

Memo

Thru: Mark Gorman, Municipal Administrator

To: City and Borough of Sitka Assembly

From: Jay Sweeney, CFAO

Date: November 6, 2014

Re: Bed Tax and the Sitka Convention and Visitors Bureau

The CBS collects a bed tax on all hotel, motel, and bed and breakfast rooms rented. This is used to provide funding to the Sitka Convention and Visitors Bureau (SCVB).

Bed taxes, as is the case with all taxes, are budgeted based on an estimate of actual amounts for the upcoming fiscal year; a percentage (92%) is budgeted to be provided to the SCVB as support. Thus, it is almost certain that actual tax revenues collected will differ from the estimate in the budget. Since support to the SCVB is at a fixed percentage of actual taxes collected, there will likewise be some required adjustment to "true up" SCVB support once final bed taxes collected for the year are known. This is normally done in the fall of the year.

In Fiscal year 2014, the budgeted bed tax revenue was \$337,000 with support to the SCVB budgeted at \$310,040 (92%). The actual bed tax received in Fiscal Year 2014 was \$377,547. Given that the actual amount of collected taxes was in excess of budgeted amounts by \$40,547, the "true up" amount of additional support to the SCVB, in order for support to equal 92% of actual taxes collected is \$37,303.

This "true up" is included in the budget ordinance presented for Assembly Consideration at the November 25 Assembly meeting.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2014-37A

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY15 BUDGET

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 adjust the FY15 budgets for known changes.

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby adjusts the FY15 budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2014 and ending June 30, 2015 is hereby adjusted as follows:

<u>Account Number</u>	<u>Account</u>	<u>Increase</u>	<u>Decrease</u>
<u>FISCAL YEAR 2015 EXPENDITURE BUDGETS</u>			
<u>CAPITAL PROJECTS</u>			
Fund 710 - Feeder Improvement Project #80003: The Utility Director has requested to close Jeff Davis Line Upgrade to 3 Phase Project #90563 and transfer the remaining funds in the amount of \$49,685 to the Feeder Improvement Project #80003. This is for informational purpose only.			
Fund 710 – Jarvis Street Diesel Capacity Incr. Project #90646:			
712-600-680-7200.000	Interfund Transfers	\$549,344	
710-300-390-3950.712	Transfer in Revenue Bond	\$549,344	
710-600-630-5212.000	Contracted/Purchased Services	\$549,344	
To approve using interest earned from the Blue Lake Revenue Bonds for the Jarvis Street Diesel Capacity Inc. Project #90646.			
Fund 740 – Solid Waste Management Plan Project #90764:			
230-600-680-7200.000	Interfund Transfers	\$214,875	
740-300-390-3950.230	Transfer in Solid Waste	\$214,875	
740-600-630-5212.000	Contracted/Purchased Billing	\$214,875	
At the June 25, 2013 meeting, the Assembly approved advertising for a Request for Qualifications (RFQ) and select a consultant to assist Public Works in developing a Solid Waste Management Plan. This will transfer funds from the Solid Waste Fund to cover those expenses.			

<u>Account Number</u>	<u>Account</u>	<u>Increase</u>	<u>Decrease</u>
CAPITAL PROJECTS (cont.)			
Fund 700 – Kettleson Memorial Library Expansion Project #90739			
165-300-380-3809.000	Donations	\$530,244	
This transaction recognizes donations for the Kettleson Memorial Library Study/Expansion Projects in the amount of \$530,244. This amount will be left in an interest bearing account until at which time the donations and interest earned will be transferred to Fund 700 and used on project #90739.			
Fund 707 – Pacific High Renovation Project #90699			
707-300-360-3610.000	Interest Income	\$58,000	
707-600-630-5212.000	Contracted/Purchased Services	\$58,000	
This will increase the budget for the earned interest to be used on the Pacific High Renovation Project #90699.			

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EXPLANATION

Necessary revisions in the FY 2015 budget were identified. These changes involve the increase of expenditure accounts and causes decreased cash flows to the fund balance of various funds. A short explanation of each budget revision is included.

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 23rd Day of December, 2014.

ATTEST:

Mim McConnell, Mayor

Sara Peterson, CMC
Acting Municipal Clerk

First Reading: 11/25
Amended: 11/25
First Reading as Amended: 12/9
Second Reading scheduled: 12/23