

KODIAK CITY COUNCIL

BUDGET WORK SESSION AGENDA

Monday, April 2, 2018

Kodiak Public Library Multi-Purpose Room

6:30 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. Continued Review of Draft FY2019 Budget.....1

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FY 2019 BUDGET SUMMARY – GENERAL FUND

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager
Through: Kelly Mayes, Finance Director
Date: March 28, 2018
Topic: FY 2019 Budget Summary – Option # 1

Option # 1 includes the following:

<i>Surplus Prior to Adjustments:</i>	\$ 98,293
<i>Total Decrease to General Fund:</i>	\$ 488,400
<i>Appropriation from Fund Balance / Enhancement Fund:</i>	<u>\$ 413,307</u>
<i>Total Option # 1:</i>	<i>\$1,000,000</i>

Decreases to the General Fund include the following:

- | | |
|--|-----------|
| 1. Remove Quantar Repeaters and Voting Receiver: | \$368,400 |
| 2. Replace Streets Case Loader with a smaller one: | \$100,000 |
| 3. Change of direction with Finance Director position: | \$ 20,000 |

Consequences of items noted above:

1. Quantar Repeaters and Voting Receiver are due for replacement in FY 2020. Due to FCC regulations, these must be replaced no later than 12/31/2020 as they will be out of compliance in calendar year 2020. As FY 2020 begins on July 1, 2019 and ends on June 30, 2020, these can be delayed for a maximum of one fiscal year budget cycle.
2. The Streets department needs two case loaders – 812B and 621B. During budget preparations, the Public Works director opted to replace the 812B at \$320,000 in FY 2019 and delay the 621B to FY 2020. If the 621B were replaced in FY 2019, it would reduce the cost by \$100,000. However, the 812B would have to be replaced in FY 2020.
3. Due to the change of direction with the Finance Director position, Finance department travel can be reduced by \$20,000.

FY 2019 BUDGET SUMMARY – GENERAL FUND

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager
Through: Kelly Mayes, Finance Director
Date: March 28, 2018
Topic: FY 2019 Budget Summary – Option # 2

Option # 2 includes the following:

<i>Surplus Prior to Adjustments:</i>	\$ 98,293
<i>Total Decrease to General Fund:</i>	\$ 901,707
<i>Appropriation from Fund Balance / Enhancement Fund:</i>	<u>\$ -0-</u>
<i>Total Option # 2:</i>	<i>\$1,000,000</i>

Decreases to the General Fund include the following:

- | | |
|---|------------|
| 1. Remove Quantar Repeaters and Voting Receiver: | \$ 368,400 |
| 2. Remove Streets Case Loader from Capital Outlays: | \$ 320,000 |
| 3. Change of direction with Finance Director position: | \$ 20,000 |
| 4. Reduce New Fire Station project (originally at \$315,000 for FY 2019): | \$ 193,307 |

Consequences of items noted above:

- Quantar Repeaters and Voting Receiver are due for replacement in FY 2020. Due to FCC regulations, these must be replaced no later than 12/31/2020 as they will be out of compliance in calendar year 2020. As FY 2020 begins on July 1, 2019 and ends on June 30, 2020, these can be delayed for a maximum of one fiscal year budget cycle.
- The Streets department needs two case loaders – 812B and 621B. During budget preparations, the Public Works director opted to replace the 812B at \$320,000 in FY 2019 and delay the 621B to FY 2020. If the 621B were replaced in FY 2019, it would reduce the cost by \$100,000. However, the 812B would have to be replaced in FY 2020. As the Streets Department requires a new case loader in FY 2019, the following adjustments to the sales allocations would need to be made in the Streets Improvement Fund:

Reduce Annual Sidewalk, Curb, and Gutter	(\$ 25,000)
Reduce Annual Paving Project	(\$ 155,000)
Add Case Loader 621B	+\$ 220,000

*By reallocating the Streets Improvement Fund Sales Tax Allocation of \$450,000, this would require \$75,000 to be allocated to Annual Sidewalk, Curb & Gutter for FY 2020, and reduce the amounts available for paving Larch Street and portions of Near Island (estimated costs of \$240,000). The total amount available for annual paving projects for FY 2019 would become \$395,000. Per the City Code, the Streets Sales Tax Allocation can be used to purchase Streets Capital Equipment.

3. Due to the change of direction with the Finance Director position, Finance department travel can be reduced by \$20,000.
4. The New Fire Station project currently has an available balance of \$651,661. The FY 2019 budget would have allocated an additional \$315,000 to this project. The proposed changes would decrease the \$315,000 addition to \$121,693. Therefore, available funding for the New Fire Station project becomes a total of \$773,354.

FY 2019 BUDGET SUMMARY – GENERAL FUND

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager
Through: Kelly Mayes, Finance Director
Date: March 28, 2018
Topic: FY 2019 Budget Summary – Option # 3

Option # 3 includes the following:

Surplus Prior to Adjustments:	\$ 98,293
Total Decrease to General Fund:	\$ 533,307
Appropriation from Fund Balance / Enhancement fund:	<u>\$ 368,400</u>
Total Option # 3:	<u>\$1,000,000</u>

Decreases to the General Fund include the following:

- | | |
|---|------------|
| 1. Remove Streets Case Loader from Capital Outlays: | \$ 320,000 |
| 2. Change of direction with Finance Director position: | \$ 20,000 |
| 3. Reduce New Fire Station project (originally at \$315,000 for FY 2019): | \$ 193,307 |

Consequences of items noted above:

1. The Streets department needs two case loaders – 812B and 621B. During budget preparations, the Public Works director opted to replace the 812B at \$320,000 in FY 2019 and delay the 621B to FY 2020. If the 621B were replaced in FY 2019, it would reduce the cost by \$100,000. However, the 812B would have to be replaced in FY 2020. As the Streets Department requires a new case loader in FY 2019, the following adjustments to the sales allocations would need to be made in the Streets Improvement Fund:

Reduce Annual Sidewalk, Curb, and Gutter	(\$ 25,000)
Reduce Annual Paving Project	(\$ 155,000)
Add Case Loader 621B	+\$ 220,000

*By reallocating the Streets Improvement Fund Sales Tax Allocation of \$450,000, this would require \$75,000 to be allocated to Annual Sidewalk, Curb & Gutter for FY 2020, and reduce the amounts available for paving Larch Street and portions of Near Island (estimated costs of \$240,000). The total amount available for annual paving projects for FY 2019 would become \$395,000. Per the City Code, the Streets Sales Tax Allocation can be used to purchase Streets Capital Equipment.

2. Due to the change of direction with the Finance Director position, Finance department travel can be reduced by \$20,000.

3. The New Fire Station project currently has an available balance of \$651,661. The FY 2019 budget would have allocated an additional \$315,000 to this project. The proposed changes would decrease the \$315,000 addition to \$121,693. Therefore, available funding for the New Fire Station project becomes a total of \$773,354.

FY 2019 BUDGET SUMMARY – GENERAL FUND

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager
Through: Kelly Mayes, Finance Director
Date: March 28, 2018
Topic: FY 2019 Budget Summary – Option # 4

Option # 4 includes the following:

<i>Surplus Prior to Adjustments:</i>	\$ 98,293
<i>Total Decrease to General Fund:</i>	\$ 1,023,400
<i>Appropriation from Fund Balance / Enhancement fund:</i>	<u>\$ -0-</u>
<i>Total Option # 4:</i>	\$1,121,693

Decreases to the General Fund include the following:

- | | |
|--|------------|
| 1. Remove Quantar Repeaters and Voting Receiver | \$ 368,400 |
| 2. Remove Streets Case Loader from Capital Outlays: | \$ 320,000 |
| 3. Change of direction with Finance Director position: | \$ 20,000 |
| 4. Remove New Fire Station project FY 2019 additions: | \$ 315,000 |

Consequences of items noted above:

1. Quantar Repeaters and Voting Receiver are due for replacement in FY 2020. Due to FCC regulations, these must be replaced no later than 12/31/2020 as they will be out of compliance in calendar year 2020. As FY 2020 begins on July 1, 2019 and ends on June 30, 2020, these can be delayed for a maximum of one fiscal year budget cycle.

2. The Streets department needs two case loaders – 812B and 621B. During budget preparations, the Public Works director opted to replace the 812B at \$320,000 in FY 2019 and delay the 621B to FY 2020. If the 621B were replaced in FY 2019, it would reduce the cost by \$100,000. However, the 812B would have to be replaced in FY 2020. As the Streets Department requires a new case loader in FY 2019, the following adjustments to the sales allocations would need to be made in the Streets Improvement Fund:

Reduce Annual Sidewalk, Curb, and Gutter	(\$ 25,000)
Reduce Annual Paving Project	(\$ 155,000)
Add Case Loader 621B	+\$ 220,000

* By reallocating the Streets Improvement Fund Sales Tax Allocation of \$450,000, this would require \$75,000 to be allocated to Annual Sidewalk, Curb & Gutter for FY 2020, and reduce the amounts available for paving Larch Street and portions of Near Island (estimated costs of \$240,000). The total amount available for annual paving projects for FY 2019 would become \$395,000. Per the City Code, the Streets Sales Tax Allocation can be used to purchase Streets Capital Equipment.

3. Due to the change of direction with the Finance Director position, Finance department travel can be reduced by \$20,000.
4. The New Fire Station project currently has an available balance of \$651,661. The FY 2019 budget would have allocated an additional \$315,000 to this project.

FY 2019 BUDGET SUMMARY – GENERAL FUND

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager
Through: Kelly Mayes, Finance Director
Date: March 28, 2018
Topic: FY 2019 Budget Summary – Option # 5

Option # 5 includes the following:

<i>Surplus Prior to Adjustments:</i>	\$ 98,293
<i>Total Decrease to General Fund:</i>	\$ -0-
<i>Appropriation from Fund Balance:</i>	\$ 450,853
<i>Transfer from Enhancement Fund:</i>	<u>\$ 450,854</u>
<i>Total Option # 5:</i>	\$ 1,000,000

Enhancement Fund:

The Enhancement fund consists of funds invested through allowable securities and managed by Alaska Permanent Capital Management. To transfer funds from the Enhancement fund, investment securities would need to be sold, the cash transferred from the enhancement portfolio into the general fund operating account. The current fund balance of the Enhancement fund is approximately \$4.1 million. After this reduction, the fund balance of the Enhancement fund would be approximately \$3.6 million.

To sell investment securities, a super majority vote of the Council to approve this transfer would be required. In addition, once approval is obtained from the Council, the Investment Committee would have to approve the sale of securities by a majority vote.

General Fund:

The fund balance of the general fund is approximately \$5.8 million. After this reduction, this fund balance of the General fund would be approximately \$5.3 million.

FY 2019 BUDGET SUMMARY – GENERAL FUND

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager
Through: Kelly Mayes, Finance Director
Date: March 28, 2018
Topic: FY 2019 Budget Summary – Option # 6

Option # 6 includes the following:

<i>Surplus Prior to Adjustments:</i>	\$ 98,293
<i>Total Decrease to General Fund:</i>	\$ -0-
<i>Appropriation from Fund Balance:</i>	\$ 901,707
<i>Transfer from Enhancement Fund:</i>	<u>\$ -0-</u>
<i>Total Option # 6:</i>	<u>\$ 1,000,000</u>

General Fund:

The fund balance of the general fund is approximately \$5.8 million. After this reduction, this fund balance of the General fund would be approximately \$4.8 million.

FY 2019 BUDGET SUMMARY – GENERAL FUND

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager
Through: Kelly Mayes, Finance Director
Date: March 28, 2018
Topic: FY 2019 Budget Summary – Option # 7

Option # 7 includes the following:

<i>Surplus Prior to Adjustments:</i>	\$ 98,293
<i>Total Decrease to General Fund:</i>	\$ -0-
<i>Appropriation from Fund Balance:</i>	\$ -0-
<i>Transfer from Enhancement Fund:</i>	<u>\$ 901,707</u>
<i>Total Option # 7:</i>	<u>\$ 1,000,000</u>

Enhancement Fund:

The Enhancement fund consists of funds invested through allowable securities and managed by Alaska Permanent Capital Management. To transfer funds from the Enhancement fund, investment securities would need to be sold, the cash transferred from the enhancement portfolio into the general fund operating account. The current fund balance of the Enhancement fund is approximately \$4.1 million. After this reduction, the fund balance of the Enhancement fund would be approximately \$3.1 million.

To sell investment securities, a super majority vote of the Council to approve this transfer would be required. In addition, once approval is obtained from the Council, the Investment Committee would have to approve the sale of securities by a majority vote.