

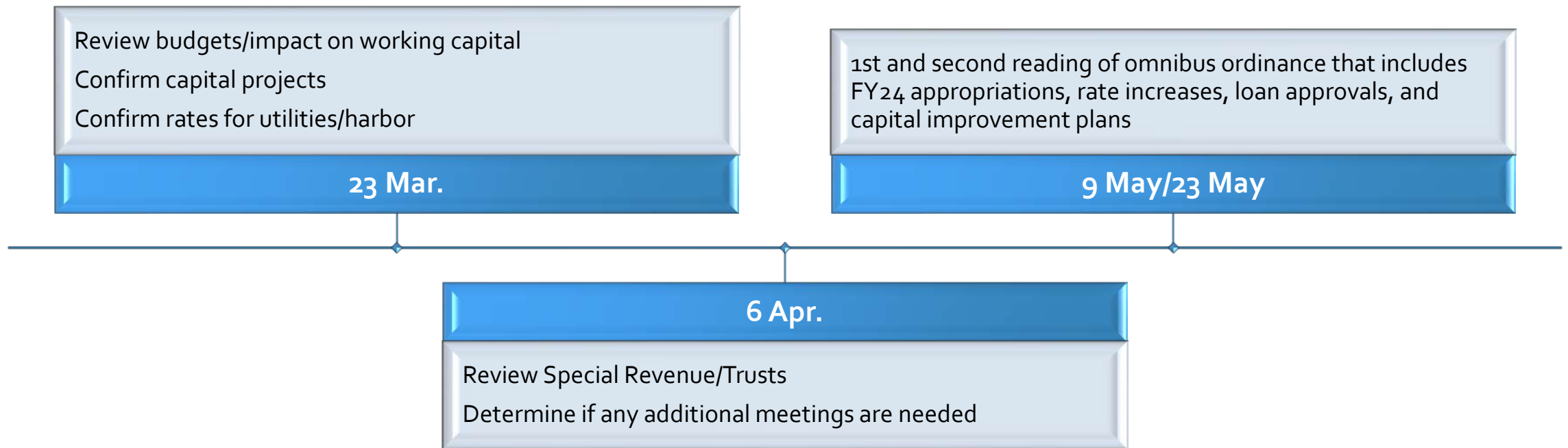
Discussion/Direction/Decision of the FY2024
Draft Administrator's Budget with focus on the
Enterprise Funds and Internal Service Funds.

(Assembly action may be taken)

Enterprise and Internal Service Funds

March 23, 2023





Meeting Goals/Next steps



ELECTRIC FUND



WATER FUND



WASTEWATER
FUND



SOLID WASTE
FUND



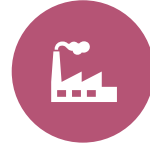
HARBOR FUND



AIRPORT
TERMINAL



MARINE SERVICE
CENTER



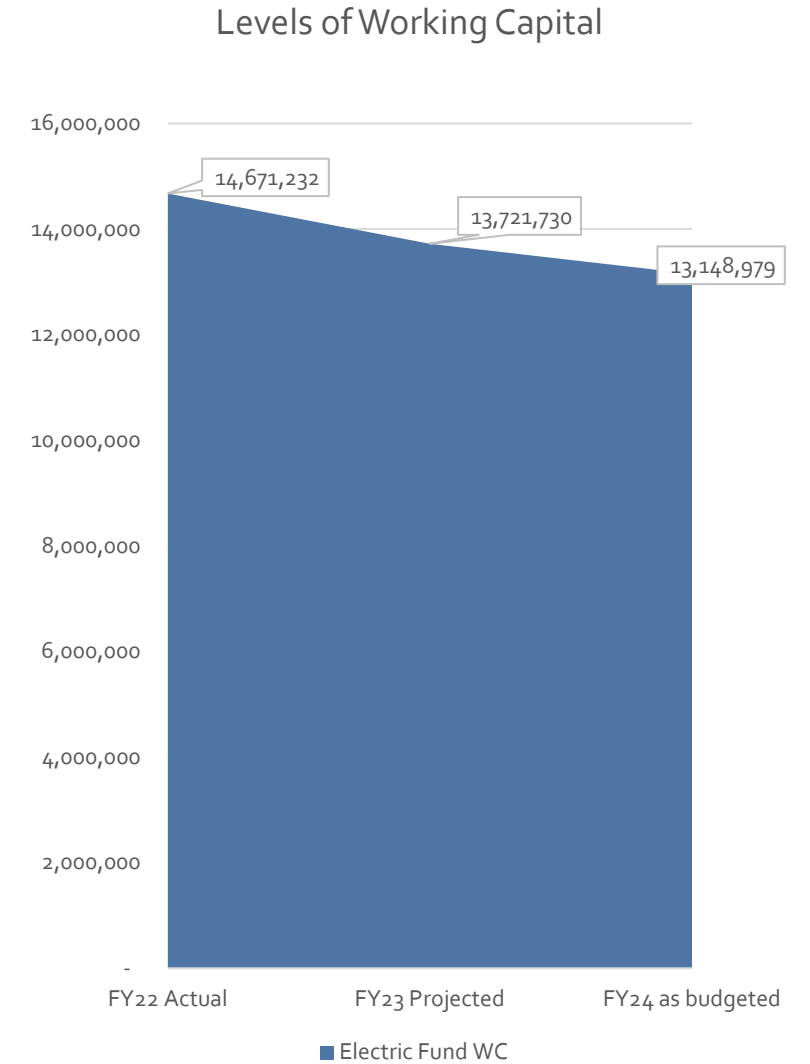
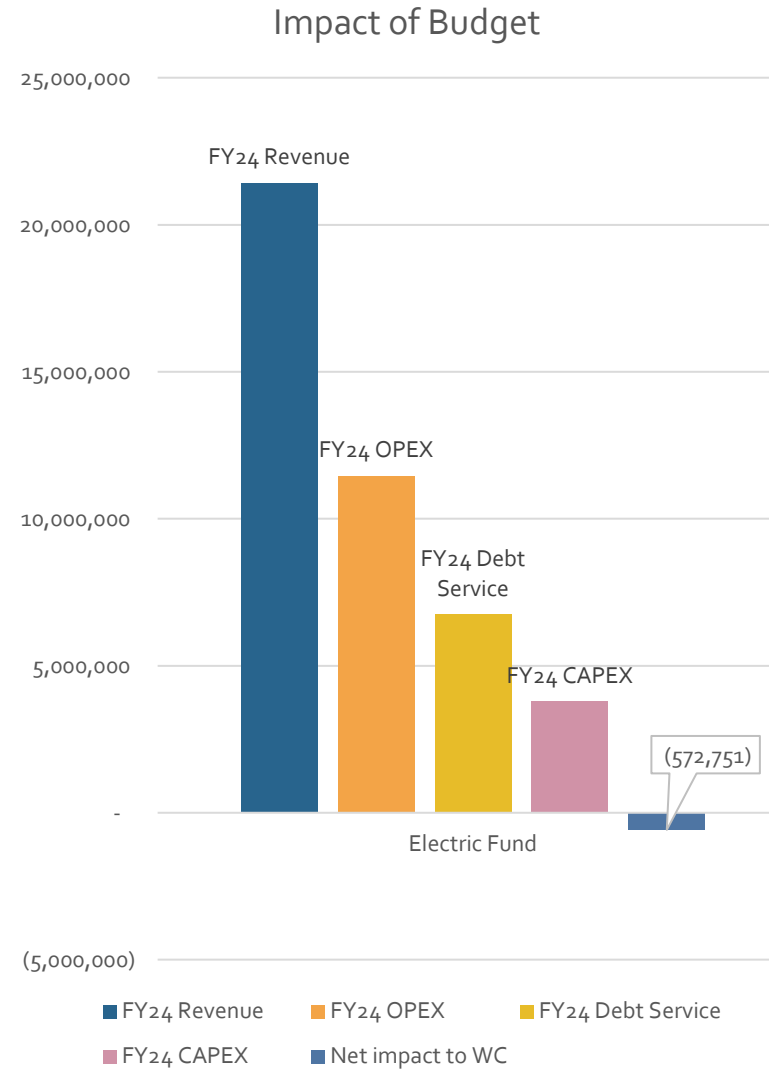
GARY PAXTON
INDUSTRIAL
PARK

For each fund we will look at an analysis of working capital (WC—the resources immediately available for use, including those appropriated for CAPEX/capital projects). The analysis begins with the FY22 audited statements and uses the standard definition of WC as current assets minus current liabilities. Note that the estimated levels of working capital for FY23 are based on budgeted amounts and assume that all appropriations for CAPEX are fully expended. As depreciation does not impact immediately available assets it has been excluded from this analysis.

Enterprise Funds

Electric Fund

- Significant capital needs in upcoming years-focus on defining the needs (what/when/how much)
- Proposed budget assumes federal funding, wait may increase cost.
- Reduced debt service
- Rate increase of 3%
- Long-term continued generation of working capital is needed to invest in fund's infrastructure



Status	Project number	Project Description	Source - Grants (approved)	Source - Loans/ Bond Proceeds (approved)	Source - Working Capital	Source - Other source	Source - Contingent Grants	Source - Contingent Loans/Bonding	Source - Contingent Other	Source- Total authorized (approved + contingent)
NEW FY24	90261	Island Improvements	-	-	200,000	-	-	-	-	200,000
NEW FY24	90410	SCADA Communication Upgrades	-	-	110,000	-	-	-	-	110,000
NEW FY24	90777	Metering	-	-	260,000	-	-	-	-	260,000
NEW FY24	90839	Green Lake Power Plant 35 Year Overhaul-Phase 1	-	2,500,000	(2,500,000)	-	-	(2,500,000)	-	(2,500,000)
NEW FY24	90942	Master Plan/rate study	-	-	150,000	-	-	-	-	150,000
NEW FY24	90970	Blue Lake upgrades	-	-	450,000	-	-	-	-	450,000
NEW FY24	90971	Green Lake upgrades	-	-	175,000	-	-	-	-	175,000
NEW FY24	90972	Green Lake Phase 2/3	-	-	2,500,000	-	-	-	-	2,500,000
NEW FY24	90973	Regulatory/FERC	-	-	350,000	-	-	-	-	350,000
NEW FY24	90974	Future Initiatives	-	-	15,000	-	-	-	-	15,000
NEW FY24	90975	Diesel Generation upgrades	-	-	1,065,000	-	-	-	-	1,065,000
NEW FY24	90976	Transmission and Distribution (Feeder Improvements)	-	-	595,000	-	-	-	-	595,000
NEW FY24	90977	Substation upgrades	-	-	280,000	-	-	-	-	280,000
NEW FY24	90978	Grid Expansion	-	-	125,000	-	-	-	-	125,000
NEW FY24 Total			-	2,500,000	3,775,000	-	-	(2,500,000)	-	3,775,000

Fy2024 Capital Projects

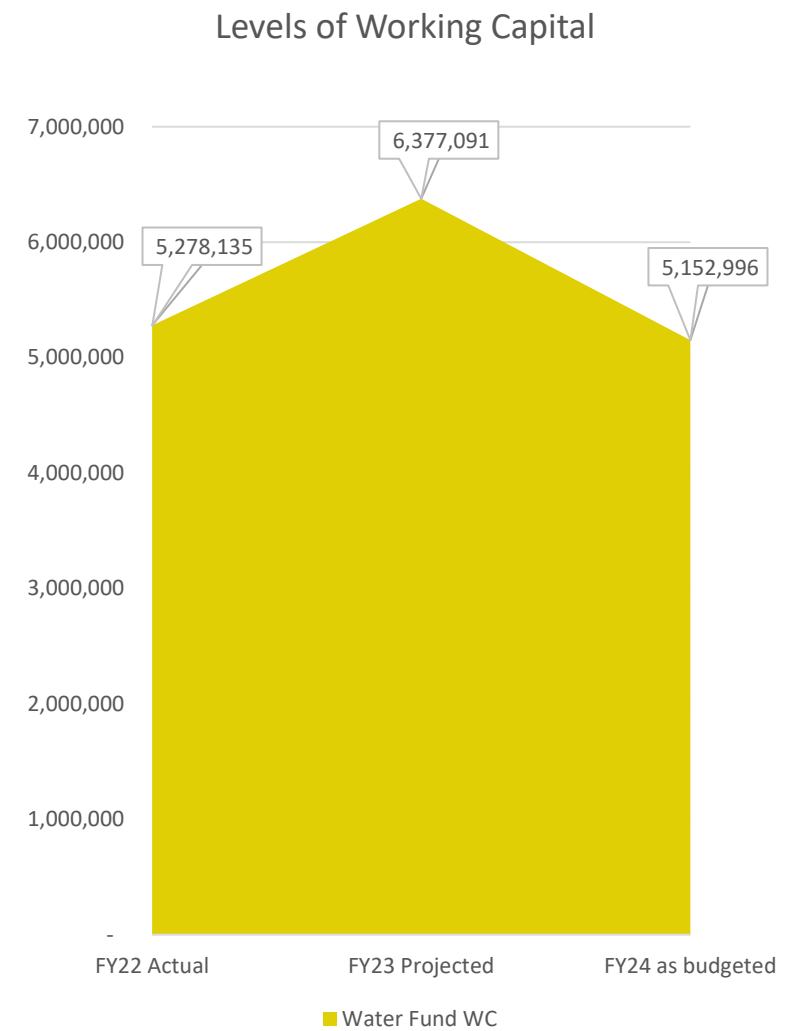
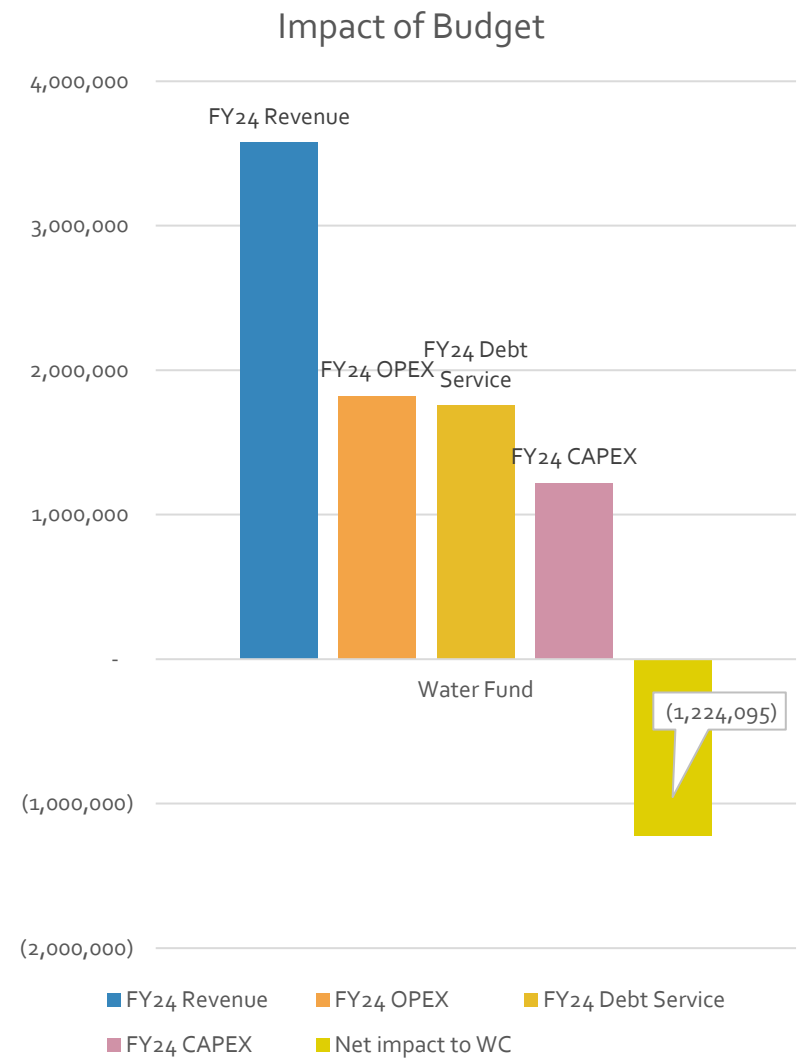


-\$3,775,000 from working capital

-\$2.5 million will be freed up once the USDA loan funding is finalized, so this funding will transfer from phase 1 to phase 2/3 of the Green Lake rehabilitation project. At this point we are seeking grant funding for the additional \$9-\$10M needed but may need supplemental appropriation of WC if funding denied.

Water Fund

- Debt service payments on Secondary Water Filtration project expected
- Looking into some capital projects that are further out to determine timing/cost/need
- Rate increase of 6%
- More WC for CAPEX this year



Status	Project number	Project Description	Source - Grants (approved)	Source - Loans/ Bond Proceeds (approved)	Source - Working Capital	Source - Other source	Source - Contingent Grants	Source - Contingent Loans/Bonding	Source - Contingent Other	Source- Total authorized (approved + contingent)
NEW FY24	90843	Lake St (DeGroff to Arrowhead) and Hirst Utility & Street Improvements	-	-	-	-	-	895,000	-	895,000
NEW FY24	TBD	Kirkman Drive Water Main Replacement	-	-	220,000	-	-	-	-	220,000
NEW FY24	TBD	Booster Station Communications and VFDs	-	-	450,000	-	-	-	-	450,000
NEW FY24	TBD	Emergency Unanticipated Capital Repairs	-	-	150,000	-	-	-	-	150,000
NEW FY24	90979	Distribution System Water Meter Installation	-	-	400,000	-	-	-	-	400,000
NEW FY24 Total			-	-	1,220,000	-	-	895,000	-	2,115,000

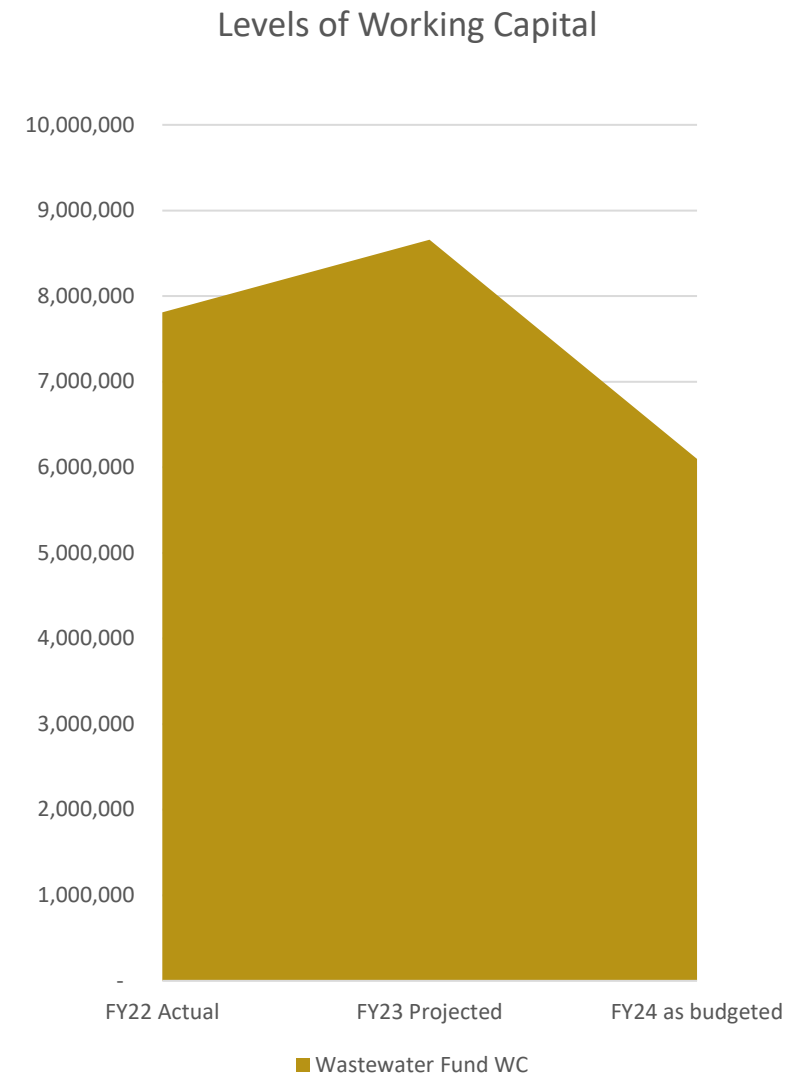


FY24 Water Fund Capital Projects

- Additional loan funding for Lake St./Hirst Utility improvements
- More capital project funding coming from WC
- Emergency repair funding moving from fixed assets to CAPEX-will follow process for other emergency capital repairs.

Wastewater Fund

- Debt service up due to closure of older loans/WWTP
- Effluent disinfection system-funded with WC and loans
- Rate increase of 8.5%
- More WC for CAPEX this year



Status	Project number	Project Description	Source - Grants (approved)	Source - Loans/ Bond Proceeds (approved)	Source - Working Capital	Source - Other source	Source - Contingent Grants	Source - Contingent Loans/Bonding	Source - Contingent Other	Source- Total authorized (approved + contingent)
NEW FY24	90843	Lake St (DeGroff to Arrowhead) and Hirst Utility & Street Improvements	-	-	-	-	-	810,000	-	810,000
NEW FY24	90919	Thomsen Harbor Lift Station Rehabilitation	-	-	800,000	-	-	-	-	800,000
NEW FY24	TBD	Lake & Lincoln Lift Station Rehabilitation	-	-	25,000	-	-	2,500,000	-	2,525,000
NEW FY24	TBD	WWTP Effluent Disinfection System	-	-	750,000	-	-	7,000,000	-	7,750,000
NEW FY24	TBD	Sewer Force Main Replacement	-	-	700,000	-	-	-	-	700,000
NEW FY24	TBD	WW Equipment Condition Assessment	-	-	100,000	-	-	-	-	100,000
NEW FY24	TBD	WWTP Lime Feed System	-	-	250,000	-	-	-	-	250,000
NEW FY24	TBD	Emergency Unanticipated Capital Repairs			150,000					150,000
NEW FY24 Total			-	-	2,775,000	-	-	10,310,000	-	13,085,000

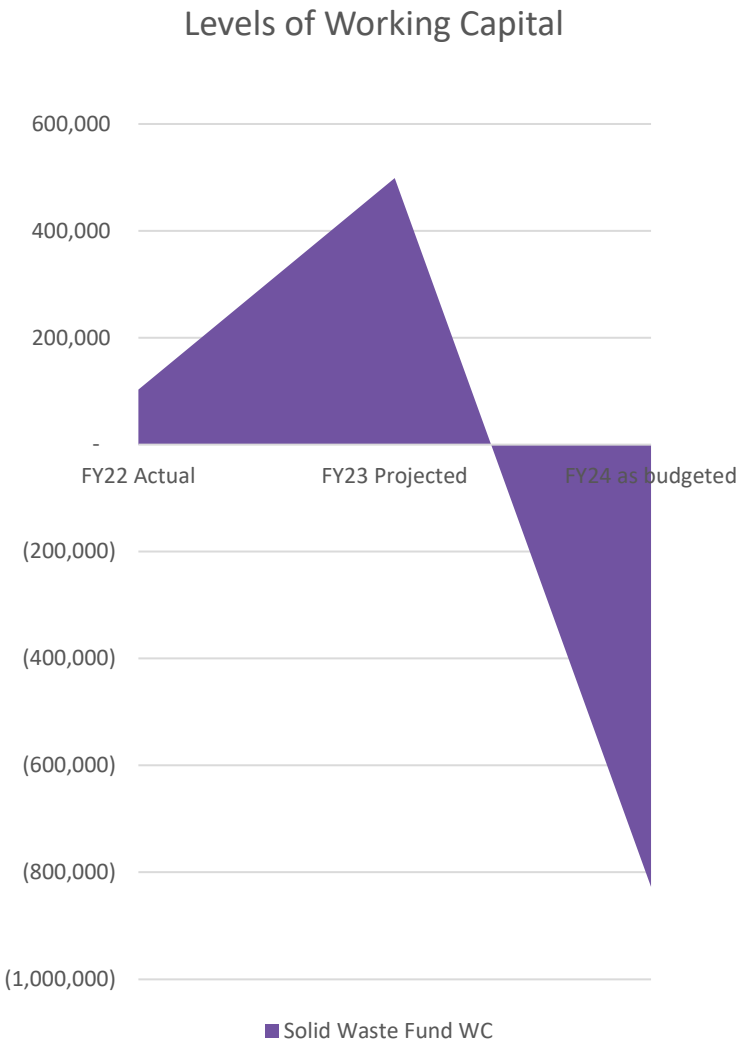
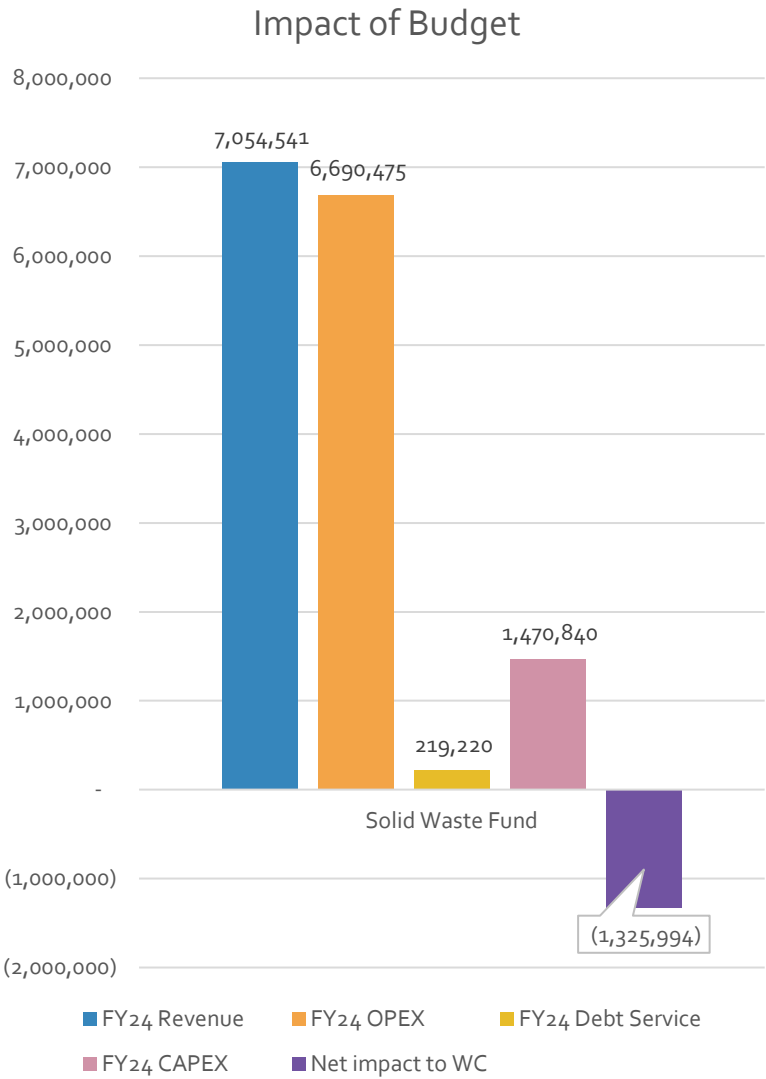


Wastewater Capital Projects

-New loan funding for Effluent Disinfection System, Lake and Lincoln Lift Station, Lake St./Hirst Utility improvements

Solid Waste Fund

- Paying debt service on compactor—don't yet know what saving we will see from compactor operation
- High investment in capital/fixed assets (including) replacement of scrapyard baler (offset with transfer of savings from Central Garage)
- Rate increase of 6.75%
- Working capital projected to be negative, depends on timing of capital expenditures. Positive WC~FY26/FY27



Status	Project number	Project Description	Source - Grants (approved)	Source - Loans/ Bond Proceeds (approved)	Source - Working Capital	Source - Other source	Source - Contingent Grants	Source - Contingent Loans/Bonding	Source - Contingent Other	Source- Total authorized (approved + contingent)
NEW FY24	90847	Expansion of Biosolids	-	-	1,030,000	-	-	-	-	1,030,000
NEW FY24	90900	Scrap Yard / Impound Fence	-	-	35,000	-	-	-	-	35,000
NEW FY24	TBD	Granite Creek Biosolids Pit - Access Bridge Replacement Study	-	-	250,000	-	-	-	-	250,000
NEW FY24 Total			-	-	1,315,000	-	-	-	-	1,315,000



FY24 Solid Waste Fund Capital Projects

-This fund generally doesn't have much CAPEX

-\$862K for baler had sinking fund in Central Garage, but asset will be held in Solid Waste Fund.

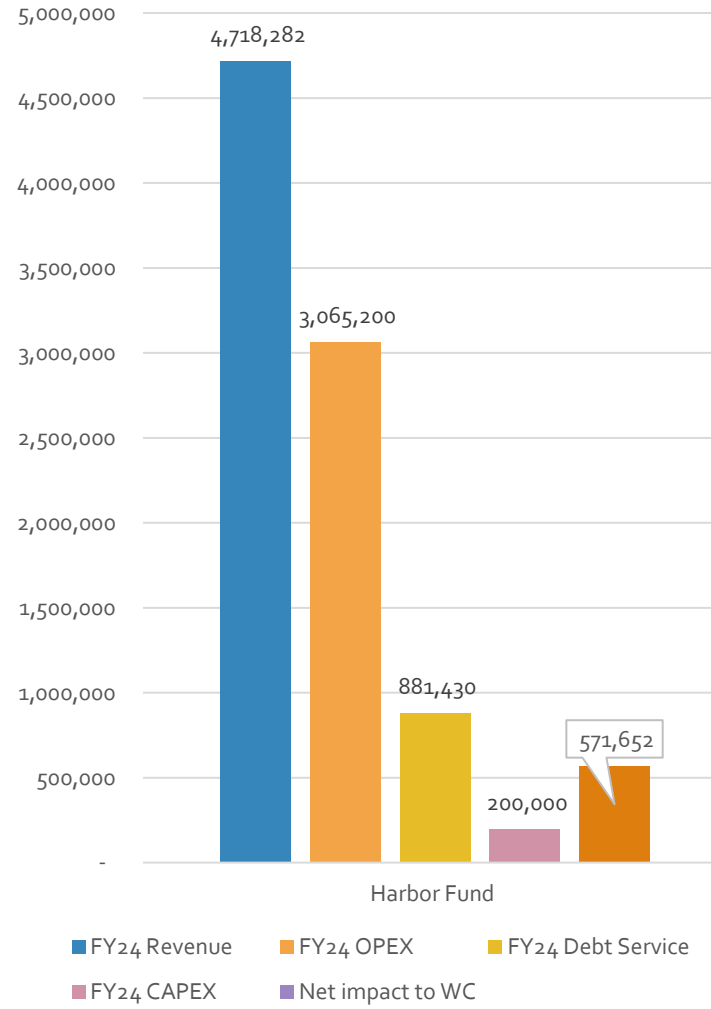
		Current (FY23) rates				Proposed FY24 rates					Monthly Increase	Season Increase
Winter Rates (November-April)	Use	Rate	Fees	Sales tax	TOTAL	Increase	Rate	Fees	Sales tax	TOTAL		
Electric (family/electric heat)	2835	0.13	391	19.5	409.97	3.00%	0.134	401.5	20.08	421.58	11.61	69.66
Water	Flat	54	54	2.7	56.72	6.00%	57.26	57.26	2.86	60.12	3.4	20.4
Wastewater	Flat	70.7	70.7	3.54	74.25	8.50%	76.72	76.72	3.84	80.56	6.31	37.86
Solid Waste (96-gallon bin)	Flat	69.9	69.9	3.49	73.38	6.75%	74.61	74.61	3.73	78.34	4.96	29.76
Total Winter bill					\$614.32					\$640.60	\$26.28	\$157.68
Summer Rates (May-October)	Use	Rate	Fees	Sales tax	TOTAL		Rate	Fees	Sales tax	TOTAL		
Electric (family/electric heat)	1581	0.21	350	21	371.46	3.00%	0.215	360.4	21.62	382.02	10.56	63.36
Water	Flat	54	54	3.24	57.26	6.00%	57.26	57.26	3.44	60.7	3.44	20.64
Wastewater	Flat	70.7	70.7	4.24	74.95	8.50%	76.72	76.72	4.6	81.32	6.37	38.22
Solid Waste (96-gallon bin)	Flat	69.9	69.9	4.19	74.08	6.75%	74.61	74.61	4.48	79.09	5.01	30.06
Total Summer bill					\$537.29					\$603.13	\$25.38	\$152.28
Total annual impact												\$309.96

Impact of rate increases for utilities

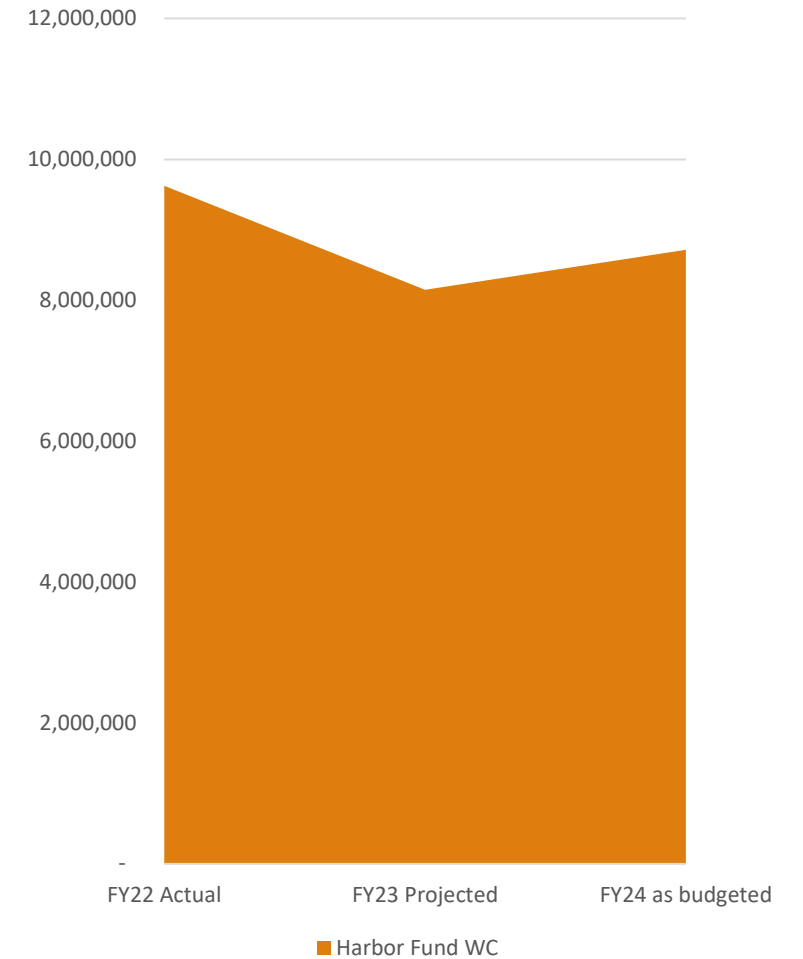
Harbor Fund

- Revenue has 7.3% increase, as approved by the Port and Harbors Commission
- Condition assessment underway for most critical assets, hope to complete other assets/investigate further FY24
- Raw fish tax up
- FY22 and FY23 significant appropriations of WC in infrastructure
- Seeking grants where possible

Impact of Budget



Levels of Working Capital



Status	Project number	Project Description	Source - Grants (approved)	Source - Loans/ Bond Proceeds (approved)	Source - Working Capital	Source - Other source	Source - Contingent Grants	Source - Contingent Loans/Bonding	Source - Contingent Other	Source- Total authorized (approved + contingent)
NEW FY24	90955	Harbor Master Plan/Condition Assessment	-	-	150,000	-	-	-	-	150,000
NEW FY24	TBD	Eliason Harbor Restroom and Shower Repair	-	-	50,000	-	-	-	-	50,000
NEW FY24 Total			-	-	200,000	-	-	-	-	200,000

Harbor Fund Capital Projects

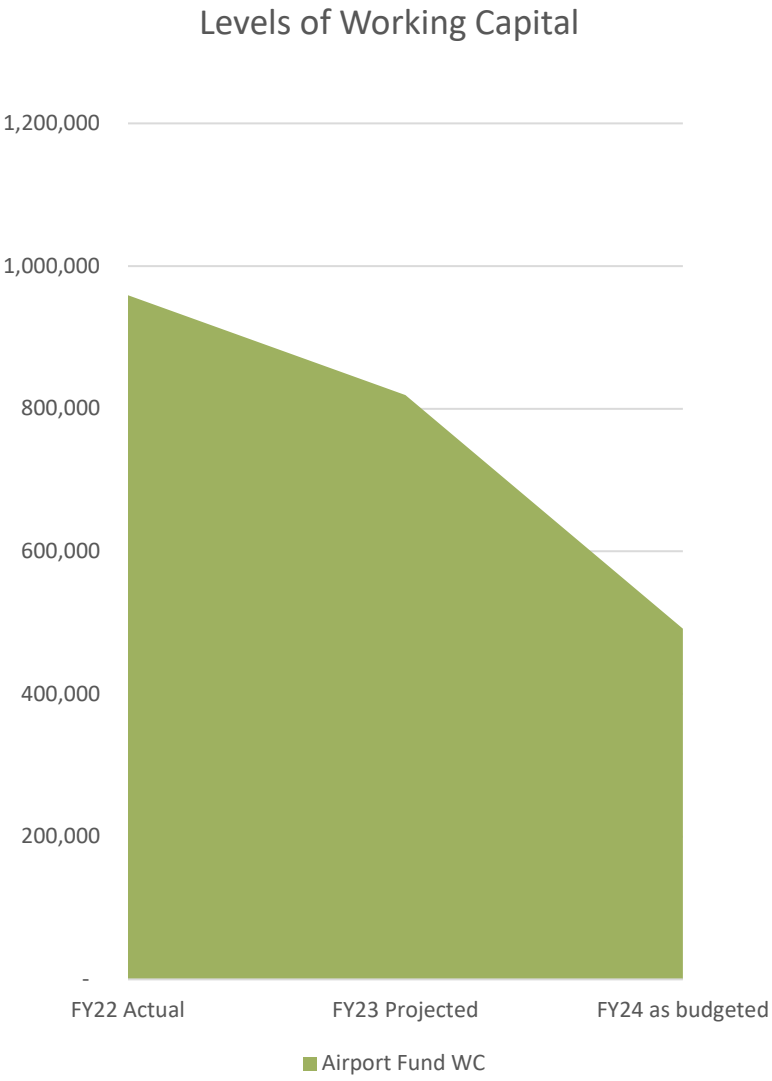
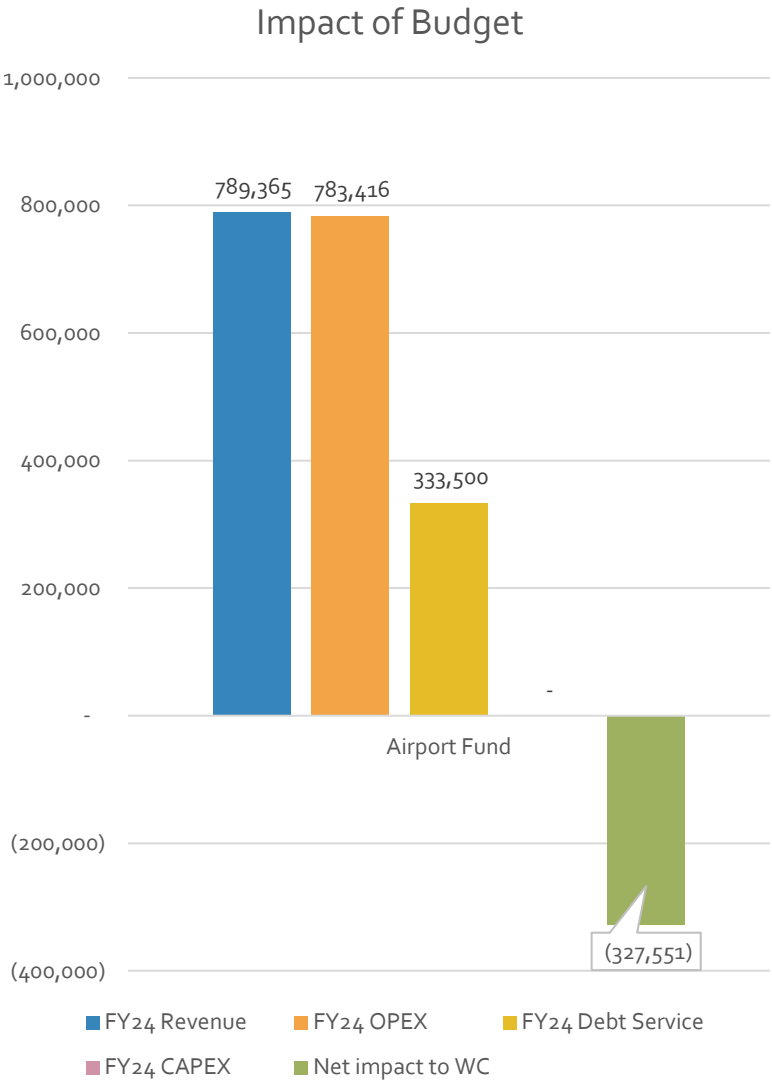


-Also appropriated \$1,050,000 to match bulkhead wall RAISE grant during FY23

-Better information on long-range capital needs will be available after condition assessments

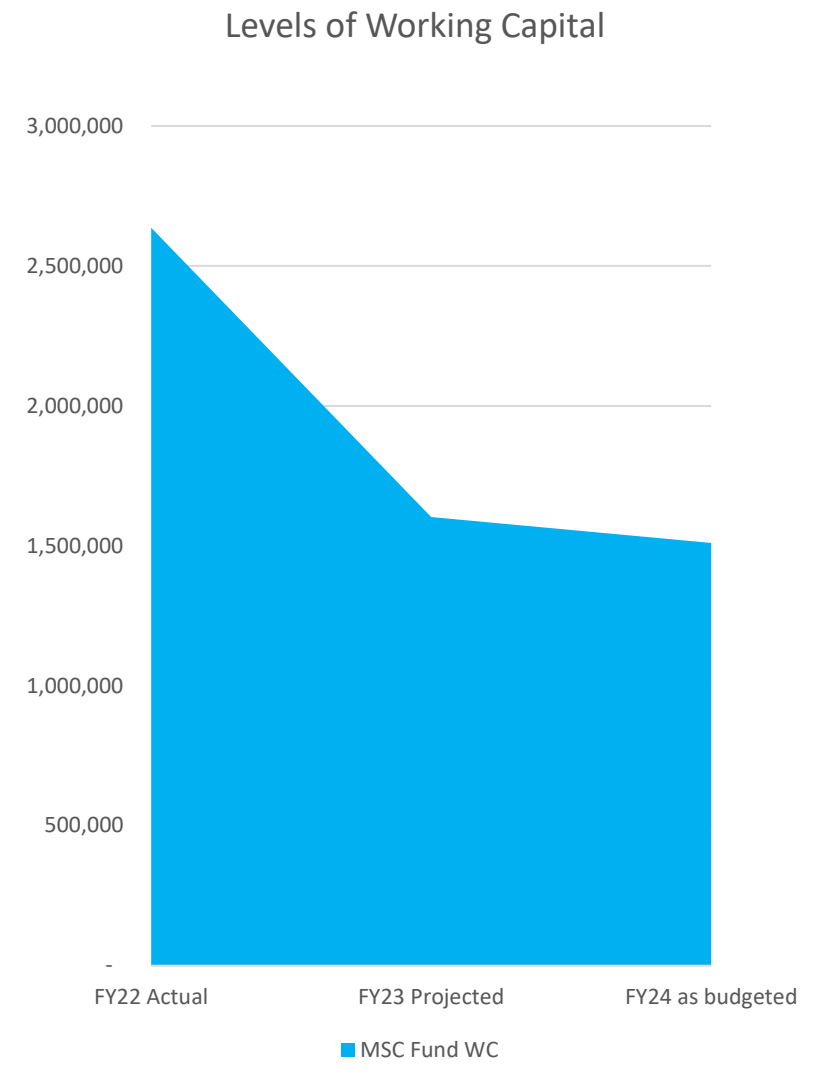
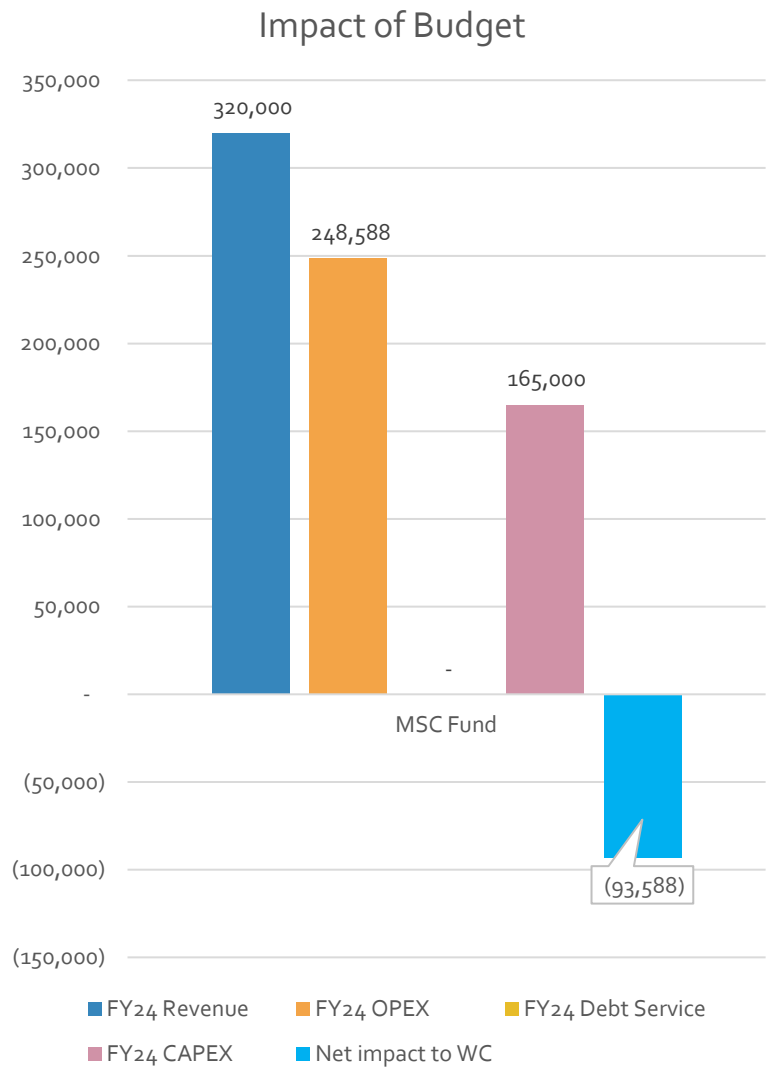
Airport Fund

- Moving new Seaplane Base project to Airport Fund
- Only new CAPEX to adjust expected grant levels
- New terminal leases should generate more revenue
- Hire of Airport Manager may also help maximize revenue/efficiency



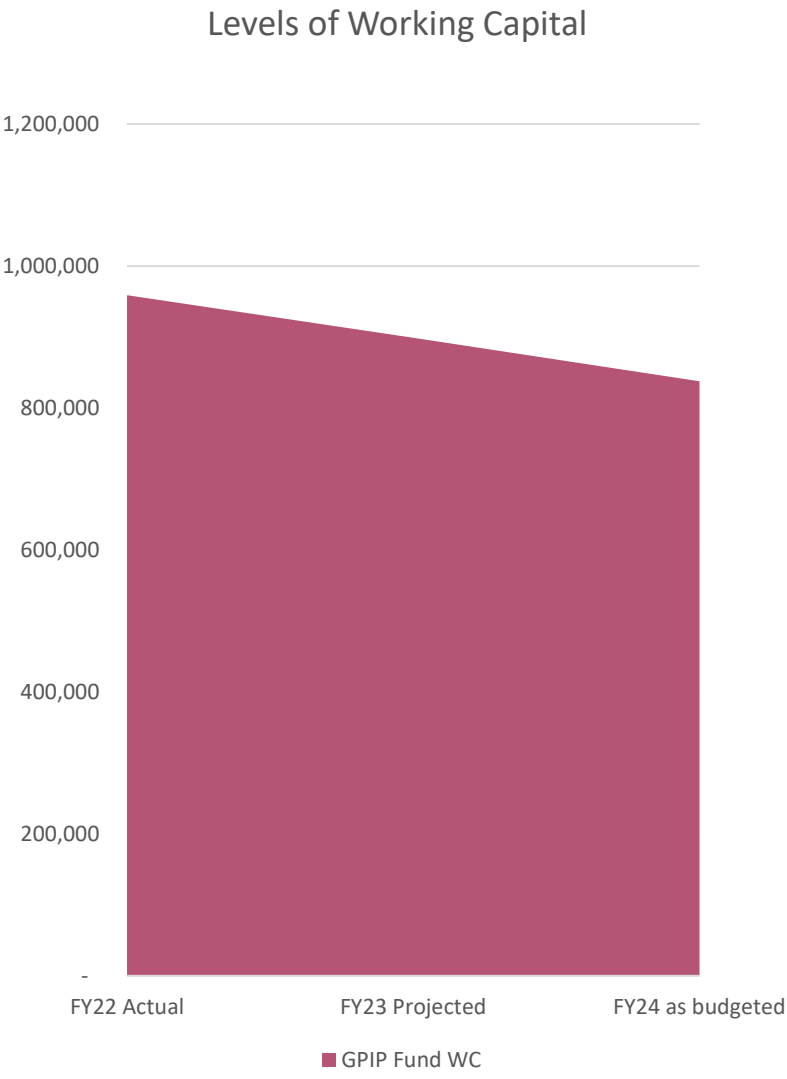
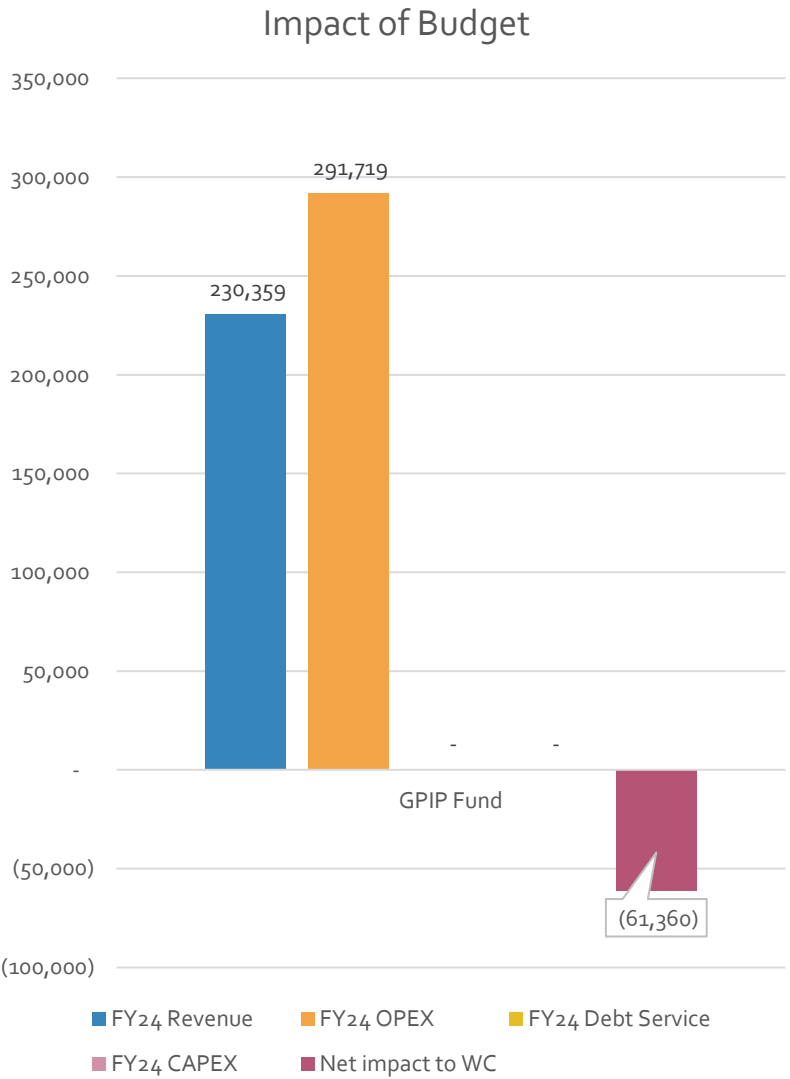
Marine Service Center Fund

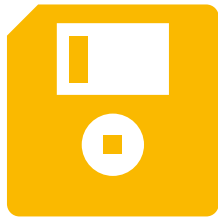
- New lease agreements begin FY24
- Shutdown Condition assessment (\$150K) and replacement of 2nd overhead door (\$15K) FY24 CAPEX
- \$1,050,000 investment in bulkhead wall significantly decreased WC



GPIP Fund

- Cash from haul out funding generating higher interest
- The more land is sold, the lower lease revenue
- Continues to lose WC every year, but slower than in past





Information Technology
Fund



Central Garage Fund



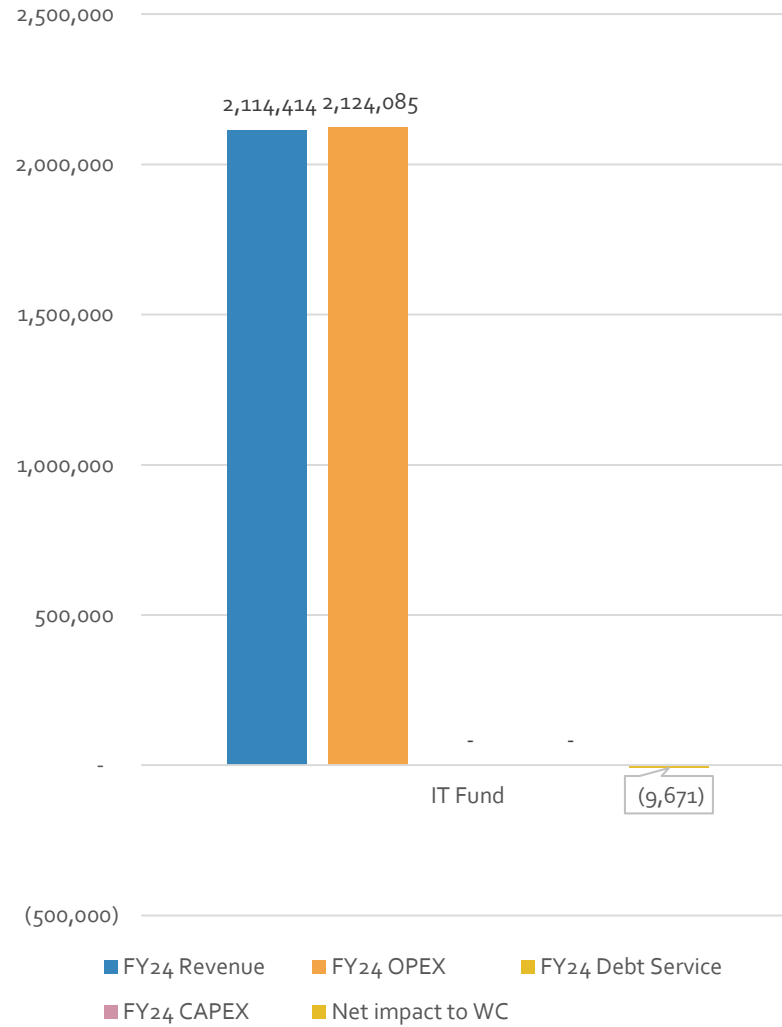
Building Maintenance
Fund

Internal Service Funds

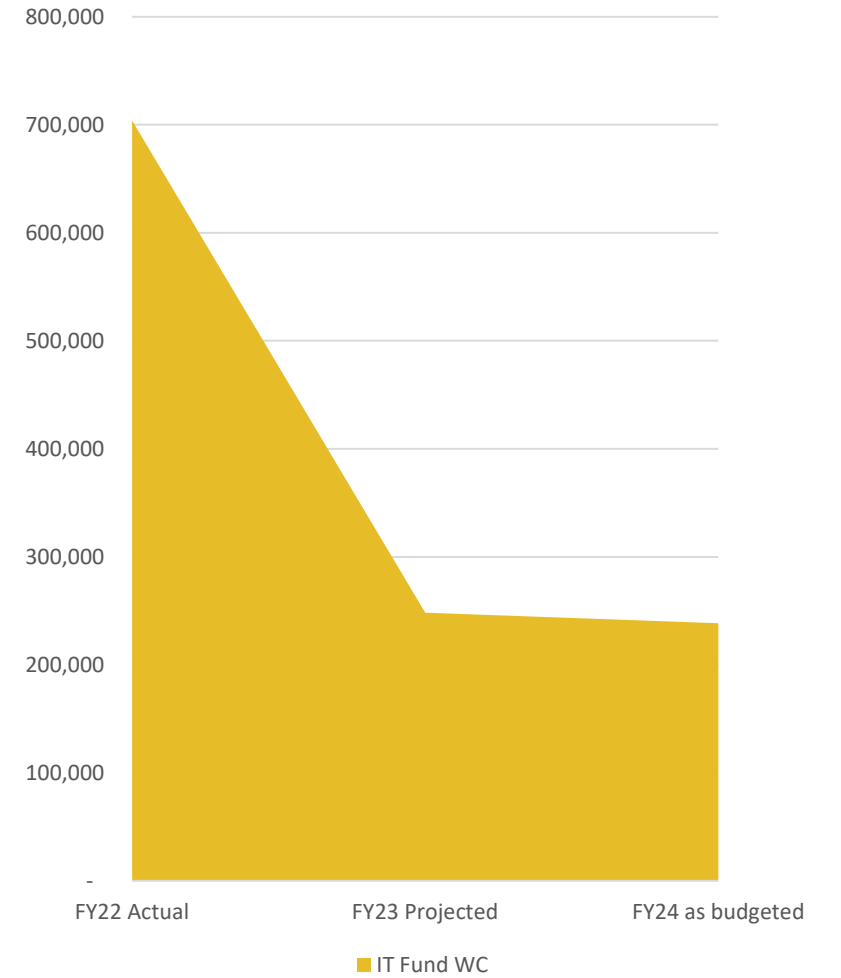
IT Fund



Impact of Budget



Levels of Working Capital

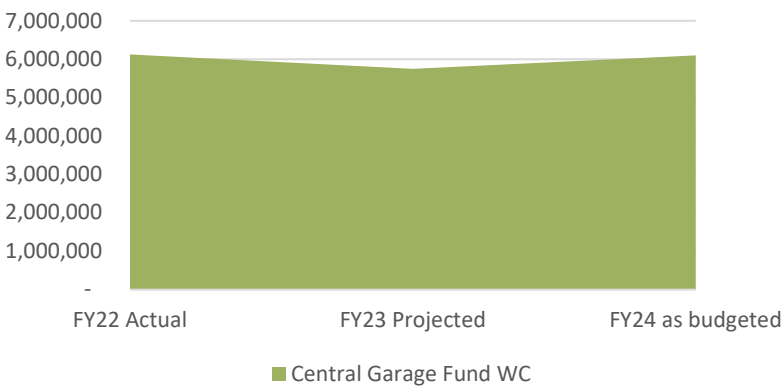


Central Garage Fund

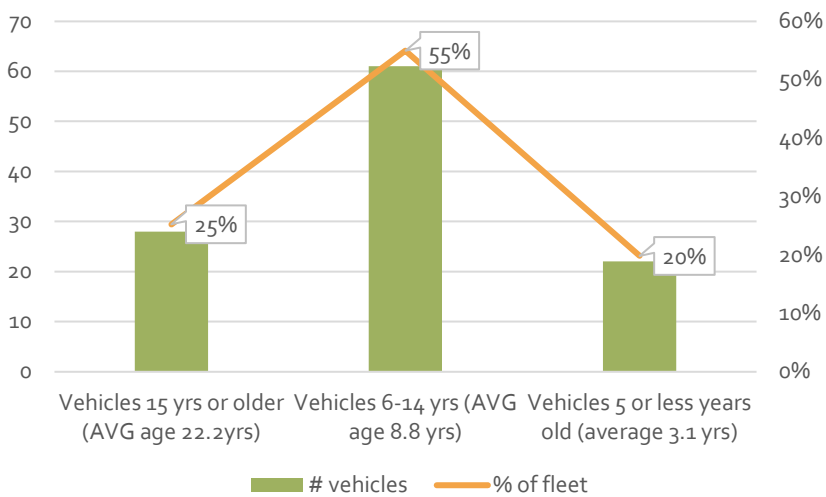
- Inflation and availability having significant impact on fund/vehicle replacements-having to increase sinking funds for all vehicles.
- Staffed for preventative maintenance, so aging vehicles can be a problem



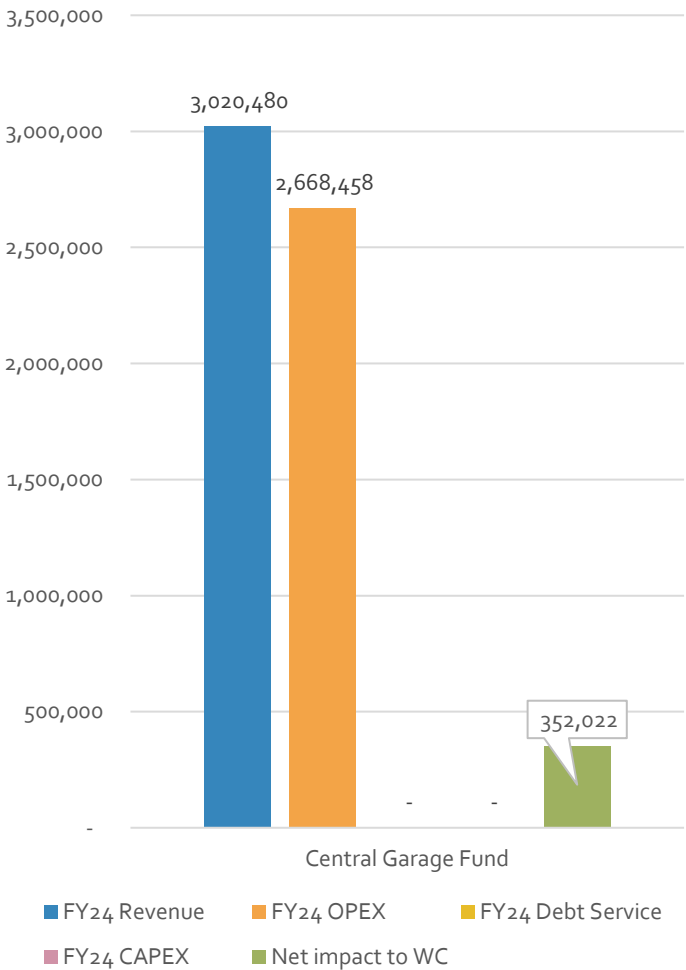
Levels of Working Capital



Fleet age



Impact of Budget

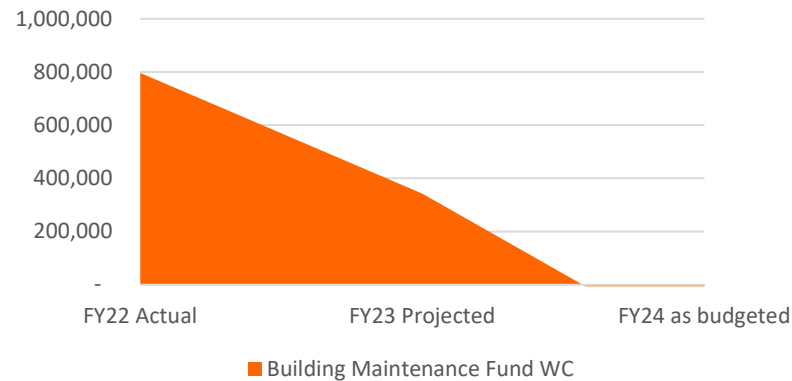


Building Maintenance Fund

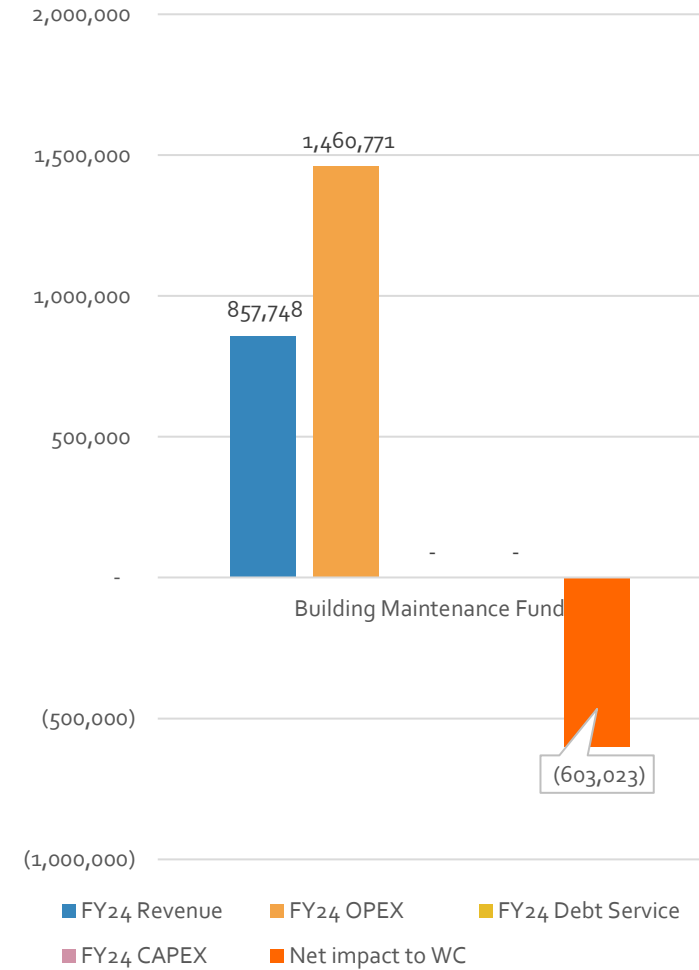


- Asset management to help focus efforts
- Balancing revenue paid in with budget execution/ capacity to address everything that needs to be addressed
- Would increase charges to departments if execution increases

Levels of Working Capital



Impact of Budget



Wrap-up

Discussion / Direction / Decision, if desired, of the FY2024 Draft Administrator's Budget as it relates to the General Fund, Enterprise Funds, Internal Service Funds, and other Funds