

THE CITY AND BOROUGH OF JUNEAU, ALASKA

Meeting Minutes - April 23 2014

MEETING NO. 2014-13: The Special Meeting of the City and Borough of Juneau Assembly, held in the Assembly Chambers of the Municipal Building, was called to order at 5:30 p.m. by Mayor Merrill Sanford.

I. ROLL CALL

Assembly Present: Mary Becker, Karen Crane, Loren Jones, Jesse Kiehl, Jerry Nankervis, Merrill Sanford, Carlton Smith, Kate Troll and Randy Wanamaker.

Assembly Absent: None.

Staff Present: Kim Kiefer, City Manager; Amy Mead, Municipal Attorney; Rob Steedle, Deputy Manager; Bob Bartholomew, Finance Director; Bonnie Chaney, Budget Analyst.

II. SPECIAL ORDER OF BUSINESS

A. Determination of Amount to be made available from Local Sources for School Purposes.

Mayor Sanford asked if the amount of funding at \$24,134,400 was the minimum number. Ms. Kiefer said yes, this was the minimum the school district was funded last year.

Mayor Sanford asked if there was further information from the legislature, that would be provided to the Assembly in order to make any adjustments. Ms. Kiefer said that was correct.

Mr. Wanamaker asked for clarification of what the minimum amount that CBJ was legally required to fund the school district this year. Ms. Kiefer said the minimum required to be funded was \$12,964,800. The ordinance introduced was to fund the school district at the same amount as last year's funding.

Mr. Wanamaker said the ordinance that had been introduced had only been introduced and that number was not binding and did not set a binding number for funding. Ms. Kiefer said that was correct. Not knowing what would happen in the legislature, the recommended number was based on the funding amount provided the previous year.

Mr. Kiehl said the Assembly action at this meeting was to "provide a statement." Ms. Kiefer said that was correct. He asked what level of detail that statement needed to contain. Ms. Kiefer said that the Assembly needed to provide a number. Mr. Bartholomew said that the Assembly should identify what was the required amount and what might be outside of the cap. Ms. Kiefer said the amount recommended is to the cap last year and did not include the funding outside of the cap. Ordinance 2014-25 recommended \$24,134,400, which she recommended as the statement, and the funding outside of the cap was \$770,000.

Mr. Nankervis said the funding statement proposed was to the cap, not the minimum amount. Mr. Bartholomew said the cap had changed since last year. Last year, funding to the cap was \$24,134,400. The cap this year was slightly higher and it could change again due to action by the legislature. The policy for this 30-day period has been to set the minimum that the Assembly would provide for education for the foundation formula for this year, and if the Assembly wanted to increase that amount, subsequent to this action, the Assembly could do that. That had been the

policy and that was confirmed by the state, that the 30-day requirement was to give the School District some guidance on what their funding would be. That was why this was setting the floor of what would be provided this year. The floor for funding for this year was determined by taking the total amount provided last year. The \$24,134,400 was slightly less than this year's funding to the cap, that was \$24,327,600. Mr. Bartholomew said the only number the Assembly could not go below was \$12,964,800.

Ms. Troll said this did not prohibit the ability of the Assembly to fund more "to the cap" - the additional \$193,000 that the school district requested. Ms. Crane said that was correct, but the legislature had not decided Senate's proposal that raised the minimum mill rate that the city would have to put in. That could be an additional \$750,000 per year. Until the Assembly knew the outcome, it needed to be cautious.

Mr. Kiehl said it was worthwhile to move forward to set the cap amount as it was currently calculated. If we reduced, we would reduce the amount outside of the cap. To prevent the cuts in teachers, there was value to be a community that funded to the cap.

Mr. Wanamaker said he was not willing to support \$24,134,400. The city had a \$13 million budget shortfall and had not tackled where the funds would come from. Knowing that the legislature would set a new funding formula and knowing that CBJ would probably have to increase the required contribution, he thought it was prudent to fund less than the cap last year. He proposed \$1 million below that knowing that the legislature would make changes and there were other commitments to the community. He said the school's budget had a lot of stuff in it and needed to focus on students. It was not what the budget task force worked on and recommended as community members.

Ms. Becker said she thought the manager's proposal included a \$200,000 reduction. Ms. Kiefer said that was the difference of last year's budget and this year's proposed budget. She rounded from \$193,200 to \$200,000. She did not state that it was inside or outside of the cap. If the Assembly went forward with the number provided by the manager, it did not include the extra \$200,000. It was \$200,000 less than what the district requested this year.

Mr. Nankervis preferred to obligate only to the \$12 million, but that was likely not realistic. He did not want to paint the Assembly into a corner. The Assembly had looked at a 5% cut to all other departments. We could do the same here and revisit it in the future.

Mr. Kiehl said the foundation formula was very complicated and it needed to be clear that if the proposal before the legislature to increase the required effort passed, that would not necessarily require the Assembly to "write a bigger check" if we set our funding level at the level last year or at the new cap. The school district had for the last three years taken fixed costs out of its budget in a way the CBJ general fund has not. Their health care cost increases have come from a flat dollar amount and the cuts have been deep and real already. The JSD has had a three year austerity program already.

Mr. Wanamaker asked what the number would be if the cap from last year was reduced with a 5% reduction. Mr. Bartholomew said it would be \$22,927,680. Mr. Wanamaker said a 5% across the board reduction had been asked of city departments. The school district needed to share in the overall cost cutting.

Ms. Troll said the school district had been making major cuts while the city services had been holding the line and the district had done its part to have a fiscally prudent administration. The

Assembly should thank the Board for their work. She wanted to maintain the level recommended by the manager, and wanted to find ways to fund to the new cap.

Mayor Sanford said general government had layed off many positions and cut the budget as well, and comparisons did not need to be made. Ms. Kiefer said that CBJ cut a quarter million from the budget and had 16 FTE's that were removed from the budget for the last two years and additional position eliminations were recommended this year.

Ms. Becker said CBJ had not cut real people, just had not filled vacant positions, but the school district had cut real people and the students were in higher class sizes and that was with funding outside of the cap. It was impossible for the school district to keep up with the cost of living without having additional money from the state. If CBJ cut another million it would be very difficult and this is a community that supported education.

Mayor Sanford reiterated that the statement to the school was a minimum that could be worked up from.

MOTION, by Smith, to accept the manager's recommendation to set the amount of local funding to be provided to the school district at \$24,134,400.

Mr. Wanamaker objected for the reasons he previously stated.

MOTION, to amend, to reduce the amount by \$1 million, to \$23,134,400.

There were several objections voiced.

Roll call on the amendment:

Aye: Nankervis, Wanamaker

Nay: Becker, Jones, Troll, Smith, Crane, Kiehl, Sanford

Motion failed, 2 ayes, 7 nays.

Mr. Wanamaker maintained his objection on the main motion.

Roll call on the main motion:

Aye: Becker, Crane, Troll, Kiehl, Jones, Smith, Sanford

Nay: Nankervis, Wanamaker

Motion passed, 7 ayes, 2 nays.

III. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

None.

IV. ASSEMBLY COMMENTS AND QUESTIONS

Mr. Nankervis said the Law Department would provide a second draft version of the Wireless Communication Facility ordinance to CDD and on Thursday, May 8, the Planning Commission would hold a special meeting and following that it would be submitted to the Assembly.

V. ADJOURNMENT

There being no further business to come before the Assembly, the meeting adjourned at 6:03 p.m.

Signed:_____

Laurie Sica, Municipal Clerk

Signed:_____

Merrill Sanford, Mayor

CBJ Special Assembly Meeting

April 23, 2014

CBJ Funding for Education

Prior to any changes from the State Legislature

	<u>Ordinance 2014-25</u>	<u>March 28, 2014 SD Request</u>	<u>Difference</u>
State law required minimum local contribution	\$ 12,964,800	\$ 12,964,800	
Additional CBJ funding per the State Foundation Funding Formula	<u>11,169,600</u>	<u>11,362,800</u>	<u>193,200</u>
Subtotals *	24,134,400	24,327,600	193,200
CBJ Funding outside the CAP	<u>770,000</u>	<u>770,000</u>	<u>-</u>
Totals	<u><u>\$ 24,904,400</u></u>	<u><u>\$ 25,097,600</u></u>	<u><u>193,200</u></u>

* Ordinance 2014-25 provides FY15 funding at the same level as FY14. This amount is \$193,200 below statutorily allowed funding CAP.