

Memo

To: City and Borough of Sitka Assembly
From: Jay Sweeney, Interim Municipal Administrator
Date: 12/5/2012
Re: Transfer From the General Fund to the Public Infrastructure Sinking Fund

Section 4.45.020 of the Sitka General Code requires that within 90 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.

In accordance with Section 4.45.020, I have prepared the following analysis and have determined that the amount of \$653,219 is potentially available to be transferred into the Public Infrastructure Sinking Fund.

If this transfer is approved by the Assembly, the resulting balance in the Fund would be \$1,480,544, as the fund currently has \$827,325.85 in it.

The mechanism put in place in the Sitka General Code regarding the Public Infrastructure Sinking Fund works in a three-step, sequential fashion as follows:

- At the start of fiscal year 2014, the Administrator identifies an amount of available in the General Fund to be transferred to the Public Infrastructure Sinking Fund. The amount so identified is automatically transferred unless the Assembly opts to do something different with the funds.
- As part of the Administrator's budget for year 2015, the Administrator proposes a possible use for some or all of the balance in the Public Infrastructure Sinking Fund.
- If the Administrator's budget recommendation for year 2015 is adopted by the Assembly, then the funds are transferred out of the Public Infrastructure Sinking Fund in FY2015 to the appropriate capital project fund.

The Public Works Department has previously identified Edgecumbe Drive Resurfacing as a high priority maintenance project that is a suitable candidate for use of the balance in the Public Infrastructure Sinking Fund. The Public Works Department wishes to commence with the Edgecumbe Drive project in early summer, which is the end of FY2014.

Thus, a conundrum exists. To be able to expend the \$827,325.85 balance of the Public Infrastructure Sinking Fund which was on hand on June 30, 2013 in FY2014, a transfer appropriation would need to have been included in the FY13 budget. The prior Administrator did not elect to include such a transfer, although the matter was discussed.

To move the \$827,325.85 balance in the Public Infrastructure Sinking Fund to an Edgecumbe Drive capital project fund in FY2014 will require a supermajority of the Assembly, as required by Section 4.45.050 of the SGC, with the Assembly making the determination that public welfare is threatened.

As the entire concept of the Public Infrastructure Sinking Fund is new and its use is being contemplated for the first time, the Assembly might also consider revising the SGC to avoid the timing conundrum which currently exists. This would need to be addressed in a separate agenda item but could be accomplished in time for the spring 2015 start of the Edgecumbe Drive project.

In conclusion, I am presenting the Assembly with a number of possible options, depending on the direction it wishes to take in regards to the Edgecumbe Drive Resurfacing Project.

City and Borough of Sitka
Administrator's Recommendation of Assets Available For Transfer
to the Public Infrastructure Sinking Fund

FY13	
Annual	
Operating	
Outlays	Divided
Less	By
<u>Transfers</u>	<u>Four</u>
\$ 22,995,273	\$ 5,748,818

Assets available for transfer to the public infrastructure sinking fund are computed as follows:

All assets	\$ 16,852,590
Less sales taxes collected but not yet remitted:	\$ (2,048,126)
Less advances and amounts due from other funds and component units	\$ (491,285)
Less total Liabilities	\$ (2,161,068)
Less nonspendable and committed fund balances	\$ (1,452,108)
Less reserve for encumbrances	\$ (1,382,713)
Less 90 days operating expenses designated for liquidity (from above)	\$ (5,748,818)
Less designated catastrophic emergency response	\$ (2,000,000)
Less FY14 budget deficit	\$ (674,643)
Less FY14 ASEA, PSEA pay increases	\$ (240,610)
Assets Available For Transfer:	<u>\$ 653,219</u>

F I N A N C I A L M A N A G E M E N T
 BALANCE SHEET

MONTH END DATE: 6/30/2013

PRIOR Y-T-D
 BALANCE

CURRENT Y-T-D
 BALANCE

NET
 CHANGE

CHANGE
 PERCENTAGE

Fund . . . : 708 Pub Infras
 CATEGORY : A Governmntl
 TYPE . . . : 3 Capital

***** ASSETS *****				
Assets				
Cash				
Checking Account- General	.00	.00	.00	.00%
Cash TOTALS :	.00	.00	.00	.00%
Investments - Current				
Change in FMV-Investments	.00	.00	.00	.00%
Investment-Central Trea.	.00	827,325.85	827,325.85	.00%
Invtmt/Cur TOTALS :	.00	827,325.85	827,325.85	.00%
Receivables				
Accts Rec.-Misc Billing	.00	.00	.00	.00%
Accts Rec.- State	.00	.00	.00	.00%
Accts Rec.- Federal	.00	.00	.00	.00%
Receivable TOTALS :	.00	.00	.00	.00%
Property,plant & equip.				
Construction in Progress	.00	.00	.00	.00%
Fixed Asst TOTALS :	.00	.00	.00	.00%
Assets TOTALS :	.00	827,325.85	827,325.85	.00%
TOTAL ASSETS :	.00	827,325.85	827,325.85	.00%

***** LIABILITIES AND FUND EQUITY *****				
Liabilities				
Payables - Current				
Accounts Payable	.00	.00	.00	.00%
Advances Payable	.00	.00	.00	.00%
Payables TOTALS :	.00	.00	.00	.00%
Other Non Current Liabilities				
Deferred Revenue	.00	.00	.00	.00%
OtherNCLia TOTALS :	.00	.00	.00	.00%
Liability TOTALS :	.00	.00	.00	.00%
Fund Equity				
Fund Balance - Reserved				
Reserve for Encumbrances	.00	.00	.00	.00%
Designated-Future Expend.	.00	.00	.00	.00%
FundBal R TOTALS :	.00	.00	.00	.00%

City and Borough of Sitka LIVE
 DATE 9/04/13
 TIME 10:29:15

F I N A N C I A L M A N A G E M E N T

BALANCE SHEET

MONTH END DATE: 6/30/2013	PRIOR Y-T-D BALANCE	CURRENT Y-T-D BALANCE	NET CHANGE	CHANGE PERCENTAGE
Fund Balance - Unreserved				
Undesignated/Re. Earnings	.00	827,325.85-	827,325.85-	.00%
Post Soft Close Entries	.00	.00	.00	.00%
FundBal UR TOTALS :	.00	827,325.85-	827,325.85-	.00%
Contributed Capitl				
Contributed Cap.-Federal	.00	.00	.00	.00%
Contributed Cap.-State	.00	.00	.00	.00%
Contributed Cap.-Local	.00	.00	.00	.00%
ContCapitl TOTALS :	.00	.00	.00	.00%
Budget & Control Accounts				
P/Y Encumbrance Control	.00	.00	.00	.00%
Bdgt&Ctrl TOTALS :	.00	.00	.00	.00%
FundEquity TOTALS :	.00	827,325.85-	827,325.85-	.00%
TOTAL LIABILITIES AND FUND EQUITY :	.00	827,325.85-	827,325.85-	.00%

MEMORANDUM

To: Mayor McConnell and Assembly Members
Jay Sweeney, Interim Municipal Administrator

From: Michael Harmon P.E., Public Works Director

Date: September 9, 2013

Subject: **Sinking Fund Dedication to Edgecumbe Drive Project**

Background:

Edgecumbe Drive reconstruction is our top priority roadway project to be funded through a \$2,900,000 FY2013 State Legislative Grant. This grant is to provide funding towards Failed Collector Street Rehabilitation in Sitka. Budgetary cost estimates indicate we need additional funding to complete Edgecumbe Drive as follows:

- Approximately \$5.5 million to completely rebuild Edgecumbe Drive from Kimsham to Cascade Creek to include paving, curb and gutter, sidewalk, and storm drain (budget shortfall of \$3.25 million).
- Approximately \$3.5 million would be required to rebuild Edgecumbe Drive from Kimsham to Cascade Creek to include paving and storm drain only (budget shortfall of \$1.25 million).
- Approximately \$2.5 million would be required to rebuild Edgecumbe Drive from Kimsham to Cascade Creek to include paving the drive lanes only (no shoulders) and storm drain (budget shortfall of \$250,000).

Public Works staff has begun the planning level work for this project. Test borings were completed along Edgecumbe Drive in areas of suspected subgrade failure and in other areas of interest on March 4-5, 2013. This information will assist in the design of the improvements. Public Works anticipates construction during the summer of 2014. Survey work and design will start this fall.

Analysis:

It is Public Works recommendation to position this project to be completed in 2014 while there will be up to three different paving companies in town performing work for DOT projects. This is by far the most heavily used and expensive section of roadway in the CBS inventory and is reaching the end of its useful life. Any cost savings due to reduced mobilization and/or competitive bidding could be significant. To best position this project to meet this tight schedule, all available funding should be dedicated soon to allow the opportunity to pursue a "Best Value Design Build Contract". This process would give us the advantage of overlapping the design and permitting process with

ordering material and starting underground work in preparation for the paving. However, we need all the funding in place prior to pursuing this type of RFP.

Allocating all available Infrastructure Sinking Funds towards this project would increase the total budget to \$4,380,544 including utilizing all available grant funds. This would complete all necessary paving and most of the underground work including most storm drains (sidewalk improvements would be limited).

Fiscal Note:

The recommended budget for Edgecumbe Drive consists of the following commitments:

FY13 Failed Collector Street Rehabilitation State Grant	\$2,900,000
Current Infrastructure Sinking Fund Balance	\$ 827,325
Available FY14 Sinking Fund Appropriation	<u>\$ 653,219</u>
Total	\$4,380,544

Recommendation:

- Approve the Administrator to transfer \$653,219 from the FY13 rollover funds identified for the FY14 Sinking Fund Appropriation to the Edgecumbe Drive Project.
- Approve the Administrator to transfer the current Infrastructure Sinking Fund Balance (approximately \$827,325) to the Edgecumbe Drive Project.

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.)

4.45.050 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.)

4.44A.020 Restriction of general fund balance.

A portion of the general fund balance equal to the total of all budgeted expenditures for the general fund for the current fiscal year, divided by four (transfers from the general fund balance shall not be considered expenditure for the purposes of this calculation), shall be restricted as to its use in order to provide for required liquidity of the municipality and not available for appropriation without a super majority of the assembly voting in approval. An additional amount of two million dollars shall be restricted as to its use in order to provide funds for responding to an emergency and not available for appropriation without a super majority of the assembly voting in approval.

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.

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