



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

Assistant Superintendent

Dave Jones

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July 5, 2012

MEMORANDUM

TO: Board of Education

FROM: Dave Jones, Assistant Superintendent 

THROUGH: Steve Atwater, Superintendent 

SUBJECT: FY12 General Fund and Transportation Fund Budget Revisions

GENERAL FUND REVENUE BUDGET

The Legislature for State of Alaska provided two additional types of funding for school districts in FY12. Additional funding to compensate for increased costs will provide a one-time increase of \$1,404,575. Career Technical Education funds will also be provided to the district in the amount of \$831,389. The increase in state funding for FY12 totals \$2,235,964.

Additionally, there is a reduction to the original In-Kind Revenue budget in the amount of \$10,109 and an increase to the Borough Appropriation of the same amount, which results in a net change of zero.

The one-time funds from the state will be used instead of using that amount of fund balance in FY12. The total change in General Fund revenue is \$831,389 for a revised total for FY12 of \$138,142,615.

GENERAL FUND EXPENDITURE BUDGET

I have included an expenditure worksheet (Appendix A) for your review. The reduction to In-Kind Expenditures in the amount of \$10,109 resulted from a decrease in Workers Compensation Insurance offset by increases in other areas.

The Career Tech Education funds have been divided into salaries, benefits, supplies and equipment. These amounts are estimates only at this time, as the late funding by the Legislature has not allowed for proper planning time.

As you can see from the expenditure worksheet, the total change in the General Fund expenditure budget is \$831,389, for a revised FY12 total of \$138,142,615.

With the expectation of increased health care costs incurred due to the new federal requirements, overall increases in health care costs and future funding uncertainties, we will need to designate an additional \$1,000,000 for our Self Insurance Health Care Reserves.

TRANSPORTATION FUND BUDGET

I have also included a revenue and expenditure worksheet (Appendix B) for your review that illustrates the FY12 Transportation Fund Budget changes we discussed at the June 6, 2011 board meeting. The substantial increase in purchased services reflects the cost associated with the one-year contract extension for bus service with First Student. These changes will bring the total transportation fund budget to \$6,242,563.

With the increased costs to transportation and future funding uncertainties, we will need to designate \$750,000 of fund balance for transportation services.

I have also attached a copy of the signed contract addendum for your review, as we discussed at the June 6, 2011 board meeting.

Appendix A

<u>Borough Contribution</u>	FY12 Original Budget May 2011	Change	FY12 Budget Revised July 2011
In-Kind Maintenance	6,437,719	118,179	6,555,898
In-Kind Custodial	109,501	9,784	119,285
In-Kind Utilities	78,024	3,121	81,145
In-Kind Audit	50,000	10,000	60,000
In-Kind Insurance	<u>2,719,118</u>	<u>-151,193</u>	<u>2,567,925</u>
Total In-Kind Services	9,394,362	-10,109	9,384,253
Direct Appropriation	<u>33,856,773</u>	<u>10,109</u>	<u>33,866,882</u>
 Total Local Effort	 43,251,315	 0	 43,251,315

FY12 GENERAL FUND BUDGET REVISION SUMMARY:

Revenue Budget

Preliminary FY12 Revenue Budget	\$ 137,311,226	
Increased Local Effort	(10,109)	
Decreased In-Kind Budget	<u>10,109</u>	
Total In-Kind/Local Effort Change	-	
 State Career Tech Education Increase	 831,389	
State One-Time Increase	<u>1,404,575</u>	
Total State Change	2,235,964	
 Decreased use of Fund Balance	 (1,404,575)	
 Revised FY12 Revenue Budget	 <u>\$ 138,142,615</u>	 Increase of \$831,389

Expenditure Budget

Current FY12 Expenditure Budget	\$ 137,311,226	
Decreased In-Kind Budget	(10,109)	
Local Effort Increase - Facility Rental	<u>10,109</u>	
Total In-Kind/Local Effort Change	-	
 Career Tech Ed Salaries/Benefits	 294,251	
Career Tech Ed Supplies/Equipment	<u>537,138</u>	
Career Tech Ed Total Increase	831,389	
 Revised FY12 Expenditure Budget	 <u>\$ 138,142,615</u>	 Increase of \$831,389

Appendix B

Kenai Peninsula Borough School District
2011-2012
Pupil Transportation Budget

Account Description	Original 2010 - 11 Budget	Original 2011-12 Budget	Revised 2011-12 Budget	2011-12 Change
<u>Revenue</u>				
Intergovernmental - State	5,484,200	5,490,936	5,492,563	\$ 1,627
Total Revenue	5,484,200	5,490,936	5,492,563	\$ 1,627
<u>Other Financing Sources</u>				
Transfer From Other Funds	-	-	750,000	\$750,000
Total Other Financing Sources	-	-	750,000	\$750,000
Total Revenue & Other Financing Sources	5,484,200	5,490,936	6,242,563	\$751,627
<u>Expenditure</u>				
Non-Certified Salaries	118,364	121,906	121,906	-
Employee Benefits	57,106	60,300	60,300	-
Subtotal - Personnel Services	175,470	182,206	182,206	-
Professional-Technical Service	258	258	258	-
Travel	10,000	10,000	10,000	-
Utility Services	1,100	1,100	1,100	-
Purchased Services	4,722,000	4,722,000	5,473,627	751,627
Supplies and Materials	573,222	573,222	573,222	-
Other Expenses	1,847	1,847	1,847	-
Subtotal - Other	5,308,427	5,308,427	6,060,054	\$751,627
Equipment	303	303	303	-
Total Expenditures	5,484,200	5,490,936	6,242,563	\$751,627

CONTRACT ADDENDUM

PARTIES:

Kenai Borough School District (District)
139 East Park Avenue
Soldotna, AK. 99669

and

First Student, Inc. (Contractor)
201 NE Park Plaza Dr, Ste. 240
Vancouver, WA 98684

Pursuant to the contract between the parties indicated above, the term of said contract is hereby extended and shall expire on June 30, 2012. All conditions and provisions of the basic contract and any subsequent addendums remain in effect with the following exceptions:

Billing Rates

For the 2011-2012 the billing rates will increase by 9.4% (Rate Schedule attached).

Fleet Replacements

District and Contractor agree that the Contractor will operate the existing fleet (Same fleet which finished the 2010-2011 school year) for the extension period, and no contractual bus replacements will be required. However, all busses will still be required to pass all requirements of the Alaska School Bus Inspection Program before they can be put in service.

Fuel

The District will continue to pay for all fuel related to District activities including home to school transportation and activity trips as outlined in the existing contract. Contractor agrees to purchase and install a fuel tracking dispenser/system which will print a receipt for gallons used each time a bus is fueled. Contractor agrees to provide the District with these receipts with the monthly invoice.

Contractor Staffing

Contractor will maintain the same staffing levels as required in the initial contract term which includes all previous addendums and amendments. Contractor will not be required to pay the monthly assessment for the combined mechanic/field supervisor position at the Seward terminal.

Seward Facility

Contractor will not be required to pay rent for the use of the transportation room or for bus parking during the extension period.

Liquidated Damages

The District agrees to notify the contractor in writing regarding any liquidations and to allow the contractor a 5 day cure period prior to assessing any penalties. If the issue is corrected, or in the process of being corrected (ordering parts, etc.) no penalties will be assessed.

Employee Removal Language

Article IX(F). Employee Requirements

Added language is underlined. Insert immediately after the sentence reading “The District reserves the right to require supervisory personnel to accompany the employee on his/her route during this three-day period.”

However, the parties acknowledge that some actions and unsatisfactory performance are of such a nature that no written warning is necessary and immediate removal is appropriate. In such situations, the District may request removal without a prior written warning or providing three (3) working days to remove the employee from service.

With Contractor having satisfactorily performed all of the obligations required of it hereunder, the Agreement may be extended for an additional period(s) given both parties agreement.

Contract addendum to the contract for “Student Transportation Services Agreement” between Kenai Borough School District and First Student, Inc. is hereby agreed to and approved.

By: 
Kenai Borough School District
Title: ASST. SUPT.
Date: 7-1-11

By: 
First Student, Inc.
Title: Senior Vice President
Date: 7/1/11

Kenai Peninsula Borough School District Transportation Rates

July 1, 2011 - June 30, 2012

Increase = **9.4%**

	10/11	11/12
Service Area I		
Regular Routes	318.33	348.25
Sped Routes	357.20	390.78
Service Area II		
Regular Routes	318.33	348.25
Sped Routes	357.20	390.78
Service Area III		
Regular Routes	318.33	348.25
Sped Routes	357.20	390.78
Local Extracurricular		2.50%
Hrly Rate for Running	41.05	42.08
Hrly Rate for Standby	32.99	33.81
Long Distance Extracurricular		2.50%
Hrly Rate for Running	43.13	44.21
Hrly Rate for Standby	32.99	33.81
Layover day rate	125.00	125.00
Lodging	Hotel Rate	Hotel Rate
Meals per day	35.00	40.00