

**CITY OF WASILLA  
RESOLUTION SERIAL NO. 05-16**

**A RESOLUTION OF THE WASILLA CITY COUNCIL SUPPORTING PUBLIC  
EMPLOYEE RETIREMENT SYSTEM (PERS) EARLY FUNDING NEEDED FOR THE  
CITY OF WASILLA TO AVOID LOCAL TAX INCREASES.**

WHEREAS, the State has notified communities that rates for the State Public Employee Retirement System (PERS) will increase by more than 400 percent. PERS rates have been increasing by 5 percent of total salaries paid by municipalities and will reach approximately 30 percent of the salary of every public employee for the next 25 years to pay the "unfunded liability" of the State PERS program; and

WHEREAS, mandatory State PERS increases on top of the loss of municipal revenue sharing, and fuel, insurance and other cost increases leaves many municipalities without the resources to fully fund schools, police, or other basic services; and

WHEREAS, municipalities with property taxes face 1 to 6 mill property tax increases just to pay state mandated PERS costs over the next three years (average 1.65 mills), however, many municipalities have local tax caps that preclude such increases which will require municipalities to make deeper cuts to local basic services.

WHEREAS, the Alaska Municipal League and many municipal elected officials and finance directors have been "at the table" to help the State adopt a new PERS/TRS "tier" to help control future costs; and

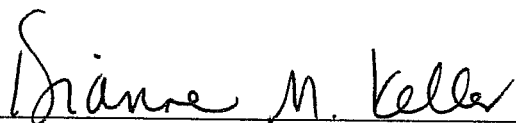
WHEREAS, the State has received a huge increase in oil revenue while communities face steeply higher expenses. For every \$1 increase in the price of a barrel of oil the State government receives an additional \$65 million of new revenue per year while Alaskan cities, boroughs, schools, businesses, other organizations, and families pay \$20 million of higher new costs for fuel, transportation, etc. based on federal fuel usage figures for Alaska; and

WHEREAS, if the State fails to share a small portion of its huge oil revenue increases with our community/local taxpayers to offset State required PERS payment increases for at least the next two years, the impact on the City of Wasilla will have an upward affect on property taxes or lower the service level that we provide to our citizens.

NOW THEREFORE BE IT RESOLVED, that the Wasilla City Council strongly urges the members of the Alaska State House and Senate to approve the Governor's proposed \$37.5 million appropriation to offset the cost of State required municipal PERS increases for the next two years; and

BE IT FURTHER RESOLVED, this action will avoid higher local taxes and/or large cuts to local services.

ADOPTED by the Wasilla City Council on April 11, 2005.

  
\_\_\_\_\_  
DIANNE M. KELLER, Mayor

ATTEST:

  
\_\_\_\_\_  
KRISTIE SMITHERS, MMC  
City Clerk

[SEAL]

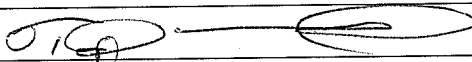
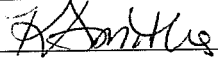


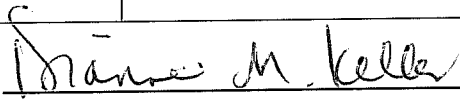
**CITY OF WASILLA  
LEGISLATION STAFF REPORT**

**RE: RESOLUTION 05-16 – PERS EARLY FUNDING REQUEST.**

Agenda of: April 11, 2005  
Originator: Administration

Date: April 4, 2005

Route to:	Department	Signature/Date
	Police	
	Recreational and Cultural Services Library, Museum	
	Public Works Planning	
X	Finance *signature required	
X	Clerk	

**REVIEWED BY MAYOR DIANNE M. KELLER:** 

**FISCAL IMPACT:**  yes\$ or  no      Funds Available  yes  no  
Account name/number:  
Attachments: Resolution 05-16

**SUMMARY STATEMENT:**

The House Finance Committee eliminated the \$37.5 Million from the Governor's Proposed FY 06 Operating Budget (HB 67). This funding would have allowed municipalities to keep pace with skyrocketing mandatory PERS/TRS payments to the state, balance local budgets, and maintain reasonable local tax rates. The total estimated cost over the next two years of increases in PERS to the City of Wasilla will be approximately \$525,000.

Municipalities testimony during the Finance committee hearings centered on the unacceptability of shifting an even greater tax burden to local taxpayers in larger communities, and the crushing impacts on small municipalities that do not have sufficient tax capacity to absorb the elimination of revenue sharing, capital matching grants, increased fuel and insurance, in addition to PERS/TRS. According to the State DCCED, 9 cities in rural Alaska can no longer operate, 17 are in deep debt and unlikely to recover, and 39 additional cities have made major cuts to key services.

This resolution would request the State House and Senate to approve the Governor's proposed \$37.5 million appropriation as proposed to help offset the cost of State required Municipal PERS increases for the next two years.