

MINUTES
BUDGET ADVISORY COMMISSION
AUGUST 3, 2011

Members Present:

David Alexander
James Bailey
Andrew Clary
Amy Demboski

Bob Griffin
Steve Hartung
Shirley Nelson
Liz Vasquez

Guests:

MOA: Cheryl Frasca, OMB Director
Bill Starr, Assembly
Adam Trombley, Assembly

ASD: Chad Stietler, CFO
Marie Laule, Budget Director
Crystal Kennedy, School Board
Don Smith, School Board
Kathleen Plunkett, School Board

Two members of the public were also present.

- 1. The meeting was called to order by Chair Andy Clary.**
- 2. Roll Call: 8 members present**
- 3. Approval of Agenda – approved, no objections**
- 4. Approval of Minutes from May 4, 2011 – approved, no objections**
- 5. Introductions of members and guests**

6. Nominations of Officers

Chair- Andy Clary was unanimously approved
Vice Chair – Jim Bailey was unanimously approved
Secretary- Amy Demboski was unanimously approved

7. New Commission Duties

Page 11 of handout discusses changes to the BAC; primary change is the scope of the commission. The commission now includes the municipal & school district budgets. Chair has a preference to complete annual reports on both budgets.

8. Reports

Assembly:

Bill Star- The convergence of the two boards will hopefully streamline the budget advisory process; the goal is to link bonding, spending, tax service, etc. The commission should be independent and doesn't want to influence the body.

At the assembly level, they will try to put out a resolution for spending plan; guidelines, budgeting functions. The BAC should see that at the Sept meeting. It is not expected that every aspect is voted on, but the Assembly would like to know if there is not a consensus. The expectation is this commission will remain "A-political".

OMB:

Cheryl Frasca- Passed around updated roster & asked members to make appropriate changes if needed.

MOA is focusing on efficiency initiatives:

1) Electronic time keeping system should go online 4th quarter- expected it will translate into about \$500,000 savings in 2012.

2) CH2MHILL contract review of maintenance; phase I will begin mid August and should be completed by the end of 2011. The goal is to show how to be more efficient & save money.

3) ERP – Financial, accounting, budgeting, SAP awarded contract; 18 month contract, cost is \$10- \$11 million. \$5.5 million additional revenue sharing from the state paid for half, the other half is financed.

4) E version- citizens guide to the budget. Looking to be more "robust", not just a PDF questionnaire. It will allow citizens to give feedback.

*One role is how to get the public involved; when the budget comes out in OCT, will put that info online.

5) Education Summit (pg 9-10 of packet) is in November 2011 & will be followed by community dialogs (about 6) which will probably occur in February 2012. The capstone will be in May 2012 & will discuss input from the public.

6) September 1- city will present preliminary info on revenue, tax cap, and utility updates to the assembly. Projected cost increases are approximately \$15 million.

The assembly will have 3 public meetings on the budget.

ASD:

Chad Stietler: School Board created a Budget Finance Committee; Crystal Kennedy Chair.

Items moving- They are discussing the 6 year financial plan and items that were either left out or missed. They will have a revised plan based on feedback from the school board & the assembly.

Through legislative action the school district has received additional state support. The amended 6 year plan will reflect the additional money. There will be a request to increase the upper limit of the school district budget, which will go before the assembly – approximately \$20 million.

The approximate \$20 million increase is essentially in 3 areas

1) \$9 million – PERS/TERS unfunded liability at the school district level

**The state has a \$10 billion deficit in PERS/TERS

PERS – city responsible for about the first 34% of cost

TERS- above 12.5% the state picks up the rest

2) \$3.6 million – New money, career/tech education/ vocational technical (funding will be ongoing until the state changes it)

3) \$6 million – From high oil prices – this state money is one time money from the state.

***See school district handout for exact money allocation amounts and budgetary increase amounts. According to AM 401-2011 (presented by ASD) line 22 indicates the existing budget amount of \$811,910,568 is being **requested to increase by \$18,822,000** to a **FY 2011-2012 total of \$830,732,568.**

Because of the one-time money, ASD will be putting forward previous cuts. The new plan takes historical model for capital improvement document....capital improvement document is only meant to identify capital projects and is only informational in nature.

Discussed outsourcing of snow plowing. This item did go out to bid for 9 schools in east Anchorage. The school district is “working through the union to prove cost savings.” The operations side picked the schools which are close together.

Drop in enrollment discussed- Don Smith suggested the numbers may be as many as just over 1300. Chad Stietler suggested modeling indicates the district will be about the same as last year;

ultimately, it is still too early to know for sure. The enrollment numbers will be watched through the 4th Friday in October.

ASD has approximately \$750 million in bond debt and they retire approximately \$50 million in debt each year.

9. Fall Work Plan

It was suggested that the commission standardize the white papers and come up with standard questions for departments. The Chair encouraged members to consider which departments they would like to review and department review committees will be assigned at the next meeting.

10. ASD Budget Increase

A subcommittee was formed to look at the proposed increase in the school districts' budget and report back to the commission. The chair asked the subcommittee to report back to the commission by August 10, 2011 so if needed the commission may get on the assembly agenda if needed and comment on the increase should they feel it appropriate to do so. The subcommittee members are Jim Bailey, Bob Griffin, and Shirley Nelson.

11. BAC Member Comments

There were none.

12. Upcoming Meeting Dates

The Chair announced he will be out of town the scheduled meeting date and asked if the commission would meet on September 14th, 2011 to accommodate his scheduling conflict. There was no objection. October meeting is schedule for the 5th.

Meeting was adjourned approximately 1:15 pm.

Meeting minutes prepared by Amy Demboski