


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: August 17, 2022

Subject: Re-appropriation of Unspent FY2022 Budget Items and Supplemental Appropriations for Funds that Exceeded FY2022 Budget

Background

While staff generally spend down or commit funds in the fiscal year in which they were budgeted, in some cases that is not possible. In FY2022, several challenges contributed to the need to re-appropriate funds from FY2022 for FY2023. The primary reasons for the re-appropriations requested are the inability to procure items due to supply chain issues as well as the significant time constraints to implement some of the items to address the increase in tourism.

It is also important to note that some efforts from FY2022 are underway and the portion of those funds that were committed but not yet spent automatically rolls over to FY2023. A summary of the unspent portion of those commitments which are committed via contract and/or purchase order (PO) is attached.

In addition, two funds, the Harbor Fund and the Sitka Community Hospital Dedicated Fund, were over budget for FY2022. The Harbor Fund ended the year over-budget due to increased costs of derelict vessel destruction and increased cost of accounting for bad debt (as required by governmental accounting standards). The Sitka Community Hospital Dedicated Fund was overbudget due to a payment on the CERNER health records project that had been missed at the time of the sale and was paid in FY2022.

Analysis

The requested re-appropriations listed below are all critical expenditures that staff are actively working on but were unable to finalize before June 30, 2022. Mechanically, the FY2022 budgets are decreased and the FY2023 budgets are increased.

Department	Amount	Description
Administration	\$50,000	Cost allocation study--approved as part of the tourism appropriation to ensure the municipality is capturing its true cost of tourists visiting Sitka and is able to use CPV funding to offset those costs
Capital (Fund 700)	\$132,178	Traffic study-this was originally budgeted as an operational expense, however, further investigation indicates that it should be capital
Central Garage Fund	149,025	2 vans for supporting tourism operations replacement of vehicle #380 Ford Transit Connect (all currently unavailable)

The proposed increases to FY2022 appropriations are as follows:

Harbor Fund: \$157,000

Sitka Community Hospital Dedicated Fund: \$254,000

Fiscal Note

The total change (decrease to FY2022 budget and increase to FY2023 budget) for re-appropriating funding from FY2022 to FY2023 is \$331,203. The increased FY2022 appropriations to cover the two funds that are over budget is \$411,000 increase for FY2022 for Harbors and SCH Dedicated Fund.

Recommendation

Approve ordinance 2022-22 amending the FY2022 and FY2023 appropriations.

Encl: Summary of FY2022 Open PO's for operating expenses

Fund	Department	Estimate of funds committed but unspent in FY2022	Notes on significant uses (POs>\$10,000)
100	Administration	\$ 26,156	Mostly for strategic planning
100	Attorney	\$ 41,506	Code review and airport lease review
100	Clerk	\$ 7,400	
100	Finance	\$ 33,754	Mostly prior year SEMT cost report preparation
100	Police	\$ 3,819	
100	Fire	\$ 13,256	
100	Ambulance/SAR	\$ 20,134	Dive gear (12K)
100	Public Works	\$ 48,745	Engineering support (\$34K)
100	Streets	\$ 19,445	HPR street repair
100	Library	\$ 19,500	Mostly furniture and supply order
100	HCH	\$ 12,440	A/V maintenance contract
200	Electric	\$ 173,085	FERC Compliance (\$74K), USFS SMC agreement (\$13.5K), diesel maintenance (\$22K), switchyard equipment (\$17K), metering-field collection system (\$12K)
210	Water	\$ 45,144	Water treatment chemicals (\$19K)
220	Wastewater	\$ 45,493	WW discharge permit renewal (27K), SCADA on-call maintenance (\$10K)
230	Solid Waste	\$ 17,430	Methane monitoring (\$17K)
240	Harbor Fund	\$ 8,153	
250	Airport Terminal	\$ 9,217	
300	IT Fund	\$ 92,156	Microsoft licensing (\$72K), Dell equipment (\$16K)
310	Central Garage	\$ 218,735	Vehicles (\$217K)
	TOTAL	\$ 855,568	