



MATANUSKA-SUSITNA BOROUGH  
TALKEETNA SEWER & WATER BOARD

for  
SERVICE AREA NO. 36

Andrew Haag, Chair  
James Kellard

Jane Steere, Vice Chair

Ryan Sheldon  
Vacant

## AGENDA

### REGULAR MEETING

Talkeetna Public Library  
24645 Talkeetna Spur Road  
Talkeetna, AK 99676

Microsoft Teams  
Meeting ID: 219 084 064 569  
Passcode: Rwkjk6

March 5, 2025  
1:00 pm

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- I. CALL TO ORDER
  - II. ROLL CALL
  - III. APPROVAL OF AGENDA
  - IV. APPROVAL OF MINUTES OF PRECEDING MEETINGS
    - A. Regular Meeting: February 5, 2025
  - V. STAFF REPORT
    - A. TSW Supervisor (Amanda Fleming)
    - B. MSB Engineer (Mike Campfield)
  - VI. AUDIENCE PARTICIPATION
  - VII. UNFINISHED BUSINESS

- A. Meeting Procedures
- B. Service Area Rule & Rate Changes
- C. Public Input Meeting – May 7, 2025
- D. Budget Preparations for FY26

VIII. NEW BUSINESS

IX. COMMENTS FROM THE BOARD

X. NEXT MEETING

- A. Regular Meeting: April 2, 2025, 1:00 pm, Talkeetna Public Library & Teams

XI. ADJOURNMENT



MATANUSKA-SUSITNA BOROUGH  
TALKEETNA SEWER & WATER BOARD

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SERVICE AREA NO. 36

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MINUTES

REGULAR MEETING

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24645 Talkeetna Spur Road  
Talkeetna, AK 99676

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Passcode: Rwkjk6

1:00pm-1:35pm  
February 5, 2025

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I. CALL TO ORDER

This regular meeting of the Talkeetna Sewer & Water Board for Service Area No. 36 was held on Wednesday, February 5, 2025, at the Talkeetna Public Library at 24645 Talkeetna Spur Road in Talkeetna, Alaska and via Microsoft Teams. The meeting was called to order at 1:00pm by Andrew Haag.

II. ROLL CALL

Talkeetna Sewer & Water Board members present and establishing a quorum were:

Mr. Andrew Haag – present and on-time  
Ms. Jane Steere – present and on-time  
Mr. James Kellard – present and on-time

Mr. Ryan Sheldon – absent and not eligible for quorum

Also in attendance:

Chad Fry, O&M Division Manager

### III. APPROVAL OF AGENDA

Motion to adopt the agenda as presented by James Kellard. Seconded by Jane Steere.

No changes, agenda approved as presented.

### IV. APPROVAL OF MINUTES OF PRECEDING MEETINGS

#### A. Regular Meeting:

Minutes for the January 8, 2025, regular meeting were reviewed by the Board. Motion to approve the minutes as present by James. Seconded by Jane.

No objections, minutes approved as presented.

### V. STAFF REPORT

#### A. TSW Supervisor (Amanda Fleming)

- TSW vacancy was posted 1/30/25. The position is listed as a Laborer/Technician/Specialist which provides flexibility in hiring a lower qualified candidate to train up to an operator.
- Lift Station 02 (Airport) is down one pump. Currently have one pump being re-built and expected to be ready to replace the failed pump next week. All lift stations have two pumps, so systems are still able to function during a failure.
- Lift Station 03 (G St) back up generator is also down. The backup generator for LS02 is currently on-site while Cummins works on repairs. Both generators can operate LS02 and LS03.

#### B. MSB Engineer (Mike Campfield)

- Several allocated funding opportunities are still in process. The Congressionally Directed Spending, which is federal grant money, could see changes with the new administration. The state funding is allocated towards the water system upgrades.
- The water system upgrades Request for Proposal (RFP) is under internal reviews. It is expected to be posted in February and will be advertised for 30 days. Then the evaluation, selection, and awarding process will take approximately another month. The Public Input Meeting may need to be moved. Likely 2-3 months.
- Mike C. and Amanda are researching how to handle the sludge volume from the anaerobic cells as this is very expensive annual maintenance. The MSB will likely present an RFP to assess alternative disposal options to include drying and land applying sludge on-site.
- The Talkeetna Fire Department has requested \$350,000 in state legislative funding to install additional hydrants within the Service Area

based on coverage gaps identified in the recent Public Protection Classification assessment performed by ISO.

## VI. AUDIENCE PARTICIPATION

- A. None.

## VII. UNFINISHED BUSINESS

- A. **Meeting Procedures** – Amanda worked with the Clerk’s office over the last month to review better meeting procedures. Reviewed that email communications will be between Amanda and Andrew, as chair, and everyone else will be blind carbon copied. Board contact information is updated. Meeting packets, minutes, and video recordings will be posted online.

Ryan Sheldon is currently on officially on the board. He still needs to provide the Clerk’s office with his signed Oath of Office. The Clerk’s approved his attendance last meeting with an email copy of his Oath of Office. There is one other board vacancy.

Amanda updated that Jane’s inquiry about whether her son joining the board would be a conflict of interest - ultimately that decision is up to the MSB Mayor however, two family members on one board would likely be a conflict of interest.

- B. **Service Area Rule & Rate Changes** – Amanda is still working with the billing vendor to get new rates updated into the test billing application. The goal is to test new rates on current customer consumption prior to implementation to ensure functionality of the billing system and provide MSB staff and the Board more data come the annual review of rates & fees at the end of the calendar year. Test bills will not automatically be sent to customers however, Amanda will provide that information to customers at their request.

Andrew requested this topic to stay on the agenda as we progress through test billing.

- C. **Public Input Meeting – May 7, 2025** – Meeting is currently scheduled but might be adjusted dependent on when the MSB gets an engineering firm on contract. Andrew recommended hosting the regular meeting first followed by an open house like the wastewater system upgrades open house several years ago.

The MSB Planning Department will be meeting with MSB Staff and Board member Andrew in March to plan out the best way to communicate and present this meeting to the Service Area.

## VIII. NEW BUSINESS

A. **Budget Preparations for FY26** – MSB Staff presented the proposed FY26 budget along with actual revenues & expenses for FY22, FY23, FY24, and to-date FY25. Proposed budgets are in review process – this budget will likely see minimal change. Key notes:

- Wages & benefits, property & liability insurance, and admit & audit G/Ls are set by other MSB departments and have not been provided for FY26 yet.
- Some G/Ls reflect major increases or decreases – this is to properly assign expenses to the correct G/Ls.
- Sewer & water revenues are based on new rate projections.

Andrew inquired about details on the property & liability insurance rates. Amanda will provide an update at next month’s meeting.

IX. COMMENTS FROM THE BOARD

A. None.

X. NEXT MEETING

A. Regular Meeting: March 5, 2025, 1:00 pm, Talkeetna Public Library & Teams

XI. ADJOURNMENT

Motion to adjourn the meeting by Jane. Seconded by James.

No objections, meeting adjourned at 1:35 pm.

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Mr. Andrew Haag, Chair

ATTESTED:

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Ms. Amanda Fleming, Board Administrative Support

Category	Account	Account Description	FY22 Actual	FY23 Actual	FY24 Actual	FY25 Adopted	FY25 YTD	% Used	FY26 Request	% Change
<b>Revenues</b>										
Other State Revenue	337.800	State PERS Relief	12366.41	3455.64	2368.55	0.00	0.00	#DIV/0!	0.00	#DIV/0!
		Totals	12366.41	3455.64	2368.55	0.00	0.00	#DIV/0!	0.00	#DIV/0!
General Government	341.900	Miscellaneous Fees	0.00	0.00	7210.65	0.00	0.00	#DIV/0!	0.00	#DIV/0!
		Totals	0.00	0.00	7210.65	0.00	0.00	#DIV/0!	0.00	#DIV/0!
Sanitation/Septage Fees	344.500	Water & Sewer Fees	35110.57	14909.41	17377.02	14000.00	11168.22	80%	17000.00	21%
		Totals	35110.57	14909.41	17377.02	14000.00	11168.22	80%	17000.00	21%
Water & Sewer Fees	349.100	Water Charges	182714.42	223515.49	233774.78	220000.00	149555.63	68%	317812.00	44%
	349.500	Sewer Charges	178824.03	185311.48	190849.01	185000.00	131173.41	71%	169005.00	-9%
		Totals	361538.45	408826.97	424623.79	405000.00	280729.04	69%	486817.00	20%
Interest Earnings	361.100	Interest On Investments	1625.00	4311.00	4241.00	100.00	0.00	0%	4300.00	4200%
		Totals	1625.00	4311.00	4241.00	100.00	0.00	0%	4300.00	4200%
Transfer From Other Funds	367.300	Grant Projects	756926.00	0.00	0.00	0.00	0.00	#DIV/0!	0.00	#DIV/0!
	367.400	Capital Projects	0.00	21707.08	486645.88	0.00	0.00	#DIV/0!	44000.00	#DIV/0!
		Totals	756926.00	21707.08	486645.88	0.00	0.00	#DIV/0!	44000.00	#DIV/0!
Other Revenue Sources	369.100	Miscellaneous	0.00	22080.77	4046.75	0.00	0.00	#DIV/0!	0.00	#DIV/0!
		Totals	0.00	22080.77	4046.75	0.00	0.00	#DIV/0!	0.00	#DIV/0!
Proceeds of Gfs Disposal	391.100	Sale of Gfa	0.00	3060.00	0.00	0.00	0.00	#DIV/0!	0.00	#DIV/0!
		Totals	0.00	3060.00	0.00	0.00	0.00	#DIV/0!	0.00	#DIV/0!
Sales Tax	313.200	Sales Tax	1034603.38	928220.93	1055412.88	900000.00	543793.43	60%	1082000.00	20%
	313.250	Sales Tax Penalty & Interest	72.55	30.00	60.00	0.00	150.00	#DIV/0!	250.00	#DIV/0!
		Totals	1034675.93	928250.93	1055472.88	900000.00	543943.43	60%	1082250.00	20%
<b>Rev Totals</b>			<b>2202242.36</b>	<b>1406601.80</b>	<b>2001986.52</b>	<b>1319100.00</b>	<b>835840.69</b>	<b>63%</b>	<b>1634367.00</b>	<b>24%</b>
<b>Expenses</b>										
Salaries & Wages	411.100	Permanent Wages	219932.43	248980.02	288288.20	282320.00	178726.56	63%	<b>282320.00</b>	0%
	411.200	Temp Wages & Adjmts	9110.11	8810.37	0.00	0.00	0.00	#DIV/0!	0.00	#DIV/0!
	411.300	Overtime Wages	11458.91	10995.84	6867.06	15000.00	6483.07	43%	15000.00	0%
		Totals	240501.45	268786.23	295155.26	297320.00	185209.63	62%	297320.00	0%
Benefits	412.100	Insurance Contrib	60172.00	74953.00	94785.00	103500.00	59562.50	58%	<b>103500.00</b>	0%

412.190 Life Insurance	355.13	411.82	494.30	493.00	284.01	58%	493.00	0%
412.200 Unemployment Contrib	1443.64	1612.11	1770.69	1784.00	1111.33	62%	1784.00	0%
412.300 Medicare	3502.23	3830.64	4104.15	4311.00	2561.21	59%	4311.00	0%
412.400 Retirement Contrib. - DB Plan	20137.16	9648.71	5946.04	79563.00	3079.70	4%	79563.00	0%
412.410 PERS Tier IV - DC Plan	34389.35	42990.09	49481.02	0.00	24157.74	#DIV/0!	0.00	#DIV/0!
412.411 PERS Tier IV - Health Plan	2047.65	2537.41	2800.44	0.00	1404.11	#DIV/0!	0.00	#DIV/0!
412.412 PERS Tier IV - HRA	4635.99	6243.35	7603.89	0.00	4475.25	#DIV/0!	0.00	#DIV/0!
412.413 PERS Tier IV - OD&D	591.92	694.28	831.62	0.00	406.06	#DIV/0!	0.00	#DIV/0!
412.600 Workers Compensation	14248.39	16257.12	12204.30	11231.00	7606.20	68%	11231.00	0%
412.700 Sbs Contribution	14732.95	16471.23	18073.93	18226.00	11326.61	62%	18226.00	0%
<b>Totals</b>	<b>156256.41</b>	<b>175649.76</b>	<b>198095.38</b>	<b>219108.00</b>	<b>115974.72</b>	<b>53%</b>	<b>219108.00</b>	<b>0%</b>
<b>Expenses Within Borough</b>								
413.100 Mileage - Within Borough	0.00	0.00	0.00	200.00	61.60	31%	400.00	100%
413.300 Exp Allowance-Within Boro	0.00	0.00	0.00	200.00	0.00	0%	0.00	-100%
<b>Totals</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>400.00</b>	<b>61.60</b>	<b>15%</b>	<b>400.00</b>	<b>0%</b>
<b>Expenses Outside Of Boro</b>								
414.200 Exp Reimb- Outside Boro	2785.88	895.88	714.75	1500.00	3566.56	238%	3500.00	133%
<b>Totals</b>	<b>2785.88</b>	<b>895.88</b>	<b>714.75</b>	<b>1500.00</b>	<b>3566.56</b>	<b>238%</b>	<b>3500.00</b>	<b>133%</b>
<b>Communications</b>								
421.100 Communication Network Services	24280.01	25500.15	22453.48	28750.00	18087.03	63%	21436.80	-25%
421.200 Postage	1121.36	1363.68	1361.76	1500.00	822.78	55%	1500.00	0%
<b>Totals</b>	<b>25401.37</b>	<b>26863.83</b>	<b>23815.24</b>	<b>30250.00</b>	<b>18909.81</b>	<b>63%</b>	<b>22936.80</b>	<b>-24%</b>
<b>Advertising</b>								
422.000 Advertising	184.30	0.00	0.00	300.00	0.00	0%	0.00	-100%
<b>Totals</b>	<b>184.30</b>	<b>0.00</b>	<b>0.00</b>	<b>300.00</b>	<b>0.00</b>	<b>0%</b>	<b>0.00</b>	<b>-100%</b>
<b>Printing</b>								
423.000 Printing	264.00	628.75	914.50	500.00	0.00	0%	500.00	0%
<b>Totals</b>	<b>264.00</b>	<b>628.75</b>	<b>914.50</b>	<b>500.00</b>	<b>0.00</b>	<b>0%</b>	<b>500.00</b>	<b>0%</b>
<b>Utilities - Building Oprtns</b>								
424.100 Electricity	47095.71	45737.21	46913.61	52823.00	28453.66	54%	50000.00	-5%
424.500 Garbage Pickups	72.00	278.97	4.00	500.00	0.00	0%	100.00	-80%
424.600 Heating Fuel-Oil	1088.81	1249.58	1259.63	1538.00	1177.55	77%	1500.00	-2%
<b>Totals</b>	<b>48256.52</b>	<b>47265.76</b>	<b>48177.24</b>	<b>54861.00</b>	<b>29631.21</b>	<b>54%</b>	<b>51600.00</b>	<b>-6%</b>
<b>Rental/Lease</b>								
425.300 Equipment Rental	0.00	0.00	0.00	5000.00	0.00	0%	5000.00	0%
<b>Totals</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5000.00</b>	<b>0.00</b>	<b>0%</b>	<b>5000.00</b>	<b>0%</b>
<b>Professional Charges</b>								
426.300 Dues & Fees	4751.00	3182.50	3245.75	3000.00	3217.50	107%	3000.00	0%
426.600 Computer Software/Online Services	1886.80	2184.06	2358.61	3750.00	5046.43	135%	5800.00	55%
426.700 Occupational Health	200.00	234.01	0.00	500.00	25.45	5%	500.00	0%
426.900 Other Professional Chgs	3712.44	9206.30	20052.50	20000.00	0.00	0%	20000.00	0%



	Totals	10550.24	14806.87	25656.86	27250.00	8289.38	30%	29300.00	8%
Insurance & Bond									
	427.100 Property Insurance	25219.98	29268.03	33751.23	45565.00	27599.50	61%	45565.00	0%
	427.500 Liability Insurance	2630.22	2414.69	2848.56	3846.00	3048.46	79%	3846.00	0%
	Totals	27850.20	31682.72	36599.79	49411.00	30647.96	62%	49411.00	0%
Maintenance Services									
	428.100 Building Maint Services	765.54	253.58	919.62	2500.00	265.65	11%	60000.00	2300%
	428.300 Equipment Maint Services	16306.26	17532.45	19862.43	20000.00	3855.66	19%	21750.00	9%
	428.400 Vehicle Maint Services	924.84	0.00	500.00	500.00	26.24	5%	1000.00	100%
	Totals	17996.64	17786.03	21282.05	23000.00	4147.55	18%	82750.00	260%
Other Contractual									
	429.200 Training Reimb/Conf Fees	2950.00	1800.00	900.00	4000.00	2266.30	57%	4000.00	0%
	429.210 Training/Instructor Fees	1280.00	0.00	0.00	1000.00	23.91	2%	150.00	-85%
	429.710 Testing	11014.00	10311.80	7746.00	20000.00	3778.00	19%	10000.00	-50%
	429.900 Other Contractual	55430.16	64909.60	60492.00	75000.00	37024.00	49%	17500.00	-77%
	Totals	70674.16	77021.40	69138.00	100000.00	43092.21	43%	31650.00	-68%
Office Supplies									
	430.100 Office Supplies	0.00	713.67	138.88	1000.00	336.29	34%	500.00	-50%
	Totals	0.00	713.67	138.88	1000.00	336.29	34%	500.00	-50%
Maintenance Supplies									
	431.100 Vehicle Maint Supplies	2400.00	1222.51	623.20	2400.00	1172.38	49%	3500.00	46%
	431.200 Building Maint Supplies	0.00	0.00	367.10	200.00	236.78	118%	500.00	150%
	431.300 Equipment Maint Supplies	20755.70	21544.28	18534.69	20000.00	20351.56	102%	22500.00	13%
	431.400 Grounds Maint Supplies	0.00	0.00	744.00	0.00	1116.00	#DIV/0!	2000.00	#DIV/0!
	431.900 Other Maint. Supplies	960.19	148.36	1300.11	1000.00	1214.92	121%	20000.00	1900%
	Totals	24115.89	22915.15	21569.10	23600.00	24091.64	102%	48500.00	106%
Fuel/Oil-Vehicle Use									
	432.100 Oil & Lubricants	0.00	0.00	161.51	204.00	500.00	245%	250.00	23%
	432.200 Gas	7164.50	6907.26	5710.74	11000.00	3141.86	29%	8000.00	-27%
	Totals	7164.50	6907.26	5872.25	11204.00	3641.86	33%	8250.00	-26%
Misc Supplies									
	433.100 Personnel Supplies	498.30	942.84	661.20	1000.00	317.74	32%	1000.00	0%
	433.110 Clothing	720.76	706.22	554.58	1000.00	1032.07	103%	1000.00	0%
	433.120 Tools	921.92	754.66	702.22	1500.00	839.92	56%	1000.00	-33%
	433.200 Medical Supplies	0.00	25.33	170.97	500.00	0.00	0%	250.00	-50%
	433.900 Other Supplies	40484.43	44948.15	34758.28	38500.00	16472.79	43%	20000.00	-48%
	Totals	42625.41	47377.20	36847.25	42500.00	18662.52	44%	23250.00	-45%
Equipment Under \$25,000									
	434.000 IT Equipment under \$25,000	2606.00	0.00	0.00	2500.00	1099.99	44%	4500.00	80%
	434.100 Other Equip under \$25,000	24099.98	19431.59	814.49	20000.00	3808.75	19%	20000.00	0%
	434.300 Furniture Under \$25,000	4839.63	0.00	0.00	0.00	0.00	#DIV/0!	0.00	#DIV/0!

	Totals	31545.61	19431.59	814.49	22500.00	4908.74	22%	24500.00	9%
Loan Payments									
442.200 Loan Pymnts-Interest		1191.89	1060.02	927.97	435559.00	434872.19	100%	109530.00	-75%
	Totals	1191.89	1060.02	927.97	435559.00	434872.19	100%	109530.00	-75%
Intra Govern/Recov Expens									
443.210 Administration-Admin/Audi		2500.00	2625.00	2756.00	2894.00	2894.00	100%	2894.00	0%
443.260 IT - Admin & Audit		1500.00	1575.00	25969.00	16997.00	16997.00	100%	16997.00	0%
443.280 Finance - Admin & Audit		36000.00	37765.00	37504.00	42480.00	42480.00	100%	42480.00	0%
443.290 Legal - Admin & Audit		4500.00	4720.00	4956.00	5204.00	5204.00	100%	5204.00	0%
	Totals	44500.00	46685.00	71185.00	67575.00	67575.00	100%	67575.00	0%
Capital Project Transfers									
446.700 Tfr415/425/430/435/440/47		0.00	225000.00	90000.00	16000.00	16000.00	100%	25000.00	56%
	Totals	0.00	225000.00	90000.00	16000.00	16000.00	100%	25000.00	56%
<b>Exp Totals</b>		<b>751864.47</b>	<b>1031477.12</b>	<b>946904.01</b>	<b>1428838.00</b>	<b>1009618.87</b>	<b>71%</b>	<b>1100580.80</b>	<b>-23%</b>
<b>Net Totals</b>		<b>1450377.89</b>	<b>375124.68</b>	<b>1055082.51</b>	<b>-109738.00</b>	<b>-173778.18</b>	<b>158%</b>	<b>533786.20</b>	<b>-586%</b>

YTD Updated 2/25/25

	FY23 Actual	FY24 Actual	FY25 To Date	FY25 Proposed	FY26 Estimated	FY27 Estimated	FY28 Estimated	FY29 Estimated
Total Revenues	\$1,406,601.80	\$2,001,986.52	\$835,840.69	\$1,319,100.00	\$1,684,367.00	\$1,718,054.34	\$1,752,415.43	\$1,787,463.74
Total Expenditures	(\$1,031,477.12)	(\$946,904.01)	(\$1,009,618.87)	(\$1,428,838.00)	(\$1,100,581.00)	(\$1,114,724.75)	(\$1,129,876.50)	(\$1,145,356.28)
	\$375,124.68	\$1,055,082.51	(\$173,778.18)	(\$109,738.00)	\$583,786.00	\$603,329.59	\$622,538.93	\$642,107.46
Estimated Revenues			\$835,840.69	\$1,319,100.00	\$1,684,367.00	\$1,718,054.34	\$1,752,415.43	\$1,787,463.74
Estimated expenditures			(\$1,009,618.87)	(\$1,428,838.00)	(\$1,100,581.00)	(\$1,114,724.75)	(\$1,129,876.50)	(\$1,145,356.28)
Capital Projects			(\$14,023.38)	(\$16,000)	(\$25,000.00)	(\$25,000.00)	(\$25,000.00)	(\$25,000.00)
Loan - Principal payment			(\$326,396.00)	(\$326,396.00)	(\$377,095.44)	(\$336,303.00)	(\$341,369.00)	(\$346,511.00)
<b>Actual adjustment to fund balance 6/30</b>	\$375,124.68	\$1,055,082.51						
Estimated adjustment to fund balance at end of FY			(\$500,174.18)	(\$436,134.00)	\$206,690.56	\$267,026.59	\$281,169.93	\$295,596.46
<b>Actual fund balance 6/30</b>	\$2,037,629.23	\$3,092,711.74						
Estimated fund balance at end of FY			\$2,592,537.56	\$2,656,577.74	\$2,863,268.30	\$3,130,294.89	\$3,411,464.82	\$3,707,061.27
WTP Loan Interest Payment					(\$686.73)			
WTP Loan Principal Payment					(\$45,782.44)			
WWTF Loan Interest Payment					(\$108,841.64)	(\$103,851.07)	(\$98,785.34)	(\$93,643.30)
WWTF Loan Principal Payment					(\$331,313.00)	(\$336,303.00)	(\$341,369.00)	(\$346,511.00)
Capital Funds Returned to Fund	\$21,707.06	\$486,645.88						
Corrected Actual Revenues w/o Cap Project Returns	\$1,384,894.74	\$1,515,340.64						
Fund Balance w/o Cap Project Returns	\$2,015,922.17	\$2,606,065.86						
Sales Tax Revenues	\$928,250.93	\$1,055,472.88	\$543,943.43					
Rates & Fees Revenues	\$448,877.15	\$453,258.21	\$291,897.26					
Interest on Investments	\$4,311.00	\$4,241.00	\$0.00					
State PERS Relief	\$3,455.64	\$2,368.55	\$0.00					
Other Revenues	\$21,707.08	\$486,645.88	\$0.00					
<b>Totals</b>	\$1,406,601.80	\$2,001,986.52	\$835,840.69					
Totals minus Other	\$1,384,894.72	\$1,515,340.64	\$835,840.69					

YTD Updated 2/25/25

# Department of Finance

## Office of Risk Management

### MSB Commercial Insurance Programs Explained

Public entities (such as cities, boroughs, school districts, or transit authorities) face unique risks and often use a self-insurance and excess commercial insurance programs to manage their liabilities efficiently. This approach balances cost savings from self-insurance with financial protection from excess insurance in case of catastrophic losses. The Matanuska-Susitna Borough (Borough) structures its insurance program in this manner.

#### The Benefits of This Approach

- Cost Savings – Avoids high premiums for full coverage and retains control over smaller claims.
- Customization – Allows entities to tailor coverage based on their specific risks.
- Catastrophic Protection – Excess insurance prevents financial disaster from large claims. Risk Control – Encourages proactive risk management to reduce claim frequency.

#### How It Works in Practice

##### Example Scenario 1: Auto Liability Claim

- A fire truck causes \$75,000 in damage in an accident.
- The Borough has a \$1,000,000 Self-Insurance Reserve, so it pays the full amount from its self-insurance fund and replenishes the amount from the corresponding Fire Service Area's operating budget.
- No excess insurance is triggered.

##### Example Scenario 2: Large Property Loss

- A fire causes \$5 million in damage to a government building.
- The Borough's Self-Insurance Retention is \$1,000,000, which it pays.
- The excess property insurance policy covers the remaining \$4,000,000.

#### Insurance Terminology

**Self-Insurance** is a risk management strategy where an individual or business sets aside funds to cover potential losses instead of purchasing a traditional insurance policy from an insurer. It means taking on the financial responsibility for losses rather than transferring the risk to an insurance company.

**Excess Liability Insurance (Stop-Loss Protection)** is provided by a commercial insurance policy and covers losses exceeding the self-insurance limit. The excess insurance kicks in only when a claim surpasses the self-insurance retention amount and protects against catastrophic losses that could otherwise deplete public funds.

A **Self-Insurance Reserve** is a financial fund set aside by a business, government entity, or organization to cover potential losses, rather than purchasing traditional insurance. It acts as a safety net to pay for claims, liabilities, or unexpected expenses when they arise.

**Self-Insured Retention (SIR)** is the amount of risk the Borough retains before an insurance company becomes involved. The Borough currently maintains a \$1,000,000 SIR. If a liability claim exceeds \$1,000,000 the Borough's excess commercial liability policies provide additional coverage.

- The Borough is responsible for managing and handling claims within the SIR limit.
- The commercial insurer only pays once the claim exceeds the SIR threshold.
- Example: If the Borough has a \$1,000,000 SIR, it must cover the first \$1,000,000 of damages before excess insurance coverage applies.

**Deductible:** The difference between a Self-Insured Retention and a deductible lies in who is responsible for managing and paying initial claim costs before insurance coverage applies.

- The insurance company handles and pays the claim from the beginning, but the Borough must reimburse the insurer for the deductible amount.
- The insurer manages the claim, even if it is below the deductible amount.
- Example: If the Borough has a \$50,000 deductible, the insurer pays the full claim amount upfront but then bills the Borough for the first \$50,000 in expenditures.

**Public Entity Liability Insurance** is the equivalent of commercial general liability that a private business carries but is tailored specifically to Borough operations. It protects the Borough from legal responsibility for causing injury, property damage, or financial loss **to others**. For example, it covers legal costs, settlements, and judgments if the Borough is found liable for an accident or negligence. Coverage triggers after the SIR is met. The Borough shares this policy with the School District and each entity pays a percentage of the insurance premium.

**Commercial Auto Insurance** covers fleet vehicles used for operational purposes, protecting against liability and physical damage. The Borough owns its fleet vehicles outright and **carries liability coverage only**, as the cost of full coverage outweighs its low accident loss history. If the Borough is at fault in an accident, all related expenses are charged to department operational budgets up to \$1,000,000, after which the Public Entity Liability Policy Auto Endorsement provides excess coverage. Repairs to Borough-owned vehicles are also funded through department budgets. If budget constraints arise, the Finance Director will collaborate with departments to ensure the Borough meets its obligations to all parties.

**Excess Workers' Compensation Insurance** is designed for self-insured employers, this coverage protects against high-cost or catastrophic workers' compensation claims exceeding the Borough's SIR. Routine claims are handled internally, while Finance Administration places the insurance, and Human Resources processes claims.

**Public Officials Fiduciary Liability Insurance** protects government officials, trustees, and administrators from claims of mismanagement or breach of fiduciary duty when overseeing public funds, retirement plans, or employee benefits. It ensures that personal and governmental assets are protected from lawsuits related to financial mismanagement, errors, or negligence.

**Crime Liability Insurance** is a specialized policy that protects public entities against financial losses due to fraud, theft, embezzlement, forgery, and other criminal acts committed by employees or third parties. It provides coverage where standard property or liability insurance may not apply.

**Cyber Liability Insurance** protects the Borough from financial losses and legal liabilities resulting from cyberattacks, data breaches, and other digital security incidents. It covers expenses related to data recovery, legal fees, regulatory fines, business interruption, and reputation management.

**Maritime Employer's Liability Insurance** is a specialized insurance policy that provides liability coverage for employers of maritime workers who are not covered under the U.S. Longshore and Harbor Workers' Compensation Act (LHWCA) or the Jones Act. It is designed for companies whose employees work on or around navigable waters but do not qualify as crew members of a vessel. This type of insurance covers Port Mackenzie operations. In addition, employees that operate watercraft are covered by the policy. Examples include emergency responders, remote property assessors, and community and land management employees if they are injured while working in or around navigable waters.

**Corporate Counsel Liability Insurance** (also known as Employed Lawyers Insurance) provides protection for Borough Attorneys against claims of professional negligence, legal errors, or conflicts of interest that arise while performing their duties for the Borough. Unlike traditional lawyers' professional liability (LPL) insurance, which covers attorneys in private practice, corporate counsel liability insurance is tailored for attorneys working exclusively for one employer (e.g., Borough Law Office).

**Marine Terminal Operators Legal Liability Insurance** provides coverage for terminal operators, stevedores, and port authorities against liability claims for damage to cargo, vessels, and third-party property while in their care, custody, or control. It also covers legal expenses related to operations at marine terminals, docks, and storage facilities.

**Unmanned Aircraft Systems (UAS) Insurance**, commonly referred to as drone insurance, this policy covers liability and physical damage when Borough employees operate drones for official purposes. It protects against property damage, bodily injury, equipment loss, and regulatory violations.

- All Borough drone pilots must be FAA Part 107 Certified and follow FAA regulations.
- The Department of Emergency Services may have exceptions outlined in the Borough UAS Policy.
- Divisions must report purchases, transfers, sales, or disposal of drones to the Risk Management Specialist to update the insurance schedule.

**Railroad Protective Liability Insurance** is a specialized liability policy required by the Alaska Railroad, this policy provides coverage for liability claims related to work conducted on or near railroad property, tracks, or crossings. It protects against bodily injury, property damage, or environmental liability.

**Professional Liability Insurance (Errors & Omissions, E&O)** protects against claims of negligence, errors, or failure to provide services, covering professionals such as doctors, lawyers, and consultants. Borough First Responders operate under a contracted physician, who is required to carry medical malpractice insurance as part of this professional liability coverage.

**Property Insurance** covers damage or loss to Borough-owned buildings, equipment, and inventory but excludes third-party property, which is covered under the Public Entity Liability Policy. This is a shared policy with the School District.

- Insurance premiums are allocated to each division based on a weighted average of the total value of all buildings and their contents.
- The School District is responsible for routine maintenance and insurance premiums for school buildings, which are owned by the Borough.
- New construction and major improvement projects are managed and funded by the Borough.

**Important:**

- Any new, transferred, or removed assets (buildings, vehicles, or equipment) must be reported to Risk Management for insurance schedule updates.
- If equipment or building contents are relocated, their insured value must be adjusted accordingly.
- Premium refunds will be credited to the corresponding operating budget.

**Borough Claims Management**

Workers' compensation claims are processed by the Human Resources Division. The Borough retains the first \$1,000,000 in claim damages and sets aside funds to cover expected losses in a self-insurance reserve. If there is a catastrophic loss, the excess workers' compensation policy is triggered for additional coverages.

Property and casualty claims are managed by the Finance Administration Division. The Risk Management Specialist handles small to mid-sized claims less than \$1,000,000 internally or through a third-party administrator (TPA). A TPA is typically used if there is major property damage or any type of bodily injury to a third party that requires professional adjusting. The Borough Attorneys office is consulted when legal questions arise, and they typically take the lead on claims exceeding the SIR of \$1,000,000 or when outside counsel is necessary to defend against a claim.

**How Insurance Premiums are Calculated & Budgeted**

**Insurance ratemaking (pricing)** determines the rates or premiums charged. A rate is the cost per unit of insurance for each exposure unit.

- Property insurance exposure unit = typically per \$100 of property value
- Liability insurance exposure unit = typically per \$1,000 of liability coverage

The insurance premium is calculated by multiplying the rate by the number of exposure units purchased. The borough's insurance renewal process begins before the fiscal year budget is adopted. Since insurance premium quotes are not received until mid-June, budget estimates must be based on projected market rates. Insurance brokers provide expected percentage increases or decreases based on market trends observed in February of each year.

The Finance Director oversees the annual insurance budget and funds each operating budget. Finance staff prepares the proposed budget and allocates funds to departments accordingly. Departments should not adjust their insurance budgets without consulting the Finance Director.

**Premium Payments & Budget Adjustments**

- Premium invoices arrive in July and are allocated by calculating a weighted average based on the total property value insured.
- If actual premiums exceed budget estimates, a budget adjustment may be necessary.
- If premiums are lower than anticipated, the usage of excess funds will be determined by the Finance Director. Typically, the funds are transferred to the insurance deductible account code and utilized for liability damages associated with that department/division.
- As borough buildings are added or removed, premium adjustments (debits/credits) are allocated back to the operational budget that paid the premium.

## Claim Reporting

All property damage should be reported to Risk Management promptly. Usually, this is done automatically when accident details are entered into the incident management system. Delayed reporting can jeopardize coverage, but notifying an insurance carrier about a potential loss won't harm the borough. If the claim is determined to be unnecessary, the insurer will simply close the case. Reporting proactively shows transparency and responsible risk management. Please don't hesitate to report incidents—accidents happen to everyone, and we are here to support you.

Please note, all workers' compensation claims are handled by Human Resources and must be reported to them immediately. Risk management does not process these types of claims. Please refer to Borough Policy governing Workers' Compensation or contact Human Resources for further guidance.

## Explanation of Borough Insurance General Ledger Codes

### **427.100 – Property Insurance**

This code is used to pay insurance premiums specifically related to borough-owned buildings. Premiums are budgeted and allocated to the division who utilizes the property based on a weighted average of the total value insured. Property is defined as buildings and their contents.

### **427.200 – Vehicle Insurance**

This code applies only to specialty vehicle coverages. Currently, the borough carries only liability insurance, which is included in the Public Entity Liability Policy billed under 427.500. If we decide to add comprehensive, collision, or agreed-upon replacement value coverage, we will use this code. At present, no vehicles fall under this policy category.

### **427.500 – Liability Insurance**

This code is used for all types of liability insurance acquired by the borough. Insurance policies funded under this category include, but are not limited to:

- Public Entity Liability (General Liability)
- Cyber Liability
- Fiduciary Liability
- Crime Liability
- Special Event Coverage
- Marine Terminal Operators' Liability (Port)
- Maritime Liability
- Inland Marine
- Railroad Protective Liability
- Employed Lawyers' Liability
- Sexual Abuse and Molestation Liability
- Sexual Harassment Liability
- Maritime Liability
- Unmanned Aircraft Liability (Drone Liability)

### **427.520 – Public Official Bond Premiums**



This code covers professional liability insurance for specific borough officials, including the Borough Manager, Deputy Borough Manager, and Finance Director. This insurance protects against errors or omissions related to their official duties. The Medical Director's medical malpractice insurance is included within the borough's Public Entity Liability Insurance Policy.

#### **427.900 – Insurance Deductible**

**Don't let the name fool you!** This code differentiates accident expenses from routine maintenance expenses. It is the only way to track costs related to property and casualty claims in the financial accounting system (LOGOS). It should be used for ALL EXPENSES related to accidents caused by the negligence of borough staff. This can be damages to borough property or citizen property. Insurance reporting is skewed when expenses are not entered correctly into the accounting system. It creates inaccurate insurance loss runs, which are tied to insurance premiums and coverage decisions during the annual insurance renewal.

**It is highly recommended that borough staff work directly with the Risk Management Specialist to process expenses related to any accident regardless of fault.** The proper way to apply account coding is confusing to most, and the Risk Specialist will keep expenses reimbursable by third party insurance companies from touching operating budgets.

#### **Examples of 427.900 code use:**

- If a borough employee is found liable for an accident that damages a citizen's property or injures them, the citizen (third party) can file a claim against the borough's liability insurance. We code all related expenses to the employee's division operating budget under account code 427.900.
- If a borough employee damages borough property, it is considered "First Party" damage and is also coded to the employee's division operating budget under account code 427.900.

This code helps monitor the total cost of property and casualty risks. These numbers are reviewed annually to assess how much risk the borough retains through self-insurance versus how much is transferred via excess insurance policies.

#### **Important:**

#### **Damages Caused by Third Parties to Borough Property**

DO NOT code accident-related expenses to regular building or vehicle maintenance codes.

If a third-party causes damage to borough property, their personal information and liability insurance information should be collected at the scene by the employee or their supervisor even if law enforcement shows up.

#### **Law enforcement MUST ALWAYS be called.**

- Insurance companies typically require police reports or, at a minimum, a CAD number from the dispatcher.
- Law enforcement may not always provide third-party personal or insurance information, which can make it challenging for the Risk Management Office to recover damages.

- If the vehicle is not drivable, have it towed to the fleet maintenance yard. Be sure to submit the receipt to Risk Management as part of the claim.