



SPECIAL ASSEMBLY MEETING 2024-05

AGENDA

February 23, 2024 at 11:45 AM

Assembly Chambers/Zoom Webinar

<https://juneau.zoom.us/j/91515424903> or 1-253-215-8782 Webinar ID: 915 1542 4903

A. CALL TO ORDER

B. LAND ACKNOWLEDGEMENT

We would like to acknowledge that the City & Borough of Juneau is on Tlingit land, and wish to honor the indigenous people of this land. For more than ten thousand years, Alaska Native people have been and continue to be integral to the well-being of our community. We are grateful to be in this place, a part of this community, and to honor the culture, traditions, and resilience of the Tlingit people. Gunalchéesh!

C. ROLL CALL

D. AGENDA TOPICS

1. CONSENT AGENDA

Public Request for Consent Agenda Changes, Other than Ordinances for Introduction

Assembly Request for Consent Agenda Changes

Assembly Action

2. Introduction: Ordinance 2023-14(b)(AD) An Ordinance Providing for a One-Time Loan in FY24 to the Juneau School District for up to \$4.1 Million Dollars.

In 2024 the Juneau School District suddenly discovered a current year structural deficit of approximately \$9.5 million dollars as a result of years of insufficient state funding, over projecting enrollment, and financial mismanagement. The Board of Education took immediate action to make cuts to the 2024 budget; however, the magnitude of the deficit is too great to address through cuts in the current school year. This ordinance, along with a companion general fund ordinance, appropriates approximately \$4.1 million dollars from the restricted budget reserve as a loan to enable the school district to complete the current school year. These funds will be used to pay for instructional costs while the companion general fund ordinance will be used to pay for non-instructional costs.

Due to when this issue became apparent and the timing requirements associated with the CBJ, JSD, and DEED budget/review processes, decision making and public input has been necessarily expedited. The Assembly and Board of Education have each held numerous public meetings in recent weeks. The Assembly has expressed a desire for additional opportunity for public testimony and the Board of Education has expressed a desire for certainty on the outcome of these ordinances. A cover memo outlining options to reconcile these two needs is included.

The City Manager recommends the Assembly choose one of the three options for public input on this ordinance as outlined in the cover memo and set it for public hearing at the next Regular Assembly meeting.

3. Introduction: Ordinance 2023-14(b)(AB) An Ordinance Providing up to \$3,922,787 to the Juneau School District for Non-instructional Costs for FY24.

In 2024 the Juneau School District suddenly discovered a current year structural deficit of approximately \$9.5 million dollars as a result of years of insufficient state funding, over projecting enrollment, and financial mismanagement. The Board of Education took immediate action to make cuts to the 2024

budget; however, the magnitude of the deficit is too great to address through cuts in the current school year. This ordinance, along with a companion loan ordinance, appropriates approximately \$3.9 million dollars from the general fund to enable the school district to complete the current school year. These funds will be used to pay for non-instructional costs while the companion loan funds will be used to pay for instructional costs.

Due to when this issue became apparent and the timing requirements associated with the CBJ, JSD, and DEED budget/review processes, decision making and public input has been necessarily expedited. The Assembly and Board of Education have each held numerous public meetings in recent weeks. The Assembly has expressed a desire for additional opportunity for public testimony and the Board of Education has expressed a desire for certainty on the outcome of these ordinances. A cover memo outlining options to reconcile these two needs is included.

The City Manager recommends the Assembly choose one of the three options for public input on this ordinance as outlined in the cover memo and set it for public hearing at the next Regular Assembly meeting.

4. Introduction: Ordinance 2024-01(b)(A) An Ordinance Providing up to \$1,650,405 to the Juneau School District for Non-instructional Costs for FY25.

In 2024 the Juneau School District suddenly discovered a current year structural deficit of approximately \$9.5 million dollars as a result of years of insufficient state funding, over projecting enrollment, and financial mismanagement. The Board of Education took immediate action to make cuts to the 2024 budget; however, the magnitude of the deficit is too great to address through cuts in the current school year and will continue to be challenging in FY25. This ordinance appropriates approximately \$1.65 million dollars from the general fund to support JSD in FY25 by covering non-instructional facilities maintenance costs in FY25 as CBJ and JSD plan for the potential transition of these services to CBJ.

Due to when this issue became apparent and the timing requirements associated with the CBJ, JSD, and DEED budget/review processes, decision making and public input has been necessarily expedited. The Assembly and Board of Education have each held numerous public meetings in recent weeks. The Assembly has expressed a desire for additional opportunity for public testimony and the Board of Education has expressed a desire for certainty on the outcome of these ordinances. A cover memo outlining options to reconcile these two needs is included.

The City Manager recommends the Assembly choose one of the three options for public input on this ordinance as outlined in the cover memo and set it for public hearing at the next Regular Assembly meeting.

E. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS

INSTRUCTION FOR PUBLIC PARTICIPATION

The public may participate in person or via Zoom webinar. Testimony time will be limited by the Mayor based on the number of participants. **Members of the public that want to provide oral testimony via remote participation must notify the Municipal Clerk prior to 4pm the day BEFORE the meeting by calling 907-586-5278.** For in-person participation at the meeting, a sign-up sheet will be made available at the back of the Chambers and advance sign-up is not required. Members of the public are encouraged to send their comments in advance of the meeting to BoroughAssembly@juneau.gov.

F. SUPPLEMENTAL MATERIALS

G. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.gov.



City and Borough of Juneau
City & Borough Manager's Office
155 Heritage Way
Juneau, Alaska 99801
Telephone: 586-5240 | Facsimile: 586-5385

TO: Mayor Weldon and Assembly
FROM: Katie Koester, City Manager
DATE: February 22, 2024
RE: Introduction of Ordinances to Provide Fiscal Relief to the Juneau School District

You have before you today the introduction of 3 ordinances related to caring for the Juneau School District's current and future year fiscal crisis. Due to timing constraints, the process for negotiating and executing the fiscal relief provided in these ordinances has been rushed. These ordinances are scheduled for public hearing and final adoption on March 4. Previous schedules had final adoption at a special meeting on the 11th of March which allowed for an additional public hearing, however the earlier the School District has budget certainty, the easier their decision making process will be as they work towards a March 12th deadline to pass a budget for FY25.

Recommendation: Discuss the need for additional public comment and choose one of the following options:

1. No changes, public testimony and final introduction at regular Assembly meeting on March 4
2. Public testimony for the 2.26.24 COW and public hearing and final adoption at the regular Assembly meeting on March 4
3. Public hearing at the March 4 regular Assembly meeting and public hearing and adoption at special meeting on 3.11.24 before the COW

Presented by: AFC
Presented: 02/23/2024
Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2023-14(b)(AD)

An Ordinance Providing for a One-Time Loan in FY24 to the Juneau School District for up to \$4.1 Million Dollars.

WHEREAS, although the Legislature has the duty to maintain a public school system, the City and Borough of Juneau (CBJ) and the Juneau School District (JSD) currently have a responsibility to provide public education to the children of Juneau (*Compare* Article VII, §1, Alaska Const. *with* AS 29.35.160 and CBJ Charter §13); and

WHEREAS, the CBJ Assembly has a long history of funding instructional services at the Juneau School District to the maximum local contribution cap allowed by law, AS 14.17.410(c); and

WHEREAS, in FY24 the CBJ Assembly appropriated over \$30 million dollars for instructional services subject to the AS 14.17.410(c) local contribution cap and an additional \$2.3 million dollars of funding for non-instructional services representing over 5 mills of property tax revenue; and

WHEREAS, in early January 2024, the JSD discovered that it faced a significant growing structural deficit (~\$9.5M for FY23 and FY24, and an additional ~9.7M for FY25) requiring immediate and long-term reductions in spending; and

WHEREAS, on January 12, 2024, the JSD met with the Alaska Department of Education and Early Development, who indicated the JSD could address the deficit through the procurement of a loan; and

WHEREAS, on January 16, 2024, the Board of Education directed the JSD staff to implement immediate cost saving measures and pursue long-term solutions; and

WHEREAS, the JSD took immediate action with a series of cost-saving measures and initiated community discussions for structural changes to educational delivery, school consolidation, building closure(s), and staff reduction to respond to the continued lack of adequate funding from the State as well as the declining student population in Juneau; and

WHEREAS, on January 30, 2024, the Board of Education and the CBJ Assembly met to discuss the deficit and a path forward with both expressing a strong commitment to work together to establish a sustainable budget; and

WHEREAS, the CBJ Assembly expressed an interest to support the JSD with a one-time loan, maintenance of facilities, and one-time fiscal support for non-instructional expenses involving, insurance, utilities, and custodial services; and

WHEREAS, in addition to the one-time non-instructional fiscal support through Ordinance 2023-14(b)(AB), a loan is necessary to balance the FY24 JSD budget consistent with AS 14.17.900(a), and because there is no practical way to cut ~\$4M in the final few months of a school year while still providing the Constitutionally required free public education to the students in Juneau and complying with AS 29.35.160; and

WHEREAS, the JSD explored other sources for a loan like from a commercial lender, private entities, and the State, all of which would clearly not be subject to the AS 14.17.410(c) local contribution cap, and the CBJ Assembly Finance Committee on February 7, 2024, indicated that it was willing to support the JSD with a ~\$4M loan; and

WHEREAS, the intent of this appropriation is to help stabilize the JSD's FY24 budget by giving the JSD a five-year fiscal reorganization opportunity; and

WHEREAS, the CBJ Assembly recognizes the JSD structural deficit exists in FY25, and the JSD will need to make substantial reductions in expenditures through school consolidations, school closure, and staff reductions even with the Assembly's support with this loan, Ordinance 2023-14(b)(AB) (FY24 up to \$3.9M), and Ordinance 2024-01(b)(A) (FY25 up to \$1.6M) to create a balanced budget. Importantly, any education funding support from the Legislature and the Governor this session would minimize the severity of the expenditure reductions to the students, families, staff, and economy of Juneau; and

WHEREAS, as part of the loan, the JSD will need to make their financial systems and records available to the CBJ Finance Department to increase transparency and share expertise between the two organizations; and

WHEREAS, as part of bringing forward a FY26 balanced budget, the JSD will be required to present their loan payback schedule for the remainder of the term of the loan; and

WHEREAS, if the JSD fails to make timely payments on this loan, the CBJ Assembly has appropriation authority over JSD's budget in the annual budget process to ensure this loan is repaid (AS 14.14.060(c), CBJ Charter 13.6-13.7).

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriation. There is appropriated to the Juneau School District the sum of \$4.1 million dollars as a loan for the District to continue providing educational services in FY24 while it continues reducing expenditures.

Section 3. Terms. The CBJ Assembly authorizes the Manager to enter into a loan agreement with the Juneau School District for an amount up to \$4.1 million dollars with the following essential terms:

- (a) The loan period is five (5) years;
- (b) The first payment is due no later than in FY26; and
- (c) The interest rate shall be zero percent (0%).

Section 4. Source of Funds. To be paid from the restricted budget reserve.

Section 5. Effective Date. This ordinance shall become effective upon adoption.

Adopted this _____ day of _____, 2024.

Beth A. Weldon, Mayor

Attest:

Elizabeth J. McEwen, Municipal Clerk

Presented by: AFC
 Presented: 02/23/2024
 Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2023-14(b)(AB)

An Ordinance Providing up to \$3,922,787 to the Juneau School District for Non-instructional Costs for FY24.

WHEREAS, although the Legislature has the duty to maintain a public school system, the City and Borough of Juneau (CBJ) and the Juneau School District (JSD) currently have a responsibility to provide public education to the children of Juneau (*Compare* Article VII, §1, Alaska Const. *with* AS 29.35.160 and CBJ Charter §13); and

WHEREAS, the CBJ Assembly has a long history of funding instructional services at the Juneau School District to the maximum local contribution cap allowed by law, AS 14.17.410(c); and

WHEREAS, in FY24 the CBJ Assembly appropriated over \$30 million dollars for instructional services subject to the AS 14.17.410(c) local contribution cap and an additional \$2.3 million dollars of funding for non-instructional services representing over 5 mills of property tax revenue; and

WHEREAS, in early January 2024, the JSD discovered that it faced a significant growing structural deficit (~\$9.5M for FY23 and FY24, and an additional ~\$9.7M for FY25) requiring immediate and long-term reductions in spending; and

WHEREAS, on January 16, 2024, the Board of Education directed the JSD staff to implement immediate cost saving measures and pursue long-term solutions; and

WHEREAS, the JSD took immediate action with a series of cost-saving measures and initiated community discussions for structural changes to educational delivery, school consolidation, building closure(s), and staff reductions to respond to the continued lack of adequate funding from the State as well as the declining student population in Juneau; and

WHEREAS, on January 30, 2024, the Board of Education and the CBJ Assembly met to discuss the deficit and a path forward with both expressing a strong commitment to work together to establish a sustainable budget; and

WHEREAS, the CBJ Assembly expressed an interest to support the JSD with a one-time loan, maintenance of facilities, and one-time fiscal support for non-instructional expenses involving, insurance, utilities, and custodial services; and

WHEREAS, the JSD incurs significant non-instructional expenses in its operating fund for providing space and services in school facilities and on school grounds like after-school childcare, community activities, and sporting activities; and

WHEREAS, in addition to the one-time loan through Ordinance 2023-14(b)(AD), this one-time non-instructional fiscal support is reasonable and necessary to balance the FY24 JSD budget consistent with AS 14.17.900(a), and because there is no practical way to cut ~\$4M in the final few months of a school year while still providing the Constitutionally required free public education to the students in Juneau and complying with AS 29.35.160; and

WHEREAS, 4 AAC 09.990(b) currently exempts this ordinance from the definition of local contribution in AS 14.17.990, because these funds are only to be used for non-instructional purposes and the JSD is still required to pay for the fair market value of insurance, utilities, and maintenance of facilities related to free public education from the operating fund; and

WHEREAS, the intent of this appropriation is to help offset the JSD’s FY24 non-instructional expenses involving maintenance of facilities, insurance, utilities, and custodial services that have been absorbed by the JSD’s operating fund and which should be provided by special revenue funds; and

WHEREAS, the amount appropriated by the CBJ Assembly in this ordinance, if any, should not be construed or interpreted as being determinative of the maximum amount the JSD could request or expend for non-instructional purposes consistent with 4 AAC 09.990(b).

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriation. There is appropriated to the Juneau School District the sum of \$3,922,787 for non-instructional costs for FY24.

Section 3. Source of Funds. Unrestricted general fund.

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this _____ day of _____, 2024.

Attest:

Beth A. Weldon, Mayor

Elizabeth J. McEwen, Municipal Clerk

Presented by: AFC
Presented: 02/23/2024
Drafted by: R. Palmer III

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2024-01(b)(A)

An Ordinance Providing up to \$1,650,405 to the Juneau School District for Non-instructional Costs for FY25.

WHEREAS, although the Legislature has the duty to maintain a public school system, the City and Borough of Juneau (CBJ) and the Juneau School District (JSD) currently have a responsibility to provide public education to the children of Juneau (*Compare* Article VII, §1, Alaska Const. *with* AS 29.35.160 and CBJ Charter §13); and

WHEREAS, the CBJ Assembly has a long history of funding instructional services at the Juneau School District to the maximum local contribution cap allowed by law, AS 14.17.410(c); and

WHEREAS, in FY24, the CBJ Assembly appropriated over \$30 million dollars for instructional services subject to the AS 14.17.410(c) local contribution cap and an additional \$2.3 million dollars of funding for non-instructional services representing over 5 mills of property tax revenue; and

WHEREAS, in early January 2024, the JSD discovered that it faced a significant growing structural deficit (~\$9.5M for FY23 and FY24, and an additional ~\$9.7M for FY25) requiring immediate and long-term reductions in spending; and

WHEREAS, on January 16, 2024, the Board of Education directed the JSD staff to implement immediate cost saving measures and pursue long-term solutions; and

WHEREAS, the JSD took immediate action with a series of cost-saving measures and initiated community discussions for structural changes to educational delivery, school consolidation, building closure(s), and staff reductions to respond to the continued lack of adequate funding from the State as well as the declining student population in Juneau; and

WHEREAS, on January 30, 2024, the Board of Education and the CBJ Assembly met to discuss the deficit and a path forward with both expressing a strong commitment to work together to establish a sustainable budget; and

WHEREAS, the CBJ Assembly expressed an interest to support the JSD with a one-time loan, maintenance of facilities, and one-time fiscal support for non-instructional expenses involving, insurance, utilities, and custodial services; and

WHEREAS, the JSD incurs significant non-instructional expenses in its operating fund for providing space and services in school facilities and on school grounds like after-school childcare, community activities, and sporting activities; and

WHEREAS, in addition to changes to educational delivery, school consolidation, building closure(s), and staff reductions, this one-time non-instructional fiscal support is reasonable and necessary to balance the FY25 JSD budget consistent with AS 14.17.900(a), and because otherwise cuts of ~\$9.7M would harm students, families, staff, and the economy; and

WHEREAS, 4 AAC 09.990(b) currently exempts this ordinance from the definition of local contribution in AS 14.17.990 because these funds are only to be used for non-instructional purposes and the JSD is still required to pay for the fair market value of insurance, utilities, and maintenance of facilities related to free public education from the operating fund; and

WHEREAS, the intent of this appropriation is to help offset the JSD’s FY25 non-instructional expenses involving maintenance of facilities, insurance, utilities, and custodial services that would be absorbed by the JSD’s operating fund and which should be provided by special revenue funds; and

WHEREAS, the amount appropriated by the CBJ Assembly in this ordinance, if any, should not be construed or interpreted as being determinative of the maximum amount the JSD could request or expend for non-instructional purposes consistent with 4 AAC 09.990(b).

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Appropriation. There is appropriated to the Juneau School District the sum of \$1,650,405 for non-instructional operations costs for FY25.

Section 3. Source of Funds. Unrestricted general fund.

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this _____ day of _____, 2024.

Attest:

Beth A. Weldon, Mayor

Elizabeth J. McEwen, Municipal Clerk