

**HAINES BOROUGH ASSEMBLY
SPECIAL MEETING MINUTES
MAY 30, 2003**

THIS SPECIAL MEETING WAS CALLED TO HOLD PUBLIC HEARINGS ON BOROUGH ORDINANCES NO. 03-06-020, 03-06-021 AND 03-06-022. NO OTHER BUSINESS WILL BE DISCUSSED.

1. **CALL TO ORDER:** Acting Mayor **OLERUD** called the meeting to order at 6:30 p.m. in the Assembly Chambers of the Municipal Building.
2. **PLEDGE TO FLAG:** Led by the Acting Mayor.
3. **ROLL CALL: Present:** Assembly Members Douglas **OLERUD** (Acting Mayor), Lucy **HARRELL**, Jerry **LAPP** (via teleconference), and Stephanie **SCOTT**.

Absent: Mayor Mike **CASE**; Assembly Members Chip **LENDE** and Debra **SCHNABEL**.

Staff Present: Susan **JOHNSTON**/Borough Clerk, Gregg **RICHMOND**, Julie **COZZI**/Borough Clerk In Training.

Visitors Present: Micah **TRUE**/CVN, Tim **JUNE** and Carolyn **WEISHAHN**.

4. **APPROVAL OF AGENDA/CONSENT AGENDA:** All items listed with an asterisk (*) are considered to be routine by the Borough Assembly and will be enacted by the motion to approve the agenda. There will be no separate discussion of these items unless an Assembly Member or citizen so requests, in which event the Assembly, by a majority vote, may remove the item from the Consent Agenda and consider it in its normal agenda sequence.

The Acting Mayor made no changes to the Agenda.

M/S SCOTT/HARRELL Motion to approve the agenda.

Motion carried unanimously.

5. **MINUTES OF PREVIOUS MEETINGS:** NONE
6. **AUDIENCE PARTICIPATION/APPEARANCE REQUESTS:** NONE
7. **MAYOR'S COMMENTS/REPORT:** NONE

8. PUBLIC HEARINGS:

To accommodate the C.F.O., Ordinances 03-06-021 and 022 were handled before 020, out of order on the agenda.

B. ORDINANCE 03-06-021
 (First Public Hearing)

AN ORDINANCE OF THE HAINES BOROUGH TO APPROPRIATE GRANT FUNDS RECEIVED FOR THE SMALL TRACTS/MUD BAY WATER/SEWER PLAN.

M/S SCOTT/HARRELL Motion to introduce Ordinance 03-06-021 for first public hearing.

Motion carried unanimously.

The Acting Mayor opened the hearing to the public at 6:39 p.m.

Hearing no comment, the Acting Mayor closed the public hearing.

M/S HARRELL/SCOTT Motion to set Ordinance 03-06-021 for second public hearing June 4, 2003.

SCOTT asked that the ordinance show where the un-anticipated matching funds for this grant were coming from. She also wanted to see how that allocation affected the fund balance from which it came, including the reduced fund balance figure.

Motion carried unanimously.

C. ORDINANCE 03-06-022
 (First Public Hearing)

AN ORDINANCE OF THE HAINES BOROUGH TO APPROPRIATE FUNDS RECEIVED FOR THE NOAA HARBOR ELECTRICAL SERVICE.

M/S SCOTT/HARRELL Motion to introduce Ordinance 03-06-022 for first public hearing.

Motion carried unanimously.

The Acting Mayor opened the hearing to the public at 6:43 p.m.

Hearing no comment, the Acting Mayor closed the public hearing.

M/S HARRELL/LAPP Motion to set Ordinance 03-06-022 for second public hearing June 4, 2003.

Motion carried unanimously.

8. PUBLIC HEARINGS: (cont.)

- A. ORDINANCE NO. 03-06-020
(Second Public Hearing)

AN ORDINANCE OF THE HAINES BOROUGH, PROVIDING FOR THE ESTABLISHMENT AND ADOPTION OF THE BUDGET OF THE HAINES BOROUGH FOR THE PERIOD JULY 1, 2003 THROUGH JUNE 30, 2004.

The Acting Mayor opened the hearing to the public at 6:45 p.m.

Carolyn **WEISHAHN** asked if the references to the Helicopter Service Area had been removed from the budget. The CFO stated that it was in the book to show a 2-year comparison and that it will not be in the budget next year in any form.

WEISHAHN then asked why the utilities for the Police Department and Fire Department were moved into Administration. The CFO explained the concept of all costs being charged to a department (home department) and then allocated out - in this case 1/3 Police Dept., 1/6 Ambulance, 1/6 Fire Department and the balance to Administration.

WEISHAHN asked where balances remaining at the end of the fiscal year go. The CFO explained that Area-wide surplusses are all swept into the area-wide fund balance. Townsite Service Area surplusses go into the Townsite Service Area fund balance.

WEISHAHN asked that the Assembly look again at removing the school district funding out of the budget as they have their own budget. She felt maybe the school district shouldn't be included, nor the enterprise funds and special revenues.

Tim **JUNE** questioned the 18% allocation to the Townsite Service Area. He felt this was a political decision and that the allocations must be fair and valid. He didn't agree with the allocation formula.

HARRELL pointed out that the budget is for tracking. All community funds are accounted for. This is the first year of the consolidated budget and it will be studied and adjusted next year.

JUNE stated he did not think the budget was based on true assumptions. These assumptions affect the mil rate in the service area and area-wide.

8. PUBLIC HEARINGS: (cont.)

A. ORDINANCE NO. 03-06-020 (cont.)

He made a presentation to the Assembly showing how he came up with an allocation of 33% Townsite Service Area and 67% Area-Wide instead of the 18%/82% allocation in the current version of the budget. He felt that his allocation was more fair. He stated that if the Area-wide budget is responsible for more expenses, they should be allocated more revenue.

RICHMOND stated that **JUNE** was correct in that there are no funds for area-wide capital improvements, as 1 ½ % of the current sales tax is dedicated to Townsite Service Area CIPs.

Hearing no further comment, the Acting Mayor closed the public hearing.

M/S OLERUD/HARRELL Motion to set Ordinance 03-06-020 for third public hearing June 4, 2003.

RICHMOND stated that while he agreed with much of what **JUNE** said, he did not agree that the formula was a political decision, but an analytical one. Arguments can be made for many changes, but the budget is really just a "best guess" document. **RICHMOND** supported the 18%/82% allocation because of its simplicity. The Borough's auditors have studied it and like it. It works.

SCOTT stated that she felt the Borough should keep its relationship with the school district at a minimum. Many voted for consolidation to provide for a separate school board.

RICHMOND stated that Administration does not do a lot with the schools, but it is more than just writing a check. There will be grant monitoring involved this year as well, and no way to know how much Administration will be involved in that.

SCOTT suggested a time management study may be a good vehicle to track expenses for a more accurate budget next year. The CFO stated that these studies are seldom worth the time they take. It can take 10 - 15% of an employee's day to monitor their time. **SCOTT** proposed using some of the transition funding to do some type of study for a short period. Maybe an analysis of the minutes could be useful.

HARRELL pointed out that the Assembly is not making appropriations based on the 18% formula - but on the basis of need and services performed, so what difference does it make? Use the budget as a tracking device and be sure it stays in line.

8. PUBLIC HEARINGS: (cont.)

A. ORDINANCE NO. 03-06-020 (cont.)

She stated that eventually perhaps the sales tax would have to be 4½% area-wide with no split between area-wide and service area.

SCOTT stated that the bottom line of the budget is not a deficit, so that is probably why there are not more people objecting.

OLERUD pointed out that more can always be done, but there is a cost associated with that. You should not expend funds unless there is some benefit. He was not in favor of a time study unless it can be shown that there would be sufficient benefit.

SCOTT stated that you do need to see a benefit, but you also have to guard against harm - or a perception of unfairness. She stated that she felt the intent of this budget is to be fair.

Several points were re-stated by the audience and Assembly Members. **LAPP** stated that he felt this budget was a good starting point, but not a finishing point -- it will be analyzed throughout the year. He pointed out that the involvement with the school may be more than many people think, so it should be kept in the budget.

WEISHAHN stated that it bothered her to see the Area-wide fund in deficit. This could result in raising taxes area-wide.

OLERUD pointed out that the combined budget this year is just under \$400,000 less than the combined City and Borough budgets of last year.

RICHMOND handed out fund balances and sales tax reports for the budget books. **SCOTT** asked if the deficit is allocated. **RICHMOND** pointed out that this is a guess and much will change over the year, so the deficit is not allocated at this time.

HARRELL pointed out that the consolidation eliminated a mayor, one set of lawyers and a clerk and only added one employee. Next year's budget will be more accurate.

OLERUD stated that he would like to see the property tax rate stay the same as last year.

Motion carried unanimously.

9. REPORTS OF CITY OFFICERS/DEPARTMENT HEADS: NONE

- A. Borough Manager - NONE B. Borough Clerk - NONE
C. Borough CFO - NONE
D. Economic Development/Tourism - NONE
E. Police Chief - NONE F. Library - NONE
G. Museum - NONE
H. Public Works - NONE I. Water/Sewer - NONE
J. Fire/EMS - WRITTEN K. Harbors - NONE

10. BIDS/PROPOSALS RECEIVED: NONE

11. REPORTS OF STANDING COMMITTEES/COMMISSIONS: NONE

12. REPORTS OF SPECIAL COMMITTEES: NONE

**13. CONSIDERATION OF RESOLUTIONS, PETITIONS AND MEMORIALS:
NONE**

**14. CONSIDERATION OF ORDINANCES PROPOSED FOR INTRODUCTION:
NONE**

15. CORRESPONDENCE: NONE

16. OLD BUSINESS: NONE

17. NEW BUSINESS: NONE

17. NEW BUSINESS: NONE

18. SET COMMITTEE MEETING DATES: NONE

19. ASSEMBLY MEMBER COMMENTS:

20. ADJOURNMENT

M/S OLERUD/HARRELL Motion to adjourn.

Motion carried unanimously

The meeting was adjourned at 7:04 p.m.

Douglas Olerud, Acting Mayor

ATTEST:

Susan V. Johnston, CMC, Borough Clerk

S E A L: