

MINUTES
BUDGET ADVISORY COMMISSION
May 2012

Members Present:

Andy Clary
Amy Demboski
Shirley Nelson
Bill Webb

Bob Griffin
Greg Gurse
Liz Vasquez

Guests:

MOA: Cheryl Frasca, OMB

ASD: Kathleen Plunket, School Board
Chad Stiteler, CFO
Marie Laule, Budget Director

1. Meeting called to order by Chair Clary – 12:02 pm

2. Roll Call: 7 members present

Al Tamngi Sr – excused

Tom Smith – excused

Jim Bailey - Absent

3. Approval of Agenda – approved no objections

4. Approval of April 4, 2012 regular meeting minutes -

5. Reports:

a. Assembly – none given

b. OMB – Cheryl

1st quarter amendments approved. 2012 Revised budget is in effect. Changes will be listed on the website. Friday from 12-1:30 will be a work session on 2013 budget. The discussion will focus on municipal costs if services and expected revenues remained at the current levels. This discussion will show the amount of the gap between expenditures and revenues. This is early for the assembly to be having this discussion with the administration, but this discussion

will hopefully help get early guidance from the assembly and will help work through assumptions.

c. ASD – Chad

The Governor has indicated he will be signing Senate Bill 132. \$7.5 million will be one time money to help with inflationary costs. \$2 million will be funds available for ongoing costs, \$1.8million for vocational technical education. There is a 3 page document online (asd) outlining the bill. \$25 million in capital funding grants, this has not yet been signed by the Governor. There was an adjustment in SB 182 between property taxes and state funding; essentially, the state funding (over 50%) shifted \$8 million from property taxes to state responsibility – that \$8 million is a projection based on the number and type of students (based on enrollment that number will change). The benefit is that city has the ability to use that money for tax relief or other services; this is a permanent change (not one time).

Bob: Is this a change in the 23% rule? Answer: In part - the state has a formula including local, state and federal contributions (for incorporated areas) there is a minimum contribution for local tax (local tax cap), there is also a state tax cap for education (to ensure areas of state are relatively equal).

Bill: Has the Assembly or the Mayor taken a position on how the Mayor or the Assembly will use the \$8 million dollars. Answer: Chad -The assembly approved the mill rate requested by the school district, so at this point there will be a surplus. Cheryl: we will have to overtax and once it is determined what is over-collected there will be a discussion with the municipal attorney and next year there will be a reduction in the school district taxes to be collected.

Chad: There are effects for how the city as a whole will fund education. This will be an important topic for the commission to understand. The actual change to the law was introduced on Friday and approved on Sunday; the district is pleased. It's a great opportunity for Anchorage, but there are a lot of effects we will have to work through.

Liz- Per state constitutional mandate, is Anchorage entitled to more state funding for education? Answer: The formula is complicated, there are numerous pieces and on their own they are relatively easy to understand (types of services, rural vs urban needs are all taken into account) the law to the best of our knowledge is being followed. Liz: There are numerous rural communities that pay no local taxes.

Chad: At this point the budget is not expected to be increased to reflect the surplus, but the school board will have to have a work session to discuss any adjustment to the budget. It will be a public meeting and members are welcome to attend. The official meeting starts at 6:30 on May 21st, the best would be to submit questions or comments in advance.

Kathleen: the focus will be on any student issues first, but primarily will focus on the budget.

d. School Board- Kathleen Plunkett: The board hasn't reorganized yet. Kathleen will be coming to our meetings until the reorganization is complete.

Chad: June 11 meeting will be the meeting where the board will likely take action. They will hopefully look for assembly action on the June 19 meeting (there may be a work session on this issue- possibly June 16).

Chair- Gretchen has reached out to Andy to get more interaction with school board/assembly. They are meeting next week to discuss it. Charles Thompson was at the last assembly meeting, would like to see more electronic versions of the info that is in the CAFR.

Public member addressed commission:

Charles Thompson: Would like info available online (info in the tables) there are a number of benefits to the business community, investment businesses. This information would be helpful for data minors (to create more refined informational reports on Anchorage and the opportunities here). The city would have to take the workbooks from prior years and translate into CSV files to accomplish this goal. The finance department has treated this as an informational request and would like to charge him \$45 per year or \$300 per decade for this information. This information should be provided to be public.

Group discussion regarding data request.

6. Collective Bargaining – Herb Wilden, Director of HR MOA & Holly Bonnet

Cheryl- BAC member comments would be helpful to see if it is reasonable to give to the administration and the assembly.

Herb: Discussion on Plumbers & Pipefitters c.b. status (7/1/13 is the renegotiation cycle – but this contract will still be in the supreme court likely) there are 150 people in this unit. *Overall view of contract negotiations and when contracts will begin to be negotiated was discussed.*

Bob: It's good to look at a per unit chunk of money cost to the tax payors. Have we done any pattern bargaining recently? Answer: Herb : No.

Bill: Is not so concerned with pattern bargaining with other government labor unions. If we compare, we should compare with the private sector. We as a group need to work to make sure that we look at the pension and medical plans; they are going to bury the city. We need to help curtail the unsustainable costs of these contracts.

Herb: An evaluation of cost ramifications will be looked at, so will the authority of what can be bargained. 3.70 muni code discussed - what can and can't be negotiated (this is where the Assembly can change what management has the ability to negotiate).

2013 will be this administrations 1st chance at negotiating these contracts (attorney, management and finance must be present).

AMEA and Teamsters will have wage reopeners this year. The muni will be looking at information from other areas and in Alaska to see if we are comparable and what the Alaska economy is like.

Group discussion regarding collective bargaining timetables and procedures.

7. BAC member comments

8. Upcoming meeting dates

- **June 5, 2012 (Tuesday)**

9. Meeting Adjourned – 1:25

Education summit June 6 & 7