

Budget Advisory Commission Meeting – Thursday, August 3, 2017, City Hall, MCR

Meeting called to order at 11:32 am by meeting chair Al Tamagni.

Members present:	Members not present
Chair Al Tamagni Lois Epstein, call in Tasha Hotch, call in Carla McConnell Shirley Nelson Austin Quinn-Davidson Joe Riggs Jon Watkins	Karl von Lührte

Also present:

Dick Traini, Assembly Chair
Andy Ratliff, Anchorage School District
Dave Donley, School Board
Lance Wilber, OMB Director
Dan Moore, Treasury

Reading of Agenda

- Motion: To approve the agenda for 03 August 2017
Vote: Motion by Shirley Nelson Seconded by Joe Riggs carried, approved without modification.

Reports

Lance Wilber reported that Departments are managing their expenses well. As of the end of June, the Municipality was 49.6% through the fiscal year. Department had expended a little more than 49% of their labor budgets and a little less than 49% of their non-labor. Lance stated that OMB continues to make progress on the proposed 2018 budgets to be submitted to the Assembly on Oct 2, with the introduction scheduled for Oct 10, the first public hearing on Oct 24 and potential adoption and approval on Nov. 21. He let the Commission know that prior to that submission, a "120 Day Memo" which is a preliminary view of the 2018 budget revenues, tax cap and capital programs will be provided to the Assembly on Sept 1.

Assembly Chair Traini reported on the Assembly's consideration to adjust the pay scales of police and fire executives and commented that these positions are difficult to fill and have not been adjusted in a long time. Commissioner Nelson commented on the recent substantial increases of some salaries due to contracts prior to the action of the Assembly for executives.

ASD, Andy Ratliff stated that ASD has closed out last year's financials and student enrollment estimates are being calculated for the coming year but there is an initial projected decrease of about 270 students and that flat funding is likely on the BSA. Dave Donley ASD Board representative, stated the district distributed lay-off notices to 220 teachers facing

potential 5% funding reduction from the state. The ASD Board is working on their legislative priorities for the coming year. Commissioner McConnell asked about the recent media story about potential changes school start times. She also asked if the MOA People Mover system could assist in providing more transportation to ASD students.

Business

1. Review of Proposed Municipal Gasoline Tax. This is a continuation of a previous discussion and information provided to the BAC. At the request of the BAC, OMB staff prepared a draft resolution for BAC consideration and distributed it at the meeting. The draft resolution is based on the initial discussions of the BAC and information provided by the MOA Treasury Department at the request of the BAC. For those BAC members on the phone, a copy of a draft resolution was sent to them electronically during the meeting. The draft resolution before the BAC proposed a \$0.10/gal increase and that 80% would be under the tax cap to reduce property taxes and that 20% would be outside the cap.

- **Motion from Commissioner Watkins to move the proposed staff draft resolution** for discussion, Second by Commissioner Quinn-Davidson. The discussion initiated that the purpose of the BAC considering this proposal was to review and consider diversifying revenue options for the MOA and concern that the State of Alaska is going to raise the statewide gas tax to which the Municipality would not control the direction or allocation of any increased revenues at a state level. BAC members and staff are aware the State of Alaska has stated that there is consideration raising the state gas tax by as much as \$0.18/gal at a statewide level and that Anchorage would have no control on the increase by the state and that revenues generated in Anchorage from a statewide gas tax would not likely be return to the Municipality proportional to the amount collected in the MOA. It is unknown when the state will take action for an increase in the gas tax, but the sense the State would do so in the coming year. Commissioner McConnell commented that a local gas tax increase would likely capture taxes from commuters. MOA staff responded that would be the case, but its estimated that only a small fraction, possibly 5% of the total revenues collected from a local gas tax would be from commuters. Dan Moore, MOA Treasurer suggested the collection process would be simple and the system for collection is already established and the MOA would follow the existing guidelines for the existing state \$0.08/gal gas tax collected today. It was noted that an increase of \$0.10/gal tax would cost the average family about \$90/year, but the offset in property tax relief would be greater than that amount. Commissioner Epstein, attending telephonically, suggested that past property tax relief no matter what method is not always shared with renters, as building owners might not pass the saving to renters? On a separate matter, she asked if the Chair would consider changing the meeting dates as this meeting time is difficult for attendance by some. After a brief discussion on meeting times, Lance suggested to the Chair that another meeting time survey can be provided in the coming month to see if a different day and time is more accommodating to BAC. Commissioner Nelson stated she favored 100% of revenues raised by a gas tax be provided to property tax relief. On a separate matter, she

commented how or if executive salary increases would be accounted for in future years of property taxes. The gas tax discussion continued, staff was asked what would happen if the state implemented an increase in the statewide gas tax before the MOA, if the MOA decided to also apply a local gas tax? Staff responded that it's unknown as the state legislation for a gas tax could be cumulative or capped to limit the amount the state could collect over the amount already in place by any local community.

- **Commissioner's Watkins motion to accept the proposed draft resolution as presented was brought back: Vote 6 in favor, 2 against and 1 abstain.**
- **A separate motion was made by Commissioner Riggs to amend the draft resolution:** For the \$0.10 fuel tax to give maximum property tax relief so that 100% of the revenue generated from a fuel tax benefitted the municipality. Seconded by Shirley Nelson. Commissioner Riggs suggested his amendment to offer the maximum amount of property tax relief as soon as possible and a separate discussion could be made for some portion to be outside the cap at a future date. It was mentioned that a \$0.10/gal increase in the gas tax under the cap could be done by an action of the Assembly with a majority vote and would not require a public vote and then later go to the voters to take \$0.02 of the \$0.10/gal outside the cap. Vote: 6 in favor. **Motioned Passed.**
- Chair Tamagni stated that he would work with Lance to revise the draft resolution as amended with the edits and as approved by the BAC and then send it to the Commissioners and to the Assembly and Administration.

2. Committee to review Fire Department Budget. Commissioner Riggs stated that the approach to the review would be open minded and not initiated with a specific recommendation in mind. Commissioners Nelson and McConnell agreed to serve on the committee.

New Business

- Committee for review of cumulative bonding debt of Municipality, School District, and all subsidiary entities. There is interest to get information on the total bond indebtedness, total payments, interests and total by per-capita. Commissioner Jon Watkins was assigned as Chair; members Austin Quinn-Davidson agreed to serve and there is a need for one other member, yet to be determined.
- Committee to review property tax payments as to scheduling of payments and number of payments. No Committee Chair or member assigned as of the meeting. Dan Moore Municipal Treasure and responsible for the property tax collection process provided the BAC with information and recommended that the Municipality stay with two payment cycle to save cost and shared the alternatives property tax payers have for payment methods that might assist them in times when the existing payment schedule is challenging. Additional information provided to OMB by the Treasury Department will be forward to the BAC for consideration as the BAC takes further consideration to get the BAC's sub-committee of property tax payment scheduling.

- The recent change of meeting dates from Wednesday to Thursdays has raised some concern among members as it important to have everyone to be able to attend. Lance committed to the BAC to send another meeting survey to the commissioners to see if there was another time(s) in which the BAC could meet, specifically to propose different times other than Thursday or another day of week. Wednesday during the noon hour has been ruled out due to Lance's viability until mid-2018.
- There was discussion and interest of the BAC members about meeting with various Municipal Departments to review their mission statements. Lance reminded the BAC members that Departments mission statements are included in the annual budget documents.
- Public Comments : No comments

Meeting adjourned at 12:47 pm.