

**Minutes of Special Assembly Meeting
Held on May 17, 2018**

Mayor David L. Jack called the Special Assembly meeting to order at 5:30 p.m., May 17, 2018, in the Borough Assembly Chambers. Assembly Members Larrabee, Powell, Gilbert, Decker, Prysunka, and Howell were present. Borough Manager Von Bargen and Clerk Kim Lane were also in attendance.

CONFLICT OF INTEREST

Both Gilbert and Larrabee stated that they had a potential Conflict of Interest since they were both employed with the School District. Jack stated that he did not see a conflict; there were no objections from the Assembly.

PERSONS TO BE HEARD – None.

ITEM OF BUSINESS

5a Approval of the FY 2019 Wrangell Public School District Budget (*postponed from the May 8, 2018 Regular Assembly meeting*)

Motion on the floor was:

Approval of the FY 2019 Wrangell Public School District Budget.

Decker clarified that the motion on the floor was to approve the School District budget, as requested by the district.

In response to Howell on the travel costs, Superintendent Mayer stated travel costs cover staff conferences related to the Title 1 program; also, all State, Federal, and National level conferences; expensive to get in and out of Wrangell.

In response to Howell on the communications line item, Mr. Mayer stated that the communications line item covered telephones and internet service.

In response to Howell on the heating fuel line item, Mr. Mayer replied that Janitor alternates back and forth between electric and oil.

In response to Larrabee on if there were any places in the budget where they had looked at cutting, Mr. Mayer stated that he didn't see anything extravagant in the budget; a lot of the costs were fixed costs; didn't see anything that was out of line; School District had not requested an increase from the City in several years.

Decker stated that we were looking at cutting items in various City departments and would be looking at raising fees overall; looking at trying to balance our budget which is still around \$500,000 in the negative; very much support the schools and the school system; *she had personally* supported the community vote to do a bond for playground equipment back in 2010; also supported the effort to keep the sales tax at 7% in 2013; realized that there may be a tendency for the public to think that in trying to conserve, that we aren't supporting the program;

personally is a huge advocate for the school and the work that has been done; supports the programs and efforts but we are trying to make ends meet.

Mr. Mayer stated that decisions have already made for the upcoming year; committed ourselves for hiring people for the upcoming year; largest dollar amount is salary and benefits; requested that the Assembly hold off on cutting until further discussions could be had with the incoming Superintendent.

In response to Decker on the need to replace the bleachers, Mr. Mayer stated that the bleachers were old and somewhat wobbly; not very safe; facilities have been very well maintained; don't really come to the City throughout the year, looking for additional money.

In response to Prysunka on if the school had investigated getting a grant or seeing if the private sector could help financially with the bleachers, Mr. Mayer stated that they had not explored those options.

Powell stated that he believed that in looking the proposed school budget, that there were areas that could have been cut.

M/S: Powell/Howell moved to amend the motion to fund the school at \$583,619.

Von Bargaen clarified that 28% is the Sales Tax revenue was allocated specifically by code to education, health and sanitation; the 28% has exceeded the amount asked by the school district, so the remaining amount that would to the school from the Sales Tax fund, would remain in that fund and could be used for other things related to school, such as bond debt repayment, sanitation, or health-related items.

In response to Howell on if we do this, how much would be left in the Sales Tax fund, Von Bargaen stated that the first scenario is the minimum contribution could be made to the school and the debt service could be paid from the Sales Tax fund; the second scenario is that we maintain the current contribution request level to the school district and pay the debt service on the school bond out of the Sales Tax fund.

Von Bargaen explained that if we did this it would free up Reserve funds; also with debt service on a bond you can do what's called early defeasance which is putting the money into escrow account to show that we have paid off our bond indebtedness; the bonds cannot be paid off early because people have purchased bonds with the guaranteed amount of interest on them, so we can early defease if we want but realize that it's different than paying off a loan early; this action would essentially look favorable for if we wanted to try for additional bonding; the advantage of paying the debt service on our school bond out of the Sales Tax fund is that it opens our ability to use general fund dollars for other things because the Sales Tax fund, which has money and it sufficient to pay the bond indebtedness, can only be used for certain things, one of which is school bond debt reimbursement, and that's not something that is not something that had previously been done.

Gilbert stated that this is a difficult decision, but she would be voting in favor of this; would be the first time that she has voted for a lower amount to go to the school.

Larrabee stated that he understands Mr. Mayer's concern about giving the school district advance notice; would like to see about approving the school budget at the full amount with the understanding that we will most likely look at cutting the budget next year.

Powell stated that for the last three years, the Assembly has voice that cuts could be coming so it's not really a surprise; thanked Mr. Mayer for being here to answer questions.

Prysunka stated that he had tried to articulate to the School Board President that this would be a tough year and that cuts could happen.

Von Barga stated that the School does have a reserve fund in excess of \$700,000.00 (CIP Fund); has the ability to pull from reserves if they need to bridge a gap, if needed; Borough will be looking at bridging a gap this year as well.

Mr. Mayer stated that fiscally, the school district has been managed very well; Capital Improvements fund available in case a major need arises; can disappear very quickly.

Prysunka stated as the city is transferring money to the school's fund, we are pulling those funds from our fund; also, that by funding at the minimum, the Assembly is not saying for the school to pull from its reserves; how the school district balances their budget is up to them.

Jack stated that we all must share some of the burden.

Decker stated that the City has always supported the schools, not only by going over the minimum funding requirement, but also in many other ways. Decker said that with the community supporting the school and its programs, it's completely reflected in the performance of the kids; the kids perform well, they test well, so this is a struggle, but we must set the pace in the community that we are trying to be responsible.

Decker stated that she would like to see the School provide a three-year budget projection; working together and recognizing where we are at so that there aren't surprises.

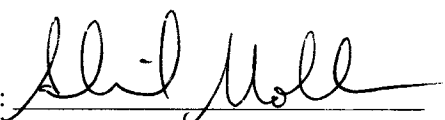
Mr. Mayer stated that he agreed that forward budgeting is a good idea; sometimes we don't know until late in the year what we are going to get.

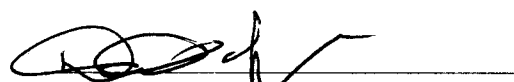
Amendment to motion to fund the school at \$583,619 was approved unanimously by polled vote.

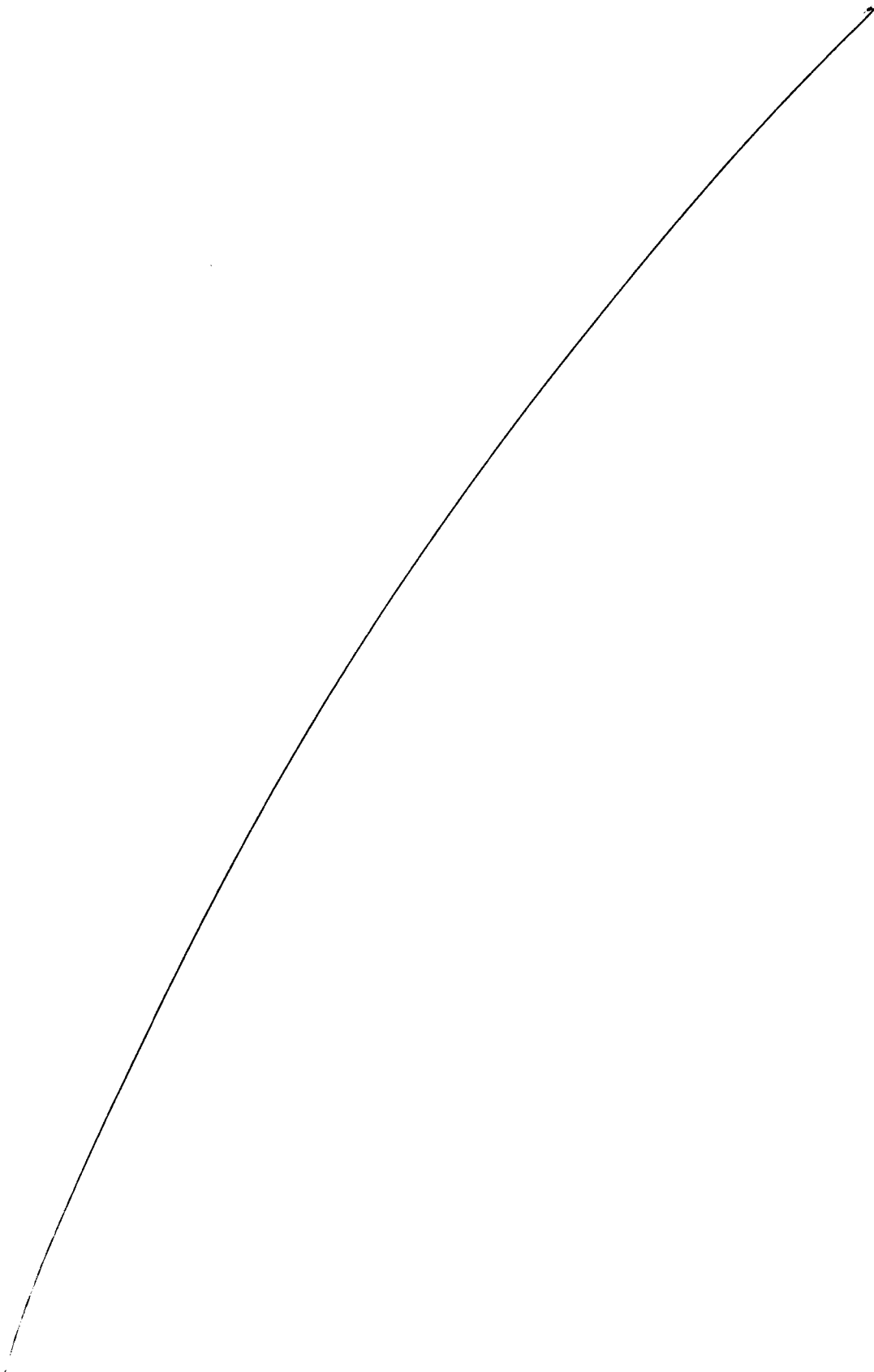
Main motion, as amended to approve the FY 2019 Wrangell Public School District Budget, funding the school at \$583,619 was approved unanimously by polled vote.

Special Assembly Meeting adjourned at 6:15 p.m.

ATTEST:


Kim Lane, MMC, Borough Clerk
Aleisha Mollen, Deputy


David L. Jack, Mayor



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