

**MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
GOVERNING BOARD
JUNE 15, 2010**

MINUTES

A public hearing for consideration of adoption of the budget for 2010-2011 truth in taxation hearing, and special meeting of the Maricopa County Community College District Governing Board were scheduled to be held at 6:00 p.m. at the District Support Services Center, 2411 West 14th Street, Tempe, Arizona, pursuant to A.R.S. §38-431.02, notice having been duly given.

PRESENT

GOVERNING BOARD

Randolph Lumm, President
Jerry Walker, Secretary
Don Campbell, Member
Debra Pearson, Member
Colleen Clark, Member

ADMINISTRATION

Rufus Glasper
Debra Thompson
Maria Harper-Marinick
Anna Solley
Pat Honzay for Phil Randolph
Steve Creswell
Lee Combs
Paul Dale
Shouan Pan
Ernie Lara
Gene Giovannini
Chris Bustamante
Bill Crawford for Linda Lujan
Raul Sandoval for Ken Atwater
Jan Gehler
Greg Rogers for Velvie Green

CALL TO ORDER The special meeting was called to order at 6:03 p.m.
Board Members pledged allegiance to the flag lead by Dr. Don Campbell.

**EXECUTIVE
SESSION** There was no executive session

PUBLIC HEARINGS – CONSIDERATION OF ADOPTION OF BUDGETS FOR 2010-2011 AND TRUTH IN TAXATION HEARING

I.A. Truth in Taxation – Notice and Approval of Tax Increase

The first item on the agenda was a truth in taxation hearing, as required under state law. In accordance with relevant statutory and constitutional provisions, President Lumm explained that the Maricopa County Community College District proposed to increase primary property taxes in fiscal year 2010-2011 on existing property. The proposed increase was two percent, equaling seven million, four hundred and one thousand, one hundred sixty-six dollars in additional property tax revenues (\$7,401,166.00).

President Lumm requested that Vice Chancellor of Business Services Debra Thompson and her staff explain this proposal.

Vice Chancellor Thompson explained that Truth in Taxation is about giving notice to the public that the District is intending to raise taxes by two percent or the legal limit. This ceiling limit goes back to 1980 when it was instituted that two percent was the maximum that taxes could be raised. The Truth in Taxation tax levy rate assumes that the District will not increase taxes on existing property by the maximum increase permitted by the State Constitution and statute. Associate Vice Chancellor Gaye Murphy provided a Powerpoint presentation which compared the effects of calculated Truth in Taxation rate (\$.7246) to the proposed tax rate (\$.7390) which revealed that the primary property taxes levied by the Maricopa County Community College District on a \$100,000 home will rise from \$72.46 to \$73.90--a \$1.44 increase per year, or 2%. The revenues that result from this increase are \$7.4 million. Property tax increases and growth in other revenues provide funding to meet a wide variety of needs, allowing the Maricopa Community College District to better meet increased community demand for additional courses and programs.

President Lumm afforded any resident or taxpayer the opportunity to address the Governing Board concerning the District's proposed action to increase primary property taxes on existing property.

No citizens came forward.

President Lumm asked if there were any comments from members of the Board.

There were no comments from members of the Board.

There being no further comments, President Lumm concluded the truth in taxation hearing.

I.B Adoption of Proposed Fiscal Year Budget for 2010-2011 – Maricopa County Community College District

President Lumm introduced the next item on the agenda which was the public hearing concerning the adoption of the proposed budget of the Maricopa County Community College District for fiscal year 2010-2011. These hearings are required by law every year when the Board presents its budget.

The purpose of these hearings is to give any resident or taxpayer the opportunity to protest the inclusion of any item in the proposed budget.

President Lumm requested that Vice Chancellor Thompson provide information on the proposed budget.

Vice Chancellor Thompson commented that the Maricopa Community Colleges budget process requires presentation of the proposed budget for fiscal year 2010-11 for preliminary adoption at the April Governing Board meeting. This time frame is necessary to comply with required publications on-line and in local newspapers, with final budget adoption to follow at a public meeting set for June 15, 2010. The District Board is required to adopt budget by June 20 and meet all statutorily required publications prior to that.

Ms. Thompson stated that the Governing Board was being presented with two options that reflect the impact of Maricopa's FY 2010-11 resources from the property tax levy. The roll call vote on the 2% levy increase will occur immediately before action on this item. The Board should consider action on a budget scenario that is consistent with the property tax levy decision it approved. Ms. Thompson stated that it was recommended that the Governing Board adopt the 2% levy increase and the budget (Scenario 1) associated with this. It will provide the District with approximately \$7.4 million in additional resources to support significant student enrollment increases, operating support for facilities constructed through the 2004 bond program, and ongoing support for workforce development faculty. We expect to see greatly diminished support from taxes on new property and the possibility of additional state aid cuts remain a legitimate concern. Raising these funds now will help us meet needs in FY10-11 and FY11-12. If the Board does not approve any levy increase, action should be taken on Scenario 2 which does not include the funding associated with the 2% levy increase. If the Board adopts a tax levy increase below 2%, then the Board could consider action that would add that same increase to Scenario 2.

SCENARIO 1: Increases the property tax levy by the 2% permitted under law and provides an additional \$7,401,166 for a total all funds budget of \$1,622,439,581. The Primary tax levy would increase from \$.7926 for no levy increase to \$.8084. The total tax per \$100,000 of property would increase by \$1.58.

SCENARIO 2: Provides no increase in the property tax levy. (Table Comparison Shown below)

| | Scenario 1 | Scenario 2 |
|----------------------------------------------|--------------------------|--------------------------|
| | 2% Property Tax Increase | No Property Tax Increase |
| FY 2010-2011 Tax Increase | \$ 7,401,166 | |
| FY 2010-2011 All Funds Budget | \$ 1,622,439,581 | \$ 1,615,045,591 |
| Tax Rate Per \$100 Assessed Valuation: | | |
| Primary Tax | 0.8084 | 0.7926 |
| Secondary Tax | 0.1802 | 0.1802 |
| Total | 0.9886 | 0.9728 |
| Total Tax for Properties Valued at \$100,000 | \$98.86 | \$97.28 |
| Increase compared to Scenario 2 | \$1.58 | |

President Lumm afforded any resident or taxpayer the opportunity to address the Governing Board concerning the inclusion of any item in the proposed budgets. No residents or taxpayers came forward.

President Lumm asked if there were any comments from members of the Board. Board Members comments included the following:

- Dr. Campbell: Assuming the Board passed the 2% levy and then the money wasn't needed, could we pull back on the decision? The response was no. Once the decision was made, the County would begin assessing this increase.
- Mrs. Pearson: Stated that the property values shown on the screen were not complicated but rather oversimplified. These were not average costs. The reality is that the public will call board members and ask why their property taxes went up. Some property will go down and some will go up and some will absorb the average. These will affect the middle class the most. Need to be cautious what you wish for. We will end up with a Proposition 13. Have to balance it further. What is income for the average house range? How many will lose their jobs and go into foreclosure? No new legislation that we can do to address the complaints that are being made. How far will we work the workhorse into the trough?
- Mr. Walker: We are not the only ones that have taxing authority. Ours is 2% and others can also increase taxes and pretty soon we have a large increase. It is wrong to tax people's property. Need to ask Legislature to ask for sales tax increase and then we ask the people to participate in helping prepare for the workforce they want.
- Mr. Lumm: Indicated that he thought education was underfunded and did not agree with Mrs. Pearson's estimation of possible increases per household.

I.C Approval of GateWay Early College High School Proposed Budget for FY 2010-2011

President Lumm introduced the next item on the agenda which was the public hearing concerning the adoption of the proposed budget of the GateWay Early College High School for fiscal year 2010-2011. These hearings are required by law every year when the Board presents its budgets.

The purpose of these hearings is to give any resident or taxpayer the opportunity to protest the inclusion of any item in the proposed budgets.

President Lumm requested that Vice Chancellor Thompson provide information on the proposed budget. Mrs. Thompson introduced the Principal of the High School, Lisa Smith, who provided information pertaining to the budget proposed. Ms. Smith explained that the proposed budget reflected a slight increase of 5.9% and that they currently had 240 students enrolled at the school. No increases in this amount were anticipated. For the most part the high school is full and they have ten openings in the Junior and Senior grades.

President Lumm afforded any resident or taxpayer the opportunity to address the Governing Board concerning the inclusion of any item in the proposed budget. No residents or taxpayers came forward.

President Lumm asked if there were any comments from members of the Board. There were no comments.

I.D Approval of Teacher Preparation Charter High School Proposed Budget for FY 2010-2011

President Lumm introduced the next item on the agenda which was the public hearing concerning the adoption of the proposed budget of the Teacher Preparation Charter High School for fiscal year 2010-2011. These hearings are required by law every year when the Board presents its budget.

The purpose of these hearings is to give any resident or taxpayer the opportunity to protest the inclusion of any item in the proposed budgets.

President Lumm requested that Vice Chancellor Thompson provide information on the proposed budget. Mrs. Thompson introduced the Michelle Paul from the Budget Office, who provided information pertaining to the budget proposed. Ms. Paul explained that the proposed budget reflected a slight decrease of 3.0% and that they currently had 75 students enrolled at the school.

President Lumm afforded any resident or taxpayer the opportunity to address the Governing Board concerning the inclusion of any item in the proposed budget. No residents or taxpayers came forward.

President Lumm asked if there were any comments from members of the Board. There were no comments.

There being no comments, President Lumm concluded the hearings for the adoption of the budgets for 2010-2011.

SPECIAL MEETING – ACTION

II.A.1 Truth in Taxation – Notice and Approval of Tax Increase

President Lumm introduced the next item on the agenda which was the motion to levy the increased property taxes as previously described. He requested a motion.

President Lumm moved to levy a 2% increase on primary property taxes in fiscal year 2010-2011 on existing property.

MOTION NO. 9705

President Lumm requested that the motion to levy a 2% increase proposed be voted on through roll call vote. President Lumm called for the roll call vote:

Don Campbell – aye;
Randolph Lumm – aye;
Jerry Walker – nay;
Debra Pearson – nay; *
Colleen Clark – nay.

*Note: Mrs. Pearson offered the following reason behind her nay vote. She indicated her grandfather had been a large land owner when she was young and had advocated for sales taxes to replace the need for property taxes. He felt it was not right for property owners to supply for the needs of everyone and had hoped that sales taxes would eventually phase out property taxes. This never happened and instead additional taxes came along. Property owners lost their powers and ironically her grandmother had to sell their land after his death because she could not afford the property taxes on the land. She noted that part of the anticipated expenses for 2010-11 was \$4.6 million for the 21st Century Maricopa Initiative and the two board members who favor this will not allow for legislation to be passed to help offset this. Disingenuous.

Motion not approved 3-2

II.A.2 Approval of Proposed Fiscal Year Budget for 2010-2011 – Maricopa County Community College District

Approve one of two proposed budgets: adopt the 2% levy increase and the budget (Scenario 1) associated with this. It will provide the District with approximately \$7.4 million in additional resources to support significant student enrollment increases, operating support for facilities constructed through the 2004 bond program, and ongoing support for workforce development faculty. We expect to see greatly diminished support from taxes on new property and the possibility of additional state aid cuts remain a legitimate concern. Raising these funds now will help us meet needs in FY10-11 and FY11-12. If the Board does not approve any levy increase, action should be taken on Scenario 2 which does not include the funding associated

with the 2% levy increase. If the Board adopts a tax levy increase below 2%, then the Board could consider action that would add that same increase to Scenario 2.

SCENARIO 1: Increases the property tax levy by the 2% permitted under law and provides an additional \$7,401,166 for a total all funds budget of \$1,622,439,581. The Primary tax levy would increase from \$.7926 for no levy increase to \$.8084. The total tax per \$100,000 of property would increase by \$1.58.

SCENARIO 2: Provides no increase in the property tax levy. (Table Comparison Shown below)

MOTION NO. 9706

Governing Board Member Dr. Don Campbell moved that Scenario 1 with no tax levy be approved due to the 2% tax levy having not been approved. Mr. Walker seconded the motion.

President Lumm called for the roll call vote:

Don Campbell – aye;
Randolph Lumm – aye;
Jerry Walker – aye;
Debra Pearson – aye;
Colleen Clark – aye.

Motion approved 5-0.

II.A.3 Approval of GateWay Early College High School Proposed Budget for FY 2010-2011 - approve the 2010-2011 proposed budget for Gateway Early College High School (GWECHS) in the amount of \$1,842,147.

MOTION NO. 9707

Governing Board Member Dr. Don Campbell moved that Proposed Budget for FY 2010-2011 for the GateWay Early College High School be approved. Mr. Walker seconded the motion.

President Lumm called for the roll call vote:

Don Campbell – aye;
Randolph Lumm – aye;
Jerry Walker – aye;
Debra Pearson – aye;
Colleen Clark – nay.

Motion approved 4-1 (Ms. Clark – nay).

II.A.4 Approval of Teacher Preparation Charter High School Proposed Budget for FY 2010-2011 - approve the 2010-2011 proposed budget for Teacher Preparation Charter High School (TPCHS) in the amount of \$553,031.

MOTION NO. 9708

Governing Board Member Dr. Don Campbell moved that Proposed Budget for FY 2010-2011 for the Teacher Preparation Charter High School be approved. Mr. Walker seconded the motion.

President Lumm called for the roll call vote:

Don Campbell – aye;
Randolph Lumm – aye;
Jerry Walker – aye;
Debra Pearson – aye;
Colleen Clark – aye.

Motion approved 5-0.

ADJOURNMENT The meeting adjourned at 6:55 p.m.

NEXT BOARD MEETING The next Governing Board Meeting will be a Regular Board Meeting on June 22, 2010 at 6:30 p.m. at the District Office.

Jerry D. Walker
Governing Board Secretary