

**From:** Clark, Keri [AK]  
**Sent:** Thursday, August 11, 2016 8:39 AM  
**To:** [Arbitrator Axon]  
**Cc:** Saul Friedman  
**Subject:** RE: Kenai Peninsula Borough School District's Motion to Strike

Arbitrator Axon:

The Associations have no objection with the District's Motion to Strike. I checked with the two health care committee members, Matt and Patty. They both indicated that what Saul says is incorrect. There was no intent for dishonesty. When the brief was reviewed before sending it on to you, the Association did not recognize the error. On further checking, Matt indicated that I have my numbers backwards. He also indicated he does not look closely at the information from the District during the summer months when no meetings take place. Again, no intent for dishonesty on the Associations part.

Thank you.

Keri

Keri Clark

NEA-Alaska UniServ Director

*Mission Statement: NEA-Alaska exists to be an advocate for an excellent public education for each child in Alaska and to advance the interests of public school employees.*

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**From:** Carin E. Flug  
**Sent:** Wednesday, August 10, 2016 10:39 AM  
**To:** [Arbitrator Axon]  
**Cc:** Clark, Keri [AK]; Saul Friedman  
**Subject:** Kenai Peninsula Borough School District's Motion to Strike

Hello:

On behalf of Saul Friedman attached please find Kenai Peninsula Borough School District's Motion to Strike. Hard copies of this pleading are being mailed today.

**JDOLAW**  
JERMAIN DUNNAGAN & OWENS, P.C.

**Carin E. Flug**  
Legal Secretary to Gary C. Sleeper,  
Saul F. Friedman and Bonnie E. Bull  
Jermain, Dunnagan & Owens, PC  
3000 A Street, Suite 300  
Anchorage, AK 99503

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Attorneys for Kenai Peninsula Borough School District

BEFORE ARBITRATOR GARY L. AXON, ESQ.

THE KENAI PENINSULA EDUCATIONAL  
ASSOCIATION

THE KENAI PENINSULA EDUCATIONAL  
SUPPORT ASSOCIATION

And

THE KENAI PENINSULA BOROUGH  
SCHOOL DISTRICT,

Advisory Interest Arbitration  
Case No. 01-15-005-1440

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**THE KENAI PENINSULA BOROUGH SCHOOL DISTRICT'S  
MOTION TO STRIKE**

COMES NOW the Kenai Peninsula Borough School District and respectfully  
requests that the Arbitrator strike the following language from page 6 of the Associations'

Post-Hearing Brief:

Yet the District's own document, prepared for the health care committee in April 2016 shows that year-to-date income is at a positive 20.16 variance with only two months left in the fiscal year. (Ass'n Ex. Health Tab, "Health Insurance Costs Minus Grant Employees," p.3.) If the District is serious about trying to get a contract ratified this is not the route.

A positive number represents the dollar amount that the year-to-date employee per month plan income exceeds the year-to-date employee per month plan costs. A negative

number represents the dollar amount by which the year-to-date employee per month plan costs exceed the year-to-date employee per month income. *See* the last two sentences of the Associations' exhibit cited above.

It is the District's belief that the language quoted above is knowingly misleading. As of July 25, 2016, the date of the Associations' brief, both KPEA bargaining spokesperson Matt Fischer, and KPESA President Patty Sirois, knew or reasonably should have known, that as of May 31, 2016, that positive variance had changed to a negative \$43.18, and that as of the June 30, 2016, plan year-end, that variance had grown to a negative \$111.65. *See* District Exhibits A. and B. attached. Exhibit A contains June 3, 2016, emails from Laurie Olson, and the May 31, 2016, Health Care Committee Monthly Recap. Exhibit B. contains a July 8, 2016, email from Laurie Olson, and the June 30, 2016, Health Care Committee Monthly Recap.

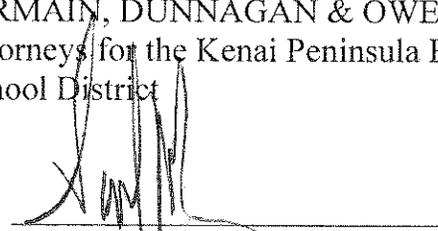
The District recognizes that the record in this advisory arbitration closed on August 2, 2016. However, that record closure should not allow the Associations to assert the relevance and import of interim plan year cost information that it knew, or reasonably should have known at the time its brief was filed, was no longer accurate, and no longer supportive of its arguments.

Therefore, the District requests that the Arbitrator strike the above-quoted language from the Associations' brief.



Respectfully submitted this 10<sup>th</sup> day of August, 2016.

JERMAIN, DUNNAGAN & OWENS  
Attorneys for the Kenai Peninsula Borough  
School District

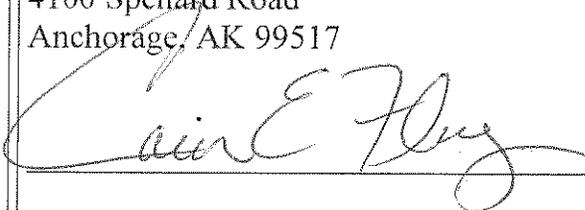
By: 

Saul R. Friedman, Esq.  
Alaska Bar No. 7205010

**CERTIFICATE OF SERVICE**

This is to certify that on this 10<sup>th</sup> day of August, 2016, a true and correct copy of the foregoing was served via email and mailed, postage prepaid, to:

Keri Clark  
NEA-Alaska UniServ Director  
NEA-Alaska  
4100 Spenard Road  
Anchorage, AK 99517



LAW OFFICES OF  
JERMAIN DUNNAGAN & OWENS  
A PROFESSIONAL CORPORATION  
3000 A STREET, SUITE 300  
ANCHORAGE, ALASKA 99503  
(907) 563-8844  
FAX (907) 563-7322



**Dave Jones**

---

**From:** Laurie Olson  
**Sent:** Friday, June 03, 2016 12:30 PM  
**To:** Bruce Rife; Clayton Holland; Colleen Savoie; Dave Jones; Joel Burns; John O'Brien; Matt Fischer; Pamela Van Hoozer; Patty Sirois; Stacey Cockroft; Terri Zopf-Schoessler; Tracy Silta; Vaughn Dosko  
**Subject:** May payroll spreadsheet  
**Attachments:** May 2016.pdf

Hello,

Attached is the May spreadsheet. The total costs for May were more than \$3 million for the first time ever.

Looking forward, the total amount of contributions estimated for June payroll will be about the same as the amount collected in July and August, 2015 – around \$160,000. This is because only 12 month employees make contributions in June, July and August, unlike the majority of employees who contribute over 9 months.

Adding that estimated \$160,000 to the remaining amount already collected this year (Page 2 – Collected less Expenditures) of \$1,539,692.03, the total is about \$1.7 million. Since the average per month expenditures has increased to about \$2.3 million, it seems likely that expenditures will outstrip revenues by some amount in June.

Please let me know if you have any questions. Thanks, Laurie

-----  
Laurie Olson, SFO  
Director of Finance

Kenai Peninsula Borough School District  
148 N. Binkley  
Soldotna, AK 99669  
Phone 907-714-8852  
Fax 907-262-2309

**Dave Jones**

---

**From:** Laurie Olson  
**Sent:** Friday, June 03, 2016 12:38 PM  
**To:** Bruce Rife; Clayton Holland; Colleen Savoie; Dave Jones; Joel Burns; John O'Brien; Matt Fischer; Pamela Van Hoozer; Patty Sirois; Stacey Cockroft; Terri Zopf-Schoessler; Tracy Silta; Vaughn Dosko  
**Subject:** clarification

Hello,

To clarify my comment about going over \$3 million for the first time ever – I meant for the first time this year.

Last year, the June total was actually over \$3.6 million.

Thanks, Laurie

Kenai Peninsula Borough School District	<u>Reserve Account</u>	<u>As of 6-30-14</u>	<u>As of 6-30-15</u>	<u>Monthly Contribution</u>
	Employee Share	431,424.52	789,349.81	Employee Share * 275.00
Health Care Committee Monthly recap as of May 31, 2016	Employer Share	2,117,724.38	1,320,140.81	Employer Share <u>1,590.45</u>
				<u>1,865.45</u>

This document is provided to the Health Care Committee as a work paper to recap the contributions to and expenditures from the Health Care Plan each month. It is to be used primarily as an aid in estimating costs of the plan to determine if changes should be made in employee contribution amounts. Every effort is made to provide current and accurate information, but this information is not audited until after the end of the fiscal year.

**Obligations/Contributions**

Health care obligations and contributions provide employee and employer amounts of health care contributions using different calculation methods.

Obligations are estimates of funds that employees and the district will be obligated to contribute, based on the plan year (July through June).

Returning employees are covered by the health care plan for the entire plan year, meaning the 12 month period July through June; both employee and employer are obligated to pay for 12 months of coverage. New employees pay for coverage from date of hire through June, the end of the plan year. If an employee works at all during a month, both employee and employer pay for the entire month of coverage.

Actual Contributions made by employees and benefits paid by the employer during the payroll process are shown on the sheet in the columns labeled "Collected." The division of payments is governed by the Collective Bargaining Agreements and Memorandums of Understanding between the district and the employee groups.

Employee-paid contributions are deductions from payroll checks. Employees who work 12 months make contributions each pay period. Many school district employees do not work 12 months, so contributions are collected for those employees during the 9 month period from September through May.

For this reason, contributions are generally larger than obligations for September through May and contributions are generally smaller than obligations for June, July and August.

The "Collected" columns show what is actually available for paying health care costs. The "Obligations" show what is estimated to be available by month, based on number of employees at the current rate of contributions.

	Number of Employees	YTD Employees	Current Month Obligations	YTD Obligations	Contributions Current Month Collected	Contributions YTD Collected
<b>Employees</b>						
KPEA Employees	665	7,201	182,875.00	1,980,275.00	243,225.11	2,161,951.99
KPESA Employees	470	5,065	129,250.00	1,392,875.00	169,379.46	1,510,682.52
Administrators	59	654	16,225.00	179,850.00	20,625.16	195,251.44
Board Members	3	43	825.00	11,825.00	825.00	11,825.00
Exempt Employees	25	273	6,875.00	75,075.00	6,875.00	75,075.00
Affordable Care Act			0.00	0.00		
<b>Total Employees on Payroll</b>	<b>1,222</b>	<b>13,236</b>	<b>336,050.00</b>	<b>3,639,900.00</b>	<b>440,929.73</b>	<b>3,954,795.95</b>
COBRA Payers (FY14 = \$1,729.05)	8	61	13,832.40	105,472.05	3,458.10	88,605.54
<b>Total Employees</b>	<b>1,230</b>	<b>13,297</b>	<b>349,882.40 *</b>	<b>3,745,372.05</b>	<b>444,387.83</b>	<b>4,043,401.49</b>

\* Current month employee obligations are a calculation of "Number of Employees" eligible for health care coverage during that month times the "Employee Share" (shown in the upper right corner of the sheet).

\*\* Affordable Care Act (ACA) coverage is offered to employees once eligibility is determined. Eligibility is based on number of hours worked during the measurement period.

<b>Employer</b>						
Employer share	1,226	13,240	1,949,891.70	21,057,558.00	2,552,931.75	22,875,317.22
<b>Total</b>			<b>2,299,774.10</b>	<b>24,802,930.05</b>	<b>2,997,319.58</b>	<b>26,918,718.71</b>

Kenai Peninsula Borough School District	Reserve Account	As of 6-30-14	As of 6-30-15	Monthly Contribution
	Employee Share	431,424.52	789,349.81	Employee Share * 275.00
Health Care Committee Monthly recap as of May 31, 2016	Employer Share	2,117,724.38	1,320,140.81	Employer Share 1,590.45
				1,865.45

**Expenditures**

Since the health care plan is self-funded, both employee and employer contributions are collected and bills are paid from the accumulated funds.

Claims	Current Month	Year-To-Date
Health Care Claims paid by TPA (Rehn)	2,667,219.07	21,681,916.53
Prescription Claims paid by Caremark	204,148.06	2,151,602.09
<b>Total Claims Paid</b>	<b>2,871,367.13</b>	<b>23,833,518.62</b>
<b>Administration</b>		
TPA (Rehn) fees and costs	63,764.98	911,938.37
Consultant Fees	5,600.00	61,600.00
Stop Loss Premiums	171,236.57	1,791,507.24
Affordable Care Act Fee		110,817.52
<b>Total Administration</b>	<b>240,601.55</b>	<b>2,875,863.13</b>
<b>Total Claims plus Administration</b>	<b>3,111,968.68</b>	<b>26,709,381.75</b>
<b>Adjustments</b>		
Stop Loss reimbursements		(1,147,066.67)
Prescription Rebates		(183,263.40)
Health Care Claims refund		
Other adjustments		(25.00)
<b>Total Adjustments</b>	<b>-</b>	<b>(1,330,355.07)</b>
<b>Total Expenditures</b>	<b>3,111,968.68</b>	<b>25,379,026.68</b>

			Total Collected	Collected less Expenditures
EE Share of Expenditures	15%	466,795.30	3,806,854.00	4,043,401.49
ER Share of Expenditures	85%	2,645,173.38	21,572,172.68	22,875,317.22
		3,111,968.68	25,379,026.68	26,918,718.71
				1,303,144.54
				1,539,692.03

Obligations indicate the funds that will be accumulated per employee per month. Expenditures are amounts that have been paid through the plan.

Obligation per Employee	\$275.00 EE / \$1,590.45 ER split	Current Month	Year-To-Date
		1,865.45	20,519.95
<b>Monthly Cost per Employee (Total Expenditures / Total Employees)</b>		<b>2,530.06</b>	<b>1,908.63</b>
	Employer Share - 85%	2,150.55	1,622.33
	Employee Share - 15%	379.51	286.29
		2,530.06	1,908.62

**Current Month Obligation per Employee minus YTD Cost per Employee per Month (43.18) Current Variance**

A positive number for "current variance" represents the amount per employee per month that is estimated to be collected above the amount spent year-to-date. A negative number represents the amount of expenditures (per employee per month) that are more than what is estimated to be collected for payment of those expenditures.

Dave Jones

---

**From:** Laurie Olson  
**Sent:** Friday, July 08, 2016 4:14 PM  
**To:** Bruce Rife; Clayton Holland; Colleen Savoie; Dave Jones; Joel Burns; John O'Brien; Matt Fischer; Pamela Van Hoozer; Patty Sirois; Stacey Cockroft; Terri Zopf-Schoessler; Tracy Silta; Vaughn Dosko  
**Subject:** Draft June spreadsheet  
**Attachments:** June 2016.pdf

Hello,

As you can see, June was another huge month, with over \$3.4M in claims and fees. There was a stop loss reimbursement of almost \$70,000 that brought the total for the month down to \$3.3M.

This brings the total for the year to over \$28.7M, which is an average of about \$2.39M per month. This is up from FY15's total of \$25,310,789 and FY14's total of 23,141,162.

We have not posted the interest payment yet, as we don't have the May and June interest amounts from the borough yet. We will most likely get them the first part of August. Other than that, I don't expect to see any changes to the information, but as you know, we can't call them final numbers until after the final audit. The audit is scheduled for August 22 – September 2.

Please let me know if you have any questions. Thanks, Laurie

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Laurie Olson, SFO  
Director of Finance

Kenai Peninsula Borough School District  
148 N. Binkley  
Soldotna, AK 99669  
Phone 907-714-8852  
Fax 907-262-2309

Kenai Peninsula Borough School District	<u>Reserve Account</u>	<u>As of 6-30-14</u>	<u>As of 6-30-15</u>	<u>Monthly Contribution</u>
	Employee Share	431,424.52	789,349.81	Employee Share *
Health Care Committee Monthly recap as of June 30, 2016	Employer Share	2,117,724.38	1,320,140.81	Employer Share
				1,590.45
				1,865.45

This document is provided to the Health Care Committee as a work paper to recap the contributions to and expenditures from the Health Care Plan each month. It is to be used primarily as an aid in estimating costs of the plan to determine if changes should be made in employee contribution amounts. Every effort is made to provide current and accurate information, but this information is not audited until after the end of the fiscal year.

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Actual Contributions made by employees and benefits paid by the employer during the payroll process are shown on the sheet in the columns titled "Collected." The division of payments is governed by the Collective Bargaining Agreements and Memorandums of Understanding between the district and the employee groups.

Employee-paid contributions are deductions from payroll checks. Employees who work 12 months make contributions each pay period. Many school district employees do not work 12 months, so contributions are collected for those employees during the 9 month period from September through May.

For this reason, contributions are generally larger than obligations for September through May and contributions are generally smaller than obligations for June, July and August.

The "Collected" columns show what is actually available for paying health care costs. The "Obligations" show what is estimated to be available by month, based on number of employees at the current rate of contributions.

	Number of Employees	YTD Employees	Current Month Obligations	YTD Obligations	Contributions Current Month Collected	Contributions YTD Collected
<b>Employees</b>						
KPEA Employees	665	7,866	182,875.00	2,163,150.00	-	2,161,961.99
KPESA Employees	470	5,535	129,250.00	1,522,125.00	9,375.00	1,520,057.52
Administrators	59	713	16,225.00	196,075.00	3,025.00	198,276.44
Board Members	3	46	825.00	12,650.00	825.00	12,650.00
Exempt Employees	25	298	6,875.00	81,950.00	6,875.00	81,950.00
Affordable Care Act			0.00	0.00		
<b>Total Employees on Payroll</b>	<b>1,222</b>	<b>14,458</b>	<b>336,050.00</b>	<b>3,975,950.00</b>	<b>20,100.00</b>	<b>3,974,895.95</b>
COBRA Payers (FY14 = \$1,729.05)	3	64	5,187.15	110,659.20	19,019.55	107,625.09
<b>Total Employees</b>	<b>1,225</b>	<b>14,522</b>	<b>Total 341,237.15 *</b>	<b>4,086,609.20</b>	<b>39,119.55</b>	<b>4,082,521.04</b>

\* Current month employee obligations are a calculation of "Number of Employees" eligible for health care coverage during that month times the "Employee Share" (shown in the upper right corner of the sheet).

\*\* Affordable Care Act (ACA) coverage is offered to employees once eligibility is determined. Eligibility is based on number of hours worked during the measurement period.

<b>Employer</b>						
Employer share	1,222	14,458	1,943,529.90	22,994,726.10	116,247.44	22,991,564.66
<b>Total</b>			<b>2,284,767.05</b>	<b>27,081,335.30</b>	<b>155,366.99</b>	<b>27,074,085.70</b>

Kenai Peninsula Borough School District	Reserve Account	As of 6-30-14	As of 6-30-15	Monthly Contribution
Health Care Committee Monthly recap as of June 30, 2016	Employee Share	431,424.52	789,349.81	Employee Share * 275.00
	Employer Share	2,117,724.38	1,320,140.81	Employer Share 1,590.45
				1,865.45

**Expenditures**

Since the health care plan is self-funded, both employee and employer contributions are collected and bills are paid from the accumulated funds.

Claims	Current Month	Year-To-Date
Health Care Claims paid by TPA (Rehn)	2,810,341.67	24,492,258.20
Prescription Claims paid by Caremark	319,264.66	2,470,866.75
<b>Total Claims Paid</b>	<b>3,129,606.33</b>	<b>26,963,124.95</b>
<b>Administration</b>		
TPA (Rehn) fees and costs	97,057.60	1,008,995.97
Consultant Fees	5,600.00	67,200.00
Stop Loss Premiums	169,982.60	1,961,489.84
Affordable Care Act Fee		110,817.52
<b>Total Administration</b>	<b>272,640.20</b>	<b>3,148,503.33</b>
<b>Total Claims plus Administration</b>	<b>3,402,246.53</b>	<b>30,111,628.28</b>
<b>Adjustments</b>		
Stop Loss reimbursements	(69,821.43)	(1,216,888.10)
Prescription Rebates		(183,263.40)
Health Care Claims refund		
Other adjustments		(25.00)
<b>Total Adjustments</b>	<b>(69,821.43)</b>	<b>(1,400,176.50)</b>
<b>Total Expenditures</b>	<b>3,332,425.10</b>	<b>28,711,451.78</b>

			Total Collected	Collected less Expenditures
EE Share of Expenditures	15%	499,863.77	4,306,717.77	4,082,521.04
ER Share of Expenditures	85%	2,832,561.34	24,404,734.01	22,991,564.66
		3,332,425.11	28,711,451.78	27,074,085.70
				(1,637,366.08)

Obligations indicate the funds that will be accumulated per employee per month. Expenditures are amounts that have been paid through the plan.

	Current Month	Year-To-Date
<b>Obligation per Employee</b> \$275.00 EE / \$1,590.45 ER split	1,865.45	22,385.40
<b>Monthly Cost per Employee</b> (Total Expenditures / Total Employees)	2,720.35	1,977.10
Employer Share - 85%	2,312.29	1,680.54
Employee Share - 15%	408.05	296.57
	2,720.34	1,977.11

Current Month Obligation per Employee minus YTD Cost per Employee per Month (111.65) Current Variance

A positive number for "current variance" represents the amount per employee per month that is estimated to be collected above the amount spent year-to-date. A negative number represents the amount of expenditures (per employee per month) that are more than what is estimated to be collected for payment of those expenditures.