



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator

From: Melissa Haley, Finance Director

Date: January 17, 2024

Subject: Mid-year supplemental appropriation

Background

As we are now more than halfway through the fiscal year, we have identified a number of areas in which changes to appropriations are needed. In some cases, additional funding is needed, in others, a change to the nature of the appropriation is needed, as changes between certain categories are restricted by Charter.

Analysis

Increases in appropriations are needed in the following areas:

- Grants—grants that have been approved or are anticipated to be approved need appropriations to be spent. In some cases, an appropriation for match funding is also required. We are expecting \$1,000,000 from the Denali Commission for the haul out lift equipment and we have received an award of \$550,000 that requires a match of \$150,000 for a total appropriation of \$700,000. Finally, we have a federal grant in the amount of \$133,774 for the Crescent Harbor High Load Dock project (an additional \$300,000 of working capital will be needed as well to cover the full cost of the project as estimated at 55% design).
- Central Garage operations and fixed assets—increase operating appropriations by \$135,000, this is primarily to replace outdated diagnostic tools, ensure adequate supplies to provide preventive maintenance to vehicles and equipment and to replace a number of sets of tires. In addition, an appropriation for a police vehicle made in FY2022 (with the tourism supplemental appropriation) has been determined to be insufficient to cover the full cost of the vehicle. An additional appropriation of \$18,000 is needed. The funding for this vehicle will be transferred into Central Garage from the General Fund.
- Parks and Recreation—pedestrian and cycling counters for both urban and wild trails and other CBS recreational assets the cost is anticipated to total \$25,000.

- Finance Department—Increase contract services by \$80,000. \$60,000 is for a contract with an audit firm to help ensure single audit compliance on federal grants. \$20,000 is to increase the amount appropriated for our Medicare/Medicaid cost report preparation fees. We need to pay for the FY22 report preparation as well as encumber the FY23 report preparation costs. Submission of these reports will bring in approximately \$500,000, likely split between FY24 and FY25.
- Capital Project Fund—\$25,000 for purchase and installation of a Conex to store the UTV ambulance near the cruise ship terminal. Funding for this project will be transferred from the CPV Fund.
- HR—Increase appropriations by \$15,000 to secure apartments for new employees and/or interns while vacant.

Changes to appropriations with net zero impact:

- Municipal Clerk—Move \$50,000 in temp wages to contract services for document digitization and destruction.
- HR—Decrease appropriation for personnel and increase appropriation for contract services by \$75,000 to reflect vacancy in HR and need for outside contract support.
- IT Fund—Decrease operating appropriation for Tyler Time and Attendance and move the appropriation to the Capital Project Fund. Given the nature of the on-premises installation of the program, it should be budgeted as a capital item rather than an operating item.
- HCH/Planning—Move \$15,000 from HCH (supplies) to the Planning Department's contract services budget to cover tourism-related expenses.

Fiscal Note

The total previously unbudgeted increases by fund are as follow:

- General Fund—\$120,000 in operations and \$175,000 in transfers out (to the capital project fund).
- Central Garage—\$135,000 for operating and \$18,000 for fixed assets
- Harbor Fund—Transfer out of \$300,000 to the Harbor Fund capital project fund
- Capital Projects:
 - General Fund—\$700,000 (\$550,000 in grant funding and \$150,000 in working capital).
 - GPIP Fund—\$1,000,000 in contingent grant funding (award is pending).
 - Harbor Fund—A total of \$433,774 \$133,774 in grant funding and \$300,000 in working capital.

Recommendation

Approve Ordinance 2024-03 making supplemental appropriations to the FY2024 budget.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2024-03
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA MAKING SUPPLEMENTAL
APPROPRIATIONS FOR FISCAL YEAR 2024
(Mid-year Supplemental Appropriations)

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. **CLASSIFICATION.** This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. **SEVERABILITY.** If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. **PURPOSE.** The purpose of this ordinance is to make a supplemental Operation and Capital appropriation for FY2024.

4. **ENACTMENT.** In accordance with Section 11.10 (a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriation for the budget period beginning July 1, 2023 and ending June 30, 2024.

<u>FISCAL YEAR 2024 EXPENDITURE BUDGETS</u>
GENERAL FUND
Human Resources – Operations: Increase appropriations in contracted/purchased services by \$15,000 to secure apartments for new employees/interns while vacant and by \$75,000 for outside HR support. Reduce appropriations for personnel by \$75,000.
Parks and Recreation – Contract/Purchased Services: Increase appropriations by \$25,000 for tracking pedestrian and cycling use of CBS recreational assets.
Planning and Community Development – Contracted/Purchased Services: Increase appropriations in contracted purchased services by \$15,000 to support Planning and Community Development Department managed tourism efforts (moved from Centennial Hall-Supplies).
Centennial Hall – Supplies: Decrease appropriations in supplies by \$15,000 (moving appropriation to Planning and Community Development)
Finance – Contract/Purchased Services: Increase appropriations by \$80,000 for federal grant compliance support (\$60,000) and SEMT cost report support for reimbursement for ambulance operations (\$20,000).
Municipal Clerk – Operations: Increase appropriations by \$50,000 for contract/purchased services and reduce appropriations for personnel by \$50,000
CAPITAL PROJECTS
Fund 700 – Safe Streets for All project: Increase appropriations in the amount of \$700,000 (\$550,000 funded with grant funding and \$150,000 funded with working capital from the General Fund).
Fund 700 –UTV Storage at Cruise Terminal: Increase appropriations in the amount of \$25,000 with funding transferred from the CPV Fund.

Fund 700 –Time and Attendance Software: Increase appropriations in the amount of \$88,000 with funding transferred from the IT Fund (correction to type of funding).
<u>ENTERPRISE AND INTERNAL SERVICE FUNDS</u>
Central Garage Fund – Operations: Increase operating appropriations by \$135,000 to purchase adequate supplies for the fleet and to replace outdated diagnostic tools.
Central Garage Fund – Fixed Assets: Increase appropriations by \$18,000 in fixed assets to cover the full cost of a new police department vehicle budgeted in FY2022.
IT Fund – Contract/Purchased Services: Decrease appropriations by \$88,000 and transfer funds to Capital Project Fund.
<u>CAPITAL PROJECTS</u>
Fund 750 Harbor Fund – Crescent Harbor High Load Dock: Increase appropriations for the Crescent Harbor High Load Dock project Fund by \$433,774 with \$133,774 funded with grant funding and \$300,000 funded with Harbor Fund working Capital.
Fund 780 GPIF Fund – Haul Out Lift: Increase contingent grant appropriations for the Haul Out Lift by \$1,000,000 (to reflect expected grant of \$1,000,000 from the Denali Commission).

EXPLANATION

The need for additional funding, appropriations to recognize grant funding, or for a change in the type of appropriations has been identified as FY2024 has progressed.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 13th day of February 2024.

ATTEST:

Steven Eisenbeisz, Mayor

Sara Peterson, MMC
Municipal Clerk

1st reading: 1/23/24

2nd and final reading: 2/13/24

Sponsor: Administrator