CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
330 Harbor Drive
Sitka, AK
(907)747-1811

Meeting Agenda

City and Borough Assembly

Mayor Steven Eisenbeisz
Deputy Mayor Thor Christianson,
Vice Deputy Mayor Valorie Nelson,
Kevin Knox, Kevin Mosher, Crystal Duncan, Rebecca Himschoot

Municipal Administrator: John Leach
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson

Thursday, February 25, 2021 **6:00 PM** **Assembly Chambers**

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

V. PERSONS TO BE HEARD

Public participation on any item off the agenda. All public testimony is not to exceed 3 minutes for any individual, unless the mayor imposes other time constraints at the beginning of the agenda item.

VI. UNFINISHED BUSINESS:

A 21-019 Discussion / Direction / Decision of local support of education to the Sitka School District contained in the proposed FY2022 General Fund Budget and other issues pertaining to the financial support of educational related activities (this item was previously discussed at a special meeting on February 4)

Attachments: Possible Motion
CBS Memo and Slides
SSD Memo revised

VII. NEW BUSINESS:

B 21-032 Discussion / Direction of the FY2022 Draft Municipal Budget as it relates to the General Fund, Enterprise Funds, Internal Service Funds, and other Funds (Assembly action may be taken)

Attachments: Discussion Direction FY2022 budget catch all

VIII. PERSONS TO BE HEARD:

Public participation on any item on or off the agenda. Not to exceed 3 minutes for any individual.

IX. EXECUTIVE SESSION

Not anticipated.

X. ADJOURNMENT

Note: Detailed information on these agenda items can be found on the City website at https://sitka.legistar.com/Calendar.aspx or by contacting the Municipal Clerk's Office at City Hall, 100 Lincoln Street or 747-1811. A hard copy of the Assembly packet is available at the Sitka Public Library. Regular Assembly meetings are livestreamed through the City's website, aired live on KCAW FM 104.7, and broadcast live on local television channel 11. To receive Assembly agenda notifications, sign up with GovDelivery on the City website.

Sara Peterson, MMC, Municipal Clerk
Publish: February 23

CITY AND BOROUGH OF SITKA

Legislation Details

File #:	21-019	**Version:**	1	**Name:**	
Type:	Item			**Status:**	AGENDA READY
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Title:	Discussion / Direction / Decision of local support of education to the Sitka School District contained in the proposed FY2022 General Fund Budget and other issues pertaining to the financial support of educational related activities (this item was previously discussed at a special meeting on February 4)				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	Possible Motion CBS Memo and Slides SSD Memo revised				

Date	Ver.	Action By	Action	Result

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Step 1

Discussion / Direction / Decision of the local support of education to the Sitka School District contained in the proposed FY2022 General Fund Budget and other issues pertaining to the financial support of educational related activities.

Step 2 - POSSIBLE MOTION

(Funding level as presented to the cap)

I MOVE TO direct the Municipal Administrator to include in the FY2022 draft Administrator's budget a total amount of $7,764,150 for local support of public education (including, $7,557,150 to paid in even monthly disbursements, $150,000 for reimbursement for maintenance of school buildings, and up to $57,000 to be used to pay for the performing arts center utility account #5417-002). Should Secure Rural Schools be reauthorized, it should be included in FY2022 budget for local support of public education at 50%.

City and Borough of Sitka

PROVIDING FOR TODAY…PREPARING FOR TOMORROW

Coast Guard City, USA

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator

Date: January 29, 2021

Subject: FY22 Sitka School District Funding
February 4, 2021 Joint Meeting of the Assembly and School Board

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Background

At your December 17, 2020 and January 21, 2021 budget meetings we touched on the issue of funding for the Sitka School District (SSD).

In our preliminary projections, we included funding the schools at the same level as FY21, less Secure Rural Schools (SRS), which has not yet been reauthorized. Funding at this level resulted in a projected deficit for General Fund of about $1.5 million. Based on what we heard from the Assembly, staff is including a "fund to the cap" scenario that includes increased funding for the core support (generally distributed monthly) as well as maintaining FY21 funding levels for additional items such as school maintenance and Performing Arts Center utility expenses. Until SRS is reauthorized, we can't budget this item, however, it would be helpful to know if the Assembly is in support of the usual 50%/50% split should it be reauthorized.

School funding is the single largest line item in the General Fund Budget and is also a significant portion of the SSD's revenue. A such, both staff and the SSD need Assembly guidance in this matter so we can continue to develop our respective FY22 budgets.

The School Board will be present to discuss this topic with the Assembly.

Fiscal Note

If the Assembly should support funding to the cap as presented, where total school funding equals $7,764,150, (increasing to $8,014,050 should SRS be reauthorized and be split evenly, estimated at $250K), this increases school funding in the General Fund by $395,157 over FY21.

In response to the pandemic, the CBS reduced the FY21 General Fund budget by 10% at the onset of the COVID-19 pandemic and has made further operating cuts (including

cancelling all new GF funded capital appropriations in FY21) to prepare for the likely challenges of the FY22 budget. Throughout the year, the CBS has presented our ongoing efforts to reduce spending during this period of financial strain and are projecting that the General Fund will generate a surplus of about $1.5 million.

While there are still many items pending (including State levels of funding of debt service reimbursement, which if cut to 0% again would likely require subsidization in FY22), if we continue with the assumptions from your January 21, 2021 meeting, the preliminary General Fund budget would show a $1,895,157 deficit if we provide school funding as presented.

Recommendations

Most importantly, the Assembly's decision on school funding has a significant impact on both the CBS and the SSD budgets, so clear guidance early in the process of this challenging budget cycle would be very helpful. Hopefully this meeting will provide the Assembly with the opportunity to address any questions or concerns members have and to seek School Board agreement on a funding level that recognizes the unique challenges of this fiscal year.

SITKA

SCHOOL DISTRICT

DISCOVER | NURTURE | INSPIRE



SPECIAL BUDGET MEETING

City and Borough of Sitka Assembly and School Board

February 4, 2021

PROCESS AND LAW PERTAINING TO LOCAL FUNDING OF PUBLIC EDUCATION

1. By May 1 School Board must submit budget to Assembly

2. Within 30 days of receiving formal school budget, the Administrator must inform the School Board in writing of the level of local funding to be made available for public education

3. No action means that whatever is in the SSD budget will be the local contribution and the CBS budget would have to be amended to reflect the amount in the SSD budget (if different)

4. As school funding is a significant part of our expense budget and a significant revenue to SSD, it is very helpful to both CBS and SSD to agree upon the amount of local funding to direct to education early.

5. The SSD generally allocates some funding from CBS as educational (counts towards the "cap") and other as non-educational (doesn't count towards the "cap"). The Assembly may specify how funds are to be used but does not have to.

Impact of possible funding scenarios

	Budgeted FY21	PRELIMINARY FY22 budget (FY21 less SRS)	FY22 with funding to the cap	Difference between FY 21 and funding to the cap
Monthly disbursements	7,161,993	7,161,993	7,557,150	(395,157)
Maintenance	150,000	150,000	150,000	-
Performing Arts Center Utilities	57,000	57,000	57,000	-
Secure rural schools (50%FY21)	250,000	-	-	250,000
Total funding	**7,618,993**	**7,368,993**	**7,764,150**	
Preliminary FY22 deficit		**(1,500,000)**	**(1,895,157)**	

SETTING THE FY22 FUNDING LEVEL FOR LOCAL SUPPORT OF PUBLIC EDUCATION

-Ideal to agree on funding amount early

-Maximum allowable local contribution ("cap") has increased—generally not everything that CBS allocates is counted towards the cap

- FY21 it was $7,053,234
- FY22 it is expected to be $7,164,150

-So far SRS has not been reauthorized.

- We can't budget it until it is, but the Assembly can commit to appropriating a % should it be authorized.
- The CBS budget would increase on both the revenue and expense sides

EARLY AND DEFINITIVE DECISION ON FUNDING FOR EDUCATION

Sample motion:

I move to direct the Municipal Administrator to:

…include in the FY2022 draft Administrator's budget a total amount of **$7,764,150** for local support of public education (including, $7,557,150 to paid in even monthly disbursements, $150,000 for reimbursement for maintenance of school buildings, and up to $57,000 to be used to pay for the performing arts center utility account #5417-002). Should Secure Rural Schools be reauthorized, it should be included in FY2022 budget for local support of public education at 50%.

SITKA
SCHOOL DISTRICT
DISCOVER | NURTURE | INSPIRE

February 1, 2021

Dear Mayor Eisenbeisz and Assembly Members,

Thank you for this opportunity to address the budget development for the Sitka School District.

To say this has been an extraordinary school year would probably be an understatement. We have faced challenges no one could have anticipated last summer. We are very proud of what has been accomplished and how we hopefully will successfully finish this school year. We could not have gotten to this point without the support you have provided the District, making it possible to operate "virtual" school during the two months that we were forced to close.

To date, it appears that the Covid-19 virus was not transmitted a single time in any of our schools, keeping both students and staff safe. We have learned so much during this year, and now have a fair idea of what will be necessary to have a successful 2021-22 school year. No one can predict where we will be medically, so it will be very important to have enough staff to adjust as needed.

Principals at Baranof, Keet Gooshi Heen, and Blatchley were able to reassign nearly every certificated person into a classroom, making it possible to lower the number of students in each classroom so that six feet of distancing could be accomplished. This made it possible for students to attend daily, not half of the students each day as has been the practice in many schools in Alaska and the whole country. Only Sitka High School operated on alternating days, simply because that was the only way to provide distancing.

Since we have no idea what the conditions will be next August, and we want to continue to have students in school daily, we must remain flexible enough to adjust to whatever comes our way. We have rejected the administration's recommendation to raise class sizes in order to balance our budget. Our historically low PTR's are the hallmark of our District and have been identified by parents and staff as their highest priority. The additional benefit is that we can adjust to conditions that warrant going back to smaller classrooms in order to provide six feet of distancing if required. The alternative might have students attending every other day which is disastrous for our working parents.

Not only are we requesting full funding for next year for sound educational reasons, but we are also on the side of maintaining a healthy economy by keeping people at work.

Here is the status of our preliminary budget work, simply rolling forward expenditures from the FY21 budget, everything contained in that budget without any reductions:

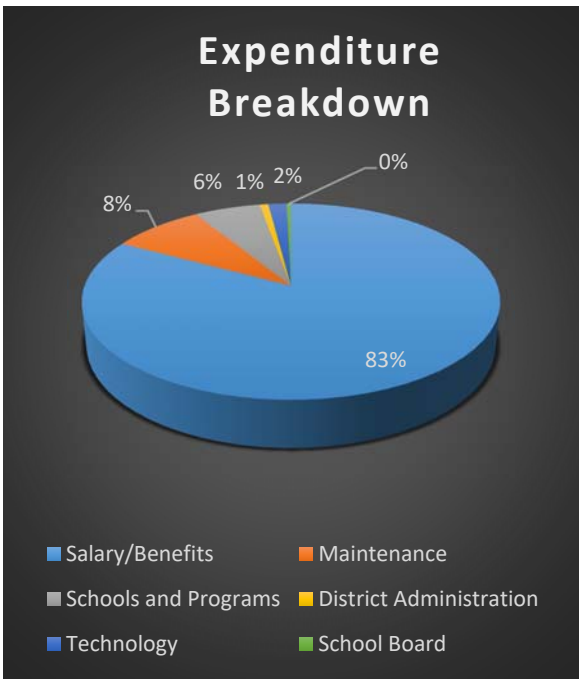
Assumptions of Budget:

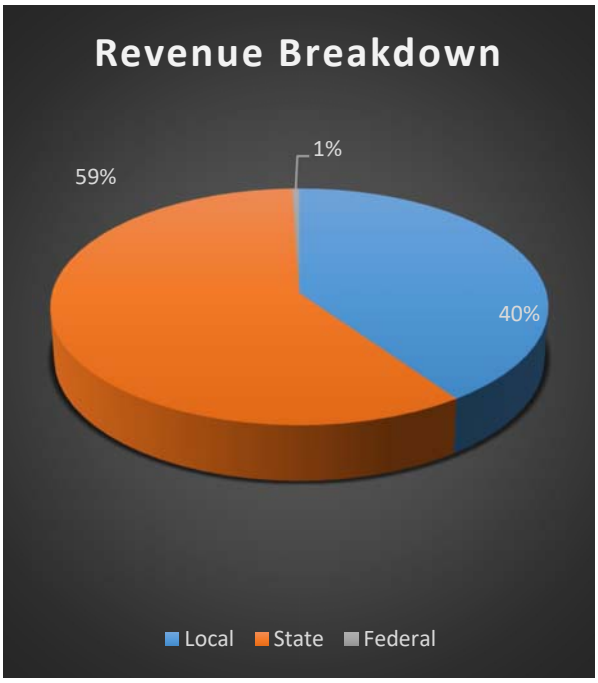
1. Estimated Health Insurance Increase of 12%
2. $1.4mil in Salary and Benefits for negotiated agreements, and benefits that correspond with increases.
3. Estimated Projected Enrollments is 1122 (Drop of 22)

4. State Funding at Base Student Allocation of $5,930, no change, flat funding
5. City and Borough Local Contribution at Maximum Allowed of $7,764,150
6. SSD has received a multi-year grant of $553,000 of CARES Act funding.
7. The CARES Act funding will likely pay for summer school over the next 3 years.
8. Reserves will be required to balance the budget.

Expenditures	Revenue at full Borough Funding
$21,229,168	$19,420,055

Deficit: $1,809,113





As you can see, we have a lot of work to do to balance our budget. We have announced an "Early Departure" option for certificated staff, expecting to have 10-12 staff members taking advantage. This plan will allow us to clear nearly a million dollars of the deficit. That is not a clear savings, however, as many of these positions must be filled, depending on which jobs are vacated. However, that will keep us from reducing staff through layoffs.

We want to move forward as a partner with you, since we are all concerned about the quality of educational programs. Thank you for your consideration of our request to fund the District to the cap.

Sincerely,

Amy Morrison

President of the Sitka School Board

CITY AND BOROUGH OF SITKA

Legislation Details

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Discussion / Direction /Decision

of the FY2022 Draft Municipal Budget as it relates to the General Fund, Enterprise Funds, Internal Service Funds, and other Funds.

(Assembly action may be taken)

