

STEP 1

This item was postponed at the October 25, 2016 meeting. The following motion is on the table. Staff recommends this motion be voted down – see attached memo.

I MOVE TO approve the Administrator's recommendation to transfer \$440,862 to the Public Infrastructure Sinking Fund.

STEP 2 – Possible Motion

I MOVE TO transfer zero dollars of the FY16 General Fund balance to the Public Infrastructure Sinking Fund.

Notes:

At the September 27, 2016 Assembly meeting two motions were put before the Assembly for action.

- to approve the Administrator's recommendation to transfer \$440,862 to the Public Infrastructure Sinking Fund, and,
- to restrict \$250,000 of the General Fund unreserved, undesignated fund balance to a committed fund balance, available only for appropriation for the purposes of providing payment for landslide legal and geotechnical services and other related costs.

The Assembly chose to only take action on the latter of the two motions.

Sitka General Code Section 4.45.020 requires the Administrator, within 90 days after the start of the fiscal year, to prepare an analysis of the General Fund balance and recommend to the Assembly an amount to be transferred to the Public Infrastructure Sinking Fund. Within 60 days (November 26th) after this presentation to the Assembly, the amount determined by the Administrator is automatically transferred unless a super majority (5 members) of the Assembly votes to change the recommended amount.



City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

Coast Guard City, USA

MEMORANDUM

To: Mayor Hunter and Assembly Members
From: Mark Gorman, Municipal Administrator
Date: November 17, 2016
Subject: Transfer \$440,862 from General Fund to the Sinking Fund

After consultation with the Municipal Attorney, I believe our earlier estimate of the FY17 extraordinary legal fees needs to be revised upwards. (Credit to Assembly Member Eisenbeisz for recognizing this earlier) I will ask Mr. Hanson to provide the detail on why we feel this is necessary.

Accordingly, I recommend that the motion before you be voted down which has to be done by a super majority of the Assembly (5 votes).

If the motion is voted down, we propose that the following motion be acted on:

I MOVE TO transfer zero dollars of the FY16 General Fund balance to the Public Infrastructure Sinking Fund.

Once we have a better understanding of what we anticipate our outside legal expenses will be for this fiscal year, a new recommendation will be brought forward with a revised amount to be transferred to the Sinking Fund.

Memo

Thru : Mark Gorman, Municipal Administrator

To: City and Borough of Sitka Assembly

From: Jay Sweeney, Chief Finance and Administrative Officer

Date: September 20, 2016

Re: Transfer of General Fund funds to Public Infrastructure Sinking Fund and Commitment of General Fund Balance of \$250,000

Section 4.45.020 of the Sitka General Code (SGC) requires the Administrator, within 90 days after the start of the fiscal year, to prepare an analysis of the General Fund balance and recommend to the Assembly an amount to be transferred to the Public Infrastructure Sinking Fund (PISF). Within 60 days after this presentation to the Assembly, the amount determined by the Administrator is automatically transferred unless a super majority of the Assembly votes to change the recommended amount.

The annual analysis has been completed and \$690,862 is available. The Administrator is recommending that only \$440,862 be transferred to the PISF for the following reason:

The Municipality is anticipating unbudgeted legal, geotechnical and other expenses related to the August 2015 landslide. These could be as high as \$250,000. It is felt that the 2015 fund balance provides a good source to cover these expenses. The Administrator is recommending that this amount not be transferred to the PISF. Instead, it should be restricted in the form of a committed fund balance within the General Fund for the purposes of providing funding for the payment of legal, services and geotechnical services and related other costs.

The commitment of \$250,000 of the undesignated, unreserved fund balance of the General Fund does not require an ordinance or resolution. Passage of a motion is sufficient. Subsequent expenditure of the funds for the specific purposes they have been restricted for requires an appropriation. Likewise, transfer of funds from the General Fund to the Public Infrastructure Sinking Fund will require an appropriation. All appropriations must be accomplished through budget ordinances (one follows this agenda item).

Appropriate Assembly motions to accomplish the various purposes described above are as follows:

I move to accept the Administrator's recommendation to transfer \$440,862 to the Public Infrastructure Sinking Fund.

I move to restrict \$250,000 of the General Fund unreserved, undesignated fund balance to a committed fund balance, available only for appropriation for the purposes of providing payment for legal and geotechnical services and other related costs.

Please note that the supplemental budget ordinance in the next agenda item is predicated upon the anticipation that the Assembly will pass the two motions stated above; if either motion is not passed, the related supplemental budget ordinance must be changed and should not be passed on first reading.

September 27, 2016 Assembly Minutes

M 16-170

Transfer \$440,862 from the FY16 General Fund balance to the Public Infrastructure Sinking Fund and place \$250,000 of the General Fund unreserved, undesignated fund balance to a committed fund balance for unbudgeted landslide legal, geotechnical and other related expenses

Guevin noted he had not made the first motion included in the packet (to approve the administrator's recommendation to transfer \$440,862 to the Public Infrastructure

Sinking Fund). Guevin felt that because of the need to subsidize the electric rates it may be best to keep the \$440,862 in the General Fund.

Gorman stated two lawsuits had been filed against the City related to the August 2015 landslides. He noted staff would like to move ahead with a geotechnical study for the Gavin Subdivision area. Gorman estimated these costs would be around \$70,000 plus additional costs, approximately \$100,000, for continued legal support from Attorney David Bruce.

The Assembly asked the Administrator to keep the Assembly informed of geotechnical and legal costs.

Gorman reminded that if the Assembly did not take action on the \$440,862 administrator's recommendation it would automatically go into the Public Infrastructure Sinking Fund after 60 days. It was noted this should come back to the Assembly for further discussion.

A motion was made by Guevin to restrict \$250,000 of the General Fund unreserved, undesignated fund balance to a committed fund balance, available only for appropriation for the purposes of providing payment for landslide legal and geotechnical services and other related costs. The motion PASSED by the following vote.

Yes: 5 - Hunter, Swanson, Miyasato, Eisenbeisz, and Guevin

Absent: 2 - McConnell, and Potrzuski

A motion was made by Eisenbeisz to AMEND the amount to \$350,000. The motion FAILED by the following vote.

Yes: 3 - Swanson, Miyasato, and Eisenbeisz

No: 2 - Hunter, and Guevin

Absent: 2 - McConnell, and Potrzuski

October 25, 2016 Assembly Minutes

H 16-190

Transfer \$440,862 from the FY16 General Fund balance to the Public Infrastructure Sinking Fund

Assembly members decided to postpone this item until after the November 19, 2016 Assembly visioning session. It was reminded that the amount determined by the Administrator, \$440,862, would be automatically transferred to the Public Infrastructure Sinking Fund after November 26, 2016 unless a super majority of the Assembly (5 members) voted to change the recommended amount prior to that date.

A motion was made by Potrzuski that this Item be POSTPONED to the November 22, 2016 Assembly Meeting. The motion PASSED by the following vote.

Yes: 7 - Swanson, Eisenbeisz, Guevin, Potrzuski, Hunter, Knox, and Bean

Chapter 4.45
LONG-TERM INFRASTRUCTURE SINKING FUND FOR THE REPAIR AND
REPLACEMENT OF GENERAL FUND MUNICIPAL BUILDINGS, STREETS,
SIDEWALKS, PARKING LOTS, AND PARKS

Sections:

- 4.45.010 Establishment of the public infrastructure sinking fund.
- 4.45.020 Determination of the required balance of the public infrastructure sinking fund.
- 4.45.030 Assembly action.
- 4.45.040 Use of the sinking fund.
- 4.45.050 Emergency transfer of the sinking fund.

4.45.010 Establishment of the public infrastructure sinking fund.

There shall hereby be created, within the fund structure of the city and borough of Sitka, a sinking fund for the repair and replacement of general fund municipal buildings, streets, sidewalks, parking lots, and parks to be hereafter called the public infrastructure sinking fund. (Ord. 12-30 § 4 (part), 2012.)

4.45.020 Determination of the required balance of the public infrastructure sinking fund.

Within ninety days after the start of each fiscal year, the administrator shall prepare an analysis of the general fund balance with an accompanying recommendation as to an amount of the general fund balance available for potential transfer to the public infrastructure sinking fund. This analysis shall first take into account any portions of the general fund restricted by Chapter 4.44A before recommending any further amounts for potential transfer to the public infrastructure sinking fund. (Ord. 12-30 § 4 (part), 2012.)

4.45.030 Assembly action.

Within sixty days after presentation of the annual analysis by the administrator, the amount determined by the administrator shall automatically be transferred to the public infrastructure sinking fund, unless a super majority of the assembly votes to change the recommended amount. (Ord. 12-30 § 4 (part), 2012.)

4.45.040 Use of the sinking fund.

The assembly shall annually appropriate an amount from the public infrastructure sinking fund to be used exclusively for the repair and replacement of general fund municipal buildings, streets, sidewalks, parking lots, and parks as recommended by the administrator in his annual budget. (Ord. 12-30 § 4 (part), 2012.)

4.45.050 Emergency transfer of the sinking fund.

The assembly shall have the authority to transfer any portion of the public infrastructure sinking fund to the general fund in the case of an emergency threatening public health, safety, or welfare which requires use of public funds. Such a transfer shall require an approval of a super majority of the assembly. (Ord. 12-30 § 4 (part), 2012.)