was not sure if they could even meet that. He suggested allowing them to work with the Brother Francis Shelter throughout the year to work out a marketing approach to this.

In response to Ms. Von Gemmingen, Mr. Scott suggested allowing them to work with the Brother Francis Shelter to see if there was something they could do. They had some green power ideas that they were working on. They would be putting energy into working with the Brother Francis Shelter, because ML&P provides service with energy as Alaska's low cost energy provider. He felt they could come up with something that the Assembly would be pleased with. Both ML&P and Chugach Electric has active marketing programs, key customers, account programs and other things that they do. They did a survey in the community and the ratepayers of ML&P rated their community involvement very high in terms of what they value about ML&P. They are focusing on that. They do some work with the Imaginarium, the schools and the hospitals. ML&P is very active in that area. Chugach Electric is active as well, but he did not know specifically what they did.

Mr. Kendall moved,  
seconded by Ms. Fairclough,

to table the amendment to AO 2001-163.

Question was called on the motion to table the amendment to AO 2001-163 and it failed:

AYES: Von Gemmingen, Fairclough, Kendall.

NAYS: Taylor, Van Etten, Traini, Shamberg, Tremaine.

Question was called on the motion to amend AO 2001-163 and it failed:

AYES: Taylor, Shamberg, Tremaine.

NAYS: Von Gemmingen, Van Etten, Traini, Fairclough, Kendall.

Question was called on the motion to adopt AO 2001-163 as amended and it passed:

AYES: Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg, Tremaine.

NAYS: None.

Mr. Kendall moved,  
seconded by Ms. Fairclough,

for immediate reconsideration of  
AO 2001-162.

Mr. Kendall urged a no vote.

Question was called on the motion for immediate reconsideration of AO 2001-162 and it failed:

AYES: Tremaine.

NAYS: Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg.

Mr. Kendall moved, for immediate reconsideration of  
seconded by Ms. Von Gemmingen, AR 2001-275.

Mr. Kendall urged a no vote.

Question was called on the motion for immediate reconsideration of AR 2001-275 and it failed:

AYES: Tremaine.

NAYS: Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg.

Mr. Kendall moved, for immediate reconsideration on  
seconded by Ms. Fairclough, AO 2001-163.

Mr. Kendall urged a no vote.

Question was called on the motion for immediate reconsideration of AO 2001-163 and it failed:

AYES: Tremaine.

NAYS: Von Gemmingen, Taylor, Van Etten, Traini, Fairclough, Kendall, Shamberg.

4. ADJOURNMENT

Mr. Kendall moved, to adjourn the meeting.  
seconded by Ms. Fairclough,

The meeting was adjourned at 9:08 p.m.

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Chairman Dick Traini

ATTEST:

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Municipal Clerk

Date Minutes Approved: May 14, 2002

VMC/kron:cmw

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