

Kenai Peninsula Borough

**FY2014 Proposed Budget
July 1, 2013 to June 30, 2014**

Mike Navarre

Mayor

May 7, 2013

The Budget Document

- **Operating and capital plans for FY2014**
- **Operating fund projections through FY2017**
- **Capital fund projections through FY2018**
 - **Capital projects detail, pages 311-335**
 - **Increased detail on projects in excess of \$100,000, pages 333-335**

- **Increased assessed values for oil and gas property**
 - **some Service Areas operating fund balances are in excess of the amount needed per the fund balance policy**
 - Nikiski Fire
 - North Pen Rec
 - Anchor Point Fire & EMS

Capital Improvement Project

Project Name	Leachate Thermal Evaporation Unit
Priority	High
Department - Service Area	Solid Waste - Central Peninsula Landfill
Total Funding	\$3,772,619
Project Manager	Jack Maryott
Project Location	Central Peninsula Landfill
Funding Source	Grant and Local



	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Five Year Total
Design (Engineering)	\$ 300,000					\$ 300,000
Construction/Equipment	\$ 3,472,619					\$ 3,472,619
Other (Specify)						
Total	\$ 3,772,619	0	0	0	0	\$ 3,772,619

Description (Justification and Explanation)

The Kenai Peninsula Borough Solid Waste Department needs to install a thermal evaporation unit to manage Leachate at the Central Peninsula Landfill (CPL). The CPL is a Class 1 landfill under the AK Department of Environment Conservation Solid Waste Regulations (18 Alaska Administrative Code, Chapter 60). The CPL has been designated by the borough as its regional landfill, providing services to all municipalities (Homer in fall 2013) and the unincorporated communities located on the borough road system. The CPL manages 98 percent of the municipal solid waste generated in the borough. In FY2012, the borough assembly provided funding in the amount of \$150,000 to support a Leachate management study. The purpose of the study was to determine the best option for long term Leachate management at the CPL. Five options were presented, (1) Thermal evaporation of Leachate; (2) Leachate pre-treatment and haul to the City of Kenai Waste Water Treatment Plant (WWTP); (3) Leachate pre-treatment followed by discharge to engineered wetland; (4) Leachate full-treatment for discharge to local receiver (Kenai River); (5) Haul Leachate to Anchorage Waste Water Utility. The thermal evaporation unit was ranked and selected as the preferred option for long-term Leachate management as well as the most cost effective for long term at CPL. One primary benefit is that the thermal evaporator will keep the Leachate entirely out of the aquatic environment. This is a proven and reliable technology, and once the landfill matures, the borough can utilize the landfill gas as an alternative fuel source. This option is sized to meet the Leachate management needs of the full build-out, five-cell landfill. **The State of Alaska during the FY2014 legislative session approved funding for the capital project in the amount of \$3,472,619 (subject to governor approval); and local funds were previously appropriated for design in the amount of \$300,000.**

FY14 Budget Challenges

- Use of fund balance to balance the budget
- Reduction in state and federal revenue
 - Revenue sharing \$896,000
 - Forestry \$600,000
- Overall a 3.9% increase in assessed values, (without increases in oil and gas property, the increase is only 1.5%)
- Salary & benefit increases

Proposed Mill rates-FY2014 History FY2009 to FY2014

	Fiscal Year					
	2009	2010	2011	2012	2013	2014
Borough	4.50	4.50	4.50	4.50	4.50	4.50
Service Areas:						
Nikiski Fire	3.00	3.00	3.00	3.00	3.00	2.90
Bear Creek Fire	2.25	2.25	2.25	2.25	2.25	3.00
Anchor Point Fire & Emergency Medical	1.75	1.60	1.60	2.25	2.25	2.25
Central Emergency Services	2.45	2.45	2.45	2.45	2.65	2.65
Kachemak Emergency Services	1.75	1.75	2.25	2.25	2.25	2.25
Central Peninsula Emergency Medical	1.00	1.00	1.00	1.00	1.00	1.00
North Peninsula Recreation	1.00	1.00	1.00	1.00	1.00	1.00
Seldovia Recreation	-	-	-	-	0.75	0.75
Roads	1.40	1.40	1.40	1.40	1.40	1.40
Seward Bear Creek Flood	0.50	0.50	0.50	0.50	0.50	0.50
Nikiski Senior	0.20	0.20	0.20	0.20	0.20	0.20
Central Kenai Peninsula Hospital	0.90	0.50	0.02	0.02	0.02	0.02
South Kenai Peninsula Hospital	2.30	2.30	2.30	2.30	2.30	2.30

General Fund

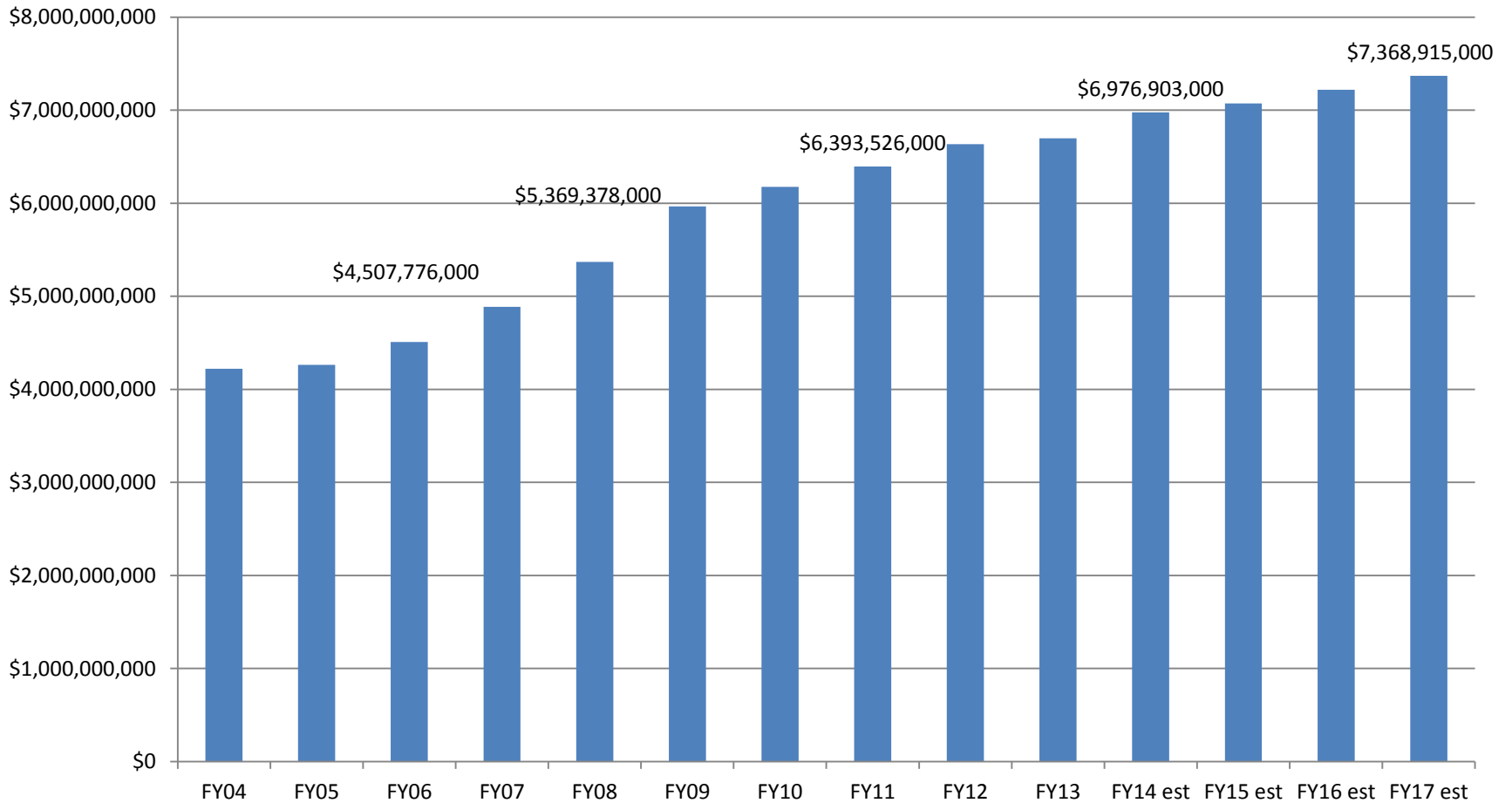
(pages 51-134 & 323)

FY14 Budget Highlights-General Fund

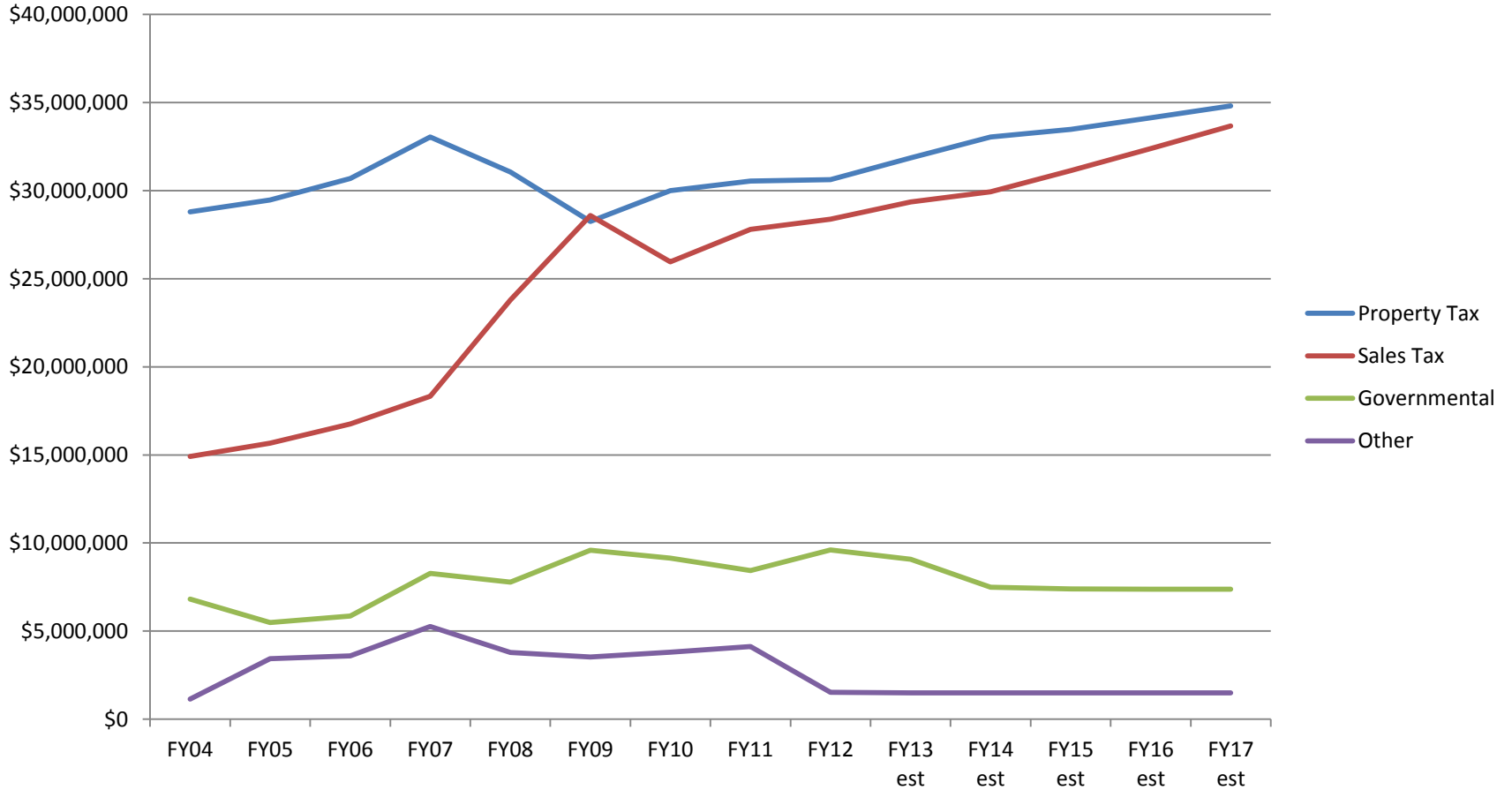
Revenues

- Property Taxes
 - Property Values, increase from \$6.697 billion to \$6.976 billion; a 3.9% increase, only 1.5% not including oil and gas
 - Oil and Gas & Gas represents 64% of the increase (oil & gas up 41% in the last two years, from \$698M to \$987M)
 - Approximately 38% of Borough property owned by taxpayers reside outside the Borough
 - Mill rate 4.50 mills, no change from prior year
- Sales Tax
 - Budgeted at \$29,938,049, equivalent to 4.29 mills
 - Approximately 25% of sales tax revenue is tourist related
- Federal
 - Forestry receipt program, end of five year increased funding \$900K back to \$30K
 - Pilt-Reduction
- State (\$885,932 decrease)
 - Revenue sharing of \$2,150,000
 - Fish tax of \$750,000
 - School Debt reimbursement of \$1,753,936
 - Other \$170,000
- Fund Balance
 - FY2014 use of .07 mills (net of projected lapse); FY2013 projection use, .08 mills (net of projected lapse); FY2012 use of .04mills; FY 2011 use of .20 mills
 - Projected ending fund balance represents the equivalent of 27% of budgeted expenditures, equivalent to 2.9 mills

Assessed Values



General Fund, Revenue Sources FY2004 to FY2017



FY14 Budget Highlights-General Fund

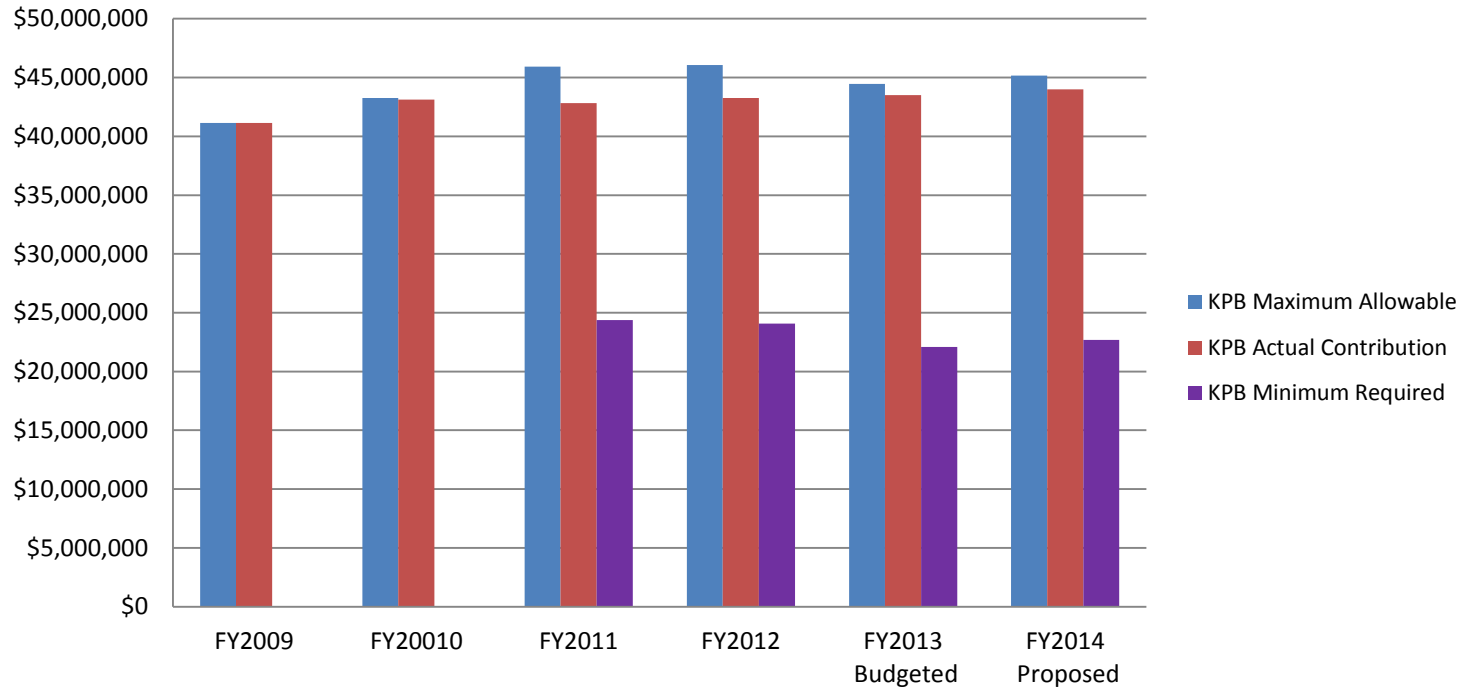
Expenditures

- **Total expenditures-** **\$73,230,744**
an increase of \$301,216 from FY13; .4%
- **KPBSD funding including debt and capital projects** **\$47,690,623** **65.1%**
- **Solid Waste** **\$ 6,914,624** **9.4%**
- **Non departmental funding including KPC,
seniors and contractual** **\$ 2,065,252** **2.8%**
- **Staffing changes 1.7FTE's**
 - **Purchasing 1.0 FTE**
 - **OEM .25 FTE**
 - **IT .50 FTE**
 - **HR -.05 FTE**

Expenditure changes in the proposed FY2014 General Fund budget compared to the FY2013 budget

School funding	
Operations	500,000
Debt service	-55,622
Capital Projects	<u>625,000</u>
total	1,069,378
Assembly software	-100,000
Appraisal software	-26,750
New positions	132,817
Other personnel cost	-25,097
HR salary analysis	-56,000
Charges from other departments (admin fee reduction)	148,124
Solid waste funding	-1,128,933
911 funding	-110,584
General government capital projects	250,000
Other changes	<u>148,261</u>
Total	<u><u>301,216</u></u>

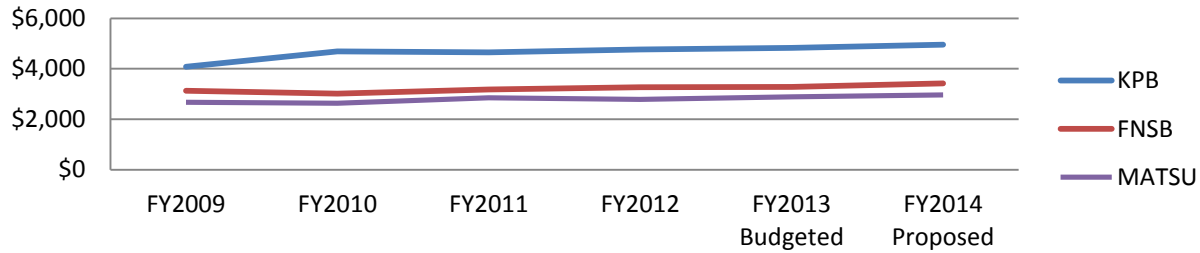
Kenai Peninsula Borough School Funding FY2009 to FY2014



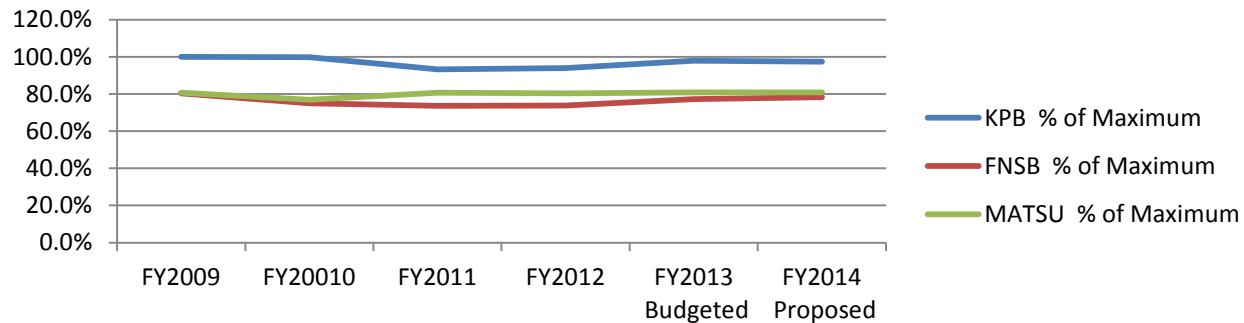
Total proposed funding of \$47,690,623 -
Operations \$43,500,000
Debt Service \$2,515,623
Capital projects \$1,675,000

65.1% of General fund expenditures— 6.84 mill rate; less sales tax and debt reimbursement, the equivalent mill rate is 2.29 mills

Kenai Peninsula Borough Funding per Student FY2009 to FY2014



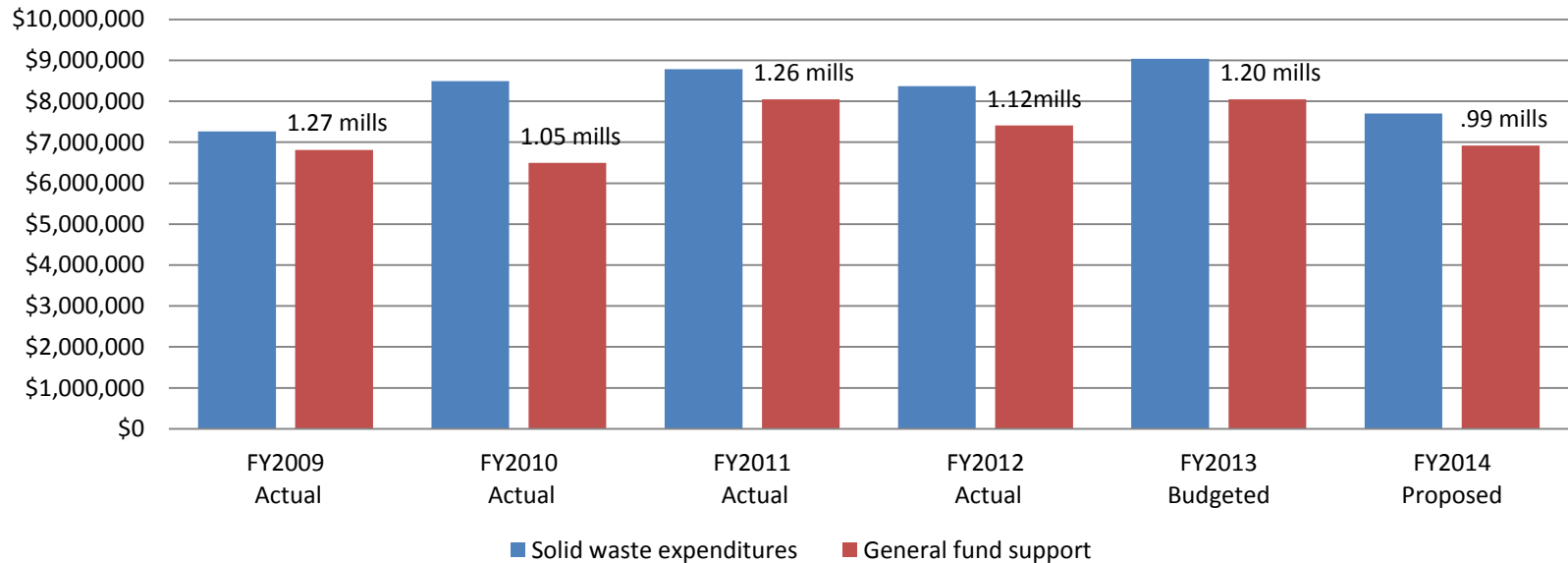
	FY2009	FY2010	FY2011	FY2012	FY2013 Budgeted	FY2014 Proposed
KPB	4,076	4,687	4,655	4,762	4,836	4,903
FNSB	3,127	3,010	3,186	3,267	3,277	3,426
MATSU	2,670	2,638	2,850	2,789	2,887	2,962



Solid Waste Program

Operating budget of \$7,705,123, reduction of \$1,331,822
General Fund support of \$6,914,624 - equivalent to .99 mills

Summary of Expenditures and Support FY2009 to FY2014

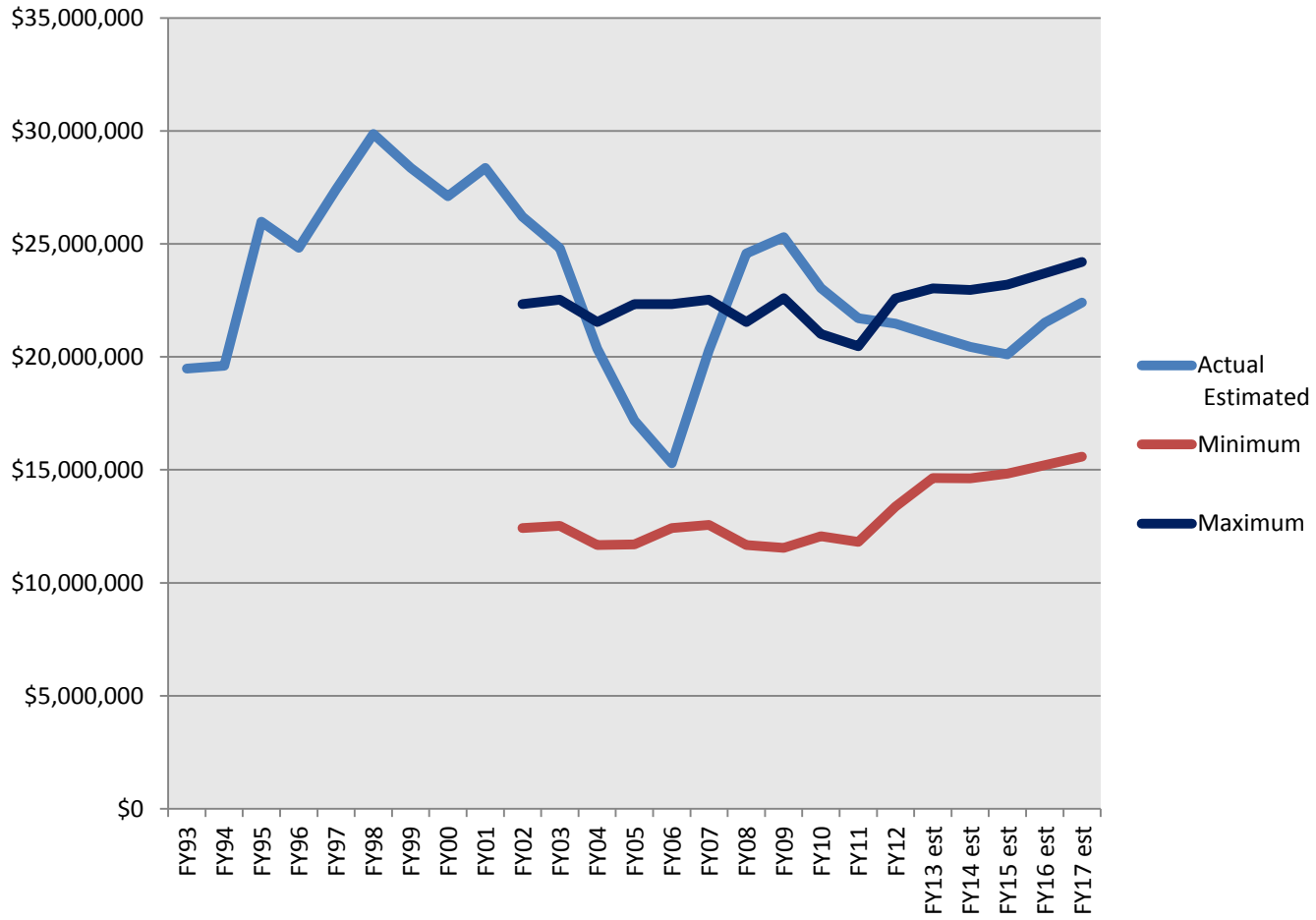


FTE's General Fund		FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	Current year change
Assembly												
Clerk's Office		3.67	3.67	3.67	3.67	3.67	3.67	3.67	3.67	3.67	3.67	0.00
Records Management		1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	0.00
Department Total		5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	0.00
Mayor												
Administration		4.00	4.00	6.00	6.00	6.00	6.00	5.00	4.00	5.00	5.00	0.00
Community and Economic		3.00	3.00	-	-	-	-	-	-	-	-	-
Purchasing and Contracting		4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	5.00	1.00
Total		11.00	11.00	10.00	10.00	10.00	10.00	9.00	8.00	9.00	10.00	1.00
Office of Emergency Mgmt		2.67	2.67	2.80	3.30	3.30	4.30	4.30	3.75	3.75	4.00	0.25
General Services												
Administration/Human Resource		3.50	3.50	3.50	3.70	4.00	4.50	4.50	4.50	4.50	5.00	0.50
Printing/Mail		1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.25	-0.55
Custodial Maintenance		1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	0.00
Department Total		6.60	6.60	6.60	6.80	7.10	7.60	7.60	7.60	7.60	7.55	-0.05
IT		11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.50	0.50
Legal		6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00
Finance												
Administration		3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	0.00
Financial Services		8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	0.00
Property Tax and Collections		8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00	7.00	7.00	0.00
Sales Tax		4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	0.00
Department Total		23.00	23.00	23.00	23.00	23.00	23.00	23.00	22.00	22.00	22.00	0.00
Assessing												
Administration		8.00	8.00	8.00	9.00	9.00	10.00	10.00	10.00	10.00	10.00	0.00
Appraisal		13.00	13.00	13.00	13.00	13.00	12.00	12.00	12.00	12.00	12.00	0.00
Department Total		21.00	21.00	21.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	0.00
Resource Planning												
Administration		8.50	8.50	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	0.00
GIS		5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	0.00
Department Total		13.50	13.50	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	0.00
River Center		4.50	4.00	4.50	4.50	5.00	6.00	6.00	6.00	6.00	6.00	0.00
Capital Projects		8.00	8.00	8.00	8.00	9.00	8.50	6.50	6.00	7.00	7.00	0.00
Total General Government		112.77	111.27	110.40	112.10	113.90	115.90	112.90	109.85	111.85	113.55	1.70

General Fund Fund Balance

	<u>Actual/Expected</u>	<u>Minimum</u>	<u>Maximum</u>
• FY2006	\$15,285,303	12,430,017	22,330,786
• FY2007	\$20,292,164	12,561,116	22,533,151
• FY2008	\$24,460,075	11,676,291	21,534,941
• FY2009	\$25,138,217	11,539,992	22,598,490
• FY2010	\$23,040,992	12,064,598	21,008,807
• FY2011	\$21,705,814	11,805,384	20,472,707
• FY2012	\$21,143,722	13,365,830	22,586,783
• <u>Estimated FY2013</u>	<u>\$20,941,784</u>	<u>14,622,468</u>	<u>23,025,599</u>
• Estimated FY2014	\$20,439,231	14,830,012	22,959,094
• Estimated FY2015	\$20,108,539	14,557,239	23,193,075
• Estimated FY2016	\$21,520,354	15,211,607	23,704,454
• Estimated FY2017	\$22,410,298	15,588,760	24,206,372

General Fund, Fund Balance FY1993 to FY2017



Service Areas/Special Revenue Funds

Comparison of FY2014 Proposed Budget and FY2013 budget

	<u>FY2013</u>	<u>FY2014</u>	<u>Variance</u>	<u>% change</u>
Nikiski Fire	4,093,126	4,216,222	123,096	3.0%
Bear Creek	382,011	470,448	88,437	23.2%
Anchor Pt	579,093	581,136	2,043	.4%
CES	7,921,471	7,846,646	(74,825)	(.9%)
CPEMS	8,716	7,170	(1,546)	(17.8%)
KESA	907,770	900,025	(7,745)	(.9%)
Seldovia Rec	42,189	57,724	15,535	36.8%
Flood Service	263,597	245,781	(17,816)	(6.8%)
911	1,904,300	1,997,176	92,876	4.9%
North Pen Rec	1,601,493	1,668,317	66,824	4.2%
Roads	6,257,036	6,275,431	18,395	.3%
KPC	667,189	697,690	30,501	4.6%
Land Trust	1,128,756	976,660	(152,096)	(13.5%)
Nikiski Seniors	273,210	328,942	55,732	20.4%
Solid Waste	9,036,945	7,705,123	(1,331,822)	(14.7%)
CPGH	3,846,139	3,858,815	12,676	.3%
SPH	3,541,916	3,660,049	118,133	3.3%

Staffing	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	Current year change
School											
Custodial Maintenance	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	0.00
Maintenance Department	46.00	44.00	43.00	44.00	45.00	45.00	45.00	44.00	45.00	45.00	0.00
Department Total	47.30	45.30	44.30	45.30	46.30	46.30	46.30	45.30	46.30	46.30	0.00
Nikiski Fire Service Area	24.00	23.00	23.00	23.00	21.00	21.00	21.00	20.00	20.00	20.00	0.00
Bear Creek Fire Service Area	0.40	0.40	0.40	0.40	0.75	0.75	1.50	1.50	1.50	1.50	0.00
Anchor Point Fire & Emergency Med	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.50	0.00
Central Emergency Service Area	27.00	28.00	30.50	33.50	33.50	37.50	37.50	38.50	42.00	42.00	0.00
Kachemak Emergency Service Area	-	-	-	0.75	1.00	2.00	3.00	3.50	3.50	4.00	0.50
911 Communication	6.33	7.33	7.20	8.70	8.70	10.70	10.70	11.25	11.25	11.75	0.50
Seward-Bear Creek Flood Service A	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.00
North Peninsula Recreation Service	13.25	13.25	13.25	13.25	13.25	14.25	14.25	14.25	14.65	14.65	0.00
Roads Service Area	7.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00	0.00
Land Trust	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00
Nikiski Senior Service Area	1.00	1.00	1.00	1.00	-	-	-	-	-	-	0.00
Solid Waste											
Administration	3.75	3.25	3.25	4.25	4.75	5.00	5.00	5.00	5.00	5.00	0.00
Central Peninsula Landfill	11.30	11.80	11.80	11.80	12.00	12.00	12.00	11.00	12.00	12.00	0.00
Seward Landfill/Transfer Facility	0.20	0.20	0.20	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Homer Baler	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	0.00	(4.00)
Department Total	19.25	19.25	19.25	20.25	20.75	21.00	21.00	20.00	21.00	17.00	-4.00
Insurance and Litigation	4.60	4.60	4.60	4.60	3.50	4.00	4.00	4.00	4.00	4.00	0.00
Total Other Funds	156.63	155.63	157.00	164.50	162.50	172.25	174.00	173.55	179.45	176.45	-3.00

Debt Service

(pages 315-319)

		Final Debt Service
• School Debt		
– 2004 Bonds	\$1,018,750	June 2023
– 2007 Bonds	\$ 314,538	June 2016
– 2010 Bonds	\$1,172,335	Dec 2030
• Solid Waste		
– 2009 Bonds	\$1,055,150	Dec 2015
• CES	\$ 190,128	June 2026
• Bear Creek Fire	\$ 83,488	February 2033
• CPGH	\$3,621,100	August 2024
• SPH		
– 2003 Bonds	\$ 785,750	Dec 2023
– 2007 Bonds	\$1,129,569	Sept 2027
– 2011 MRI	\$ 73,247	May 2016

Capital Projects

pages (321-342)

Future Budget Issues

- **Funding For Education**
 - **Change in cap FY2013**
 - **No change to funding formula for FY2014**
- **Borough Tax Policy and Revenues**
 - **Exemptions**
 - **Mix of revenue types**
 - **How long will the increase in the tax base for oil and gas property stay**
- **State of Alaska Fiscal Policy**
 - **Revenue sharing**
 - **PERS**
 - **Long Term solution**
 - **Termination studies**
- **Capital Project Plan**
 - **Aging facilities**