

**MINUTES OF THE
POLITICAL SUBDIVISIONS INTERIM COMMITTEE**
Wednesday, May 17, 2006 – 2:00 p.m. – W025 House Building

Members Present:

Sen. Carlene M. Walker, Senate Chair
Rep. Brad L. Dee, House Chair
Sen. Fred J. Fife
Rep. David N. Cox
Rep. Julie Fisher
Rep. Kerry W. Gibson
Rep. Ann W. Hardy
Rep. M. Susan Lawrence
Rep. Karen W. Morgan
Rep. Joseph G. Murray
Rep. Peggy Wallace
Rep. Larry B. Wiley

Members Absent:

Sen. L. Alma Mansell
Pres. John L. Valentine
Rep. Brad King

Staff Present:

Mr. Joseph T. Wade, Policy Analyst
Mr. Robert H. Rees, Associate General Counsel
Ms. Wendy L. Bangerter, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Committee Business

Chair Brad Dee called the meeting to order at 2:15 p.m.

MOTION: Rep. Wiley moved to approve the minutes of the April 19, 2006 meeting. The motion passed unanimously with Rep. Fisher absent for the vote.

2. Implementation of H.B. 77, "School District Boundaries"

Mr. Joseph Wade distributed and reviewed information regarding Utah's 40 school districts and total enrollment, the process established in 2003 to create new school districts, and the new process added in 2006.

Rep. David Cox, sponsor of H.B. 77, "School District Boundaries," corrected information from newspaper articles regarding the costs of creation or division of school districts. He spoke in opposition to the "Sixty-five Percent Solution," which has been legislated in some other states mandating that 65 percent of all monies be spent in the classroom.

Sen. Walker stated the goal for this meeting is to identify questions and issues regarding the formation of smaller school districts, address them in a workgroup study outside of this Committee, and then hear periodic reports of cities' progress in their efforts and interest in establishing new school districts.

Mr. Lynn Pace, Holladay City Council, expressed deep loyalty to their schools and the council's support for this bill as it appears to give local citizens more of a public voice. He discussed three areas Holladay citizens feel need to be addressed: 1) feasibility study; 2) geographic issues; and 3) processing issues, i.e. timing, requirements, disclosure, and public input.

Mr. Michael Bennett, representing Cottonwood Heights City, explained he is preparing the feasibility study regarding the possible formation of a smaller school district for Cottonwood Heights. He distributed and reviewed a document listing Cottonwood Height's concerns that they feel need to be addressed.

Ms. Laura Pinnock, Small Districts Coalition, described the coalition as a group of parents who believe schools can be best served when controlled by those communities they serve. She spoke in favor of smaller districts because more money goes to the classroom in a smaller district and teacher's and administrators' retirements and pensions are more protected. She addressed three areas that they feel should be addressed in the bill: 1) a freeze on bonding and selling of assets; 2) property boundaries; and 3) transfer of properties.

Mr. Steve Peterson, Associate Executive Director of the Utah Superintendents Association and the Executive Director of the Utah School Boards Association, explained he arranged for several district superintendents to be in attendance to answer questions.

Superintendent Barry Newbold, Jordan School District, addressed issues and concerns that have surfaced in their district as they considered the reduction in size of their district. A sampling of the many concerns are:

- transferring of employees to a new district;
- dividing of assets;
- funding of RDA's and EDA's;
- freezing of bonding or indebtedness;
- electing of board members; and
- consideration for hold-harmless provisions for some existing school districts.

Sen Walker asked attendees to email Mr. Wade at jwade@utah.gov with their questions and input.

Superintendent Stephen Ronnenkamp, Granite School District, addressed employment for district employees and teachers. He stated that a reduction of resources could cause some employees to lose their jobs. He also noted that district contracts with teachers differ and could be a problem. He agreed that a feasibility study is critical.

Rep. Cox was asked to contact those stake holders and interested parties to form a workgroup and bring back updates to the Committee.

3. Compliance with State Law Regarding Inspection of School Construction

Rep. Larry Wiley, sponsor to Master Study Resolution item #35, referred to information distributed in the committee packet regarding the inspection of school construction and the 1998 audit. He reviewed the list of recommendations from the packet. He requested the Committee's endorsement to request a followup audit that would include charter schools. He addressed the issue of those entities that are exempt from obtaining some of the construction permits as well as the accountability of inspectors.

Mr. Larry Newton, School Finance Director, USOE (Utah State Office of Education), emphasized that the problem is a lack of good communications between schools and municipalities. He stated that all SDBOs

(school district building officials) have the responsibility to make sure schools are built and inspected to the proper code and local municipalities have the right and responsibility to review the monthly inspection reports. He reviewed efforts he had made during the past months to unify those two entities and update the Administrative Rule regarding inspection of school construction. He suggested that municipalities be responsible for the inspection of charter schools and be held accountable for their codes. He clarified that the State Superintendent has the authority to contract the inspection and charge back the cost if an inspection was found not in compliance. He instituted inspector cross checks for credentials and will begin posting all inspection reports on the USOE website. If the Legislature does not authorize an audit, USOE has authorized their internal auditor to do an audit.

Mr. Ron Ivey, Utah Chapter of Building Officials, stated there have been changes and progress since the last audit in 1998. He spoke in favor of another audit and their willingness to help with the workgroup. He recommended the elimination of the school exemption from municipal inspections.

Mr. Gary Payne, School District Building Official, stated that his group met with ICC (Inspector Code Council) executive committee and asked for more institutional type training code classes. He expressed concern that SDBOs are criticized and not respected in the same way as residential inspectors. He reviewed their credentials and stated that his inspectors are more qualified for institutional and commercial inspections.

Ms. Jodi Hoffman, Utah League of Cities and Towns, spoke in favor of a workgroup and offered the League's assistance.

Mr. Larry Newton and Ms. Jodi Hoffman were asked to form a workgroup and include Rep. Wiley and all other interested parties. A progress report would be included on the November agenda.

Mr. Zane Woolstenhulme, SDBO, South Summit School District, stated that as far as South Summit is concerned, they have had good communications and working relationship with the municipal inspectors.

Mr. Randy Haslam, SDBO, Jordan School District, also reported having a good relationship with their city inspectors. He explained that a building code is a minimum standard, but that schools are and should be built to an even higher standard than code.

Assistant Superintendent Michael Johnson, Tooele School District, emphasized the importance of building schools above code. He stated they are cooperating with officials and are submitting reports to the county.

Mr. Stephen Oliver, Park City School District, refuted the allegation that Park City School District has spent a lot of money correcting problems in schools.

4. Antitrust Exemption for Political Subdivisions

Rep. Richard Wheeler explained the recent Utah Supreme Court case involving Summit Water Distribution Company v. Summit County. This case raised the policy question of whether political subdivisions should be exempt from antitrust laws and under what circumstances. He referred to

H.B. 333, "Antitrust Exemption," passed in the 2006 General Session which expanded the definition of municipalities to include the Intermountain Power Agency. He recommended establishing a workgroup to study the question of whether other political subdivisions should be exempt from the antitrust laws.

Mr. Michael D. Zimmerman, Attorney, Snell & Wilmer, reviewed a history of antitrust law in Utah and clarified the language in Utah's law. He stated that the Supreme Court left the question open that those entities that are not cities and towns as defined in Utah law, are open to litigation. He recommended studying the issue of whether local governments and special districts are open to antitrust suits.

Mr. Roger Tew, Utah League of Cities and Towns, speaking for rural cities and counties, stated that the goal is to restore the law to what everyone thought it already was. He offered to facilitate the workgroup.

Mr. Mark H. Anderson, Utah Association of Special Districts, noted that the court ruling leaves the door open for the Legislature to correct the issue.

The League of Cities and Towns and the Association of Counties agreed to work together and bring back consensus language.

Mr. Scott Lilja, Vancott Bagley, explained that federal antitrust law is highly developed and authorized by state law language. He cautioned the Legislature to be careful and include antitrust experts in the workgroup.

5. Other Items / Adjourn

MOTION: Rep. Fisher moved to adjourn the meeting. The motion passed unanimously.

Chair Dee adjourned the meeting at 5:05 p.m.