

KODIAK CITY COUNCIL

WORK SESSION AGENDA

Tuesday, February 11, 2014
Kodiak Island Borough Conference Room
7:30 p.m.

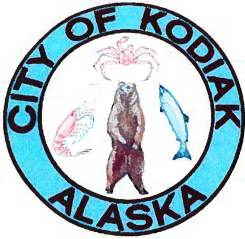
Work sessions are informal meetings of the City Council where Councilmembers review the upcoming regular meeting agenda packet and seek or receive information from staff. Although additional items not listed on the work session agenda are sometimes discussed when introduced by the Mayor, Council, or staff, no formal action is taken at work sessions and items that require formal Council action are placed on a regular Council meeting agenda. Public comments at work sessions are NOT considered part of the official record. Public comments intended for the "official record" should be made at a regular City Council meeting.

Discussion Items

1. Public Comments (limited to 3 minutes)
2. Advisory Board Interviews1
3. Friend Contracting LLC/Golden Alaska Excavating LLC Near Island Land Lease Request.....12
4. Borough Community Development Presentation on Downtown Business Zone No backup
5. Presentation of FY2015 Projected Revenues and Expenses.....16
6. February 13, 2014, Agenda Packet Review

To Be Scheduled

1. Meeting Date for Second Planning Meeting



Office of the City Clerk

710 Mill Bay Road, Room 216, Kodiak, Alaska 99615

MEMORANDUM

To: Mayor Branson and Councilmembers Date: February 11, 2014
From: Debra Marlar, MMC City Clerk Subject: Advisory Board Appointments

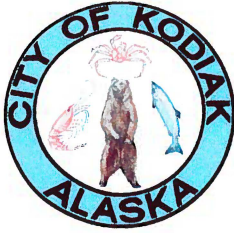
Several advisory board seats expired at the end of December. Volunteers were solicited via newspaper advertisements, public service announcements, and City Clerk and department head recruitment efforts.

Additional recruitment efforts were made in January, and applications have been received for appointment to the Building /Code Board of Appeals and to the ex-officio seats on the Parks and Recreation Advisory Board.

The student position on the Parks and Recreation Advisory Board requires a letter of endorsement from the Student Council Advisor, and the USCG position requires a letter of endorsement from the USCG commanding officer.

The terms for the Parks and Recreation Advisory Board ex-officio positions are set at the time of appointment.

Table with 2 columns: Seats for Appointment, Applicants. Rows include Building Code Board of Appeals and Parks & Recreation Advisory Board.



Office of the City Clerk

710 Mill Bay Road, Room 216, Kodiak, Alaska 99615

BUILDING CODE BOARD OF APPEALS

Five seats

TERM	BOARDMEMBER	HOME	WORK	FAX	MAILING ADDRESS
2015	John Butler JBHHS@PTIALASKA.NET	486-4604	486-3706	486-2497	P.O. Box 2610
2015	Vacant				
2015	Vacant				
2016	Vacant				
2016	Vacant				

Legislation	Appointments
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Kodiak City Code Chapter 14.40

10/25/84	01/23/86	02/12/87
01/08/87	12/14/87	12/12/88
01/26/89	01/11/90	12/14/90
01/09/92	01/14/93	01/27/94
12/22/94	12/14/95	12/12/96
03/27/97	12/11/97	12/10/98
02/10/00	05/24/01	12/13/01
01/23/03	01/13/05	12/15/05
12/13/07	02/28/08	12/11/09
12/9/10	2/23/12	12/13/12



City Clerk's Office
 710 Mill Bay Road, Rm. 210
 Kodiak, AK 99615
 (907) 486-8836 / (907) 486-8800 (fax)

ADVISORY BOARD APPLICATION

R. SCOTT BONNEY
 NAME

907-301-8490
 HOME TELEPHONE

WORK TELEPHONE

FAX

STRALASKA@HOTMAIL.COM
 EMAIL

Mile 41806 CHINIAK Hwy
 RESIDENCE (STREET) ADDRESS

Po Box 5524, CHINIAK AK 99615
 MAILING ADDRESS

20+ yrs
 LENGTH OF RESIDENCE IN KODIAK

59 yrs
 LENGTH OF RESIDENCE IN ALASKA

Are you a registered voter in the City of Kodiak?
 Do you own property in the City of Kodiak?

Yes [] No [X]
 Yes [] No [X]

On which boards are you interested in serving?
 (List in order of preference)

BUILDING CODE BOARD of APPEALS

List your areas of expertise and education that would benefit the boards for which you are applying.

PROFESSIONAL CIVIL/STRUCTURAL ENG'G
30 yrs DESIGN + CONSTRUCTION
MANAGEMENT

Community Activities:

Member Arch Review Bd.
CHAIRMAN CHINIAK ADVISORY
SCHOOL BOARD

Professional Activities: Work!

Signature

12/20/13
 Date

Return application to City Clerk, 710 Mill Bay Road, Rm. 210, Kodiak, AK 99615
 Fax 486-8800



City Clerk's Office
 710 Mill Bay Road, Rm. 216
 Kodiak, AK 99615
 (907) 486-8636 / (907) 486-8600 (fax)

ADVISORY BOARD APPLICATION

GREGG HACKER
 NAME

907 539 5230
 HOME TELEPHONE

907 481 2288
 WORK TELEPHONE

907-481-2280
 FAX

ghacker01@kodiak.ak.gov
 EMAIL

1310 BARANOV ST
 RESIDENCE (STREET) ADDRESS

SAME
 MAILING ADDRESS

23 YEARS
 LENGTH OF RESIDENCE IN KODIAK

23 YEARS
 LENGTH OF RESIDENCE IN ALASKA

Are you a registered voter in the City of Kodiak?
 Do you own property in the City of Kodiak?

Yes No
 Yes No

On which boards are you interested in serving?
 (List in order of preference)

List your areas of expertise and education that would
 benefit the boards for which you are applying.

BUILDING CODE BOARD OF APPEALS

35 YEARS OF CONSTRUCTION
 AND BUILDING MANAGEMENT

Community Activities:

Professional Activities: KIR AIRB

MEMBER FOR 20 YEARS

[Signature]
 Signature

12/19/2013
 Date

Return application to City Clerk, 710 Mill Bay Road, Rm. 216, Kodiak, AK 99615
 Fax: 486-8600



City Clerk's Office
 710 Mill Bay Road, Rm. 216
 Kodiak, AK 99615
 (907) 486-8636 / (907) 486-8600 (fax)

ADVISORY BOARD APPLICATION

Ed Mahoney
 NAME

486 1968
 HOME TELEPHONE

539 12 34
 WORK TELEPHONE

 FAX

builders@ptialaska.
 EMAIL

3944 Service Cape Rd
 RESIDENCE (STREET) ADDRESS

3944 Service Cape Rd
 MAILING ADDRESS

34 years
 LENGTH OF RESIDENCE IN KODIAK

34 years
 LENGTH OF RESIDENCE IN ALASKA

Are you a registered voter in the City of Kodiak?
 Do you own property in the City of Kodiak?

Yes [] No
 Yes No []

*I am a registered voter, How
 not in the Ci*

On which boards are you interested in serving?
 (List in order of preference)

Building Code Board of Appeals

List your areas of expertise and education that would
 benefit the boards for which you are applying.

Contractor of Home Building - 30 yrs.
BPI Certified Building Analyst
Analyst

Community Activities:

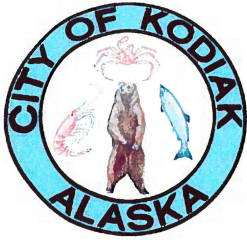
560 on Equalization Board - KIB

Professional Activities:

[Signature]
 Signature

12/17/13
 Date

Return application to City Clerk, 710 Mill Bay Road, Rm. 216, Kodiak, AK 99615
 Fax: 486-8600



Office of the City Clerk

710 Mill Bay Road, Room 216, Kodiak, Alaska 99615

PARKS AND RECREATION ADVISORY BOARD

Nine members (including two alternates) from the community chosen to reflect cultural and ethnic diversity, one USCG representative, and one student seat. Four regular members shall be residents within the Kodiak City limits, and three regular members shall be residents from inside or outside the Kodiak City limits.

TERM	BOARDMEMBER	HOME	WORK	FAX	MAILING ADDRESS	City/KIB
2015	John Butler jbjhs@ptialaska.net	486-4604	486-3706	486-2497	PO Box 2610	C
2015	Helm Johnson helm@rideakimbo.com	539-5014	539-5014	866-510-1563	PO Box 261	C
2015	Jim Willis jawdawg@gci.net James.B.Willis@uscg.mil	486-3678	487-5391	487-5275	1516 Ismailov St.	C
2016	Amy Fogle philfogle@hotmail.com	486-3525	539-2535	486-3250	1136 Wolkoff Lane	C
2016	Marcus Dunbar mdunbar01@kibsd.org	486-0809	481-2214		1477 Selief Lane	C
2016	Natasha Hayden natashab@gci.net	486-5922	512-0519		305 Neva Way	B
2016	Ryan Murdock boneyardsurfing@gmail.com	952-1072	486-2316		3272 Mill Bay Rd.	C
2014 Alternate 1	Jeremiah Gardner 58northkodiak@gmail.com	486-6249	486-6249	486-6249	1231 Mill Bay Road	N/A
2014 Alternate 2	VACANT					N/A
20?? USCG	VACANT					
20?? Student	VACANT					

Regular terms expire December 31 (three-year terms)

Alternate terms expire December 31 (one-year terms)

USCG term set at appointment

Student term set at appointment

Legislation

Resolution Number 03-84
 Resolution Number 44-86
 Resolution Number 2000-4, 01/27/00
 Resolution Number 01-7, 02/22/01
 Resolution Number 04-25, 07/08/04
 Resolution Number 2011-23, 08/25/2011

Appointments

01/12/84	02/26/84	12/13/84
01/10/85	06/13/85	12/19/85
01/23/86	01/08/87	02/12/87
11/03/87	12/14/87	10/27/88
12/12/88	10/12/89	01/11/90
12/14/90	01/09/92	03/12/92
05/14/92	07/09/92	01/14/93
01/27/94	02/10/94	03/10/94
09/22/94	12/22/94	10/05/95
12/14/95	10/24/96	12/12/96
12/11/97	12/10/98	01/26/99
02/25/99	02/10/00	02/22/01
05/24/01	12/13/01	02/28/02
05/09/02	07/24/03	02/26/04
01/13/05	08/24/06	12/14/06
12/13/07	02/28/08	02/12/09
06/24/10	08/26/10	12/9/10
01/13/11	09/22/11	2/23/12
08/09/12	8/23/12	12/13/12
02/28/13	06/27/13	12/12/13

[Clerk's Note: The alternates do not make motions or vote unless regular member(s) are absent.]



City Clerk's Office
 710 Mill Bay Road, Rm. 216
 Kodiak, AK 99615
 (907) 486-8636 / (907) 486-8600 (fax)

ADVISORY BOARD APPLICATION

DEBORAH P. BITANGA
 NAME

(907) 512-1112 _____
 HOME TELEPHONE WORK TELEPHONE

_____ deborah.bitanga@yahoo.com
 FAX EMAIL

2610 MILLBAY RD.
 RESIDENCE (STREET) ADDRESS

PO Box 1362
 MAILING ADDRESS

4 years
 LENGTH OF RESIDENCE IN KODIAK

4 years
 LENGTH OF RESIDENCE IN ALASKA

Are you a registered voter in the City of Kodiak?
 Do you own property in the City of Kodiak?

Yes [] No [X]
 Yes [] No [X]

On which boards are you interested in serving?
 (List in order of preference)

List your areas of expertise and education that would
 benefit the boards for which you are applying.

Parks & Recreation Advisory Board
Student Representative

Community Activities: Kodiak Teen Court
 - Attorney & Judge
 - Board member & Bar Association vice President

Professional Activities: Kodiak Island Medical
Associates - Medical Records Assistant

KPLA Teen Advisory
 - High school Representative

Kodiak Island Borough School District
Secretary Intern

Civil Air Patrol St. Mary's Thriftshop
 - Cadet - volunteers

Deborah Bitanga
 Signature

December 04, 2013
 Date

Return application to City Clerk, 710 Mill Bay Road, Rm. 216, Kodiak, AK 99615
 Fax: 486-8600

Revised: May 2013

Deborah Bitanga

PO Box 1362 Kodiak, AK 99615 (H) (907)512-1112 (C) (907)512-112
deborah.bitanga@yahoo.com

Professional Summary

Compassionate community servant with more than 100 volunteer hours on several organizations. Driven to represent the student body by being a well-rounded student.

Personal Strength

Fluent in English, Tagalog, & Ilocano, Goal-oriented, Hardworking, Artistic

Work History

Litter Patrol	Jun 2011 – Aug 2011
Kodiak Chamber of Commerce	100 E Marine Way #300
Part of a four person crew who gathered trash within and outside of City limits	
Medical Records Assistant	Aug 2013 – Current
Kodiak Island Medical Associates	1818 E Rezanof Dr.
File medical charts, sign files, fax prescriptions and shred paper	
Secretary Intern	Sep 2013 – Current
Kodiak Island Borough School District	722 Mill Bay Rd.
Operate the computer for breakfast and lunch to record students' balances.	

Education

Kodiak High School 11 th grade	722 Mill Bay Rd.
University of Alaska Fairbanks Leadership Program	505 South Chandalar Dr.

School Organization

Student Government – Class Secretary 2013 – 2014
National Honor Society – Student Government Representative 2013 – 2014
National Society of High School Scholars – KHS Ambassador 2013 – 2014
Kodiak Teen Court – Bar Assoc. Vice Pres. and Board Member 2013 – 2014

Sports

City League Baseball – Summer 2012
Varsity Tennis – Fall 2012

Volunteer Experience

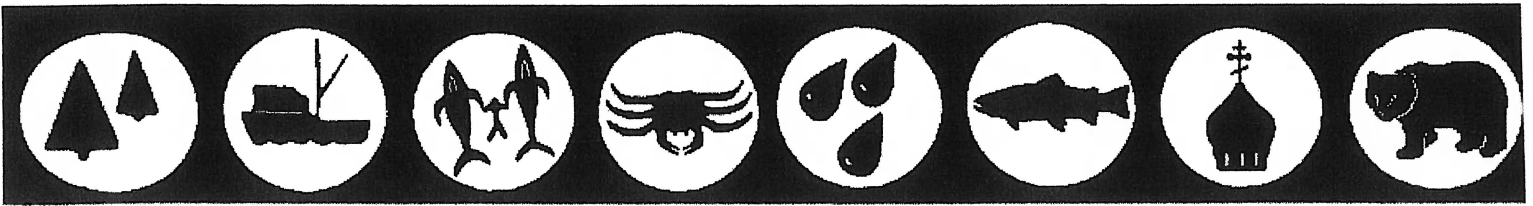
Kodiak High School - Crossing Guard for Key Club
Kodiak Public Library – Summer Craft Sessions and Reading Program
St. Mary's Parish – Vacation Bible Camp Mentor and Thrift Shop

Accomplishments

Elks Student of the 1st Quarter 2012 – 2013
Academic Excellence Visual Arts 2012 – 2013
National Honor Society 2013 – Current
Kodiak Teen Court Outstanding Attorney 2012 – 2013
Kodiak Island Borough Student of the Month November 2013

Certifications

CPR and First Aid Certified 2013



Kodiak High School

722 Mill Bay Road
Kodiak, AK 99615
(907) 481-2501

To Whom It May Concern:

Kodiak High School Student Council of 2013/14 would like to recommend Deborah Bitang to serve on the City of Kodiak Parks and Recreation Advisory Board as the School District's ex officio seat.

Deborah is an insightful young lady who will serve faithfully and contribute positively to your organization.

Sincerely,

Lindsey Glenn
Student Council Advisor



City Clerk's Office
 710 Mill Bay Road, Rm 216
 Kodiak, AK 99615
 (907) 486-8636 * (907) 486-8600 (fax)

Advisory Board Application Form

Andrew Joca

NAME

(305) 401-4499 (907) 487-5320 x2226 (907) 487-5334 Andrew.S.Joca@uscg.mil
 HOME TELEPHONE WORK TELEPHONE FAX EMAIL

565 Perez Way, Kodiak, AK 99615

RESIDENCE (STREET) ADDRESS

565 Perez Way

KODIAK, AK 99615

MAILING ADDRESS

5 months

LENGTH OF RESIDENCE IN KODIAK

5 months

LENGTH OF RESIDENCE IN ALASKA

**Are you a registered voter in the City of Kodiak?
 Do you own property in the City of Kodiak?**

Yes No *KLB*
 Yes No

**On which boards are you interested in serving?
 (Please list in order of preference)**

**Please list your areas of expertise and education that
 would benefit the boards for which you are applying.**

Parks and Recreation Advisory
(U.S. Coast Guard representative)

B.S. Civil Engineering, U.S. Coast Guard Academy, 1998

M.S. Project Management, George Washington University, 2009

Licensed Professional Engineer (PE), State of RI

Project Management Professional (PMP), Proj Mgmt Institute

Community Activities: _____

Professional Activities: _____

- Member of Board of Directors, Island Trails Network (<http://islandtrails.org>)
- My wife Katie and I have two young children, and make regularly use the swimming pool, ice rink and playgrounds in the city of Kodiak

In 15 years as a Coast Guard officer, I have extensive experience leading teams to accomplish a wide variety of difficult and time critical tasks, both at sea and ashore. In my current job as Engineering and Management Branch Chief, I am responsible for the construction, major maintenance and real property programs for Coast Guard Base Kodiak. My strong background in facility management, engineering & real estate, coupled with the perspective gained from living in many communities across the country will bring great value to the Advisory Board, and I look forward to the opportunity to contribute.


 SIGNATURE

10 DEC 2013
 DATE

Return application to City Clerk, 710 Mill Bay Road, Room 216, Kodiak, AK 99615
 Fax: 486-8600

U.S. Department of
Homeland Security

United States
Coast Guard



Commanding Officer
United States Coast Guard
BASE Kodiak

P. O. Box 195005
Kodiak, Alaska 99619-5005
Phone: (907)487-5320 x2226
Fax: (907) 487-5606
Email: Andrew.S.Joca@uscg.mil

5740

Kodiak Parks and Recreation
Attn: Mr. Charlie Powers
410 Cedar Street
Kodiak, AK 99615

DEC 23 2013

Dear Mr. Powers,

On behalf of the U.S. Coast Guard and "Team Kodiak", I highly recommend Lieutenant Commander Andrew S. Joca to be the Coast Guard's Appointed Representative for the Kodiak Parks and Recreation Advisory Board. Lieutenant Commander Joca was recently assigned to Kodiak and can provide continuity to the position for the next three years. His background as a facility manger and diverse community experience gained through his 15 year career will provide invaluable input to the board. Additionally, he is a local homeowner and his wife and children are actively involved in the community. As such, Lieutenant Commander Joca has a vested interest in the success of the Kodiak Parks and Recreation Department.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Wołoszynski".

JERALD L. WOŁOSZYNSKI
Captain, U.S. Coast Guard
Commanding Officer, BASE KODIAK

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Friend Contractors, LLC
 General Construction &
 Energy Specialists



**GOLDEN ALASKA
 EXCAVATING, LLC**

Aimée Kniazowski
 City Manager
 City of Kodiak
 710 Mill Bay Road
 Kodiak, AK 99615

July 23, 2013

Dear Ms. Kniazowski:

Golden Alaska Excavating and Friend Contractors are long standing local businesses in the construction field. All four owners were raised on Kodiak Island and have the best intentions of keeping Kodiak prosperous and the kind of community that attracts both visitors and people who want to call the island home.

As such, we wish to help develop Near Island and bring some services to the boat harbor and existing businesses. We have in mind to build a commercial building with rental properties that will provide those needed services. Initially we wanted to purchase the land and develop it, but after meeting with you and hearing the direction the City wants to go in, we are very amenable to a long term lease of the property.

The parcels we have in mind by priority are as follows:

- 1) USS 4947 TR E LT 1 Near Island – Prop ID#16490 – 1.03 acres
- 2) Near Island Research Park LT 2 – Prop ID#16515 - .62 acres
- 3) Marine Center TR B – Prop ID#22646 - .75 acres

Thank you for your time and consideration in this regard. If you have additional questions, please feel free to contact us at (907) 539-1978 or (907) 942-2747.

Sincerely,

Jerral and Brenda Friend, Friend Contractors, LLC
 Rick and Lori Ryser, Golden Alaska Excavating, LLC

<https://www.facebook.com/pages/Friend-Contractors/376199622481509>
www.goldenalaska.biz



Source: Esri, DigitalGlobe, GeoEye, i-cubed, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

USS 4947 TR E LT 1
NEAR ISLAND

PROP ID: # 16490

1.03 acres



Source: Esri, DigitalGlobe, GeoEye, I-cubed, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

MAINE CENTER TR B

Prop ID 22646

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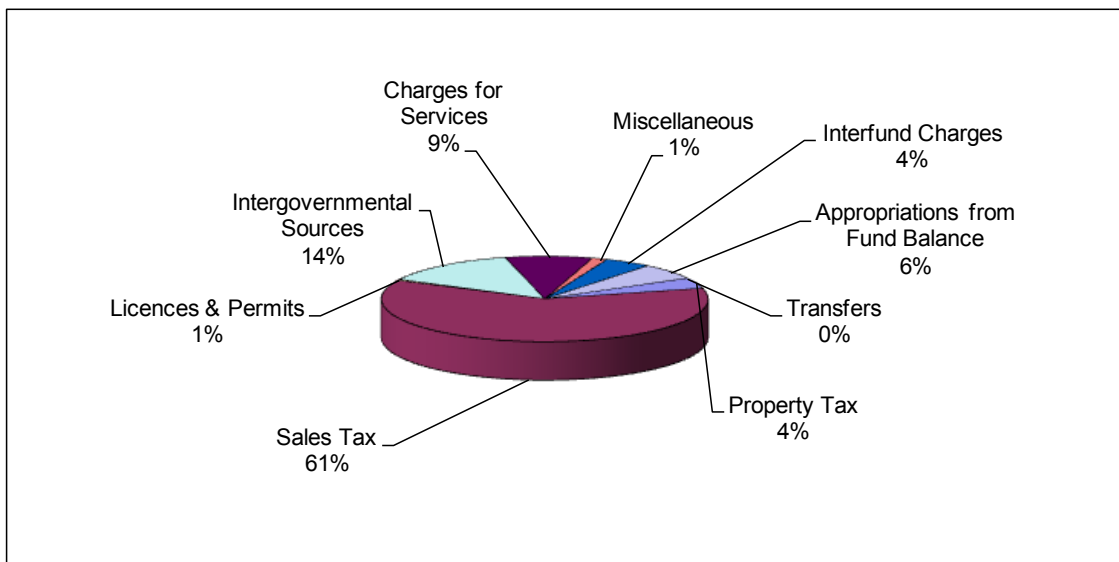
Fiscal Year 2015- 2018 Revenue & Expense Forecast

Governments find themselves in a difficult position when it comes to providing services and raising revenue; they seek to provide services while minimizing the apparent cost to the taxpayer. In order to develop the fiscal year 2015 budget, three major funds have been forecast to show the projected trends in revenues and expenses for fiscal years 2015 through 2018. The General Fund, Harbor Funds, and Water & Sewer Funds have been forecast based on a regression analysis forecasting method. This is a technique in which a straight line is fit to actual values from fiscal years 2009 through 2013, and the adopted budget for fiscal year 2014 to forecast the future. The forecasts seek to estimate the City's future positions and to identify areas that may need to be addressed in order to protect the City's future ability to maintain adequate fund balance reserves. The General Fund forecast reflects the increase in sales tax from 6% to 7% effective October 2012. There was no change in the sales tax cap and it remains at \$750.00 or a minimum tax of \$52.50 per transaction.

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. Principal sources of revenue are (Fig.1) sales and property tax, intergovernmental revenues, and charges for services. Primary expenditures (Fig.2) are for general government administration, public safety, public works, public recreation and transfers to other funds. The departments found within the General Fund include: Legislative/Legal, Executive, City Clerk, Finance, Police, Fire, Public Works, Engineering, Parks and Recreation, Library and Non-Departmental which is used for city wide expenses.

Figure 1: General Fund - FY 2014 Budgeted Revenues



The following applies to Fig.1 above:

Taxes - Includes property tax and sales tax. The real-property assessment role is final by June 1, causing tax revenue projections to be estimated prior to knowing the actual amounts of the assessment role. Sales tax revenues are collected on a quarterly basis, causing a lag time in annual projections.

Licenses and Permits – Includes permits for taxicabs, buildings, electrical, plumbing, animal licenses and other miscellaneous licenses.

Intergovernmental Sources –Includes State of Alaska Raw Fish Tax Sharing; Shared Fisheries Business Tax; Fuel, Alcohol and Utility Revenue Sharing; State grants and miscellaneous sources. The Alaska State legislative session coincides with the City’s budgetary calendar, causing estimates to be based on historical data for the State funding levels to local governments. As the State budget is fine-tuned, adjustments are also made to the City’s revenue estimates.

Charges for Services – Includes those services performed for the public associated with the following departments: police, fire, public works, parks and recreation, library, as well as miscellaneous administrative services.

Miscellaneous – Includes fines and forfeitures, interest, rents and royalties, judgments, restitutions, asset sales, and other revenues.

Interfund Charges – Includes the allocation of monies between funds to cover services rendered.

Transfers – Other Financing Sources (Uses). Includes the transfer of monies between funds to cover expenses without a requirement of repayment.

Use of Fund Balance – Relates to Net Change in Fund. This is the amount of fund balance used to balance the General Fund budget.

Figure 2: General Fund - FY 2014 Budgeted Expenditures by Function

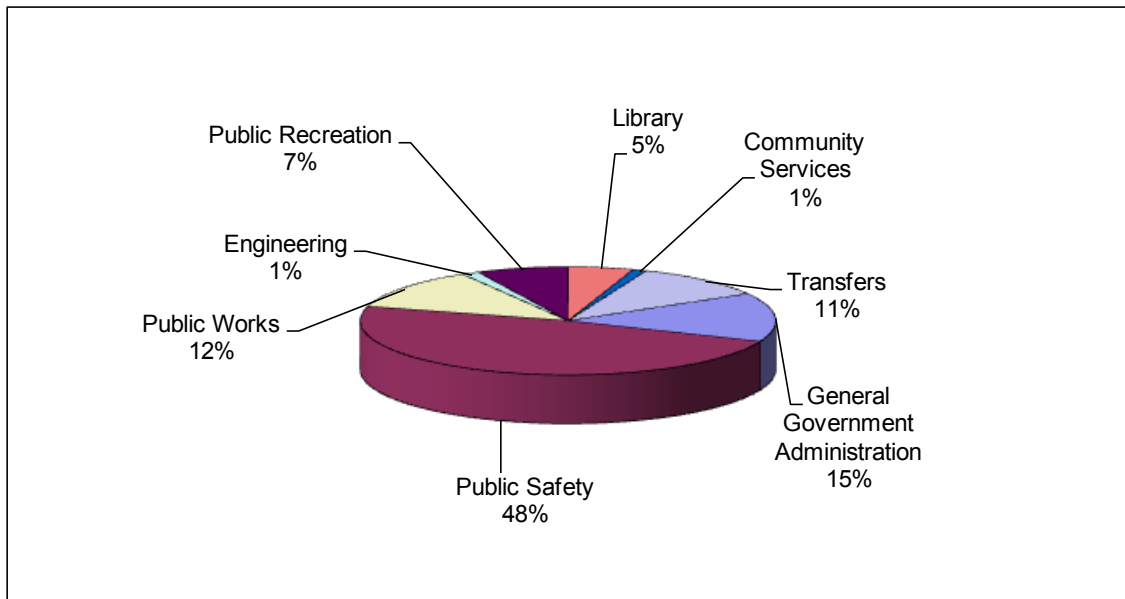
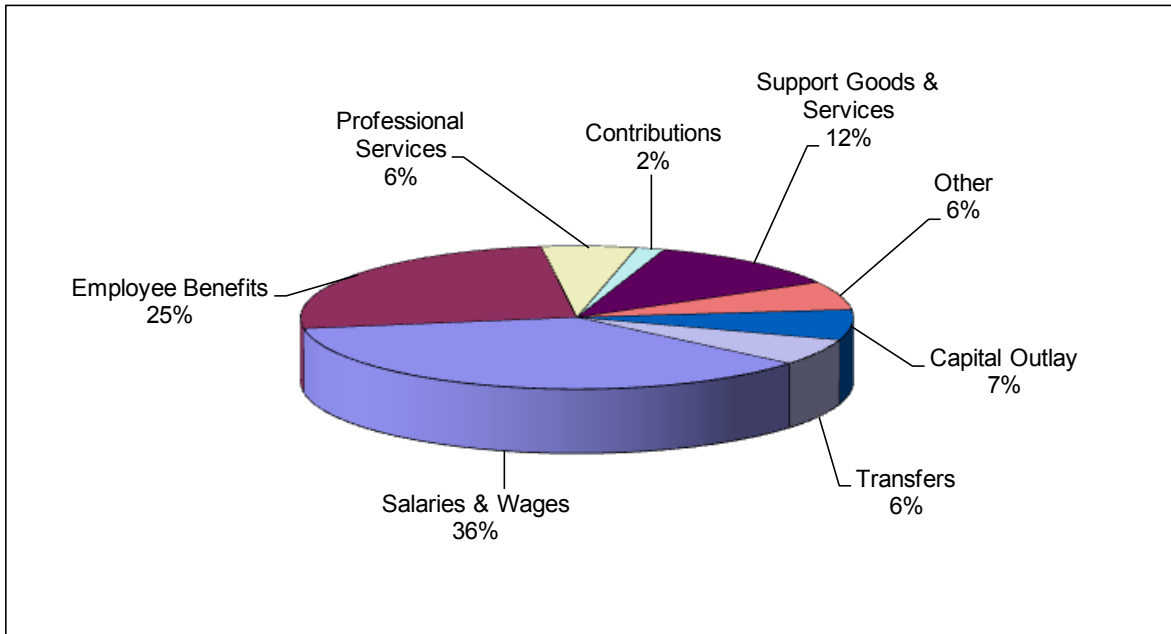


Figure 3: General Fund - FY 2014 Budgeted Expenditures by Account Classification



The following applies to Figure 3 above:

Salaries & Wages – Includes all wages paid to City employees for administrative and service delivery functions. Includes salaries and wages, temporary wages, overtime, holiday pay, sick and annual leave.

Employee Benefits – Includes group insurance, Social Security and Medicare payments, retirement contributions, unemployment compensation, and workman’s compensation.

Professional Services – Includes all services contracted out.

Contributions – Includes contributions made to various local non-profit agencies.

Support Goods & Services - Includes expenditures for communications, advertising, dues and subscriptions, training and travel, supplies, and equipment rental.

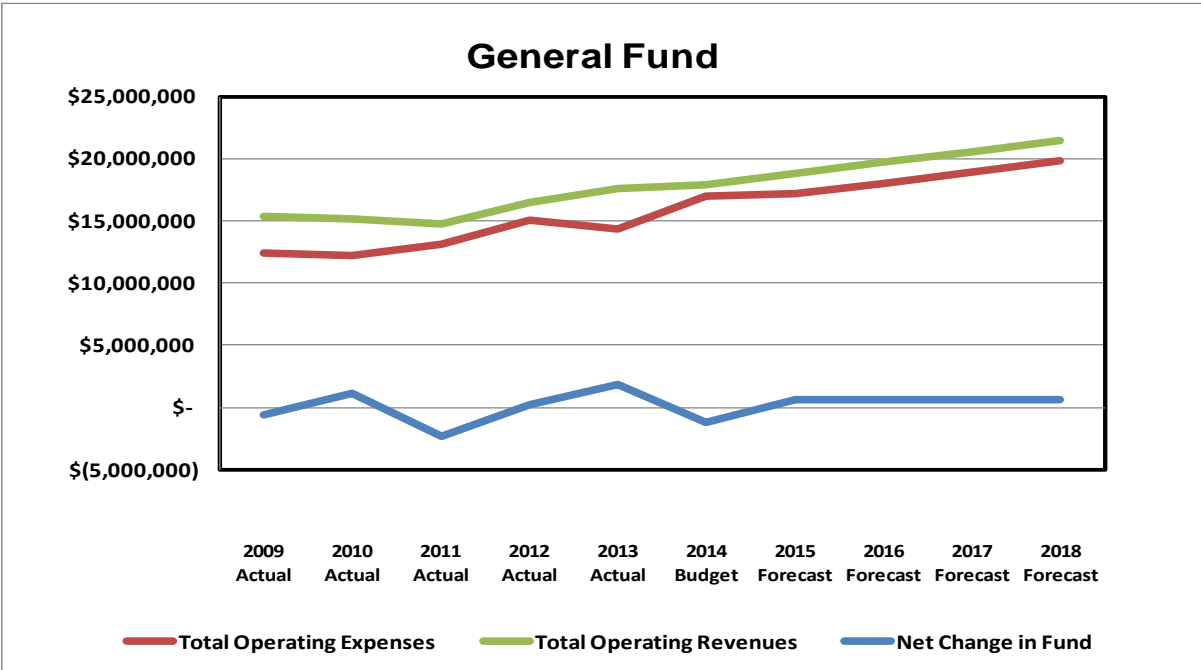
Public Utility Services – Includes electric, fuel oil, garbage, and any other utilities.

Other – Includes miscellaneous expenses.

Capital Outlay - Includes equipment purchases greater than \$5,000.

Transfers – Other Financing Sources (Uses). Includes transfers from the General Fund to other funds.

Figure 4: General Fund Forecast - Actual 2009-2013, Budgeted 2014, Forecast 2015-2018



Actual operating revenues have been greater than actual operating expenses from fiscal year 2009 through fiscal year 2013 (Fig.4). In fiscal year 2013 revenues were higher than expenses resulting in a net change in fund balance of a positive \$1,843,170. The Sales Tax was increased from 6% to 7% effective October 1, 2012 as a first step in replenishing the fund balance for the General Fund. Table 1 below shows that Sales Tax revenue increased by \$946,806 or 9.2% from fiscal year 2012 to fiscal year 2013. This increase can be partially contributed to the Sales Tax increase to 7% for ¼ of the fiscal year. Over the past five years from fiscal year 2009 to fiscal year 2013 Sales Tax has increase an average of 4.9% annually. Table 2 shows the data collected through 12/31/2013 on the Sales Tax Cap with the number of transactions recorded from 1/1/2013 to 12/31/2013. The largest category is from \$750 to \$1,500 with \$22,450,405 deducted from gross receipts by businesses. By increasing the existing cap from \$750 to \$1,500 and eliminating the first category Sales Tax revenue would increase by approximately \$1,571,528. Sales tax of 7% on a \$1,500 transaction would be \$105.00. The largest decreases in expenditures were in the Public Works and Parks & Recreation departments.

In fiscal year 2014, the gap between the adopted budget for operating revenues and the budget for operating expenses remained narrow. This will continue to result in smaller gains and impacts the amount of funds available to use for capital projects and fund balance reserves. Historically the City of Kodiak has used fund balance to balance the General Fund budget.

TABLE 1 Sales Tax Revenue

Fiscal Year	Sales Tax Revenue	\$ Increase from Prior Year	% Increase from Prior Year
2009	\$ 9,308,960	\$ 433,654	4.9%
2010	9,404,691	95,732	1.0%
2011	9,654,542	249,851	2.7%
2012	10,297,107	642,565	6.7%
2013	11,243,913	946,806	9.2%
2014	11,630,000	386,087	3.4%
2015	12,033,079	403,079	3.5%
2016	12,540,662	507,584	4.2%
2017	13,048,246	507,584	4.0%
2018	13,555,830	507,584	3.9%

TABLE 2 Sales Tax Cap

Category	\$ Amount over Tax Limit	Number of Transactions	7% Sales Tax on Amount Deducted
Method Prior to 10/1/2012			
> \$750	\$ 49,117,808		
Method After to 10/1/2012			
\$750 - \$1,500	\$ 22,450,405	8,587	\$ 1,571,528
\$1,501 - \$3,000	3,136,182	3,620	\$ 219,533
> \$3,000	1,980,006	3,782	\$ 138,600
Total	\$ 76,684,400	15,989	\$ 1,929,662

In fiscal year 2014 there is a budgeted use of fund balance in the amount of \$1,156,232. Under the City Sales Tax code 3.08.025, Allocation of Sales Tax, \$500,000 is allocated to harbor improvement capital projects, \$450,000 to street improvement capital projects, and \$50,000 to parks and recreation capital projects annually. This transfer contributes to the decline each year in fund balance forecasted from fiscal year 2015 through 2018. Additional transfers are made to fund other capital projects.

The revenue sources for the general fund have been somewhat stable with sales tax (61%) (Fig.1) as the largest source of revenue. This has increased after the sales tax was increased from 6% to 7% effective October 2012. Sales tax can generate a great deal of revenue, it is relatively easy to collect, its costs to the taxpayer are opaque, and it is elastic (expands and contracts with the economy). In addition, because it is paid as a percentage of an item's cost, it automatically adjusts during inflationary periods. Unfortunately, it also is regressive, more volatile, and seasonal than property taxes, and relies on the cooperation of business owners.

Property tax makes up 4% of the total revenue for the general fund. The greatest advantage of property tax is its stability during economic downturns. It has been the most unpopular tax because unlike other taxes, it taxes an asset that may not generate any income for the taxpayer and is due in a lump sum.

The second largest revenue source is the intergovernmental revenues (14%) which are revenues received from the State. These revenues can be volatile and unpredictable. Unlike the sales and property tax that the City Council can control, the City has little control over the intergovernmental revenues received.

The trend for the general fund revenues is increasing at a slower rate than the trend for expenses resulting in an increasing use of fund balance available for capital projects. The fiscal year 2013 budget was developed with the minimum use of fund balance and coupled with a mild winter resulting in reduced expenses and a \$1,843,170 positive net change in fund balance. The fiscal year 2014 budget was again developed with the minimum use of fund balance. This process will continue to slowly increase the fund balance in the General Fund; however, it limits the funding of capital projects. The current Capital Improvement Project (CIP) list has unfunded projects such as the City Barn Assessment, New Fire Station, New Ambulance, and Records Storage Maintenance. These projects and future unidentified projects will decrease the General Fund fund balance and impact the recommended practice of two months of operating expense reserves.

Salaries and benefits are the largest expense in the General Fund, or 61% (Fig.3) of the total expense budget, with support goods and services at 12%. Continued increases in health insurance and worker compensation costs have caused significant increases in the benefit category. The City is faced with increased expenses due to inflation, increases in utilities, equipment replacement, and repairs and maintenance to an aging infrastructure. Overall revenues and expenses are projected to increase resulting in a small positive net change in fund balance (Fig.4).

The trends and consequent projections indicate that the City will need to take action to increase revenues, decrease expenses, or some combination of both in order to maintain a viable financial position. The increase in sales tax from 6% to 7% has improved the City's position, but additional steps are necessary in order to replenish the fund balance and allow for the funding of capital projects.

As of January 2014 total revenues for fiscal year 2014 are \$102,241 (1%) less than total revenues for the same time period last fiscal year 2013. Total expenses for fiscal year 2014 are \$2,154,715 (25%) higher than total expenses for the same time period last fiscal year 2013. The largest increase in expenses are transfers from the General Fund to other funds in the amount of \$1,481,114 (104%) followed by increases in salaries in the amount of \$351,957 (12%) and employee benefits in the amount of \$211,796 (10%) with

the remaining being a combination of smaller increases and decreases. The largest increase in salaries is due to overtime expenses and the largest increase in benefits is due to workers compensation expenses.

Table 3 below shows the detail for the actual, budget and forecasted fiscal years. It is important to note that these forecasts do not include future planned capital projects, which would place further demands on the fund balances. The fiscal year 2014 adopted budget shows the use of \$1,156,232 in fund balance.

TABLE 3: Forecast Analysis - Income Statement with forecast values along a linear trend using existing values 2008-2013										
GENERAL FUND	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund Revenues										
Property Tax	651,699	665,999	765,539	917,598	708,684	773,500	836,082	861,485	886,888	912,292
Sales Tax	9,308,960	9,404,691	9,654,542	10,297,107	11,243,913	11,630,000	12,033,079	12,540,662	13,048,246	13,555,830
Licenses & Permits	76,679	70,489	93,193	71,957	237,950	76,800	152,686	166,451	180,215	193,979
PERS Relief	640,340	269,592	407,269	619,957	765,692	804,708	836,876	908,957	981,037	1,053,118
State Revenue Sharing	389,286	400,759	428,304	534,336	572,306	400,065	521,633	540,906	560,180	579,453
Department of Revenue - Fish Tax	946,635	1,046,010	740,229	1,123,205	1,252,420	1,253,000	1,313,653	1,386,054	1,458,455	1,530,856
DCED Shared Fisheries Tax	70,855	70,933	87,810	120,822	90,469	50,000	80,549	80,188	79,826	79,465
Fuel Tax Sharing	6,634	5,993	6,215	6,882	7,075	7,075	7,257	7,432	7,607	7,782
Other Intergovernmental Revenues	109,190	95,647	79,664	186,481	87,035	74,600	96,239	93,612	90,984	88,356
Police & Fire General	774,075	707,836	997,627	1,243,237	1,285,144	1,352,993	1,547,365	1,686,568	1,825,772	1,964,975
KIB Revenues	269,811	272,873	178,930	217,783	131,397	152,000	106,336	78,489	50,643	22,796
Parks & Recreation	98,194	117,300	121,688	120,121	97,645	100,000	104,008	102,537	101,065	99,594
Library	18,941	18,580	15,467	13,692	15,267	18,000	15,016	14,547	14,078	13,609
Other Charges for Services	71,872	77,789	42,394	7,299	9,019	10,200	5,000	5,000	5,000	5,000
Fines & Forfeitures	20,122	23,514	6,156	3,619	15,308	20,500	10,000	10,000	10,000	10,000
Interest	234,671	31,162	24,500	1,301	9,459	45,000	15,000	15,000	15,000	15,000
Rents & Royalties	173,089	157,686	125,476	154,320	194,099	180,000	181,376	186,308	191,241	196,174
Miscellaneous	762,229	1,066,199	268,423	19,471	45,736	43,800	20,000	20,000	20,000	20,000
Interfund Charges	690,920	678,820	662,622	813,225	865,152	882,869	932,536	980,231	1,027,927	1,075,622
Total Operating Revenues	15,314,201	15,181,871	14,706,050	16,472,414	17,633,771	17,875,110	18,814,691	19,684,427	20,554,164	21,423,900
Fund Operating Expenses										
Salaries & Wages	5,168,357	5,213,895	5,480,849	5,776,122	5,734,555	6,787,179	6,688,629	6,972,953	7,257,278	7,541,603
Fringe Benefits	3,315,039	3,019,330	3,463,215	4,342,347	4,452,490	5,308,960	5,498,385	5,931,192	6,363,998	6,796,804
Professional Services	627,702	654,944	812,982	876,000	832,208	1,045,956	1,076,907	1,153,652	1,230,397	1,307,142
Contributions	226,853	232,636	226,218	245,019	234,674	293,500	278,965	289,198	299,431	309,664
Support Goods & Services	1,619,069	1,735,339	1,721,232	1,705,817	1,593,243	2,010,571	1,882,459	1,925,768	1,969,077	2,012,386
Utility Services	443,579	503,316	547,851	618,992	566,076	629,132	670,209	704,129	738,049	771,968
Administrative Services	23,687	33,275	34,559	38,882	45,645	36,000	45,641	48,584	51,527	54,469
Capital Outlays	492,152	322,994	333,557	946,807	310,466	390,249	472,652	474,542	476,432	478,322
Interest Expense	512,227	530,740	528,490	525,990	528,240	529,990	530,000	530,000	530,000	530,000
Total Operating Expenses	12,428,664	12,246,468	13,148,953	15,075,975	14,297,596	17,031,537	17,143,848	18,030,018	18,916,188	19,802,358
Operating Gain (Loss)	2,885,536	2,935,403	1,557,097	1,396,439	3,336,175	843,573	1,670,842	1,654,409	1,637,975	1,621,542
Other Financing Sources (Uses)										
GOB Issuance	-	-	-	-	-	-	-	-	-	-
Transfers In	1,626,843	531,870	96,288	492,689	131,847	-	-	-	-	-
Transfers Out	(5,118,473)	(2,318,826)	(3,999,224)	(1,666,189)	(1,624,852)	(1,999,805)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Net Other Financing Sources (Uses)	(3,491,630)	(1,786,956)	(3,902,936)	(1,173,499)	(1,493,005)	(1,999,805)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Net Change in Fund	(606,093)	1,148,447	(2,345,839)	222,939	1,843,170	(1,156,232)	670,842	654,409	637,975	621,542
Net Assets at Beginning of Year	8,310,216	7,704,123	8,852,570	6,506,731	6,506,731	8,349,901	7,193,669	7,864,512	8,518,920	9,156,896
Net Assets at End of Year	7,704,123	8,852,570	6,506,731	6,729,670	8,349,901	7,193,669	7,864,512	8,518,920	9,156,896	9,778,438

General Fund – Fund Balance

In fiscal year 2013 the replacement to fund balance was a positive \$1,843,170. The Fund Balance is made up of the assets of a fund less the liabilities, as determined at the end of each fiscal year. The year-end fund balance is recorded in the following categories: non-spendable, committed, assigned and unassigned balance that can be used. The use of fund balance budgeted in fiscal year 2014 is \$1,156,232. This is reflected in the fiscal year 2013 assigned for subsequent use in the fund balance categories. The City follows the recommended practice outlined in the Government Financial Officers Association (GFOA) to maintain a minimum General Fund balance of two months operating expense as a reserve. The budgeted fiscal year 2014 ending fund balance that is available for use in the fiscal year 2015 budget is estimated to be \$4,559,300. This is based on the ending fiscal year 2014 unassigned fund balance of \$7,416,608 less two months of operating reserves of \$2,857,308.

Table 4 – Fund Balance Availability

General Fund	2009	2010	2011	2012	2013	2014
Non-Spendable - Prepaid	14,622	13,618	2,117	-	13,741	-
Committed	-	-	-	-	-	-
Assigned - subsequent year use of fund balance	-	1,440,324	1,638,770	1,490,854	1,156,232	-
Unassigned	7,689,501	7,398,628	4,865,844	5,238,816	7,402,867	7,416,608
Total Fund Balance	\$ 7,704,123	\$ 8,852,570	\$ 6,506,731	\$ 6,729,670	\$ 8,572,840	\$ 7,416,608
Unassigned Fund Balance - months of expenditures (includes capital)	7.4	7.2	4.4	4.2	6.2	5.2
Unassigned Fund Balance - months of expenditures (excludes capital)	7.7	7.4	4.6	4.4	6.4	5.3
Two Months of Operating Expenses (includes capital)	\$ 2,041,078	\$ 2,191,492	\$ 2,512,663	\$ 2,382,933	\$ 2,838,590	\$ 2,857,308
General Fund Balance Available for Use	\$ 5,648,423	\$ 5,207,136	\$ 2,353,182	\$ 2,855,884	\$ 4,564,278	\$ 4,559,300

Note: In the Audit presentation by BDO on 1/21/2014 the number of months of expenditures was incorrectly calculated based on total Governmental Funds instead of only the General Fund expenditures. The calculations above are based solely on General Fund expenditures.

Figure 5 below shows the total fund balance each fiscal year and Figure 6 shows the change in fund balance each fiscal year or the use of fund balance per fiscal year. This figure does not include any capital project expenditures other than the \$1,000,000 required by City's Sales Tax code.

Figure 5: General Fund – Total Fund Balance each Fiscal Year

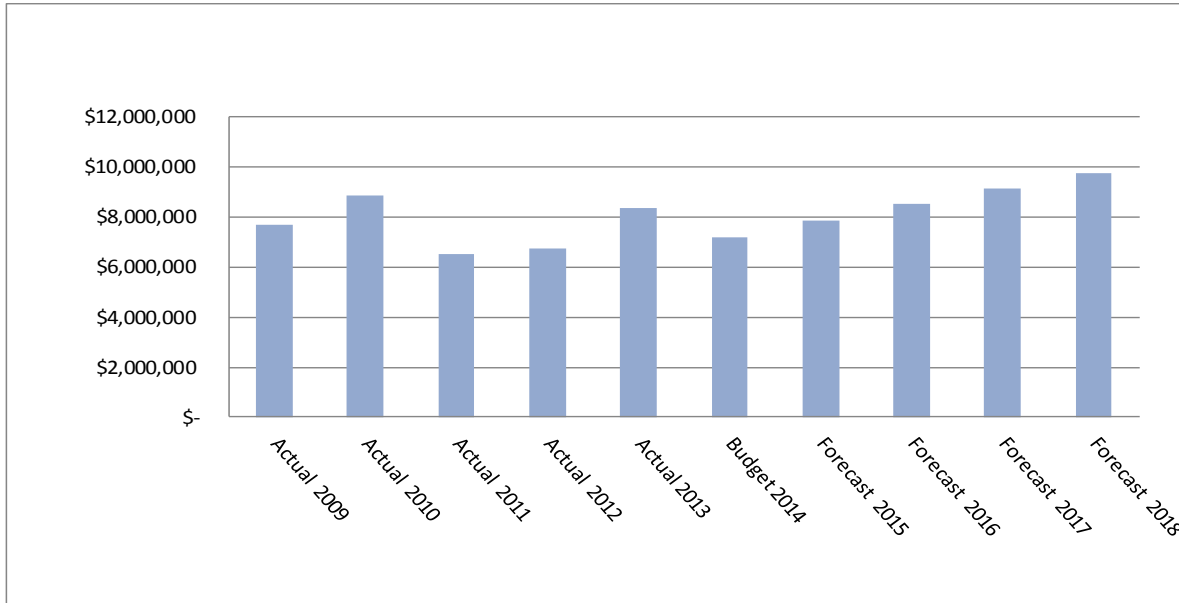
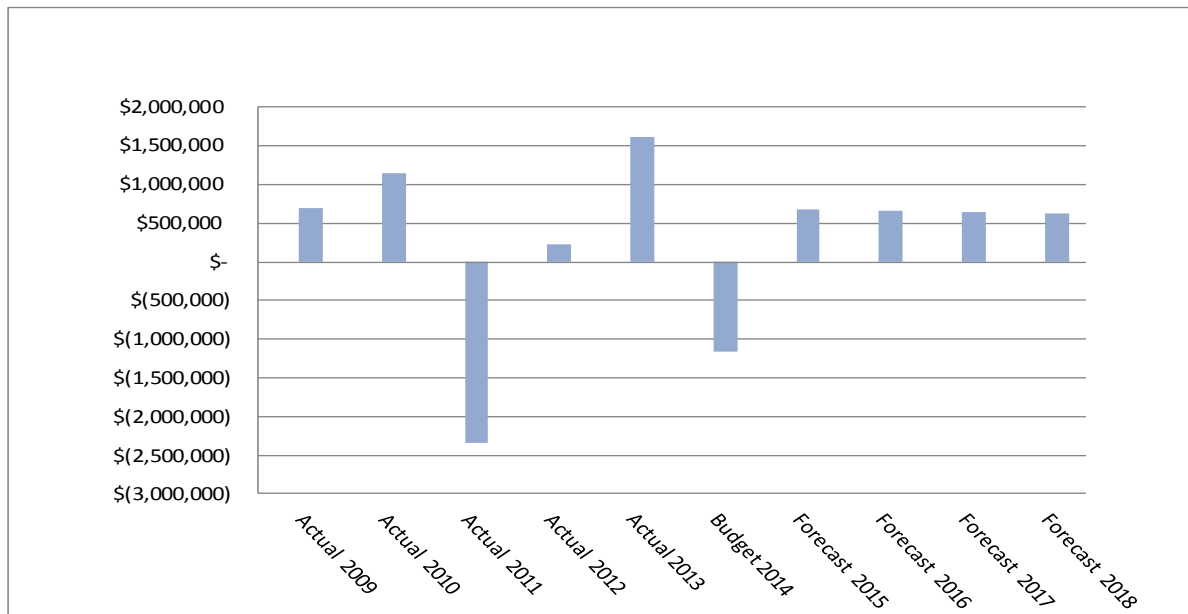


Figure 6: General Fund – Change in Fund Balance each Fiscal Year



WATER & SEWER FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the City Council is that the costs of providing goods and services to the public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has approved the use of the fund balance reserves to fund capital projects or operations. The following are water and sewer enterprise funds:

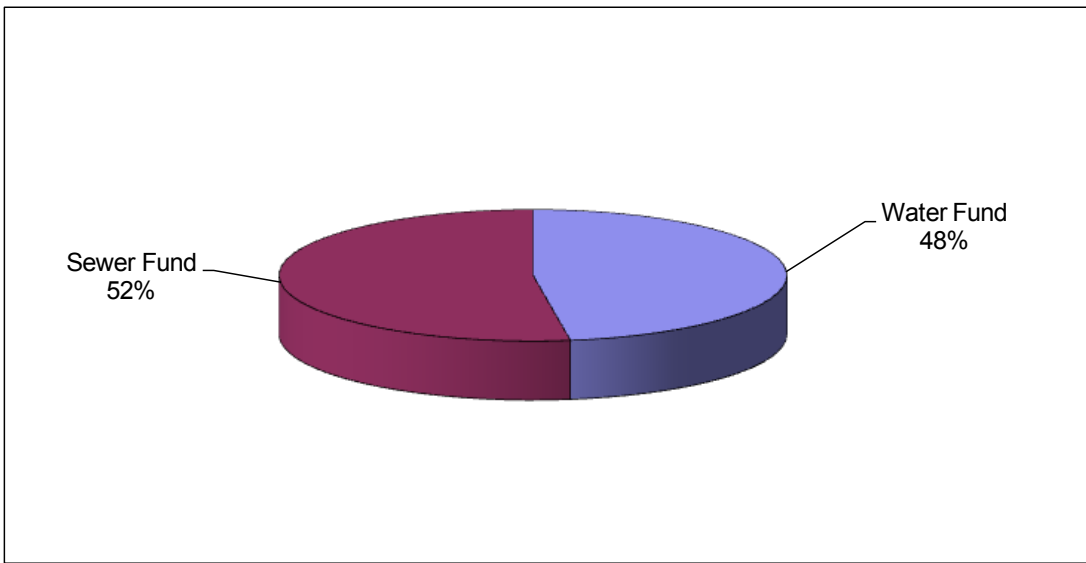
Water Utility Fund

This fund accounts for all activity of the city owned and operated water utility.

Sewer Utility Fund

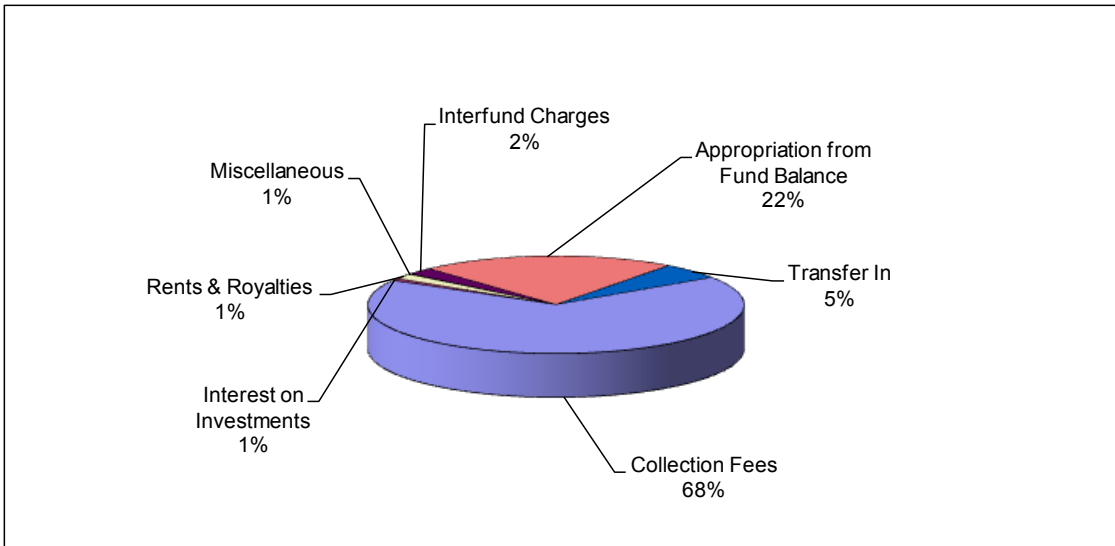
This fund accounts for all activity of the city owned and operated sewer utility.

Figure 7: Water & Sewer Funds - FY 2014 Budgeted Revenues by Function



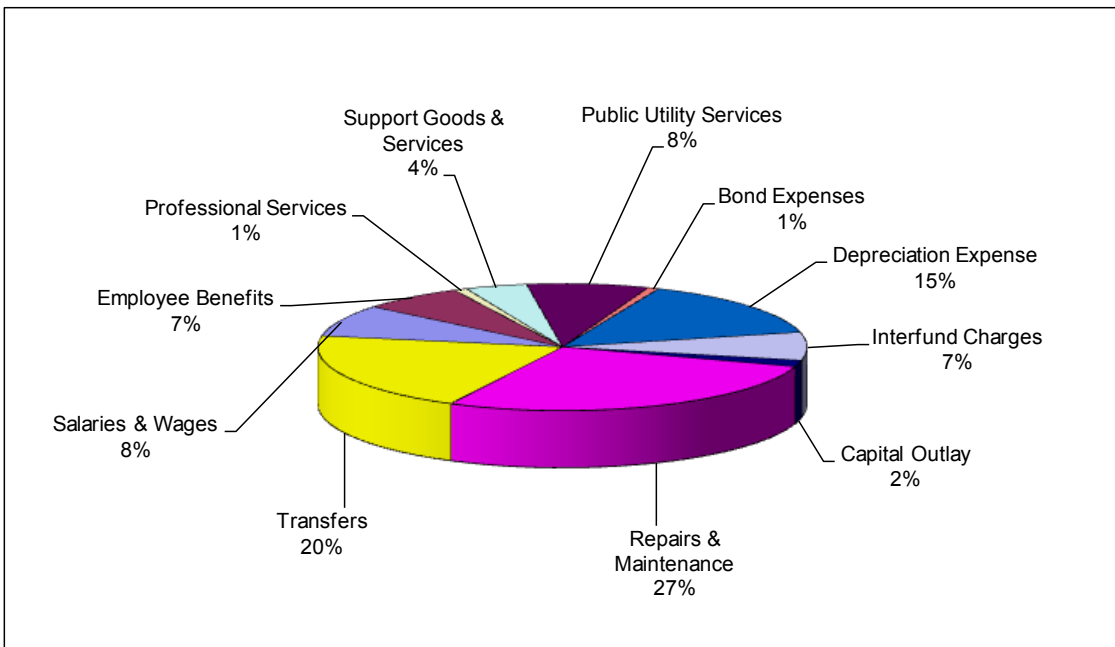
The Sewer Fund generates 52% of total revenues and the Water Fund generates 48% (Fig.7). The Water and Sewer Funds are responsible for maintaining the City's aging infrastructure while keeping rates to residents reasonable.

Figure 8: Water & Sewer Funds - FY 2014 Budgeted Revenues



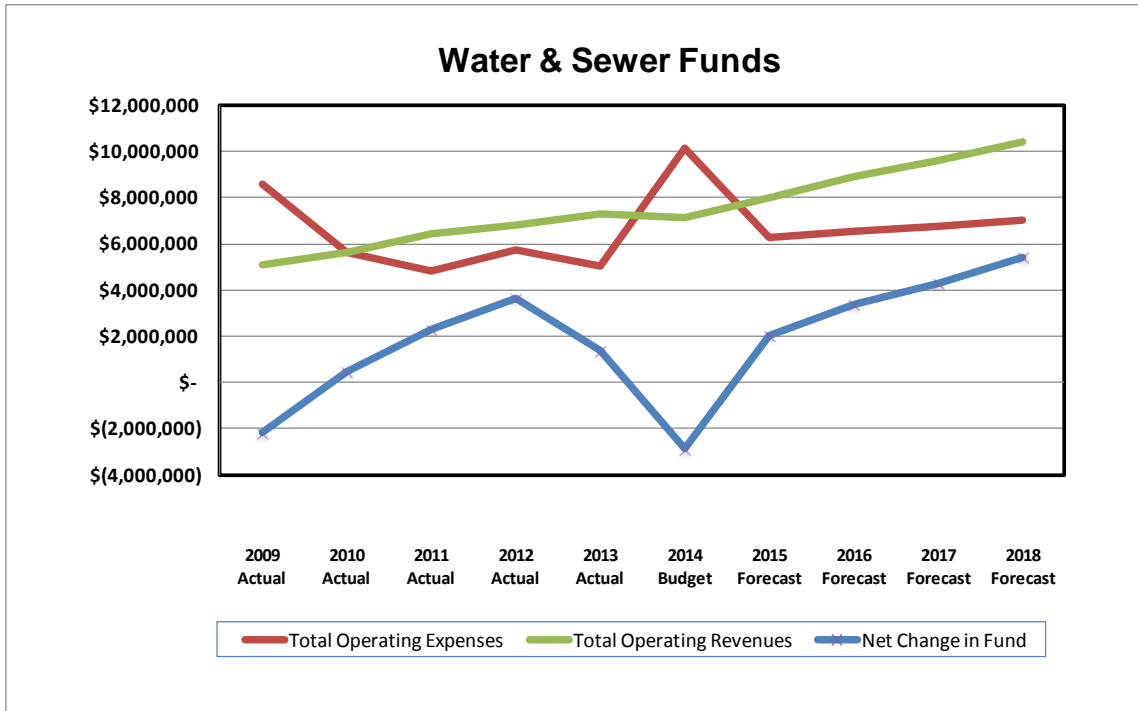
The main source of revenue is collection of fees for services at 68% (Fig.8) of total revenues. The Water and Sewer Funds use Fund Balance to make transfers to capital project funds and for operations.

Figure 9: Water & Sewer Funds - FY 2014 Budgeted Expenditures by Account Classification



The largest operating expense in the Water and Sewer Funds is for repairs and maintenance at 27% (Fig.9), depreciation at 15% of total expenses, and salaries and benefits at 15%. Transfers to other funds are 20% of total expenses.

Figure 10: Water & Sewer Funds Forecast - Actual 2009-2013, Budgeted 2014, Forecast 2015-2018



With rate studies every five years, the water and sewer funds have been able to plan for future capital projects and operations by maintaining a reasonable fund balance. The last Sewer Fund rate study was 2012 and a new rate study is in progress and should be completed by fiscal year 2015.

Water Rates			Sewer Rates		
Fiscal Year	Residential Rate	% Increase	Fiscal Year	Residential Rate	% Increase
2006	25.30		2006	32.20	
2007	25.30	0%	2007	38.02	18%
2008	26.82	6%	2008	42.93	13%
2009	28.43	6%	2009	48.39	13%
2010	30.13	6%	2010	54.55	13%
2011	34.95	16%	2011	59.82	10%
2012	39.14	12%	2012	62.81	5%
2013	43.84	12%	2013	62.81	0%
2014	47.35	8%	2014	62.81	0%
2015	51.14	8%	2015	62.81	0%
2016	55.23	8%	2016	62.81	0%

Table 5 below shows the detail for the actual, budgeted, and forecast fiscal years. These forecasts do not include future capital projects.

TABLE 5: Forecast Analysis - Income Statement with forecast values along a linear trend using existing values 2009-2014										
Water & Sewer Fund	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund Revenues										
Collection Fees	5,040,778	5,581,077	6,374,280	6,807,086	7,253,430	7,136,437	7,958,331	8,883,421	9,603,511	10,419,990
Other	35,365	58,284	53,477	20,119	38,645	24,500	23,738	19,550	15,361	11,173
Total Operating Revenues	5,076,143	5,639,361	6,427,757	6,827,205	7,292,075	7,160,937	7,982,069	8,902,971	9,618,872	10,431,163
Fund Operating Expenses										
Salaries & Benefits	1,490,838	1,487,245	1,549,698	1,771,428	1,630,677	1,958,097	1,946,829	2,032,210	2,117,590	2,202,971
Professional Services	730,825	664,733	151,698	67,704	65,159	138,500	(181,331)	(319,741)	(458,150)	(596,560)
Support Goods & Services	345,514	322,309	342,366	378,181	361,878	558,964	507,046	541,954	576,861	611,769
Utility Services	577,012	468,376	825,707	991,392	783,210	1,092,250	1,158,296	1,263,621	1,368,946	1,474,271
Capital Outlays	4,196	12,230	11,896	377,091	3,397	187,000	224,573	260,365	296,157	331,949
Interfund Charges	239,000	173,610	183,180	278,844	289,600	902,500	720,569	828,030	935,491	1,042,952
Repairs & Maintenance	3,447,635	711,956	6,286	19,408	39,861	3,450,000	2,000	2,000	2,000	2,000
Depreciation	1,772,086	1,766,325	1,765,018	1,870,595	1,863,851	1,858,000	1,898,752	1,922,401	1,946,050	1,969,700
Total Operating Expenses	8,607,106	5,606,784	4,835,849	5,754,643	5,037,633	10,145,311	6,276,734	6,530,840	6,784,945	7,039,051
Earnings (loss) from Operations	(3,530,963)	32,577	1,591,908	1,072,562	2,254,442	(2,984,374)	1,705,335	2,372,131	2,833,927	3,392,112
Nonoperating Revenue (Expenses)										
Investment Income	88,695	20,914	38,596	3,846	18,536	20,000	(6,771)	(17,782)	(28,792)	(39,802)
Interest Expense	(23,126)	(22,064)	(32,356)	(52,349)	(45,631)	(44,672)	(56,542)	(62,211)	(67,881)	(73,550)
State PERS Relief	104,049	42,515	66,234	103,817	102,990	127,194	124,606	134,170	143,734	153,298
Other	(383)	28,777	(490,519)	(96,193)	(611,800)	-	(347,569)	(391,154)	(434,740)	(478,325)
Net Nonoperating Revenue (Expenses)	169,235	70,142	(418,045)	(40,879)	(535,905)	102,522	1,829,942	2,506,301	2,977,661	3,545,410
Earning (loss) Before Transfers	(3,361,728)	102,719	1,173,863	1,031,683	1,718,537	(2,881,852)	3,535,277	4,878,433	5,811,588	6,937,521
Other Financing Sources (Uses)										
Capital Contributions	1,793,672	1,086,345	1,169,683	3,930,175	175,095	-	-	-	-	-
Transfers In	886,720	673,761	669,633	-	1,663,500	3,450,000	-	-	-	-
Transfers Out	(1,485,100)	(1,375,761)	(713,633)	(1,315,382)	(2,148,500)	(3,450,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Net Change in Fund	(2,166,436)	487,064	2,299,546	3,646,476	1,408,632	(2,881,852)	2,035,277	3,378,433	4,311,588	5,437,521
Net Assets at Beginning of Year	39,254,463	37,088,027	37,575,091	39,874,637	43,521,113	43,573,048	40,691,196	42,726,473	46,104,906	50,416,494
Net Assets at End of Year	37,088,027	37,575,091	39,874,637	43,521,113	44,929,745	40,691,196	42,726,473	46,104,906	50,416,494	55,854,015

Water & Sewer Funds - Fund Balance

	Actual	Actual	Actual	Budget	Budget	Budget
	2013	2013	2013	2014	2014	2014
	Total	Water	Sewer	Total	Water	Sewer
Net Invested in Capital Assets	\$ 31,824,034	\$ 20,200,957	\$ 11,623,077	\$ 31,824,034	\$ 20,200,957	\$ 11,623,077
Unassigned	13,105,711	6,352,606	6,753,105	8,867,162	5,690,915	3,176,247
Total	\$ 44,929,745	\$ 26,553,563	\$ 18,376,182	\$ 40,691,196	\$ 25,891,872	\$ 14,799,324

The City budget used \$2,881,852 from the fund balance in fiscal year 2014. In fiscal year 2013 the return of fund balance was \$1,408,632. There was a transfer in the amount of \$3,400,000 to the Aleutian Homes Phase V capital project in fiscal year 2014. The Fund Balance is made up of the assets of a fund less the liabilities, as determined at the end of each fiscal year. The year end fund balance is recorded in categories

that describe the use of the funds. These categories are invested in capital assets, and the unrestricted balance that can be used. Net invested in capital is comprised of all property and equipment less accumulated depreciation and less long term debt. The fiscal year 2014 fund balance that is available for use in the fiscal year 2015 budget is estimated at \$8,867,162. This is based on an ending fund balance of \$40,691,196 for fiscal year 2014 less the net invested in capital of \$31,824,034. The Water Fund has \$5,690,915 and the Sewer Fund has \$3,176,247 available. The current Sewer Fund rate study should be completed by fiscal year 2015 to improve the fund balance in that fund through reasonable rate increases.

Figure 11 below shows the total fund balance each fiscal year and Figure 12 shows the change in fund balance each fiscal year or the use of fund balance per fiscal year. This figure includes an average projected transfer of \$1,500,000 for capital project expenditures.

Figure 11: Water & Sewer Funds – Total Fund Balance each Fiscal Year

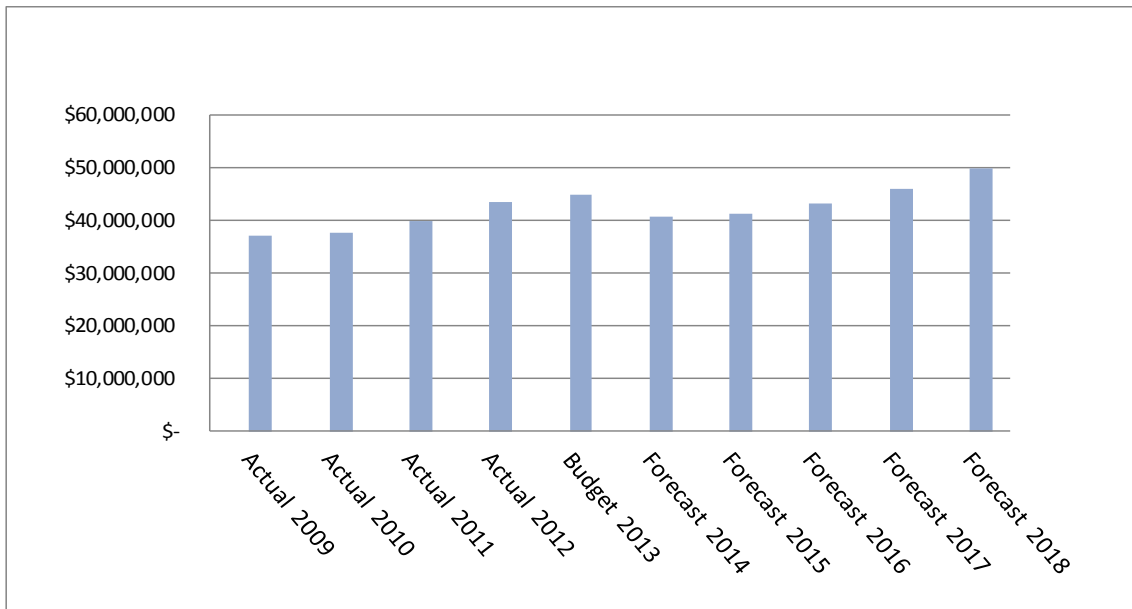
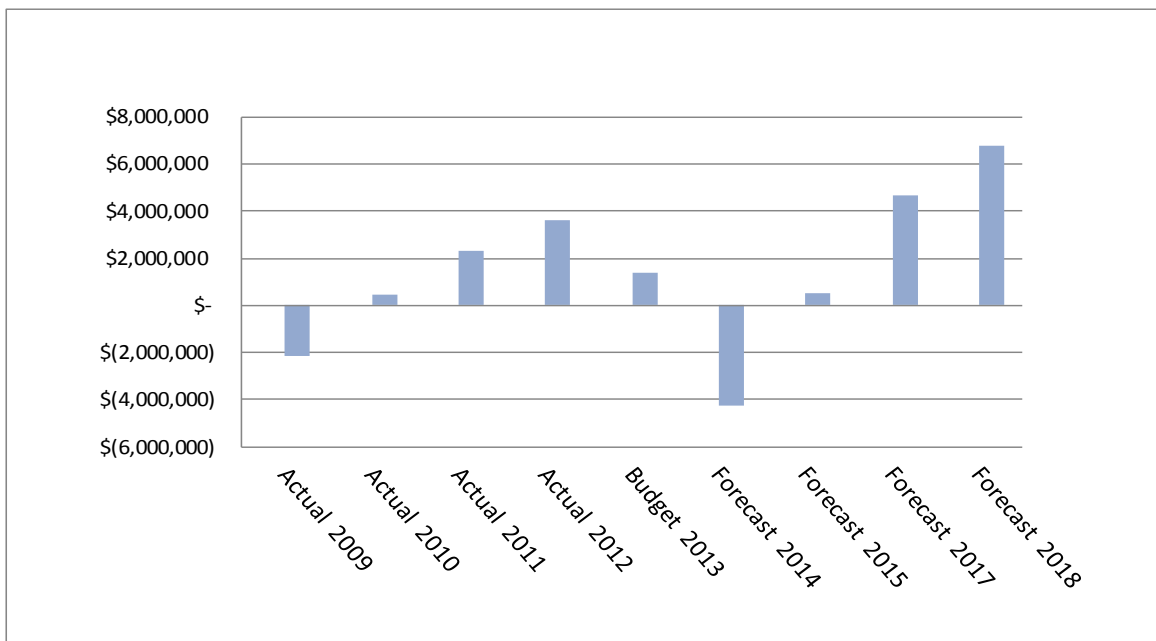


Figure 12: Water & Sewer Funds – Change in Fund Balance each Fiscal Year



HARBOR FUNDS

The Harbor Funds are also Enterprise Funds, and as such, account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Council is that the costs of providing goods and services to the public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes. The General Fund transfers \$500,000 each fiscal year to the Harbor Capital Project fund based on the Sales Tax Code allocation. The following is a list of the harbor enterprise funds:

Cargo Terminal Fund

This fund accounts for all activity of the city owned and operated cargo terminal, which includes a warehouse and piers.

Boat Harbor Fund

This fund accounts for all activity for the Port of Kodiak, which is city owned and operated and includes two harbors.

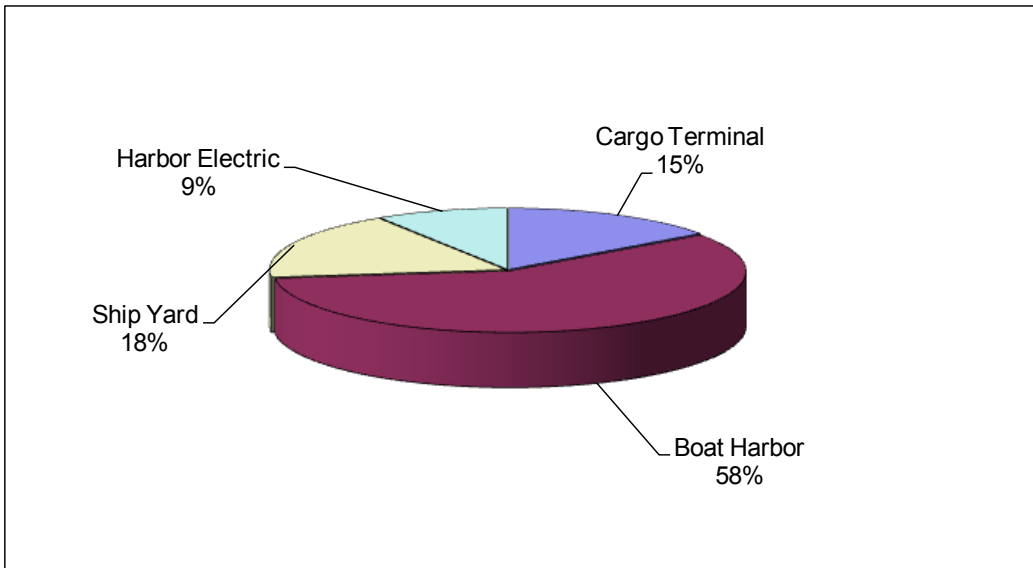
Ship Yard Fund

This fund accounts for all activity for the Ship Yard Facility which is city owned and operated.

Harbor Electric Fund

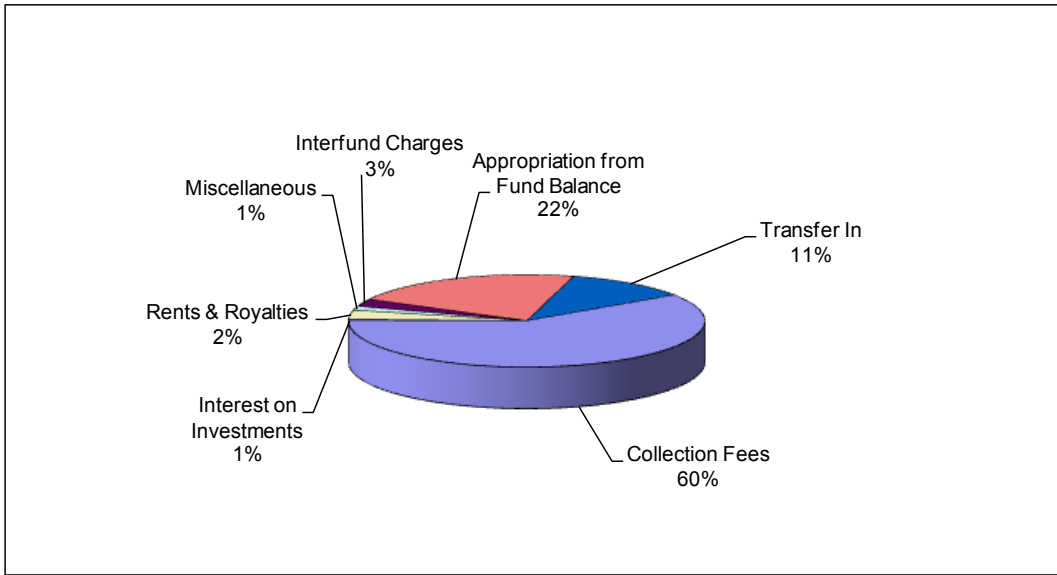
This fund accounts for the use of electrical power for the Boat Harbor, which is city owned and operated and includes two harbors.

Figure 13: Harbor Funds – FY 2014 Budgeted Revenues by Function



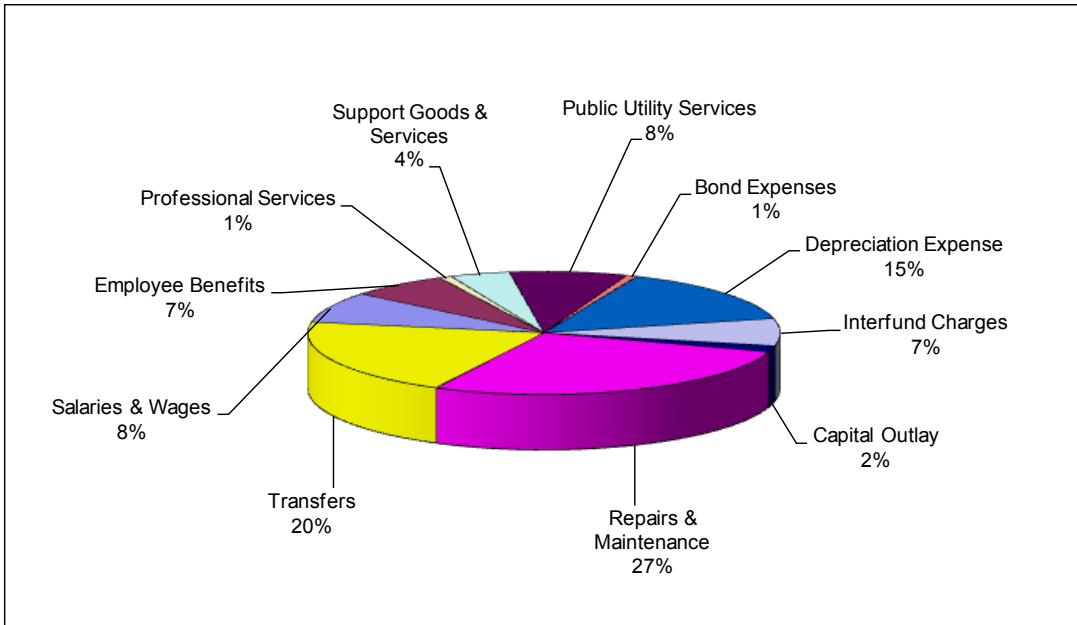
The Cargo Fund generates 15% of total revenues, the Harbor Fund 58% (Fig.13), the Ship Yard 18% and the Harbor Electric Fund 9%. The Harbor Funds are responsible for maintaining the City's Harbors while keeping rates to the fishing fleet reasonable.

Figure 14: Harbor Funds - FY 2014 Budgeted Revenues



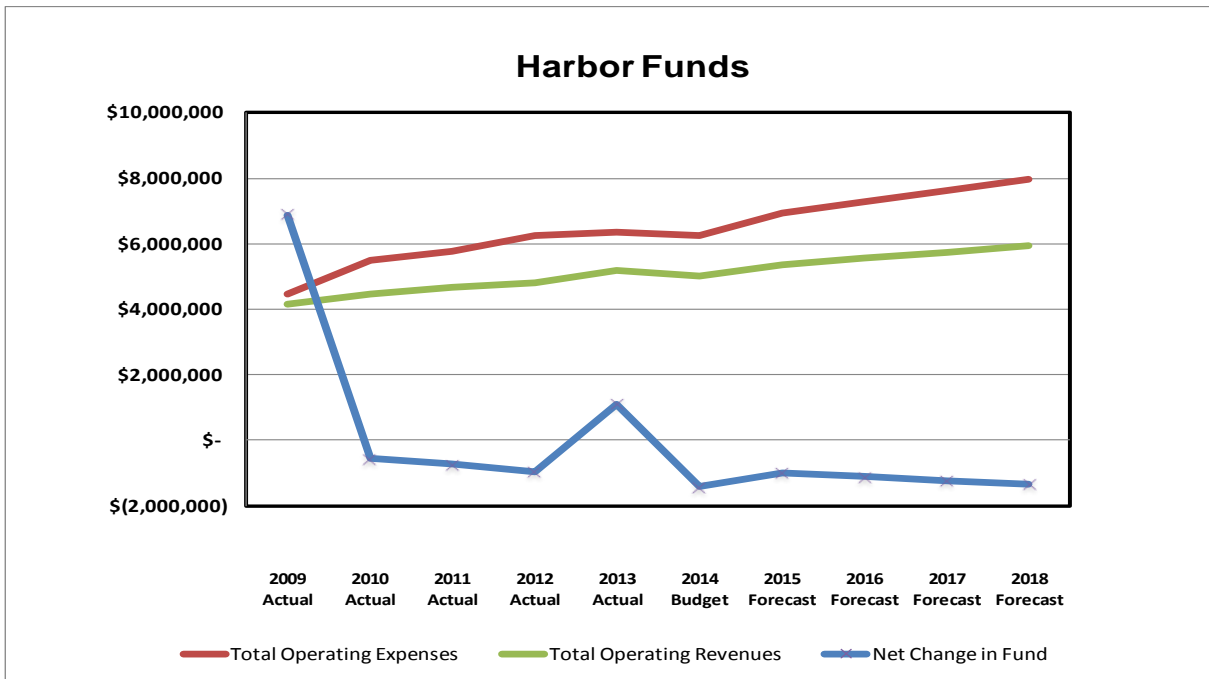
The main source of revenues is collection of fees for services or 60% (Fig.14), of total revenues. The Harbor Funds use Fund Balance to make transfers to capital project funds and for operations.

Figure 15: Harbor Funds – FY 2014 Budgeted Expenditures by Account Classification



The largest expenses in the Harbor Funds are repairs and maintenance at 27%, (Fig.15), of total expenses, salaries and benefits at 28%, depreciation at 15%.

Figure 16: Harbor Funds Forecast - Actual 2009-2013, Budgeted 2014, Forecast 2015-2018



As a result of a recommendation from the Harbor Advisory Board, a rate increase was implemented for Harbor moorage rates in fiscal year 2004 for four years and the rates were again adjusted in fiscal year 2011. The chart below shows the increase in moorage rates. Moorage rates are the largest category of fees in the Harbor Funds. Fiscal Year 2010 was the first full year that the Ship Yard was in operation. The Ship Yard rates were increased in fiscal year 2011 and then again in fiscal year 2013. Lift, Block and Launch fees make up 44% of Ship Yard revenues and Lay Days make up 31%. In the future, continued operating losses may necessitate additional transfers from the General Fund or additional rate increases in the Ship Yard Fund.

Harbor & Ship Yard Rates

Fiscal Year	HARBOR MOORAGE RATES			
	Annual Moorage Per Foot		% Increase	
	Low	High	Low	High
2004	23.00	37.00		
2005	25.00	60.00	9%	62%
2006	27.00	73.00	8%	22%
2007	28.00	88.00	4%	21%
2008	29.00	98.00	4%	11%
2009	29.00	98.00	0%	0%
2010	29.00	98.00	0%	0%
2011	30.00	100.00	3%	2%
2012	30.00	100.00	0%	0%

Low Range = 0 to 20 feet
 High Range = 151 feet and higher

Fiscal Year	SHIP YARD RATES			
	Lift, Block, and Launch		% Increase	
	Low	High	Low	High
2010	40.00	70.00		
2011	44.00	77.00	10%	10%
2013	53.00	92.00	20%	19%

Low Range = Vessels up to 80 feet
 High Range = 151 feet and higher

Fiscal Year	SHIP YARD RATES			
	Lay Days		% Increase	
	Low	High	Low	High
2010	1.75	2.75		
2011	2.20	2.20	26%	-20%
2013	2.65	2.65	20%	100%

Low Range = November 1 - March 31
 High Range = April 1 - October 31

Table 6 below shows the detail for the actual, budget and forecasted fiscal years. These forecasts do not include future capital projects.

TABLE 6: Forecast Analysis - Income Statement with forecast values along a linear trend using existing values 2009-2014										
Harbor	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund Revenues										
Collection Fees	3,897,970	3,976,024	4,123,339	4,495,391	5,135,917	4,992,230	5,369,115	5,635,487	5,901,860	6,168,232
Other	259,501	484,122	553,936	310,002	56,552	9,300	1,137	(78,224)	(157,586)	(236,947)
Total Operating Revenues	4,157,471	4,460,146	4,677,275	4,805,393	5,192,469	5,001,530	5,370,252	5,557,263	5,744,274	5,931,285
Fund Operating Expenses										
Salaries & Benefits	1,265,554	1,343,916	1,451,235	1,592,967	1,663,133	1,882,089	1,951,355	2,070,842	2,190,330	2,309,817
Professional Services	74,827	105,112	228,564	134,550	118,721	139,500	160,563	168,283	176,002	183,722
Support Goods & Services	958,980	1,044,714	1,032,885	1,141,906	942,695	1,001,227	1,021,821	1,022,227	1,022,632	1,023,038
Utility Services	147,649	140,960	162,895	178,625	181,117	234,000	231,003	247,231	263,458	279,685
Capital Outlays	108,022	97,113	46,869	38,187	30,382	56,500	16,197	2,869	(10,459)	(23,787)
Interfund Charges	378,940	391,579	391,309	456,369	600,643	624,527	665,913	720,776	775,638	830,501
Repairs & Maintenance	-	568,055	167,021	388,695	495,790	-	270,415	270,554	270,694	270,833
Depreciation	1,538,885	1,787,423	2,302,339	2,300,721	2,306,264	2,301,560	2,626,360	2,779,739	2,933,119	3,086,498
Total Operating Expenses	4,472,857	5,478,872	5,783,117	6,232,020	6,338,745	6,239,403	6,943,628	7,282,520	7,621,413	7,960,306
Earnings (loss) from Operations	(315,386)	(1,018,726)	(1,105,842)	(1,426,627)	(1,146,276)	(1,237,873)	(1,573,375)	(1,725,257)	(1,877,139)	(2,029,021)
Nonoperating Revenue (Expenses)										
Investment Income	166,172	38,239	39,610	13,439	30,496	23,000	50,000	50,000	50,000	50,000
Interest Expense	(24,405)	(306,322)	(334,588)	(332,711)	(334,802)	(329,574)	(340,000)	(340,000)	(340,000)	(340,000)
State PERS Relief	94,559	43,076	67,880	98,825	121,783	125,176	133,898	145,903	157,907	169,911
Other	24,778	201,751	112,736	183,343	472,627	-	241,807	263,503	285,198	306,894
Net Nonoperating Revenue (Expenses)	261,104	(23,256)	(114,362)	(37,104)	290,104	(181,398)	85,705	119,405	153,105	186,805
Earning (loss) Before Transfers	(54,282)	(1,041,982)	(1,220,204)	(1,463,731)	(856,172)	(1,419,271)	(1,487,670)	(1,605,852)	(1,724,034)	(1,842,216)
Other Financing Sources (Uses)										
Capital Contributions	6,292,418	-	-	-	1,467,558	-	-	-	-	-
Transfers In	645,784	4,945,260	2,283,431	1,300,000	1,319,768	500,000	500,000	500,000	500,000	500,000
Transfers Out	-	(4,470,260)	(1,803,431)	(800,000)	(819,768)	(500,000)	-	-	-	-
Net Change in Fund	6,883,920	(566,982)	(740,204)	(963,731)	1,111,386	(1,419,271)	(987,670)	(1,105,852)	(1,224,034)	(1,342,216)
Net Assets at Beginning of Year	33,460,237	40,344,157	39,777,175	39,036,971	38,073,240	39,184,626	37,765,355	36,777,685	35,671,833	34,447,798
Net Assets at End of Year	40,344,157	39,777,175	39,036,971	38,073,240	39,184,626	37,765,355	36,777,685	35,671,833	34,447,798	33,105,582

Harbor Funds – Fund Balance

	Actual	Actual	Actual	Actual	Actual
	2013	2013	2013	2013	2013
	Total	Cargo	Harbor	Electric	Ship Yard
Net Invested in Capital Assets	\$ 30,693,840	\$ 7,222,380	\$ 12,407,830	\$ 42,471	\$ 11,021,159
Restricted for Debt Service	505,050	-	129,581	-	375,469
Unassigned	7,985,736	4,585,578	2,394,267	644,830	361,061
Total	\$ 39,184,626	\$ 11,807,958	\$ 14,931,678	\$ 687,301	\$ 11,757,689

	Budget	Budget	Budget	Budget	Budget
	2014	2014	2014	2014	2014
	Total	Cargo	Harbor	Electric	Ship Yard
Net Invested in Capital Assets	\$ 30,693,840	\$ 7,222,380	\$ 12,407,830	\$ 42,471	\$ 11,021,159
Restricted for Debt Service	505,050	-	129,581	-	375,469
Unassigned	6,566,465	4,774,953	1,405,883	630,976	(245,347)
Total	\$ 37,765,355	\$ 11,997,333	\$ 13,943,294	\$ 673,447	\$ 11,151,281

The City overall

Harbor budget used \$1,419,271 of fund balance in fiscal year 2014. In fiscal year 2013 the return of fund balance was a positive \$1,111,386. Of this total \$1,722,690 was in the Cargo Fund, \$(888,309) in the Harbor Fund, \$68,202 in Electric and \$208,803 in the Ship Yard Fund. The Fund Balance is made up of the assets of a fund less the liabilities, as determined at the end of each fiscal year. The year end fund balance is recorded in categories that describe the use of the funds. These categories are invested in capital assets, and the unrestricted balance that can be used. The fiscal year 2014 unassigned fund balance that is available for use in the fiscal year 2015 budget is estimated at \$6,566,465. Of this total \$4,774,953 is available in the Cargo Fund, \$1,405,883 for the Harbor Fund, \$630,976 in Electric and \$(245,347) in the Ship Yard Fund.

A transfer at the rate of approximately \$800,000 per year to the Ship Yard Fund from the Harbor Fund has been necessary. The Harbor Fund is designated to cover the short fall in the Ship Yard fund, with funds coming from the General Fund if the Harbor Fund is unable to cover the short fall. At the end of fiscal year 2014 the Ship Yard will have a bonded debt balance in the amount of \$4,615,000. The Bond Statement specifies that if gross revenues generated from the Ship Yard Fund are not sufficient to make any payments required, the City shall apply supplemental revenue to make up the deficiency. It is important that all the harbor funds remain viable through proper rate structures to maintain a healthy fund balance.

Figure 17 below shows the total fund balance each fiscal year and Figure 18 shows the change in fund balance each fiscal year or the use of fund balance per fiscal year.

Figure 17: Harbor Funds – Total Fund Balances each Fiscal Year

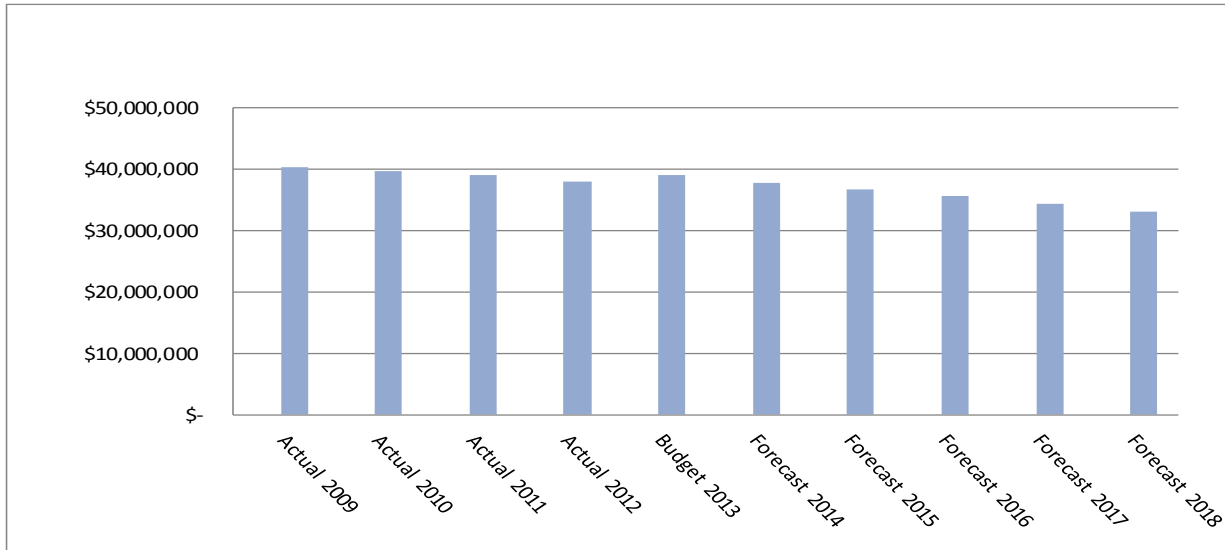
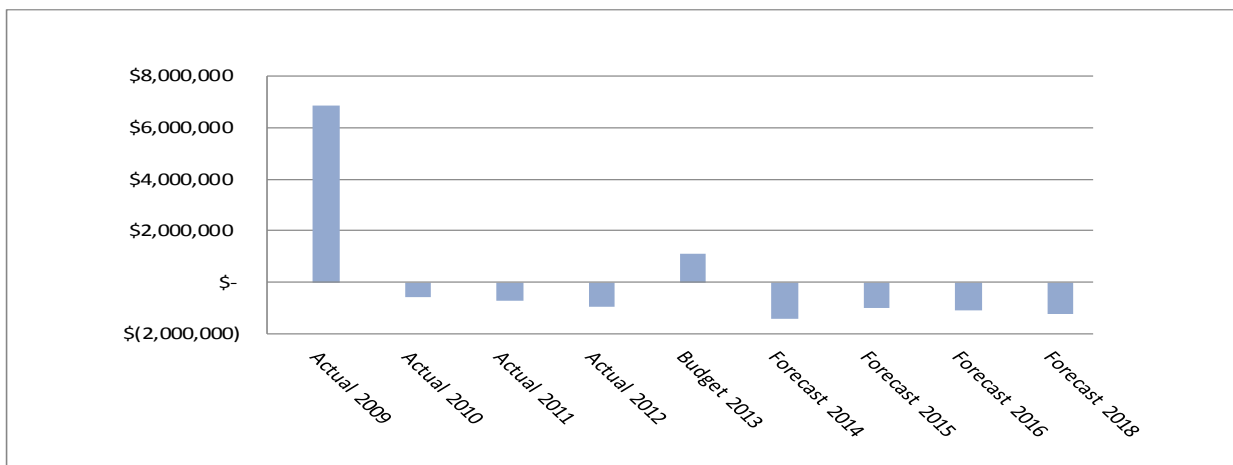


Figure 18: Harbor Funds – Change in Fund Balance each Fiscal Year



**CITY OF KODIAK
RESOLUTION NUMBER 2014-08**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK APPROVING
THE CITY COUNCIL'S BUDGET GOALS FOR FY2015**

WHEREAS, budget guidelines help ensure that the City's budget is prepared in a manner consistent with City Council desires; and

WHEREAS, the City Council discussed and selected the list of budget goals at their February 1, 2014, planning meeting; and

WHEREAS, management will use the listed budget goals as guidelines when developing the FY2015 budget.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following budget goals will be used in the development of the City of Kodiak's FY2015 budget:

Revenue

Revenues will continue to be estimated conservatively using an analytical and objective approach.

One-time revenues will be used only for one-time expenditures. The City will avoid using temporary revenues or grants to fund routine City services or positions.

Within resources available, the City will maintain capital assets and infrastructure at a level that is adequate to protect its investment, to minimize future replacement and maintenance costs, and to maintain existing service levels.

Operating Expenses

General Fund operating (non-personnel) expenses for FY 2015 will be at a level consistent with FY 2014. Required increases will be justified to the City Manager in writing and, if approved, presented by department heads to the City Council for final consideration during budget presentations.

Review existing programs and services to assess how well budgeted performance indicators met goals and objectives ~~services address community needs and changes that may be necessary to respond to opportunities and challenges and factors that could affect their provision in the future.~~

Required increases to departmental level operating (non-personnel) expenses in the General Fund will be justified to the Manager in writing and, if approved, presented by department heads to the City Council during budget presentations.

Charges for Fees and Services will be reviewed and updated annually to ensure quality service delivery and adequate revenues.

City management will continue to examine ways or hold the line on expenditures without significant impact to level and quality of services provided to residents.

Personnel Goals

There will be no increase in the number of employee full-time equivalents (FTEs) of 125.15, providing that revenues remain consistent with FY 2014, and there are no changes in operational needs.

~~Administration will centralize human resource functions to ensure uniform application of policies and to limit potential liability.~~

~~Selected~~ Sections of the PR&R will be reviewed and amended to implement the classification and compensation study plan consistent with budgetary resources and improve practices that reflect recognized Human Resources standards.

General Fund

Council will review ways to increase revenues in the General Fund to help offset increases in operating expenses, meet infrastructure needs, and increase the fund balance.

General Fund revenues will be forecast conservatively and take into consideration state funding policies such as, community revenue sharing, shared fisheries and other shared business taxes, pension costs and liabilities, and the required allocation of sales tax.

A detailed review of all categories of General Fund expenditures will be conducted in FY 2015 to identify ways to decrease expenses.

The General Fund will be budgeted without a deficit through appropriations from the fund balance when/if necessary, and with a goal to maintain a minimum of ~~two~~ up to six months operating reserves. Council may appropriate additional funds for capital projects.

Enterprise Funds

The major enterprise funds will develop long-term plans to include maintenance and repairs, needed facility replacement or expansion, and a schedule for rate reviews.

Enterprise Funds will complete rate studies every five years and present them to the City Council for implementation. In FY 2015, ~~Cargo, Harbor, Boat Yard/Boat Lift~~ Shipyard and Sewer rate studies will be conducted.

The ~~Boat Yard/Boat Lift~~ Shipyard will reach a breakeven point (not including depreciation) by the year ending FY 2016, including adequate revenues through charges for services to meet debt payments and operational expenses without transfers from other funds.

The business plan and marketing campaign for services will continue to be refined to capture maximum revenues.

Ensure adequate revenues are available to continue to maintain and improve Harbor facilities that support fisheries and support sector services and activities.

Community Support

The total amount available to fund non-profit requests will continue to follow the Council established level of funding which is based on 1% of General Fund revenues.

Capital

The City Manager and management staff will develop and refine the City's ~~continue to work on a~~ formal five-year capital improvement plan (CIP) that ~~will identify, prioritize, and evaluate~~ identifies and ranks projects ~~funding options~~ for capital and major maintenance projects. The City will utilize the planning document and develop policies and procedures identifying criteria and steps for implementation. Once complete, the capital budget will link to, and flow from, the multi-year capital improvement plan.

Debt Service

The City will not incur new debt without appropriate analysis to:

- Show impacts on rates or taxpayers, or
- Analyze financial capacity for proposed capital projects, or
- Determine if the debt is required for projects mandated by the state or federal government, needed for economic development, environmental, aesthetic or quality of life, or health and safety improvements.

Quality of Life

The City will provide adequate services that meet the community needs, priorities, challenges and opportunities with consideration given to the condition of the economy, the composition of the population, technology, legal or regulatory issues, intergovernmental issues, and physical or environmental issues.

Economic Development

The City will review and evaluate available information about trends in community conditions, the external factors affecting it, opportunities that may be available, and problems and issues to be addressed.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Adopted:

City of Kodiak
Budget Calendar FY 2015

FY 2015	ITEM	BY
February 1, 2014	Review City Council Goals and prepare suggested changes	City Manager & City Council
February 11, 2014	City Council Presentation FY 2014 Revenue Projections, & Budget Calendar	City Manager & Finance Director
February 13, 2014	City Council adopts Goals by Resolution	City Manager & City Council
March 5, 2014	Meeting of City Manager & Department Heads to distribute budget packets and provide overview of information in packets.	City Manager & Department Heads
March 31, 2014	Final day for departmental budget requests to be returned to Manager (via Finance Department)	Department Heads
April 7-18, 2014	City Manager & Finance Director reviews departmental budget with respective Department Heads.	City Manager/ Finance Director & Department Heads
April 25, 2014	Distribute Manager's Budget to City Council	City Manager
May 10, 2014	City Council and Manager budget work sessions. Departmental Budget Presentation to City Council	City Manager/ Department Heads & City Council
May 22, 2014	First reading of budget ordinance	City Manager/ Finance Director & City Council
June 6, 2014	Advertisement for overall City Council Agenda including Budget	Clerk
June 12, 2014	Second reading and public hearing of budget ordinance; adoption of budget	City Manager/ Finance Director & City Council
July 1, 2014	Budget Implementation	Finance Director
September 10, 2014	90 day Submittal to Distinguished Budget Presentation Awards Program - Government Finance Officers Association	Finance Director