

Anchorage Municipal Assembly and Anchorage School Board Joint Meeting

**Anchorage School Board Conference Room
4600 DeBarr Road**

Minutes for Joint Meeting of September 15, 2006

1. CALL TO ORDER

The Joint Meeting was convened by School Board President Jeff Friedman at 10:00 a.m. in the School Board Conference Room of the ASD Administration Building, 4600 DeBarr Road in Anchorage, Alaska.

2. ROLL CALL

2.A ANCHORAGE ASSEMBLY

PRESENT: Vice Chair Debbie Ossiander, Allan Tesche, Anna Fairclough, Pamela Jennings,
Dan Coffey, Paul Bauer, Janice Shamberg

ABSENT: Chair Dan Sullivan, Dick Traini, Ken Stout, Chris Birch.

2.B. ANCHORAGE SCHOOL BOARD

PRESENT: President Jeff Friedman, Macon Roberts, John Steiner, Crystal Kennedy, Mary Marks, Tim Steele, Jake Metcalfe.

Also present were Anchorage School District (ASD) Superintendent Carol Comeau, ASD Assistant Superintendent of Support Services George Vakalis, Anchorage City Manager, Dennis LeBlanc, ASD Assistant Chief Financial Officer Janet Stokesbary, ASD Budget Director Marie Laule, Municipal Clerk Barbara Gruenstein, and ASD School Board Secretary Johanna Lee.

3. PLEDGE OF ALLEGIANCE Board President Friedman led the pledge.

4. MINUTES OF PREVIOUS JOINT MEETING

4a. Joint Meeting – of June 2, 2006

Mr. Steele moved,

Mr. Coffey seconded, to approve the meeting Minutes of June 2, 2006,

This motion was passed without objection.

5. ADDENDUM TO AGENDA

Mr. Friedman called for additions or changes to the Agenda. Mr. Steele requested a discussion, for informational purposes, on the Bartlett land issue. Ms. Ossiander requested a discussion on cooperative services and joint purchasing. Ms. Fairclough requested a discussion on possible future ASD bonds. Mr. Friedman added these to the Agenda as items 6.D, 6.E and 6.F, respectively.

6. ITEMS OF BUSINESS

6. A & B ASD Budget Update and Budget Review Team Process: FY 2007-2008

1 Ms. Comeau referenced two memos (attached) analyzing TRS/PERS impact to the school district. She
2 explained that prior to the recently announced changes to the TRS/PERS contribution amounts the
3 District had anticipated an estimated \$28 million budget gap. Thirteen million dollars of that amount was
4 the assumed increase to TRS/PERS and the additional \$15 million reflected the amount needed to
5 maintain current programs in light of known increased costs such as increased utilities, increased fuel
6 costs, and already negotiated agreements. Ms. Comeau noted that the District has been actively
7 recruiting for budget review team participation, with over 100 applications received already. Every union
8 has been requested to designate one member for every team so that they can be involved and provide
9 perspective. The teams will be asked to look at every aspect of their assigned area to identify
10 efficiencies. The Budget Review Team kickoff will be held at Wendler Middle School on September 28th.
11

12 Ms. Comeau reported that there is now an additional \$55.5 million TRS/PERS requirement which, added
13 to the already anticipated \$13 million, brings the District's TRS/PERS requirement to \$68.5 million. That
14 amount, added to \$15 million gap, brings the total budget gap to \$83.5 million. She reminded those
15 present that the District administration is required to bring a balanced budget to the school board in
16 January. She also explained that there is a March 15, 2007 deadline to notify any tenured employee if
17 their job is in jeopardy for layoff. Non-tenured employees have to be informed by the last working day of
18 the school year. If the legislature and the governor don't address this issue quickly in January the District
19 will have to go through a massive layoff and program elimination discussions through January and
20 February. The \$68.5 million estimated costs reflect only the impact on the General Fund. Ms. Comeau
21 also provided documentation of the District's best estimate of the impact the change will have on the
22 Local/State/Federal (L/S/F) Grants Fund budget, which includes Special Education, Title I, and other
23 funds. These grants will all have to be rewritten and services will have to be diminished due to the new
24 TRS/PERS requirements. The Food Service Fund and the Capital Projects Fund budget are also
25 impacted by these increases.
26

27 Mr. Steele asked what the process will be if the District is unable to cover the added cost of the grants.
28 He wondered whether they have to be renegotiated or if the District be at risk of losing the grants. Ms.
29 Comeau explained that the grants will all have to be rewritten because they were originally written,
30 approved and awarded with certain service parameters. The Special Education and Title I are mandated
31 services that the District is required to provide under No Child Left Behind and the Federal IDEA. The
32 District has to provide these services either under grant funding or by encroaching into the general fund.
33 Mr. Steele clarified that the grant provider will either accept the reduction in services, the District will have
34 to provide additional funding from their general fund in order to keep the grant, or the District will lose the
35 grant.
36

37 Mr. Tesche asked whether there have been any efforts made to work with other municipalities, school
38 districts and the state in order to address the problem from a global perspective. Ms. Friedman noted that
39 the Alaska Association of School Boards (AASB) has been pushing on this issue for at least the past four
40 years. While he believes that the State will come up with at least a partial solution to the issue, he noted
41 that the real question is whether they will do it in January or May, before or after the District does their
42 budget. Mr. Tesche noted that the District is not really left with any choice but to base their budget on the
43 numbers that are now known and to let the public know what the consequences will be without a solution
44 involving active participation of the State, sooner rather than later. Mr. Steele suggested that the District
45 should prepare both an "A" and "B" budget so that both eventualities are thought through.
46

47 Mr. Coffey noted that we are paying a price for a pension system that needs a lot of attention. He hoped
48 that a collective approach could be developed and asked for direction as to how that could be done. Mr.
49 Steiner agreed with Mr. Tesche that the problem has to do with insufficient funding. It is not appropriate
50 to spend current funds to solve the problem of historical shortfalls. He believed that this is a situation
51 where we should seek commitments from legislators in order to plan the budget with a better sense of
52 what to expect from them to address this issue. Mr. Metcalfe reported that the School Board Legislative
53 Subcommittee is putting together legislative debates in order to provide and opportunity for candidates to
54 discuss educational issues.
55

56 Ms. Ossiander noted that, in the past, Board members have been fairly effective by meeting individually
with legislators and wondered whether this is still happening. Mr. Metcalfe explained that the Board does
a questionnaire and the candidates are encouraged to talk to both the Superintendent and Board
members. Ms. Comeau noted that one of the challenges is that the District's Government Relations

1 position has been eliminated due to budget cuts. She noted that the intention is to do everything possible
2 to educate and seek support from legislators. This is a perfect opportunity for the District, the
3 Municipality, and the University to get together with the Anchorage caucus to really focus on the essential
4 issues and to meet with and educate legislators as to what these issues are.

5
6 Mr. Coffey noted that he is unaware of any issue that is of greater consequence for this year than this.
7 He supports the idea of preparing and presenting a unified front to get the attention of the legislators. Mr.
8 Tesche suggested that this is going to require an extraordinary coalition of municipal governments
9 throughout the state, some kind of an ad hoc group that represents the various local interests involved, to
10 come up with a plan or a minimum requirement necessary to address the issue. The plan will have to be
11 presented to the legislature in such a way that explains that local governments in Alaska, including school
12 districts and perhaps the University system, is at a crisis point and unless the legislature steps up with "x"
13 number of dollars or "y" type of solution a severe fiscal crisis will be felt at the local level all across Alaska.
14 The idea would be to form a group of people sufficiently representative of local interests to present a
15 single plan proposal to the legislature so that they have something to focus on.

16
17 Ms. Fairclough noted that there should be a concerted effort to discover the systematic problem that led
18 to the shortfall, realizing the importance of fixing the problem not just seeking a financial bandaid for the
19 fiscal situation resulting from a systematic shortfall existing in the current structure. She explained that
20 investment strategies within the retirement system should also be looked at to make sure that they are
21 working and suggested that, as efforts are made to seek solutions to this issue, partnerships should be
22 built with fund managers as well as legislators.

23
24 During discussion it was noted that Assembly Vice-Chair, Ms. Ossiander, would join with Mr. Steele to
25 begin development of a task force to address the TRS/PERS issue. Mr. LeBlanc, City Manager, noted
26 that the city is equally as concerned about the situation and equally committed to addressing the issue.

27 28 **6.C Teacher's Contract: Elements of and Impact on Anchorage and the ASD Financials**

29
30 Mr. Eric Tollefsen presented an overview of where the District stands in light of the most recent rejection
31 of the tentative agreement with AEA. He reported that two tentative agreements have been reached with
32 the AEA Bargaining team and they have both been rejected. He outlined that the offer on the last
33 agreement was 3% in the first year, 3% in the second year, and 2.75% in the third year with the possibility
34 of an additional .5% in the last year depending on funding. Health insurance went from the current \$700
35 per month per person to \$790 in the first year of the agreement, \$890 in the second year, and \$975 in the
36 third year. The agreement would cost the District an additional \$44 million over three years. The offer
37 also included planning time which would amount to an additional \$4 million. The AEA has gotten rid of
38 their last bargaining team and is currently in the process of appointing a new bargaining team that will
39 include five AEA members, in addition to a couple of people from their local organization and, he
40 believed, two people from the Washington Education Association. Mr. Tollefsen noted that the District
41 had no information about the increases in TRS/PERS when this agreement was done, which adds an
42 entirely new dimension to the negotiations. Ms. Comeau explained that, once the new AEA bargaining
43 team is in place, the two teams will have to get back together to either negotiate or declare an impasse. If
44 they declare an impasse they are still required by statute to go through mediation and advisory arbitration.
45 It will be December or January before all of that can be accomplished. Mr. Tollefsen noted that the
46 District has scheduled an October 11th meeting with the new AEA bargaining team.

47
48 Mr. Steiner requested additional information regarding whether the contract is keeping up with inflation.
49 Mr. Tollefsen explained that the paper had recently reported that inflation is 4.2%. The comparison being
50 made between is between that 4.2% and the District's offer of a 3% salary increase. In order to
51 accurately compare the offer with the cost of living, health insurance must be included in the calculations.
52 Because the health insurance contribution is a fixed dollar amount the percentage of that contribution
53 varies depending on where the AEA member is on the salary schedule. At the lower end of the salary
54 schedule the percentage is higher resulting in a 5.4% increase. At the very top of the salary schedule it
55 comes out to 4.3%. When health insurance is added into the calculation, it puts the offer at least a little
56 ahead of the 4.2% reported cost of living figure regardless of where the employee is on the salary
57 schedule. The other issue to consider is the step increase that AEA members get which is worth about
2%. Another issue that the District also continues to hear is that there were no increases in the 1990s
which, Mr. Tollefsen noted, was addressed to a large extent in the 2000 contract.

1
2 In response to a question from Mr. Tesche, it was explained that, with the amount of the Districts' health
3 insurance contribution included in the last offer, the AEA estimated that the out-of-pocket cost for their
4 members would have decreased the first year of the contract and would have been less the second year
5 of the contract. The member cost would have gone up slightly in the third year of the contract but would
6 have remained less than what they are currently paying. The other issue that needs to be considered is
7 that the District pays health care on every AEA member that is eligible. There are about 500 people who
8 are eligible but elect not to participate in the health care coverage so the money contributed for them is
9 used by AEA to offset the cost for the other members participating in the plan. Ms. Shamberg questioned
10 whether the AEA has looked at increasing the deductible amount on the health insurance in order to keep
11 costs down. Mr. Friedman noted that the AEA was not interested in that approach and has considered
12 the current \$100 deductible to be large. Mr. Steele clarified that the insurance is a union provided plan
13 and, therefore, the District does not have any ability to make changes to the plan.
14

15 **6.D. Bartlett Land Issue (Addendum)**

16
17 Mr. Steele raised the issue in light of his concern that a proposal has been made through the Heritage
18 Land Bank to take a portion of the Bartlett High School property and use it to offset some of the costs on
19 the park swap in South Anchorage. He is concerned that the portion of land in question is directly in front
20 of Bartlett High School. Mr. Coffey indicated that this discussion is premature. Ms. Ossiander noted that
21 the Assembly has a work session on this topic from 1:00 p.m. – 2:00 p.m. next Friday, September 22,
22 2006. She noted that one of the questions already being discussed is the potential impact to Bartlett
23 High School. The Assembly will be having a briefing on legal implications that came up in testimony.
24 She encouraged the School Board to send someone to that work session.
25

26 Ms. Comeau noted that she was unaware that this topic was going to be brought up at this meeting and
27 that the District is not prepared to address the issue at this time. Mr. LeBlanc stated that, from the City's
28 perspective, he would prefer to defer this discussion to the work session when the appropriate people are
29 prepared to discuss the issue.
30

31 **6.E. Cooperative Services (Addendum)**

32
33 Ms. Ossiander reported that, over the last two years, the Municipality has been investigating a new
34 approach to purchasing. At a recent work session the Assembly received information which leads them
35 to believe that they have discovered a significant way to save money. The Municipality is already
36 partnering this HFC in this endeavor and there has been some preliminary discussion with ASD and also
37 with the State of Alaska to participate. She requested an update and feedback from the District as to
38 whether there is any potential for partnership or any challenges identified. Ms. Comeau noted that there
39 have been a number of meetings over the last couple of years regarding the purchasing program. The
40 District is still waiting to hear back on a specific proposal. There had been some discussion on
41 participating in a small pilot program to determine the feasibility for the District. Ms. Chenier noted that
42 the District uses a variety of contract and procurement methods. She explained that she had provided a
43 list of miscellaneous items that the District would use that would overlap with items that the Municipality
44 would use. Ms. Ossiander explained that her understanding was that although the cost of participation is
45 substantial the Municipality would see a net savings of \$2 million annually.
46

47 In response to a question from Mr. Steiner it was explained that the program is an electronic cooperative
48 purchasing system. There are hundreds of vendors who have their catalogues online and the system
49 automatically identifies the lowest cost options for purchasing the items needed. The system provides for
50 pre-ordering or pre-purchasing approval. Ms. Ossiander acknowledged that the District has some pretty
51 successful cooperative purchasing systems already in place. She continued to believe, however, that it
52 would be worth a close look at this program. Ms. Comeau noted that the District is not at all opposed to
53 investigating this program. We are interested in working with them and have met with them several times.
54 At this point the District is waiting for a response from them on the list provided to them in June.
55

56 Ms. Shamberg suggested that the District asked if a results-based fee could be used the first year. Ms.
57 Comeau assured those present that the District will continue to pursue this. Mr. Steiner endorsed the
58 concept. He noted that he could see a lot of opportunity for savings and suggested that, to the extent
59 possible, the program should be looked at aggressively.

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2 **6.F. Assembly Budget Process (Addendum)**
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4 Ms. Fairclough noted that the Assembly is going into their budget planning process and part of the budget
5 packet that Assembly members will receive is an updated investment bond indebtedness forecast for the
6 next ten years. She requested an update that would help them understand what the District needs are
7 before the Assembly starts taking up their capital budgets. Ms. Comeau reported that the District did
8 submit approximately \$140 million of the most high priority projects to the State. The District's Six-Year
9 CIP is over \$600 million. She noted that the District's Capital Request Committee will be meeting later
10 this month. A special committee will be put together to discuss how the District should proceed with
11 necessary construction and maintenance. Interested members of the Assembly are invited to participate
12 in that discussion. The District's number one priority is Clark Middle School, which needs to be completely
13 renovated. Sand Lake and Chester Valley elementary schools are also high priority. In addition, there
14 are several critical system replacement projects that need to be addressed. She noted that the bond
15 proposition will be a much smaller and that the District does have debt reimbursement eligibility through
16 November 30, 2008 at both the 60% and 70% levels. Ms. Comeau reported that the District has paid off
17 \$80 million in bonds over the last two years. No bond recommendations have been brought forward to
18 either the Capital Request Committee or the Board. It will be early December before bond
19 recommendations are brought forward to the Board.
20

21 Ms. Fairclough asked for an explanation of what happened in the Governor's budget on Chester Valley
22 and Sand Lake elementary schools. Ms. Comeau explained that the Board approved a bond package
23 and, as had been done in the past, identified which projects would qualify for debt reimbursement. This
24 last spring Eddy Jeans took it upon himself to remove any projects from the CIP and major maintenance
25 list for the State if they already qualified for debt reimbursement. The District did not find out about that
26 action until after the Assembly had approved the District's bonds. Ms. Fairclough noted that, under
27 current policy for fund balance reserves and the projections from investment strategists, the Municipality
28 has about \$350 million of bonded indebtedness to maintain the current bond rating.
29

30 Mr. Friedman indicated that, as the Assembly is preparing their proposed bond package, it would be
31 helpful for them to give the District some idea of what they would be able to do in terms of a bond
32 package. Mr. Steiner wondered whether we should talk conceptually about a target figure for the total
33 amount of bonds as we look at capacity and knowing that all the bonds go before the same voters. Ms.
34 Fairclough indicated her belief that budget development is current handled in that way, doing a concerted
35 review beforehand with the mayor and the superintendent playing key roles.
36

37 **6.B. Superintendent's Report**
38

39 Mr. Comeau noted that, as of last Monday, District enrollment was about 400 students short of the
40 September 20th projection, although students continue to trickle in. High school and middle school are
41 over projection. Elementary school enrollment is below projection but is moving up. The District is
42 continuing to see an increase in the number of Special Education students. Ms. Comeau reported that
43 the school year has gotten off to a very good start. It is a real tribute to all of the staff. She was please to
44 report that real progress was made on Adequate Yearly Progress (AYP) and with student achievement.
45 Even the schools which did not make AYP made very substantial progress toward their goals. It has
46 been a very good start to the school year. Ms. Comeau indicated that she is optimistic that the District will
47 work its way through the financial crisis. She sincerely encouraged critics and supporters alike to join the
48 budget review teams.
49

50 Ms. Fairclough asked whether there was any feedback on the earlier start to the school year. Ms.
51 Comeau noted that there has been some grouching but for the most part things have gone very smoothly.
52

53 **6.C. Mayor's Report**
54

55 Mr. Denis LeBlanc, City Manager, reported on the Mayor's behalf. He noted that the Municipality is just
56 about to wrap up the second part of their first bi-annual budget. The process has gone very well.
57 Generally, outside of the TRS/PERS surprise, the City is operating very well.

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2 **7. COMMENTS**
3

4 Ms. Marks questioned the status of the roads project near Clark Middle School and voiced some
5 concerns brought up during a recent Board discussion regarding plans for that area. Mr. LeBlanc noted
6 that the contractor for the project should be on board by the spring. He believed that that group will have
7 an office in Mountain View at or near the project site. They have been attending, and will continue to
8 attend, Mountain View Community Council meetings in order to establish and maintain open
9 communication with the community. His sense is that the Department of Transportation is doing a great
10 job with the project so far.
11

12 **8. SCHEDULING OF NEXT JOINT MEETING**
13

14 The next Joint Meeting will be held on December 1, 2006 in Room 155 at City Hall.
15

16 **9. ADJOURNMENT**
17

18 Board President Friedman called for a motion to adjourn the meeting.
19

20 Mr. Coffey moved,
21 Ms. Ossiander seconded, to adjourn the Joint Meeting,
22 This motion was passed without objection.
23

24 The Joint Meeting was adjourned at 11:40 a.m.
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28

29 *Refer to Document Archives for Signatures*
30

Refer to Document Archives for Signatures

31
32 _____
33 JEFF FRIEDMAN, School Board President
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35

DEBBIE OSSIANDER, Acting Assembly Chair

36 ATTEST:
37

38 *Refer to Document Archives for Signatures*
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41 _____
42 JOHANNA LEE, School Board Secretary
43 Date Minutes Approved: December 1, 2006.
44

45 *(Approved Meeting Minutes are available in the Municipal Clerk's Office, 632 West 6th Avenue, Suite 250, Anchorage,*
46 *Alaska; telephone (907)343-4505, or found on the Municipal Web Site at www.Muni.org)*
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