

Budget Advisory Commission Meeting – September 7, 2017

Meeting called to order at 12:02 pm by commission chair Al Tamagni.

Members present:

Chair Al Tamagni
Bob Griffin, called in
Tasha Hotch
Carla McConnell
Shirley Nelson
Austin Quinn-Davidson
Karl von Lührte
Jon Watkins

Members not present:

Lois Epstein, excused
Joe Riggs, excused

Reading of Agenda

- Motion from Karl von Lührte to approve the agenda for September 07 2017 was seconded by Tasha Hotch.

Approval of Minutes

- The minutes of the August 3rd meeting will not be approved until the next meeting.

Reports

Lance Wilber, Director of the Office of Management and Budget provided a summary report on the 120-day memo which is the 2018 preliminary budget report to the Assembly. At this time, the Municipal 2018 budget is expected to be similar in service provided as the revised budget for 2017, however it is being development and will be available on Oct 2. Lance noted that the initial tax cap calculation in the 120-day memo illustrated the tax cap calculation to be relatively flat. In review all types of taxes projected for 2018, it's proposed to be up about \$4.3 million, however the property tax portion of all taxes would be up only about \$700,000. In regards to the preliminary 2018 Capital Improvement Program, the 2018 bonds is propose to be around \$46 million while its estimated the Municipality will retire about \$40 million. AWWU and ML&P have little to no changes expected from 2017 to 2018.

Jon Watkins ask about wastewater storm options and costs for adding a new department to the water utility in March of 2018? Karl von Lührte suggested that anything is on the table at this point. Lance stated that Mr. Mark Premo, a private contractor and previous employee at AWWU

is assisting the Municipality at this time and that the existing funding of \$300,000 is already in the 2017 budget to review and present the options and alternatives to a Storm Water Utility.

Shirley Nelson asked staff if we could provide some rounded numbers on the bond package for fire equipment, ambulances, vehicles, animal control, the senior center and police. Lance noted that the 2018 proposed CIB will have those numbers available and will provide them to the BAC in a few weeks. Lance recognized that the State of Alaska recently passed their capital budget and as part of that, the State is improving the statewide communications system and that the Municipality will include a project in its 2018 capital program to compliment the upgrade to the Municipality's system so that local, state and federal agencies can communicate in the event of emergency / disaster.

Jon Watkins wanted to know if it bond package included personnel and if O&M was part of the package or not? Lance responded that it's customary for new capital projects that require addition O&M are those that expand services and that the O&M is often included in the bond language. The Administration is still considering its capital projects and any associated O&M.

No reports this month from the Anchorage Assembly or Anchorage School District.

Committee Report on Fire Department review. The BAC Chair, Al Tamagni stated that Carla, Shirley and Joe are on this committee and are still getting organized and will be planning to meet in the coming month. Al and Austin wanted to know if the committee would get preliminary reports for the next meeting.

Committee Report of Cumulative Bond Debt. Jon Watkins is the Chair of this committee. Austin asked what the goal of this committee and what their purpose is? Al responded that initially it's an information process and should be looking to know more about the total bonding debt of the municipality and look at accumulated debt for the General Government, ASD and Utilities. Are there goals or policies established related to bond indebtedness?

6. New Business

6A. BAC Meetings, location and times. The new meeting day, Thursday's from 12:00-1:00 generated discussion among members and the initial survey responses were provided to the BAC in a simple table format. There was question by a BAC member why four BAC members

only responded for one time option and not to other options available and Carla asked why? Many BAC members responded that parking at City Hall was easier on Thursday's at this time. Shirley replied that Thursdays worked better with her teaching schedule. Carla asked the BAC member to consider other options in an attempt to find a time when all BAC members might be available? Bob Griffith, attending telephonically said he could also do Wednesday's at noon.

6B – Draft priorities/Action items for 2017-2018:

Lance started the discussion with the BAC about enhancing its organization and prioritization of their action items and topics the BAC would like to engage on. OMB has provided previously a budget calendar that shows what is typically done month by month over the course of the year. The last schedule include those topics the BAC address typically and included other various topics of interest to the BAC. Lance suggested that the BAC should take time to revise its priorities as a group at a time separated from their regular BAC meeting. Possibly sometime in November the committee should get together for 2 – 3 hours to decide on a work program of what the committee would like to do for the coming year (2018). Austin supported Lance's suggestion on a basic workprgram for the BAC. What do you as a committee do?

Shirley suggested including their involvements for interviews with departments. What are their needs, shortfalls, etc. Shirley suggested that the BAC have the department people come to a BAC meeting to report on their department as it provide information. It was suggested that the BAC start with OMB as a department to learn more about what they do beyond prepare and manage beyond the City's budget.

Al inquired to the committee and staff if anyone knew what is the IRS code on operations of a non-profit? It was asked if the municipality conducts spot audits. Jon responded that IRS Form 990 is the tax return form that non-profits must file within 2 years or lose non-profit status.

Lance reminded the BAC that there is worksession with the Assembly on Friday 9/29/17 at 11am to give a high level overview of the budgets and that BAC members are welcome and encouraged to attend. Lance told the BAC that he will not be available for the Oct 5th meeting and that its possible Deputy Director, Marilyn Banzhaf could share this with the BAC at the October 5, 2017 meeting.

Shirley inquired if the BAC was looking per 120 day memo? Lance responded yes however the BAC packet today is without the attachments from the utilities, but that it's available on-line.

Lance added that as of June, the municipality was estimating a \$20 million gap but efforts are underway to close the gap.

In review of the August 2017 minutes, Lance requested the BAC to assist in providing comment and clarity on the maker of the motions at the August meeting related to the gas tax. Lance recalled Joe made a motion for purposes of discussion and Austin seconded it and it was approved. There was then an amended main motion on initial August resolution as presented by staff for the BAC's considerations which illustrated property tax at 80% with the remaining 20% above the tax cap; Joe's amendment was to put 100% under the tax cap. Shirley says in the minutes that the gas tax was at 80-20 per Dan Moore but members changed it to 100% under tax cap as described in the draft August the minutes. Tasha Hotch clarified that she did not vote in any part of the BAC voting process at the August meeting. Austin requested that the Gas Tax resolution be sent to all members after it was signed.

Joe made a motion to approve the amended minutes of August 2017, Karl seconded it. 6 yeases and 1 abstain

This needs Shirley's close review. Shirley asked a question to Lance if he knew anything about the Assembly's consideration of ML&P's request to appropriate funds for a ML&P expert witness costing \$1.5 million to dispute Providence claim. Lance was aware of the request by ML&P to the Assembly, but did not know the details of the request. Shirley recalled Mark Johnston attendance at a previous BAC meeting stating that ML&P has a 39.5% rate increase. Shirley also stated that ML&P plans is to pay-off the new Plant2A in 30 years. Rate increase will hit now.

Meeting adjourned at 1:10 pm. Karl made motion Austin seconded it.