

Introduced by: Mayor
Date: 03/06/18
Hearing: 04/03/18
Action:
Vote:

**KENAI PENINSULA BOROUGH
ORDINANCE 2017-19-21**

**AN ORDINANCE PROVIDING FOR AN EXCEPTION TO KPB 5.20.080
AUTHORIZING THE TRANSFER OF \$3,000,000 FROM THE LAND TRUST FUND
TO THE GENERAL FUND AS A PART OF THE FISCAL YEAR 2019 BUDGET
APPROPRIATION**

- WHEREAS,** the Kenai Peninsula Borough (“borough”) administration is exploring numerous options to resolve the current borough fiscal deficit of approximately \$4,000,000 and maintain a healthy general fund balance into the future; and
- WHEREAS,** these options include numerous cost-cutting measures; and
- WHEREAS,** the general fund balance is currently \$23,234,027, and the minimum recommended general fund balance for this borough is \$15,471,930; and
- WHEREAS,** there is not sufficient time to raise revenues before fiscal year 2019 to close this gap using cost-cutting measures alone, and further depleting the general fund will have a negative effect on the borough’s credit rating, reduce cash-flow available for daily operations, diminish reserves that would cover revenue shortfalls such as unexpected events, natural disasters, voter referendums and litigation; and
- WHEREAS,** the land trust fund currently has a fund balance of \$7,295,939; and
- WHEREAS,** one option that would provide some protection for the general fund during fiscal year 2019 is to transfer \$3,000,000 from the land trust fund to the general fund to help close this deficit for one year; and
- WHEREAS,** KPB 5.20.080(B) contains restrictions on the amount of funds that may be available for appropriation to the general fund which would limit the amount of such funds that could currently be transferred this fiscal year to approximately \$87,000; and
- WHEREAS,** as no assembly may bind a future assembly, the assembly may legally allow an exception to this restriction by ordinance; and
- WHEREAS,** the best interests of the borough would be served by authorizing this one-time transfer of funds from the land trust fund to the general fund;

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That, notwithstanding the restrictions in KPB 5.20.080 limiting the amount of land trust funds that may be available for appropriation to the general fund, the sum of up to \$3,000,000 may be transferred from the land trust fund balance through account 250.21210.00000.50100 to the general fund account 100.00000.00000.38250 as part of the FY 2019 budget appropriation.

SECTION 2. This ordinance shall take effect immediately upon its enactment.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS * DAY OF * 2018.

Wayne H. Ogle, Assembly President

ATTEST:

Johni Blankenship, MMC, Borough Clerk

Yes:

No:

Absent:

Kenai Peninsula Borough

Office of the Borough Mayor

MEMORANDUM

TO: Wayne Ogle, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Charlie Pierce, Mayor *CP*

DATE: February 22, 2108

RE: Ordinance *2017-19-21* Providing for an Exception to KPB 5.20.080 Authorizing the Transfer of \$3,000,000 from the Land Trust Fund to the General Fund as Part of the Fiscal Year 2019 Budget Appropriation (Mayor)

The administration is working hard to find ways to close the budget deficit and protect the general fund. This includes exploring many potential cost-cutting measures as well as ways to increase revenues. However, there is not sufficient time to make enough cuts or raise enough revenue to close the gap before the commencement of FY 2019.

This one-time transfer of \$3 million from the land trust fund would significantly help to protect the general fund balance for FY 2019. It would reduce the land trust fund balance to approximately \$4,295,939. We are considering other means to increase the land trust fund balance in the near future to offset this reduction.

It is important that we retain an adequate general fund, fund balance. Depleting it further will reduce cash-flow available for daily operations, negatively impact its credit rating, and diminish reserves that would cover revenue shortfalls due to unexpected events.

Your support of this ordinance would be appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	<u>250.27910 (FB)</u>
Amount:	\$ <u>3,000,000.00</u>
By: <u>pp</u>	Date: <u>2/22/18</u>
<u>RPJ</u>	

Kenai Peninsula Borough

Office of the Borough Mayor

MEMORANDUM

TO: Wayne Ogle, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Charlie Pierce, Mayor *CP*

DATE: April 3, 2018

RE: Amendment to Ordinance 2017-19-21, Providing for an Exception to KPB 5.20.080 Authorizing the Transfer of \$3,000,000 from the Land Trust Fund to the General Fund as Part of the Fiscal Year 2019 Budget Appropriation (Mayor)

To avoid holding up the entire budget with the land trust transfer, the administration requests that ordinance 2017-19-21 be amended to also transfer the \$3,000,000 from the land trust fund to the general fund. As the appropriation is a significant change to this ordinance we also request that this be postponed to the April 17, 2018 hearing to allow for additional public comment. Following are the proposed amendments. (Please note the bold underlined language is new and the bold strikethrough language in brackets is to be deleted.)

- Amend the title, as follows:

AN ORDINANCE PROVIDING FOR AN EXCEPTION TO KPB 5.20.080
**[AUTHORIZING THE] TRANSFERRING [OF] \$3,000,000 FROM THE LAND
TRUST FUND TO THE GENERAL FUND AS A PART OF THE FISCAL YEAR
2019 BUDGET APPROPRIATION**

- Amend the ninth whereas clause, as follows:

WHEREAS, the best interests of the borough would be served by authorizing **and appropriating** this one-time transfer of funds from the land trust fund to the general fund;

- Amend the Section 1, as follows:

SECTION 1. That, notwithstanding the restrictions in KPB 5.20.080 limiting the amount of land trust funds that may be available for appropriation to the general fund, the sum of up to \$3,000,000.00 may be ~~[transferred from the land trust fund balance through]~~ appropriated to account 250.21210.00000.50100 to be transferred to the general fund [~~account 100.00000.00000.38250~~].

- Add a new Section 2, as follows:

SECTION 2. That the sum of \$3,000,000 is hereby appropriated from the land trust fund balance to account 250.21210.00000.50100 to be transferred to the general fund.

- Renumber old Section 2 to Section 3.


Your support of this amendment would be appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	<u>250.27910 (FB)</u>
Amount:	<u>\$ 3,000,000.00</u>
By: <u>pp</u>	Date: <u>4/3/18</u>
<u>2/1/18</u>	

Kenai Peninsula Borough
Office of the Borough Mayor

MEMORANDUM

TO: Wayne Ogle, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Charlie Pierce, Mayor 

DATE: April 5, 2018

RE: Notice of Proposed Amendment to Ordinance 2017-19-21, Providing for an Exception to KPB 5.20.080 Transferring \$3,000,000 from the Land Trust Fund to the General Fund as Part of the Fiscal Year 2019 Budget Appropriation (Mayor)

A major concern raised by members of the public and the school district during numerous recent assembly meetings has been the retention of teachers. On April 4, 2018, I met with the school district administration to discuss options available to help address those concerns. In our discussion, we learned that appropriating an additional \$1.5 million beyond the initially discussed "flat funding" to the school district would make it possible to maintain existing teacher staffing formulas and possibly alleviate a significant reduction in teaching staff around the school district. The School Board would be able to work with school district administration and make decisions on how this funding is utilized at their May 7, 2018 meeting.

This is to notify you that I plan to propose an amendment to ordinance 2017-19-21 at the May 1, 2018 assembly meeting that would increase the funds to be transferred from the land trust fund from \$3,000,000 to \$4,500,000. Hopefully this additional funding will enable the school district to avoid reducing teachers in the classrooms and to first maintain existing staffing formulas. The school board, not the administration, makes that decision.

This is intended to be a one-time only transfer from the land trust fund. My office recognizes the importance of teachers in the classroom and also the importance of maintaining the integrity of the borough's general fund and land trust fund. We are continuing to develop plans to maintain the integrity of those funds.

Your support of this amendment when presented would be appreciated.