

An aerial photograph of a large water reservoir, likely a dam or reservoir, with a concrete dam structure visible on the left side. The water is a deep blue-grey color, and the surrounding landscape is a mix of green and brown. The text is overlaid on a semi-transparent white rectangular area in the upper half of the image.

Special Budget Meeting

Enterprise and Internal Service Funds

February 20, 2020

FY2021 Budget Process

February 20

Focus on capital projects and fixed assets

February 27

Budget book goes out

March 5

Focus on General Fund

March 19

Focus on enterprise and internal service funds

April 2

Revisit all funds for any final changes

April 14 & 28

First and second reading of budget ordinances

Electric Fund—Budget, Capital, and Debt

IMPACT OF FY2021 BUDGET ON WORKING CAPITAL

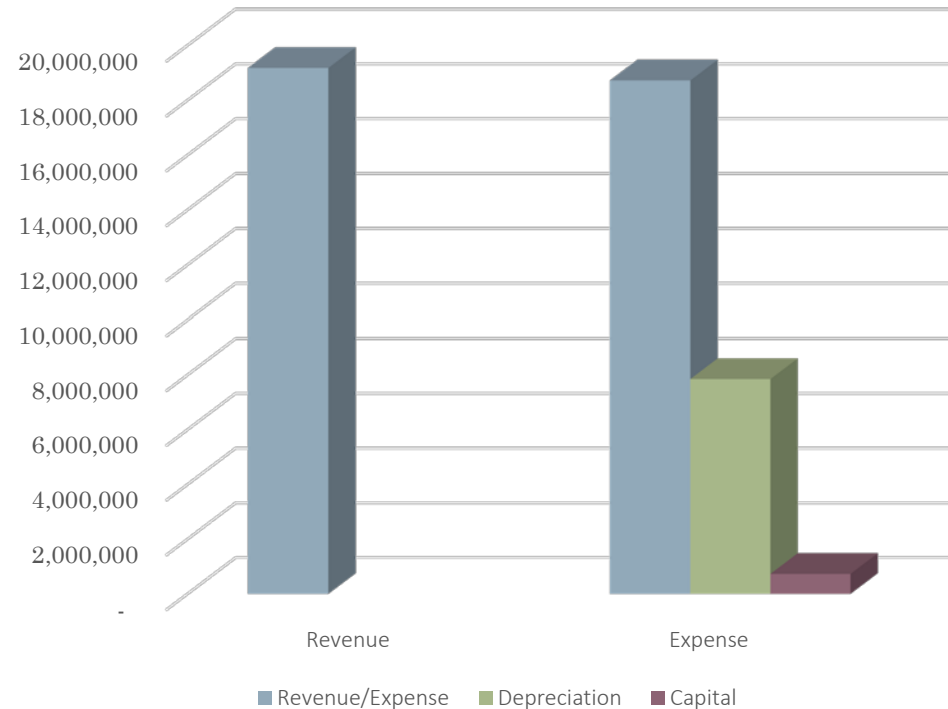
Total Revenue	19,175,808
Expense (w/principal)	18,720,144
Transfers out for Capital	730,000
Change in working capital	(274,336)

Depreciation	7,849,191
Surplus/(deficit) w/ depr.	(8,123,527)

Capital projects

Feeder Improvements	\$500,000
Island Improvements	\$60,000
Meter Replacement/Upgrade	\$95,000
Harbor Meters	\$75,000
Green Lake Overhaul Phase I	\$3,000,000

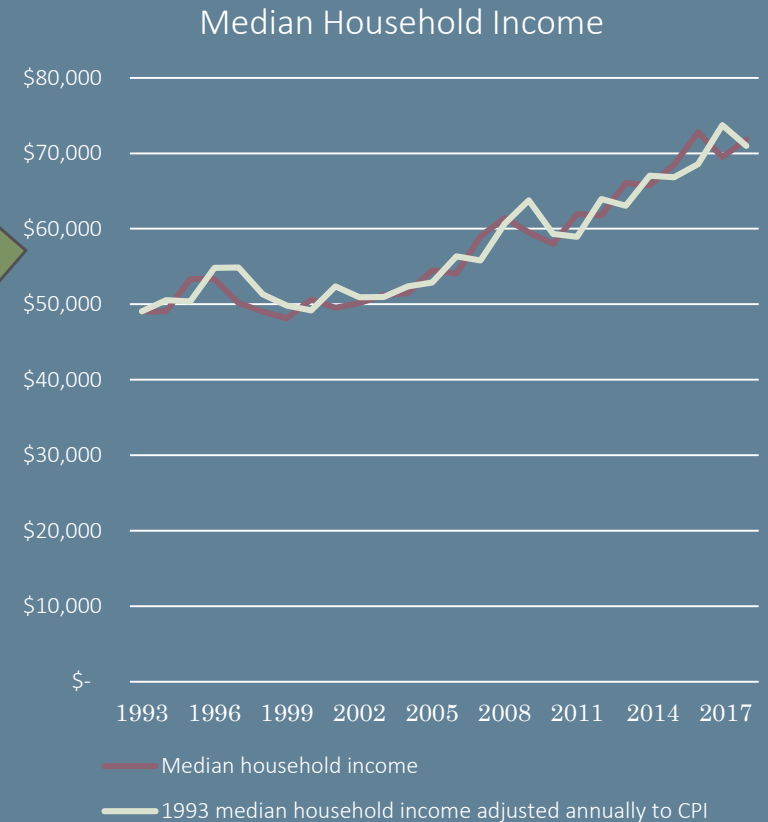
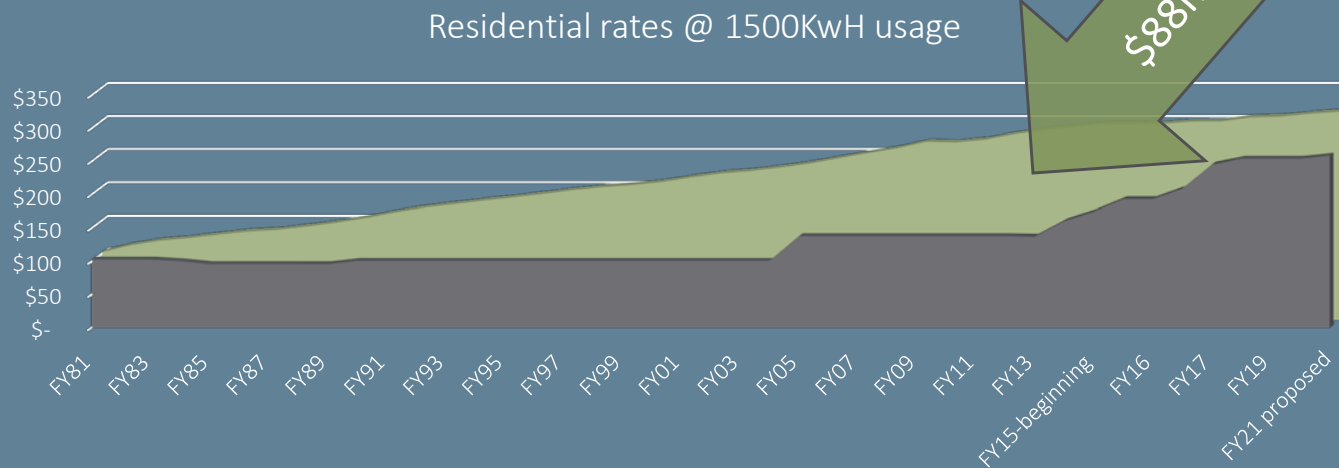
NEW DEBT: \$3,000,000 USDA Rural Development Loan



Available Working Capital
as of end of FY19:
\$1.4 million

Electric Fund FY2021 rate increase—2%

- Monthly increase for average user
 - Winter (1119 KwH/month): **\$3.04** (includes sales tax)
 - Summer (745 KwH/month): **\$3.20** (includes sales tax)
- **TOTAL ANNUAL IMPACT OF RATE INCREASE \$37.44**



Electric Fund decision points *(make changes via motion)*

- Approve additional Relay Control Technician for two-year training period to ensure critical transition (currently in budget)
- Approve seeking low interest \$3,000,000 USDA rural development loan (debt service currently in Electric Fund budget)
- Does the General Fund subsidize the Electric Fund to cover debt service for a period of time
- Any changes to *status quo* proposed operating plan
- Other direction from Assembly (via motion)



Water Fund—Budget, Capital, and Debt

IMPACT OF FY2021 BUDGET ON WORKING CAPITAL

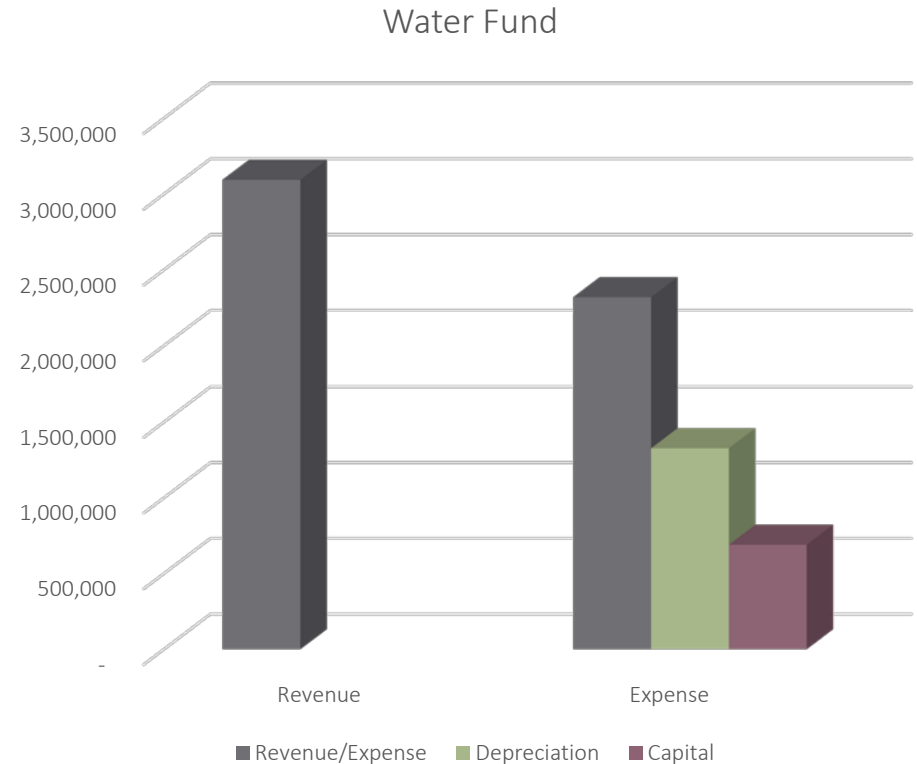
Total Revenue	3,093,675
Expense (w/principal)	2,319,609
Transfers out for Capital	690,000
Change in working capital	84,066

Depreciation	1,327,206
Surplus/(deficit) w/ depr.	(1,243,140)

Capital projects

Water Tanks - Interior Condition assessment/ exterior painting	\$40,000
Transmission Main Condition Assessment	\$150,000
Blue Lake Slope Stabilization	\$500,000

NO NEW DEBT

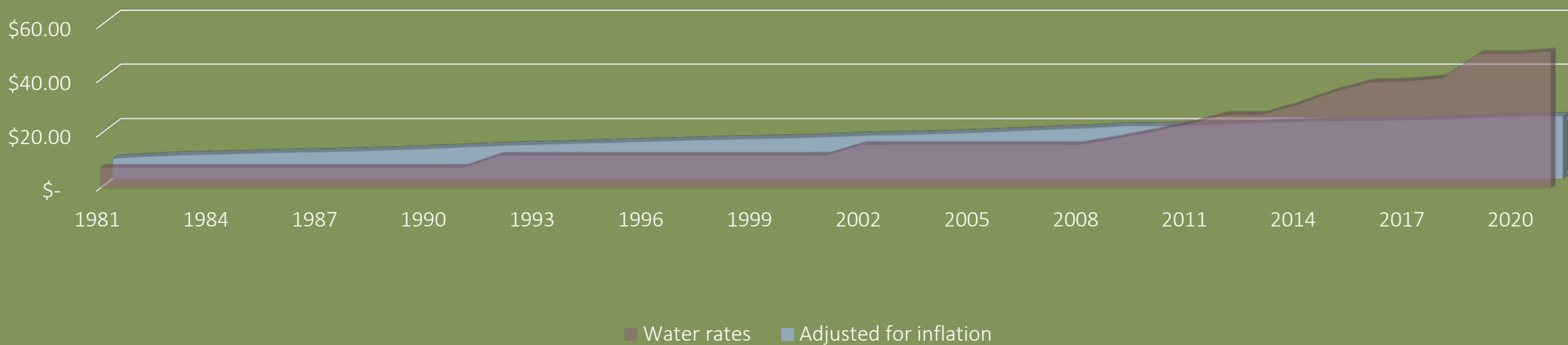


Available Working Capital
as of end of FY19:
\$2.1 million

Water Fund FY2021 rate increase—2%

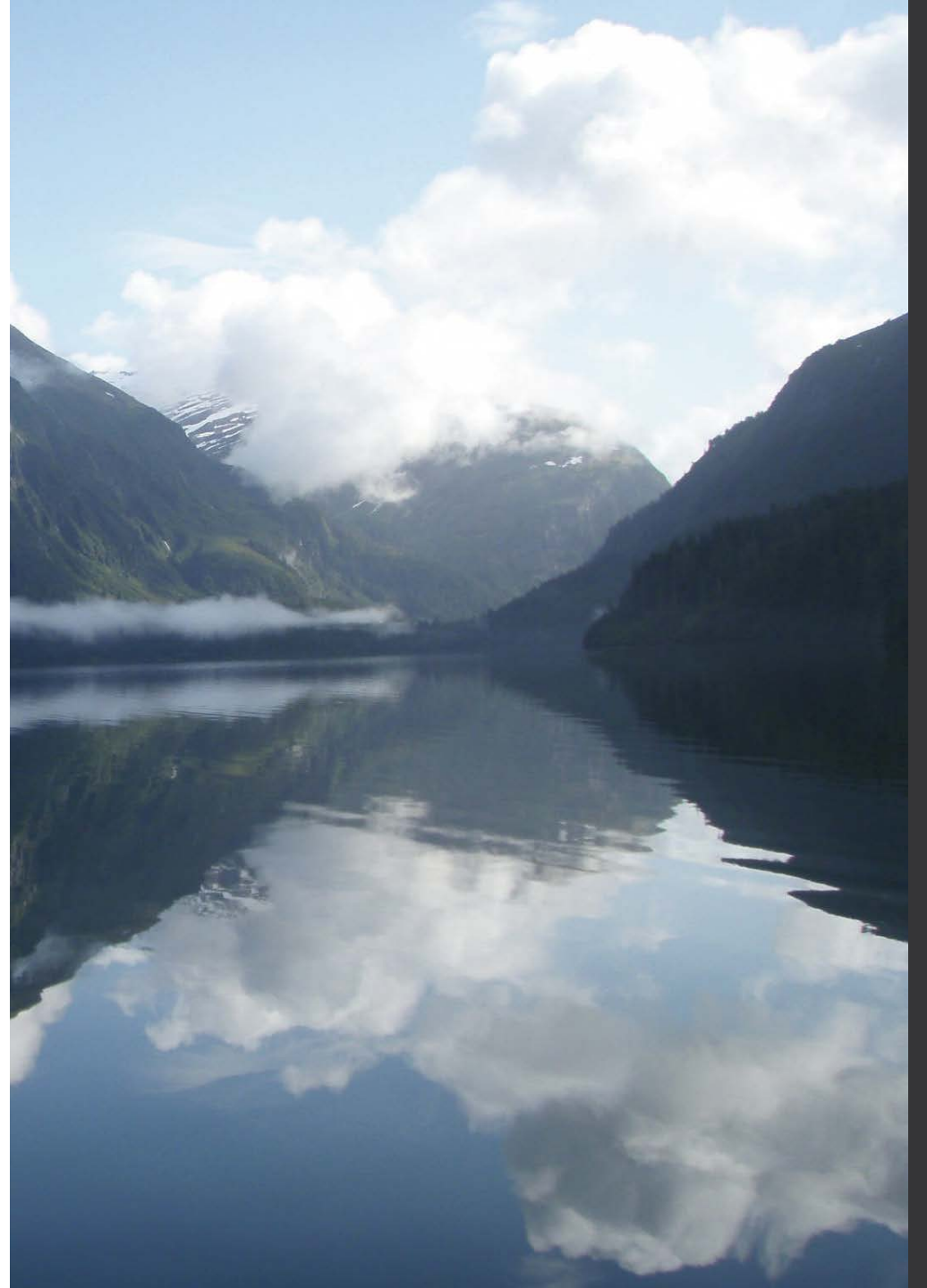
- Monthly increase for average user
 - **\$1.04** (includes sales tax)
- **TOTAL ANNUAL IMPACT OF RATE INCREASE \$12.48**

Residential water rates



Water Fund decision points *(make changes via motion)*

- Any changes to FY2021 proposed capital projects
- Any changes to *status quo* proposed operating plan
- Other direction from Assembly

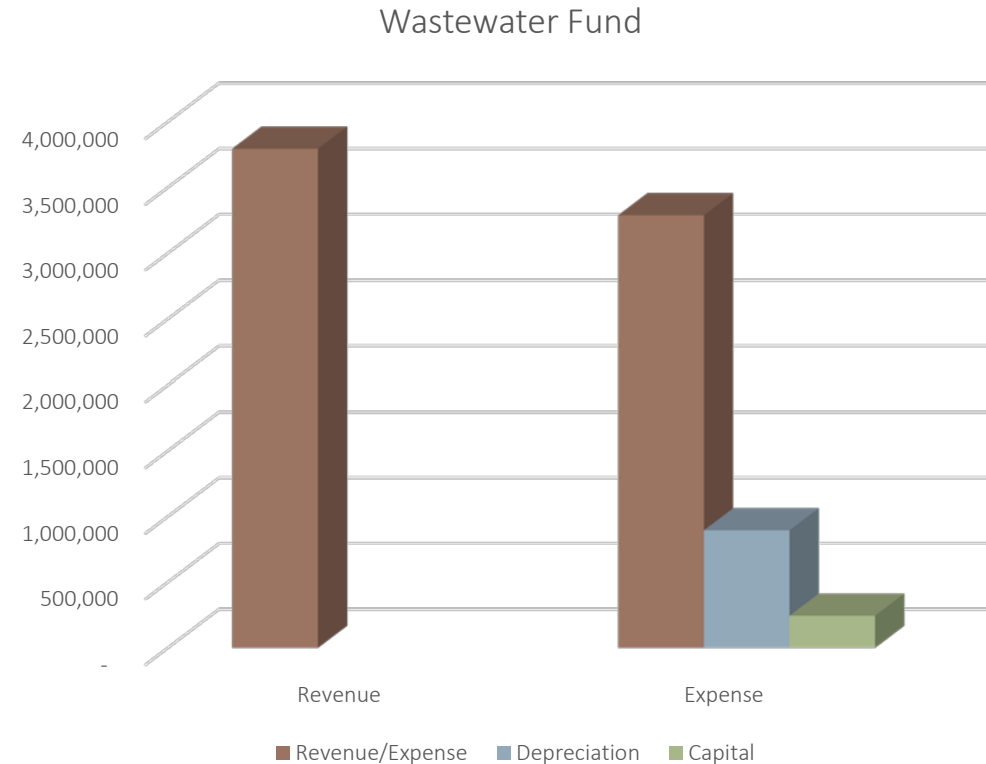


Wastewater Fund—Budget, Capital, and Debt

IMPACT OF FY2021 BUDGET ON WORKING CAPITAL

Total Revenue	3,794,511
Expense (w/principal)	3,288,331
Transfers out for Capital	245,000
Change in working capital	261,180
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Depreciation	895,228
Surplus/(deficit) w/ depr.	(634,048)
Capital projects	
WWTP Blower Manifold Assessment/Des	\$60,000
Lincoln Street Lift Station Valve Replacement	\$55,000
WWTP Clarifier Drive Replacement	\$55,000
Thomsen Harbor Lift Station Rehabilitation	\$75,000

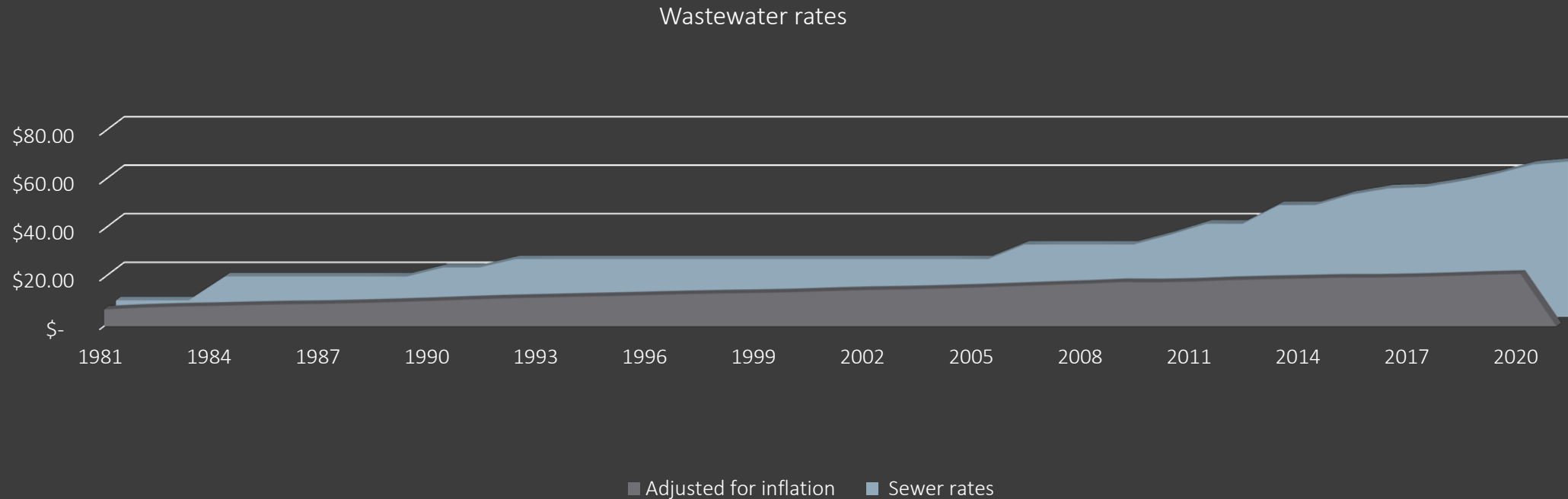
NO NEW DEBT



Available Working Capital
as of end of FY19:
\$5.0 million

Wastewater Fund FY2021 rate increase— 2%

- Monthly increase for average user
 - \$1.32 (includes sales tax)
- TOTAL ANNUAL IMPACT OF RATE INCREASE **\$15.84**



Wastewater Fund decision points *(make changes via motion)*

- Any changes to FY2021 proposed capital projects
- Any changes to *status quo* proposed operating plan
- Other direction from Assembly

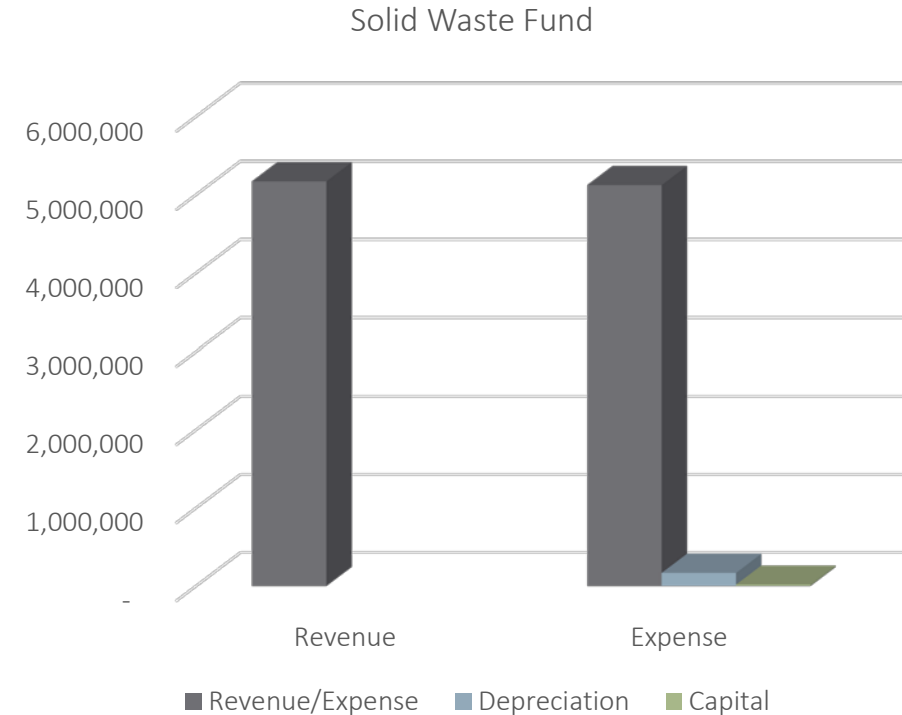


Solid Waste Fund—Budget, Capital, and Debt

IMPACT OF FY2021 BUDGET ON WORKING CAPITAL

Total Revenue	5,171,424	
Expense (w/principal)	5,123,722	
Transfers out for Capital	18,500	
Change in working capital	29,202	
Depreciation	168,690	
Surplus/(deficit) w/ depr.	(139,488)	
Capital projects		
Scrap Yard Tank Circular Concrete Structure Repairs	\$8,500	
Transfer Station lighting	\$10,000	

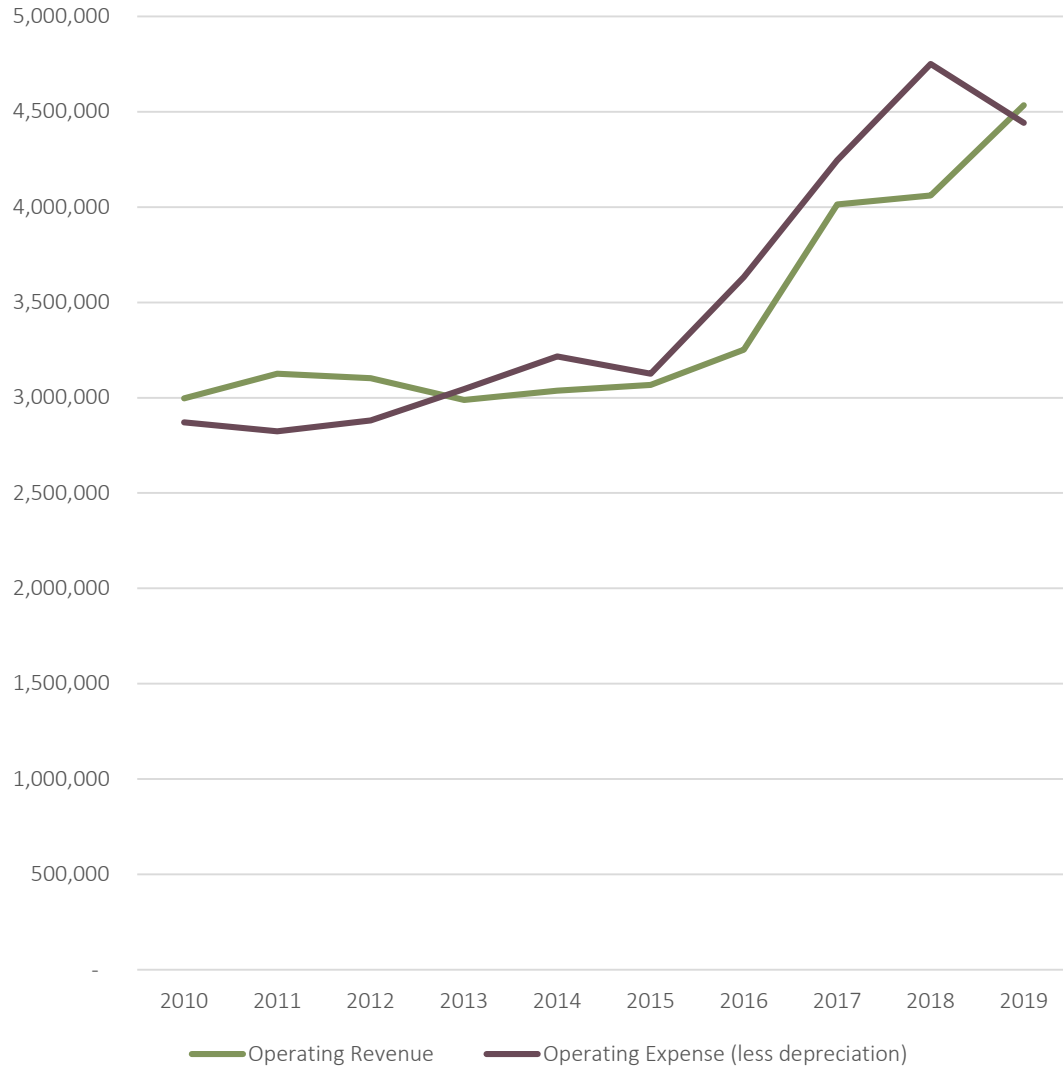
NO NEW DEBT



Available Working Capital
as of end of FY19:

-\$1.8 million

Solid Waste Operating Revenue vs. Expense



Solid Waste Fund FY2021 rate increase—5.5%

- Monthly increase for average user
 - **\$3.40** (includes sales tax)
- ANNUAL IMPACT OF RATE INCREASE **\$40.80**
- **Driven by operating costs**

Solid Waste Fund decision points *(make changes via motion)*

- Any changes to FY2021 proposed capital projects
- Any changes to *status quo* proposed operating plan
- Other direction from Assembly

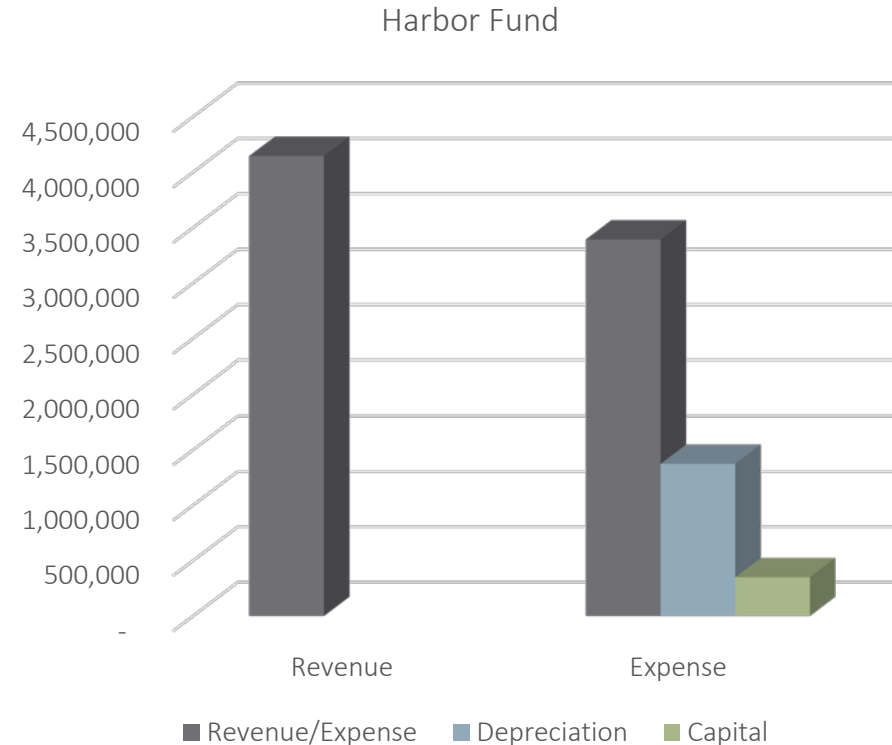


Harbor Fund—Budget, Capital, and Debt

IMPACT OF FY2021 BUDGET ON WORKING CAPITAL

Total Revenue	4,145,523	
Expense (w/principal)	3,392,534	
Transfers out for Capital	350,000	
Change in working capital	402,989	
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Depreciation	1,373,846	
Surplus/(deficit) w/ depr.	(970,857)	
Capital projects		
Crescent Harbor Lightering Float Repairs	\$300,000	
Sealing Cove Upland/Parking Lot Paving Repairs	\$50,000	

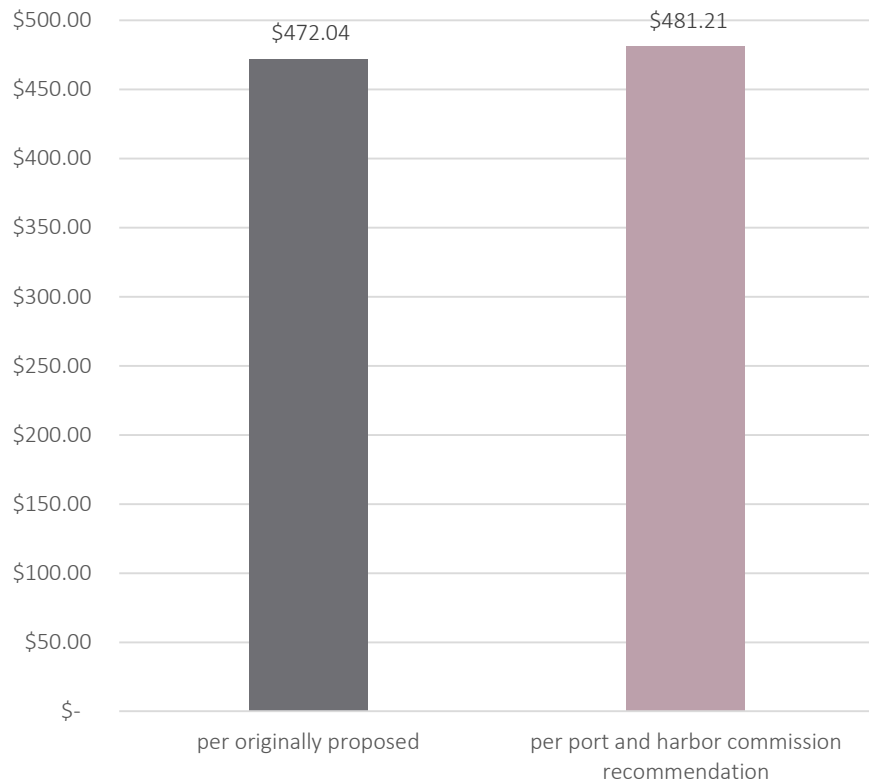
NO NEW DEBT



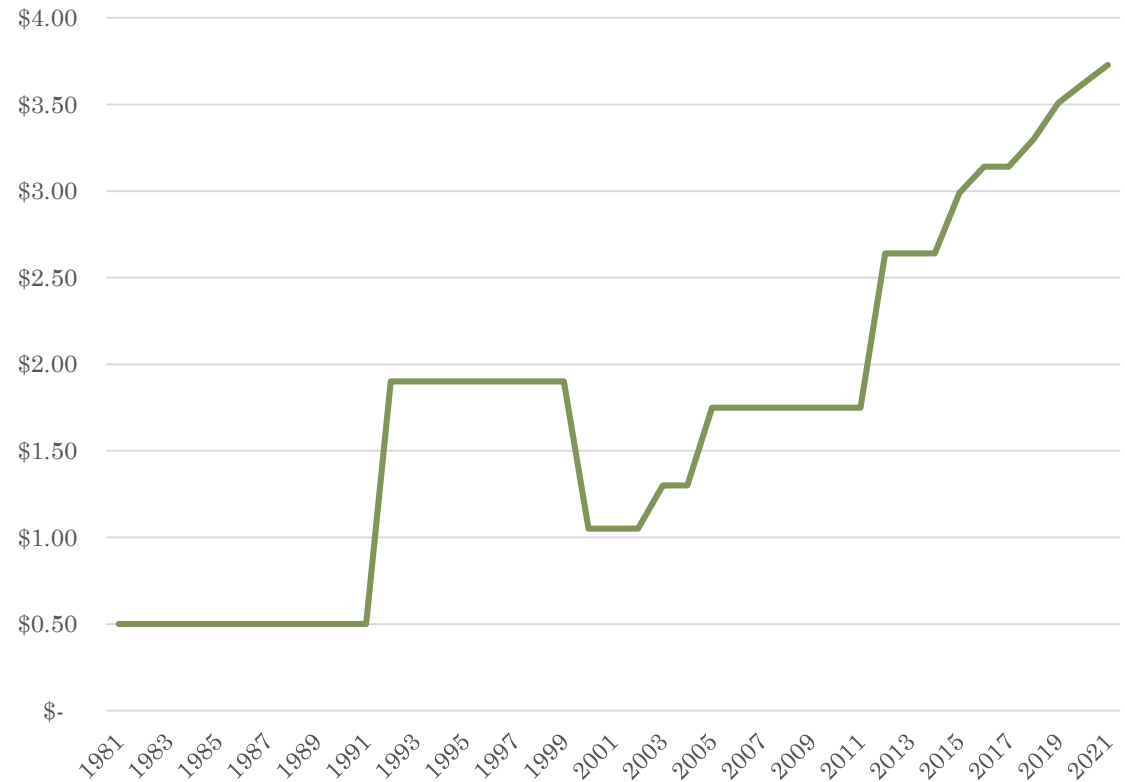
Available Working Capital
as of end of FY19:
\$7.4 million

Harbor Fund FY2021 rate increase—3% ?

Impact on quarterly moorage of 40 ft vessel of proposed FY2021 rates



Historical moorage rates (cost/ft/month)



Harbor Fund decision points *(make changes via motion)*

- If supplemental appropriation for high load dock/net shed does not pass FY2020, it will be added to FY2021 capital
- Which rate does the assembly want to come forward? 3% or 5%?
- Any changes to FY2021 proposed capital projects
- Any changes to *status quo* proposed operating plan
- Other direction from Assembly



	Current		FY2021 Budget		Monthly Increase	Annual increase
Winter (November-April)	<u>Utility Fees</u>	<u>Sales Tax</u>	<u>Utility Fees</u>	<u>Sales Tax</u>	Winter	
Electric (1119KwH)	165.56	8.28	168.46	8.42	3.04	18.24
Water	49.45	2.47	50.44	2.52	1.04	6.24
Wastewater	62.93	3.15	64.19	3.21	1.32	7.92
Solid Waste (96 gallon)	58.97	2.95	62.21	3.11	3.40	20.40
Total bill		353.76		362.56	8.80	52.80
Summer (May-October)	<u>Utility Fees</u>	<u>Sales Tax</u>	<u>Utility Fees</u>	<u>Sales Tax</u>	Summer	
Electric (745KwH)	173.12	8.66	176.17	8.81	3.20	19.20
Water	49.45	2.47	50.44	2.52	1.04	6.24
Wastewater	62.93	3.15	64.19	3.21	1.32	7.92
Solid Waste (96 gallon)	58.97	2.95	62.21	3.11	3.40	20.40
Total bill		361.70		370.66	8.96	53.76

Impact to average utility bill over the course of a year:
\$106.56

Moorage: Permanent moorage of 40ft vessel currently \$458.29 per quarter will increase \$13.93 per quarter for a total of \$472.22 (includes average sales tax)

Airport Terminal Fund—Budget, Capital, and Debt

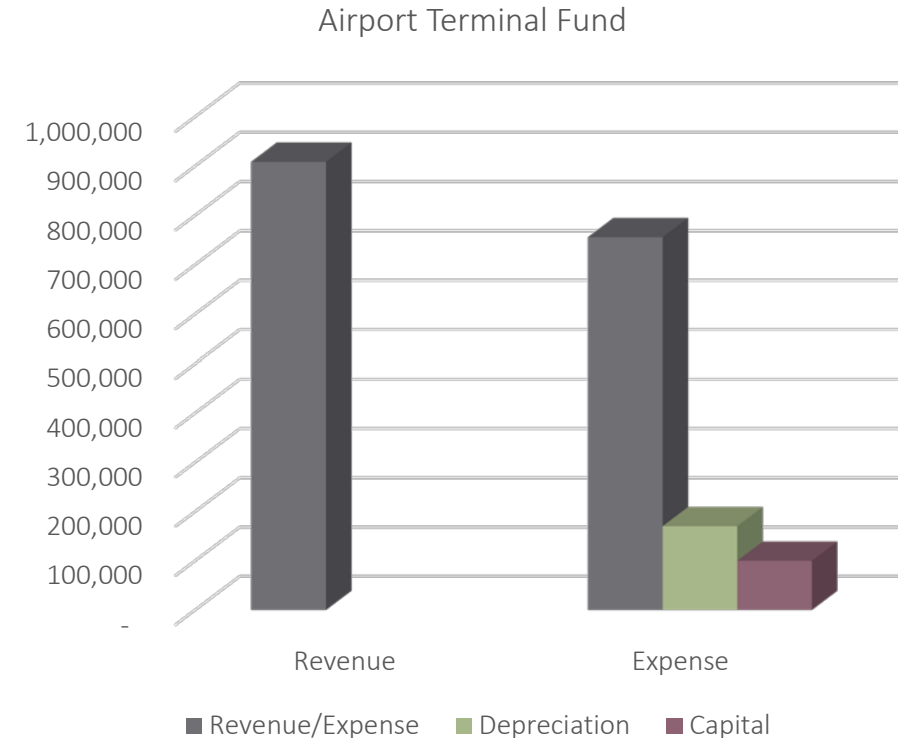
IMPACT OF FY2021 BUDGET ON WORKING CAPITAL

Total Revenue	908,500
Expense (w/principal)	755,682
Transfers out for Capital	100,000
Change in working capital	52,818
Depreciation	170,299
Surplus/(deficit) w/ depr.	(117,481)

Capital projects

Exterior Painting-front and south side \$100,000

NO NEW DEBT



Available Working Capital
as of end of FY19:
\$.8 million

Airport Terminal Fund decision points *(make changes via motion)*

- Any changes to FY2021 proposed capital projects
- Any changes to *status quo* proposed operating plan
- Other direction from Assembly



Marine Service Center Fund—Budget, Capital, and Debt

IMPACT OF FY2021 BUDGET ON WORKING CAPITAL

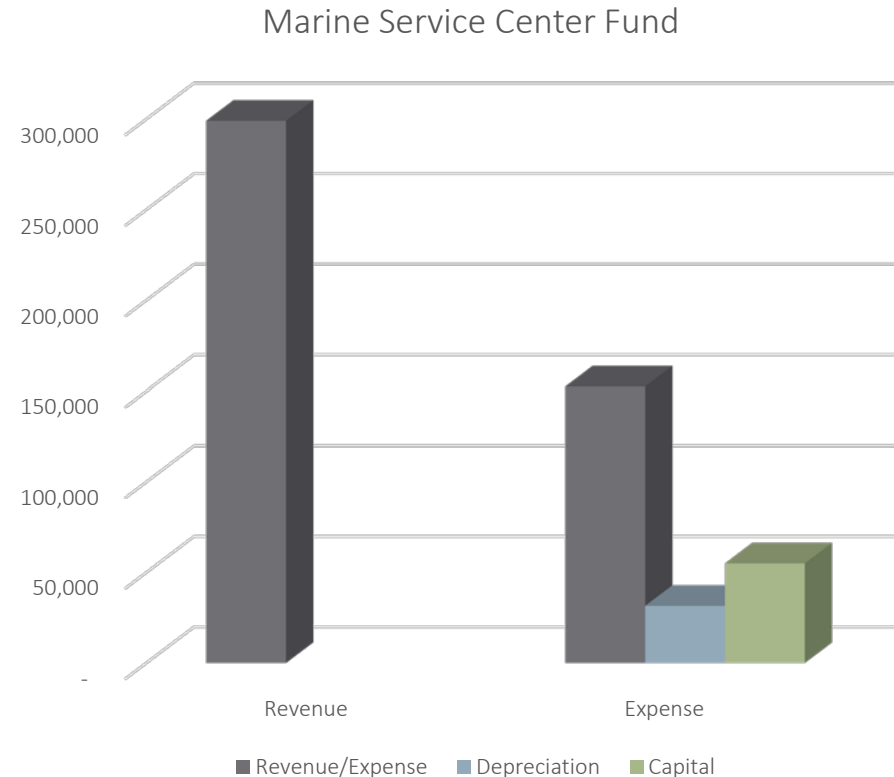
Total Revenue	299,064
Expense (w/principal)	152,469
Transfers out for Capital	55,000
Change in working capital	91,595

Depreciation	31,558
Surplus/(deficit) w/ depr.	60,037

Capital projects

Arctic Door Replacement Egress	\$10,000
Freezer Vestibule Entry Curtains	\$10,000
Replace Loading Dock Bumper	\$15,000
Ramp Transition	\$15,000
Asphalt Patch	\$5,000

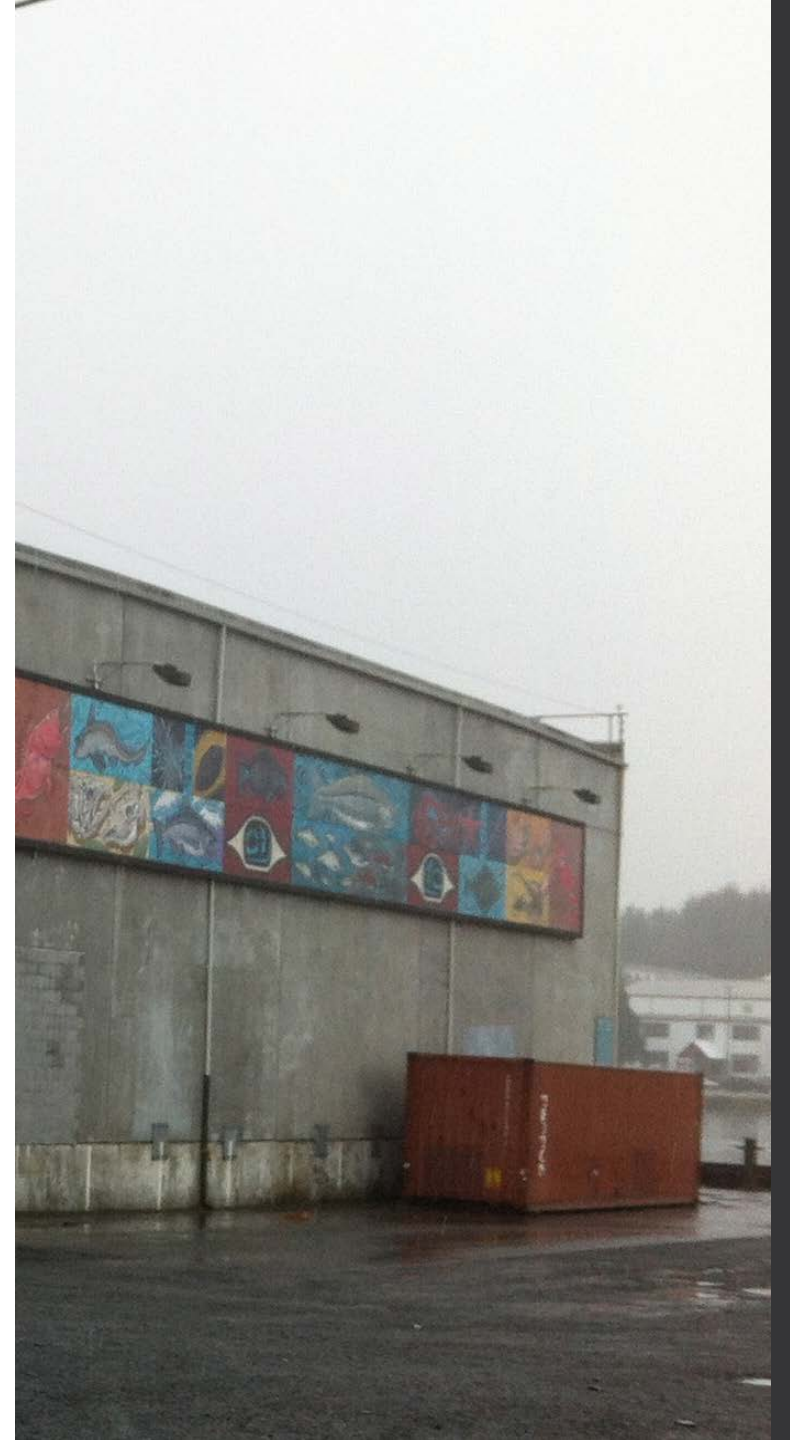
NO NEW DEBT



Available Working Capital
as of end of FY19:
\$2.0 million

Marine Service Center Fund decision points *(make changes via motion)*

- Any changes to FY2021 proposed capital projects
- Any changes to *status quo* proposed operating plan
- Other direction from Assembly



GPIP Fund—Budget, Capital, and Debt

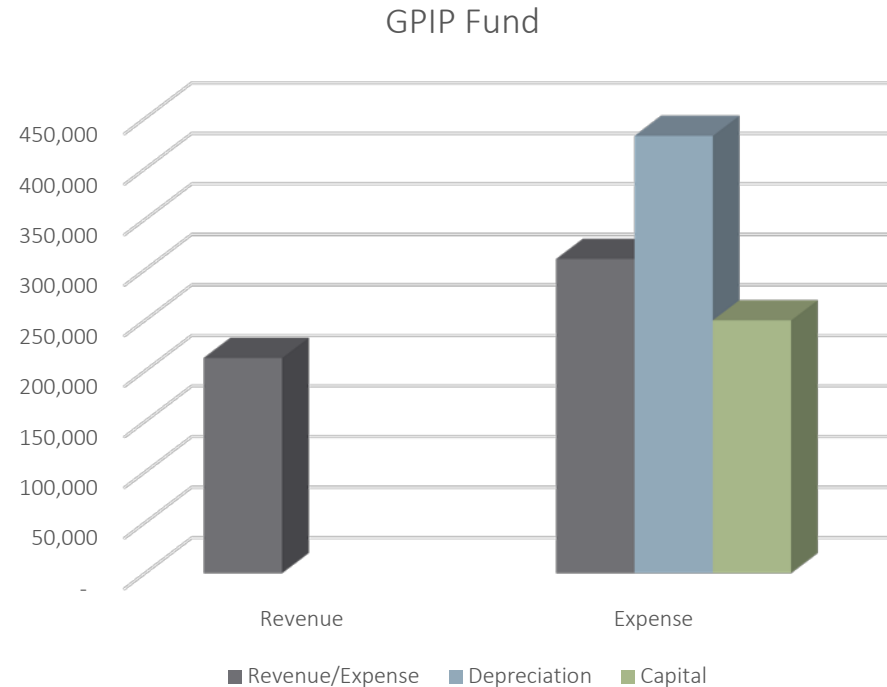
IMPACT OF FY2021 BUDGET ON WORKING CAPITAL

Total Revenue	462,755
Expense (w/principal)	310,775
Transfers out for Capital	250,000
Change in working capital	(98,020)
Depreciation	432,664
Surplus/(deficit) w/ depr.	(530,684)

Capital projects

Fixed crane for GPIP dock \$250,000
(funded via transfer in from Southeast Economic Development Fund)

NO NEW DEBT

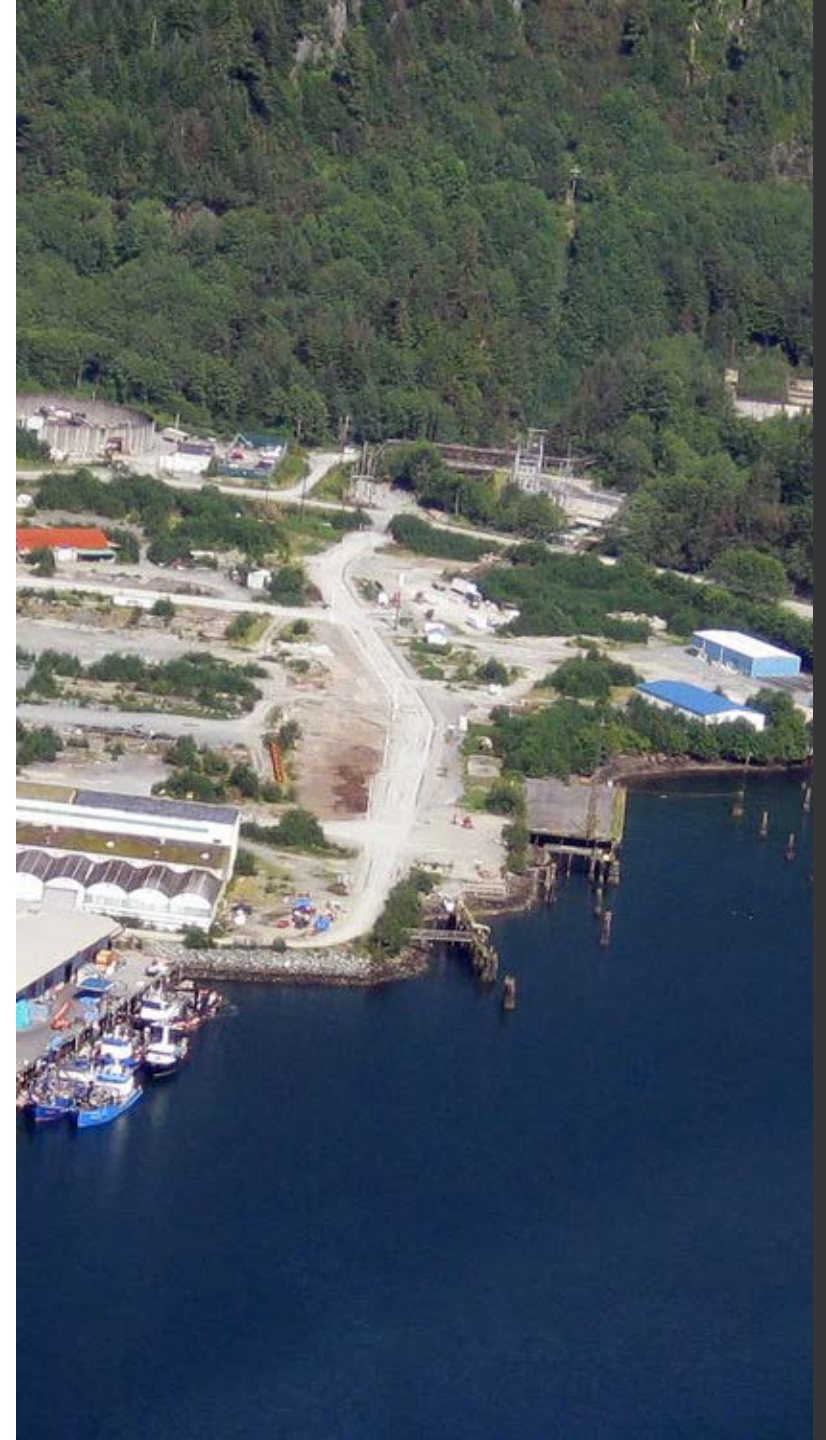


Available Working Capital
as of end of FY19:
\$.5 million

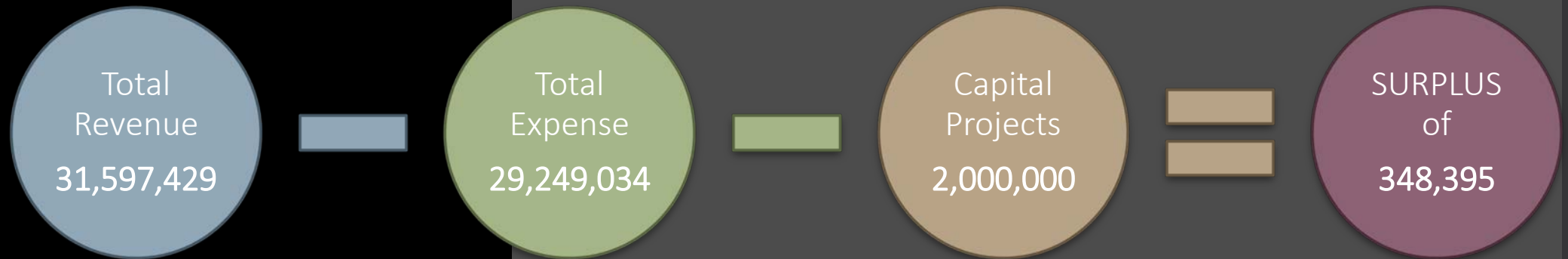
GPIP Fund decision points

(make changes via motion)

- Any changes to FY2021 proposed capital projects/funding sources
- Any changes to *status quo* proposed operating plan
- Other direction from Assembly



General Fund-context for decision on previously discussed items



GENERAL FUND PENDING DECISIONS

DECISIONS MADE TO DATE

Previously presented items that are currently IN preliminary FY2021 budget:

- Community Affairs (grant focus) position
- Asst. Controller position (succession planning)
- Library Director at higher salary

Previously presented items that are currently NOT included in preliminary FY2021 budget:

- Assistant fire chief
- No separate line item for planning for homeless shelter

DIRECTION NEEDED

- Do we keep or eliminate vacant engineer position in Public Works Department? *(eliminating reduces both expense and revenue)*
- Do we add in \$15,000 in signing bonuses for new police officers? *(adding will increase expense)*
- Subsidize debt service of \$185,000 for USDA loan for Electric Fund? *(transfer out already in preliminary budget for general fund, but would increase revenue in Electric Fund)*
- Continue to contract out TV coverage of assembly meetings @ \$9,000/year? *(elimination would reduce expense)*
- Long range infrastructure and financial planning facilitator-decisions around scope-could impact all funds with infrastructure *(more time is needed to define scope-supplemental appropriation recommended)*

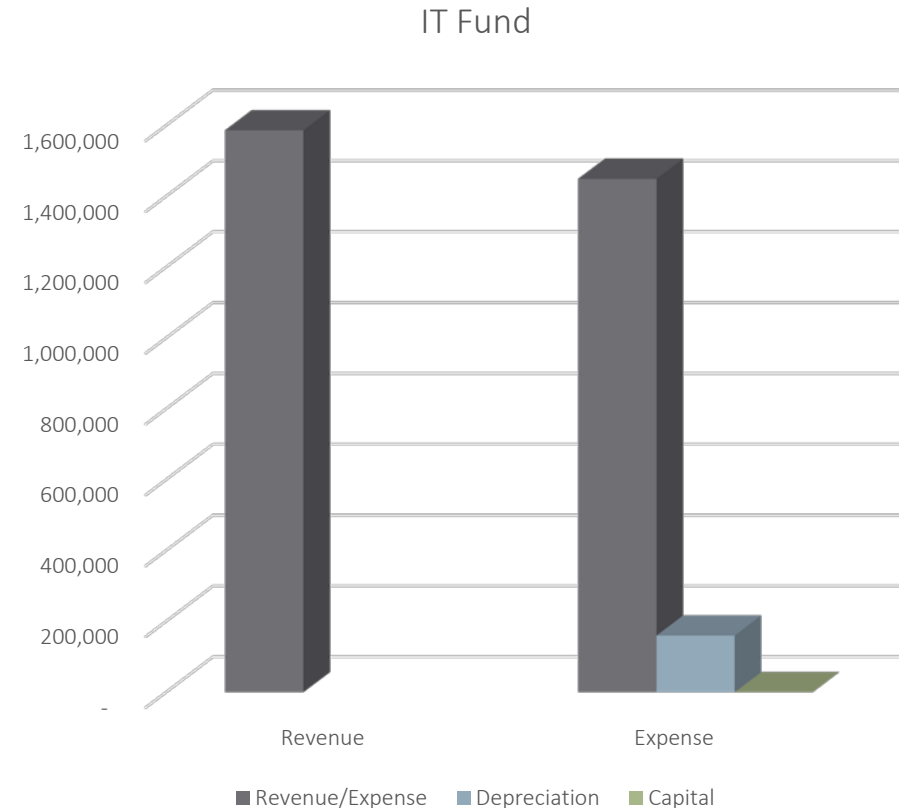
Information Technology Fund—Budget, Capital, and Debt

IMPACT OF FY2021 BUDGET ON WORKING CAPITAL

Total Revenue	1,586,117
Expense (w/principal)	1,449,127
Transfers out for Capital	-
Change in working capital	139,990
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Depreciation	159,956
Surplus/(deficit) w/ depr.	(22,966)

Capital projects
none

NO NEW DEBT



Available Working Capital
as of end of FY19:
\$44,000

IT Fund decision points

(make changes via motion)

- Any changes to *status quo* proposed operating plan
- Other direction from Assembly



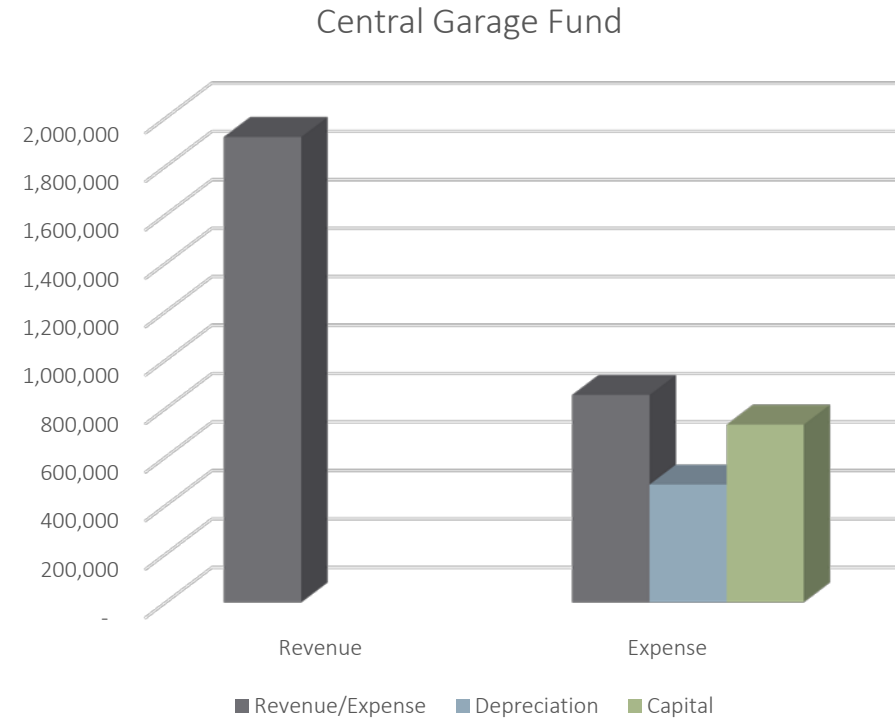
Central Garage Fund—Budget, Capital, and Debt

IMPACT OF FY2021 BUDGET ON WORKING CAPITAL

Total Revenue	1,920,936
Expense (w/principal)	855,885
Transfers out for Capital	733,500
Change in working capital	331,551
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Depreciation	486,079
Surplus/(deficit) w/ depr.	(154,528)

Sinking Fund for vehicle replacement \$5.9 million @ end of FY2020

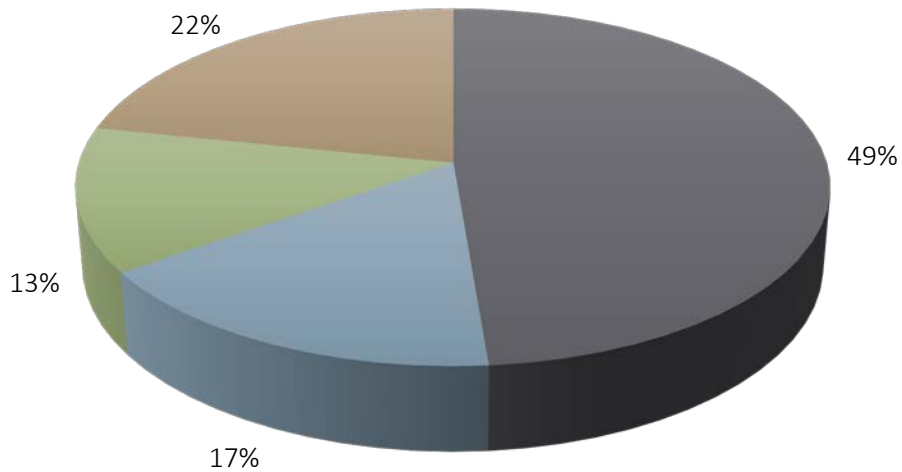
NO NEW DEBT



Available Working Capital
as of end of FY19:
\$100,000

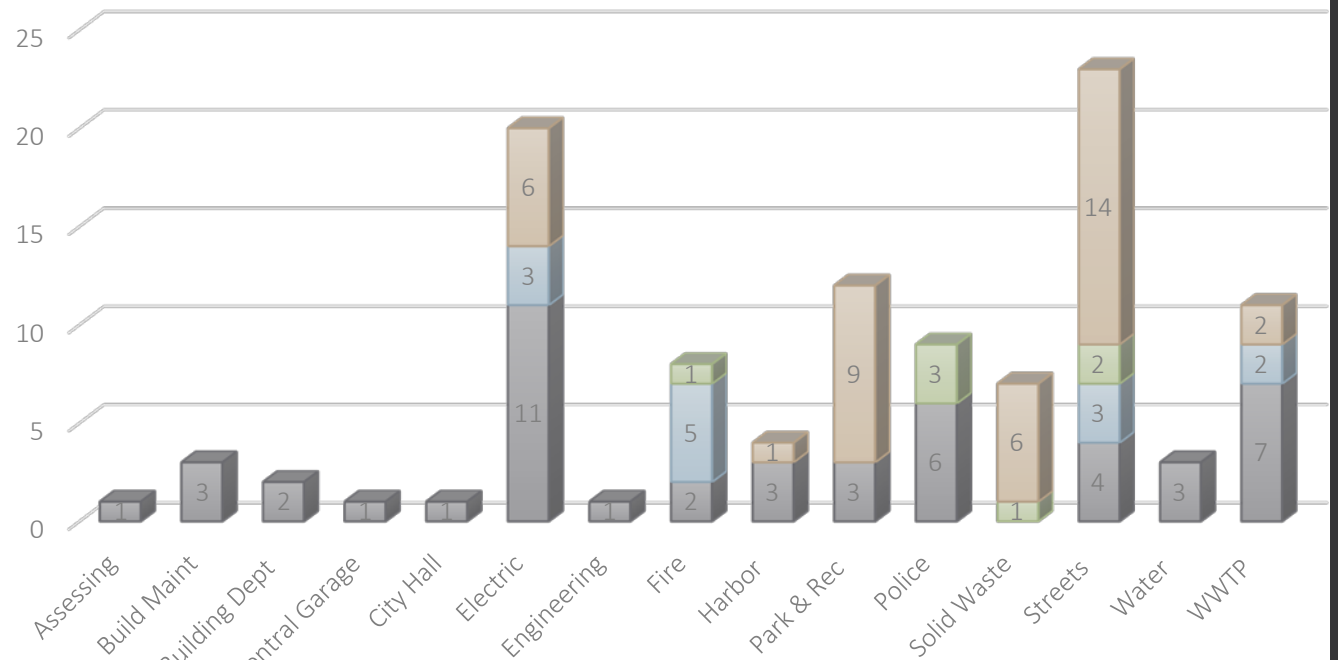
Central Garage—Vehicles/Equipment

Age of Fleet



0-4
 5-9
 10-14
 15 and older

Vehicles/Equipment by budget division
Total Fleet 107



Light duty truck
 Heavy duty truck
 Rollover
 Equipment

Central Garage—FY2020 Fixed Assets

Lineman Shop Door Replacement	\$25,000
Boom Truck (Electric) Replaces #307	\$375,000 (20+ yrs)
Ford Explorer Interceptor (Police) Replaces #459	\$64,000 (4 yrs)
Ford Ranger Super-cab (Water) Replaces #382	\$44,500 (14 yrs)
<u>Link Belt Track Hoe (Solid Waste) Replaces #372</u>	<u>\$200,000 (14 yrs)</u>
Total	\$708,500

Replacement policy for standard trucks and vehicles (light duty):

- @ 10 years if vehicle has over 100K miles or major maintenance issues
- Or vehicle reaches 15 years, or over 100k miles, or develops major maintenance issue

Police vehicles have shorter lives, heavy duty equipment much longer lives



Central Garage Fund decision points *(make changes via motion)*

- Any changes to *status quo* proposed operating plan
- Any changes to proposed acquisition of vehicles
- Other direction from Assembly



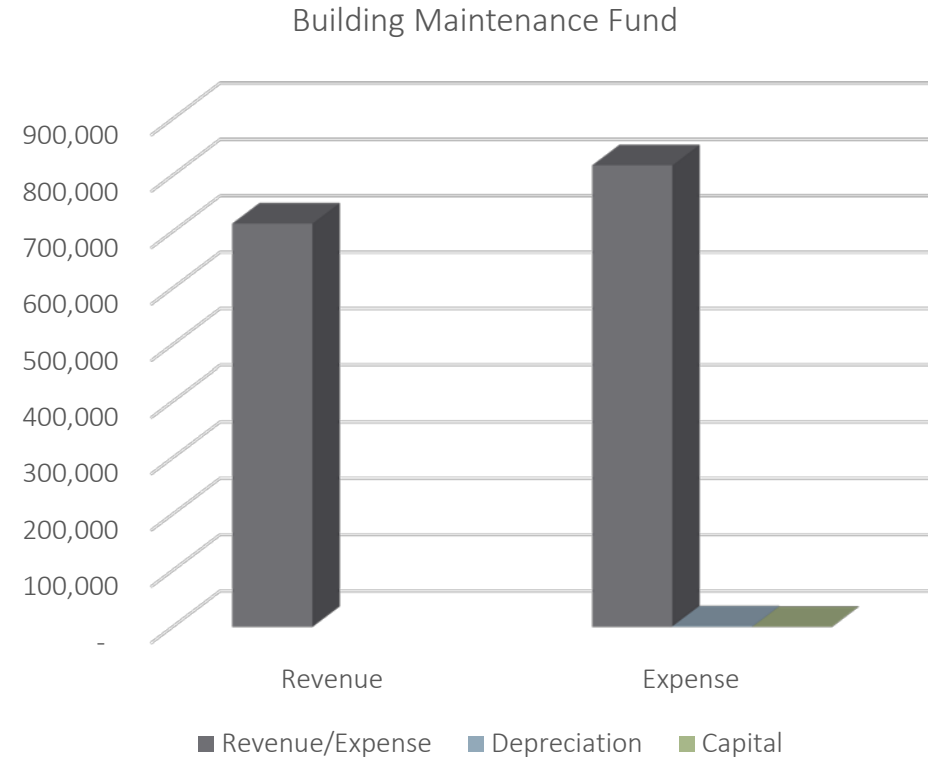
Building Maintenance Fund—Budget, Capital, and Debt

IMPACT OF FY2021 BUDGET ON WORKING CAPITAL

Total Revenue	714,678
Expense (w/principal)	817,890
Transfers out for Capital	-
Change in working capital	(103,212)
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Depreciation	880
Surplus/(deficit) w/ depr.	(104,092)

Capital projects
none

NO NEW DEBT



Available Working Capital
as of end of FY19:
\$1.4 million

Building Maintenance Fund decision points *(make changes via motion)*

- New allocation model budgeted with goal to reduce operation losses. The current plan is to stop loss of fund balance over the course of 2 years.
- Any changes to *status quo* proposed operating plan
- Other direction from Assembly

