

FY2025 GENERAL FUND BUDGET

April 4, 2024

Challenges

Concerns around the economy/inflation

Cruise tourism—how much can we rely on revenue streams

Capacity to implement federal funding

School funding—capacity to defray impact of BSA stagnation

Staffing—recruitment—retention—workload

Opportunities

Guidance from strategic plan

Increased tourism=>increased revenue stream

Federal funding

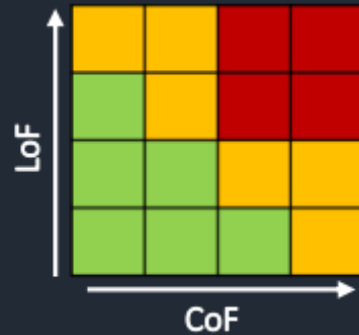
Expanded services to the community

**Moving
Strategic
Goals
forward**

Assessing Risk

Risk is the product of Likelihood of Failure (LoF) and Consequence of Failure (CoF).

$$\text{Risk} = (\text{LoF}) \times (\text{CoF})$$



To determine LoF and CoF values, project managers will reference the 2022 Risk Assessment Matrix. This can be found on the FY24 Budget Planning SharePoint Site.

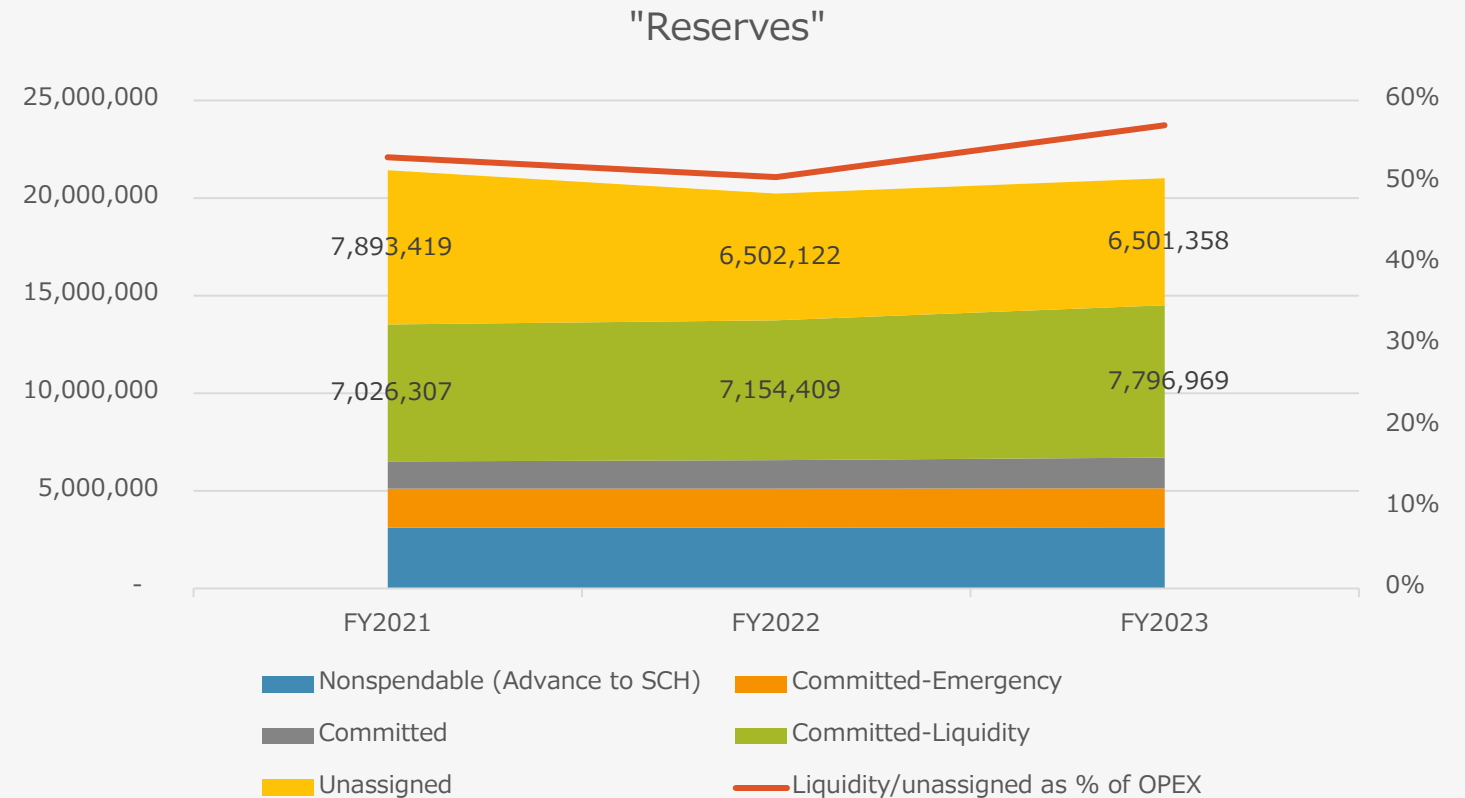
FY2025 process to develop draft budget

Same process with focus on assessing risk and linking efforts to strategic plan.

Resource proposals (RP's) have been submitted and any new efforts included in the budget have been reviewed by the assembly. The initial budget includes all resource proposal that were discussed.

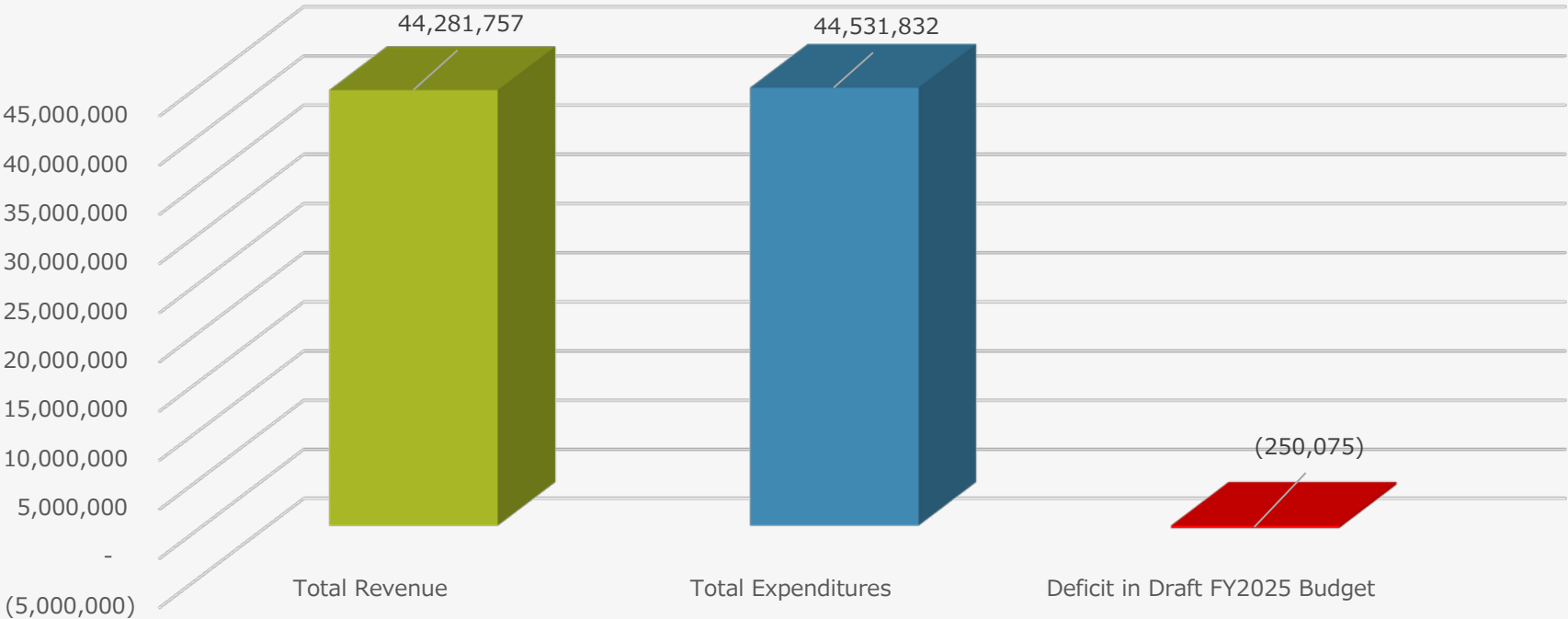
Capital projects have been included based on the risk score and the funding available in the public infrastructure sinking fund.

Any surplus or deficit impacts both savings for infrastructure as well as our fund balance or reserves

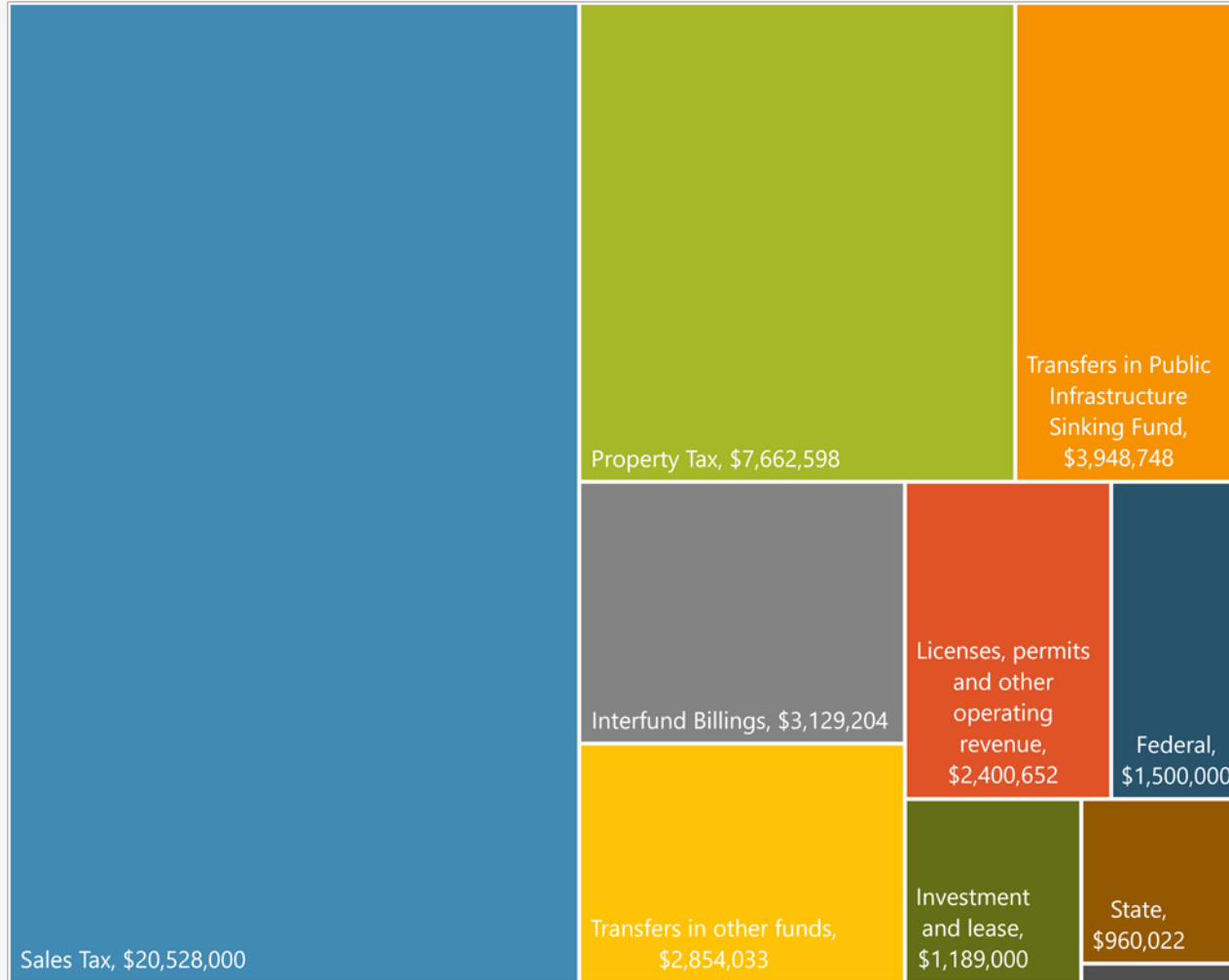


The FY2025 draft budget with all approved RP's shows a DEFICIT of \$250,075

FY2025 Draft General Fund Budget

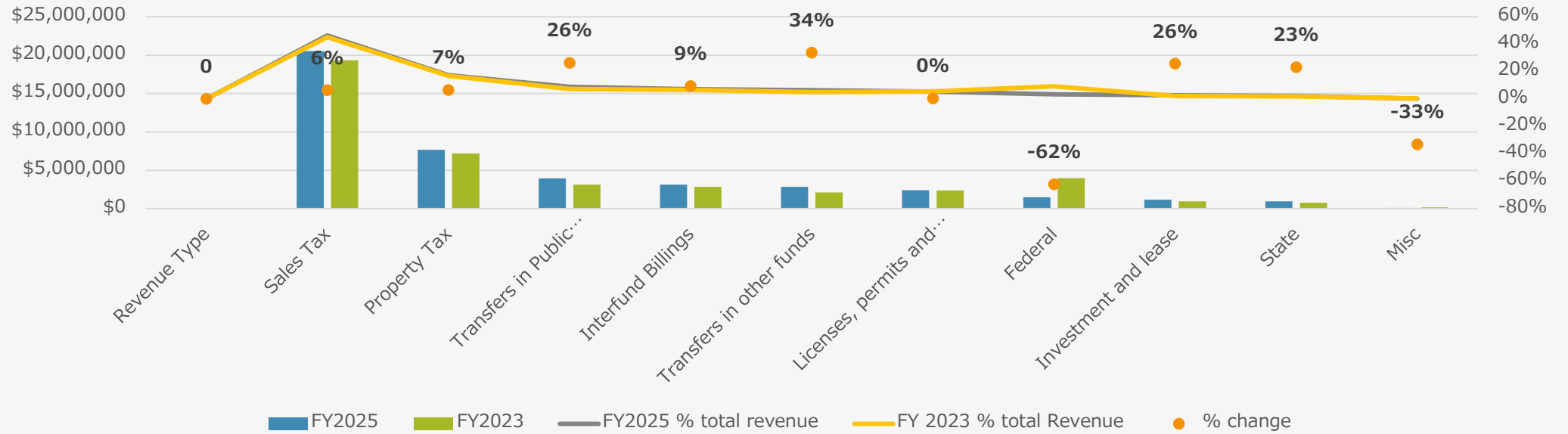


FY2025 Revenue-\$44.3M

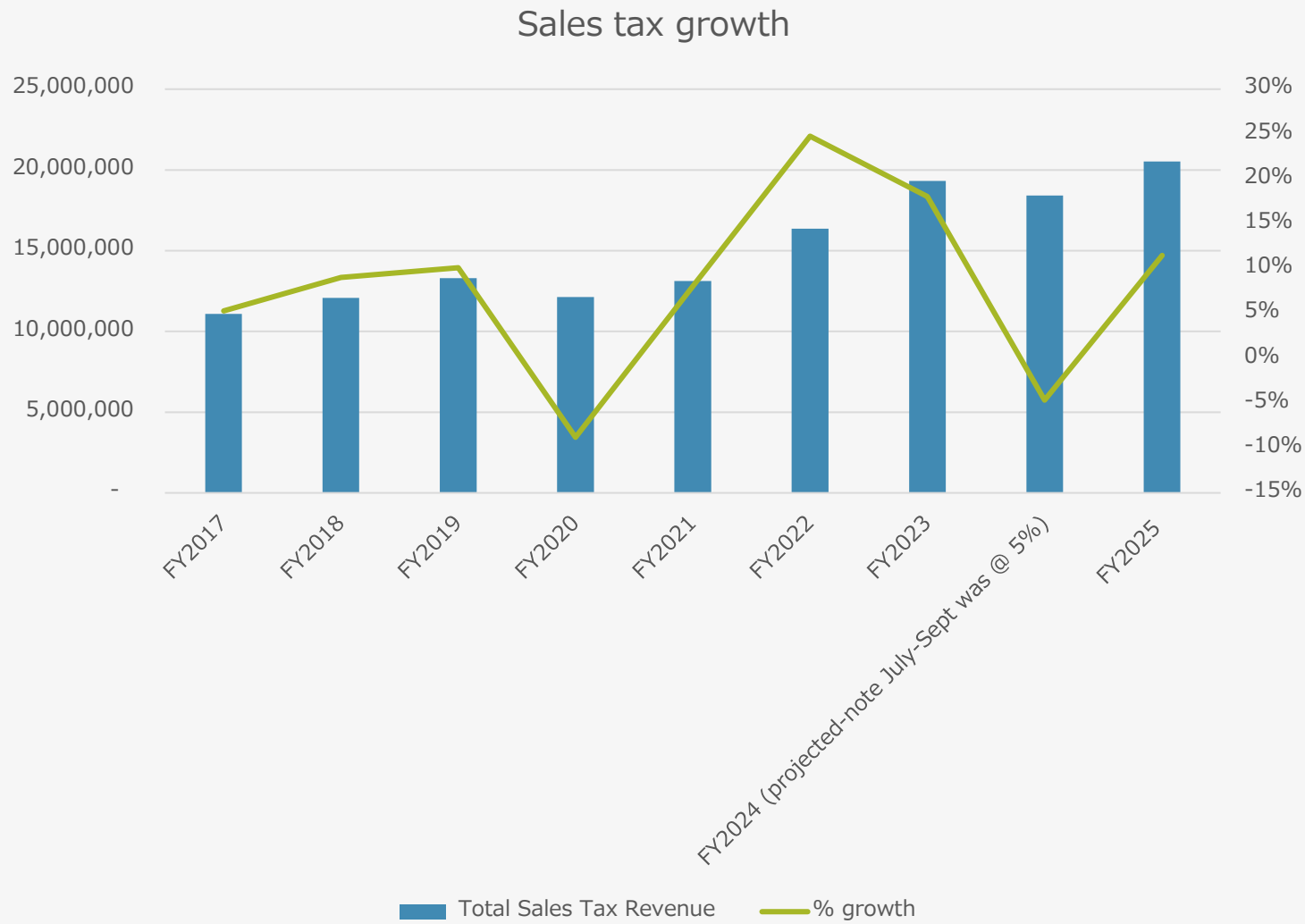


**FY2025
Revenue
\$44,281,757**

FY2025 Budgeted Revenue compared to FY2023 Actual



Increase of \$1.4M from FY2023 levels



**Sales tax
remains
most
significant
source of
revenue**

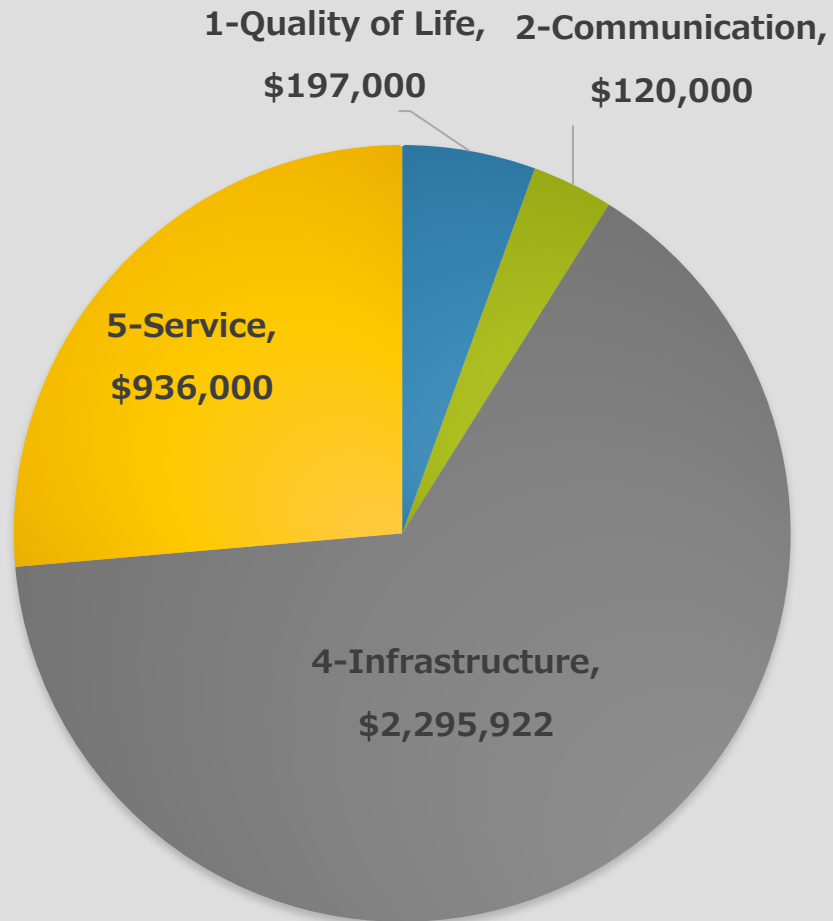
FY2024 Expenditures

Assumptions:

- Slowing inflation—1.8%
- 25% increase budgeted for health insurance
- 3% vacancy rate assumed for most of GF
- 10% increase in other insurance (liability/property)
- In recent years conservative assumptions have contributed to year end surpluses

Possible changes/unknowns:

- Education—changes to BSA?
- Health insurance increase
- Better news on insurance?
- Decision on pending RPs
- Comp and org study impacts

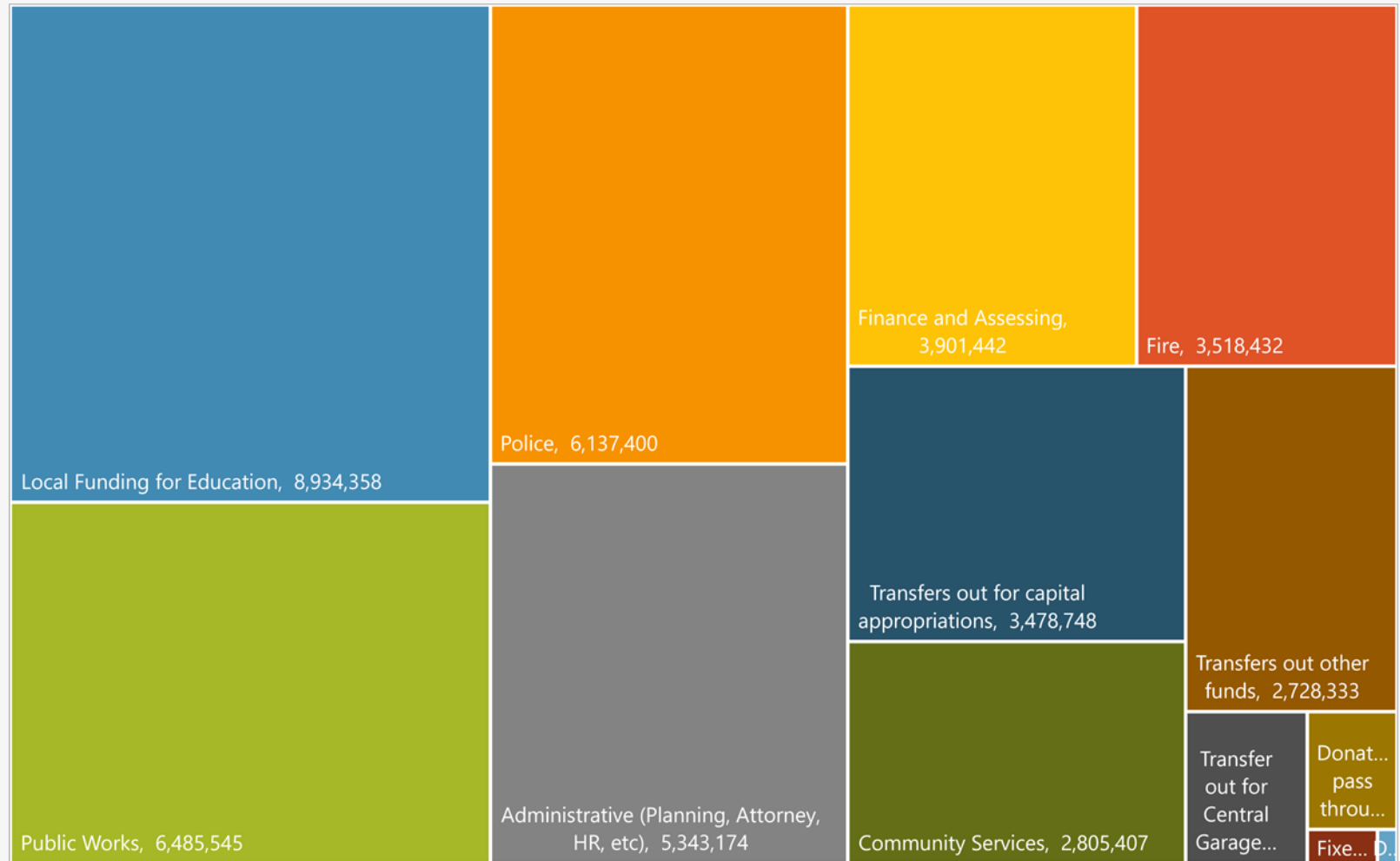


GOAL	New investment FY2025	Uses	Offsetting funding	Net impact on bottom line
1-Quality of Life	\$197,000	Tourism manager and patient loader	\$82,000	\$115,000
2-Communication	\$120,000	Body cameras	\$ -	\$120,000
3-Sustainability	\$ -	No new resources requested	\$ -	\$ -
4-Infrastructure	\$2,295,922	Take on SSD maintenance, ambulance remount, vehicle replacements streets and PD, snow removal equipment , Whale Park repairs, City/State roof repair, Lift HVAC units, HCH landscaping (note that IT investments and portions of vehicles in IT and Central Garage funds)	\$1,230,000	\$1,065,922
5-Service	\$936,000	FTEs-Accountant x 1, Firefighters x 4, Circulation Manager x1, centralized permitting software, security gates	\$200,000	\$736,000

Strategic Goals/RP's funded by the General Fund—net impact on budget \$2,036,922

FY2025 Expenditures \$44,281,757

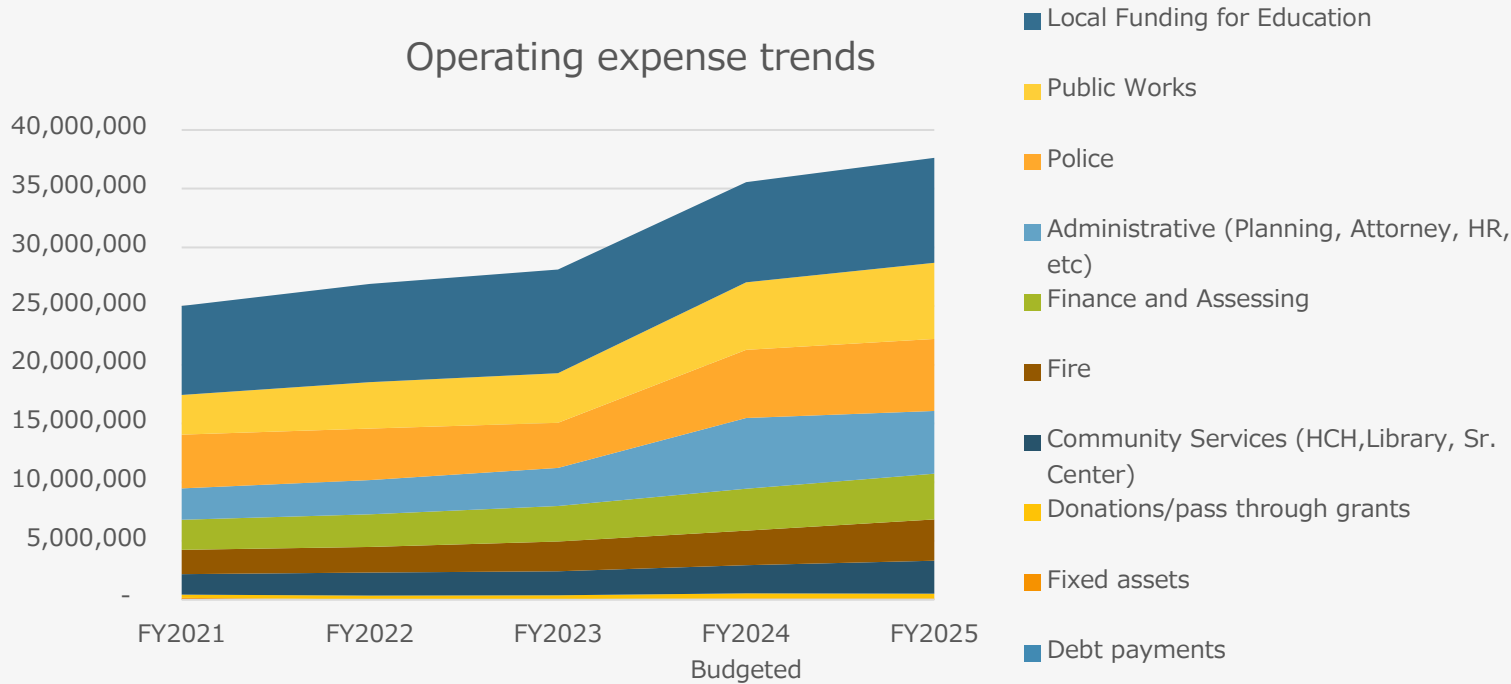
FY2025 expenditure budget



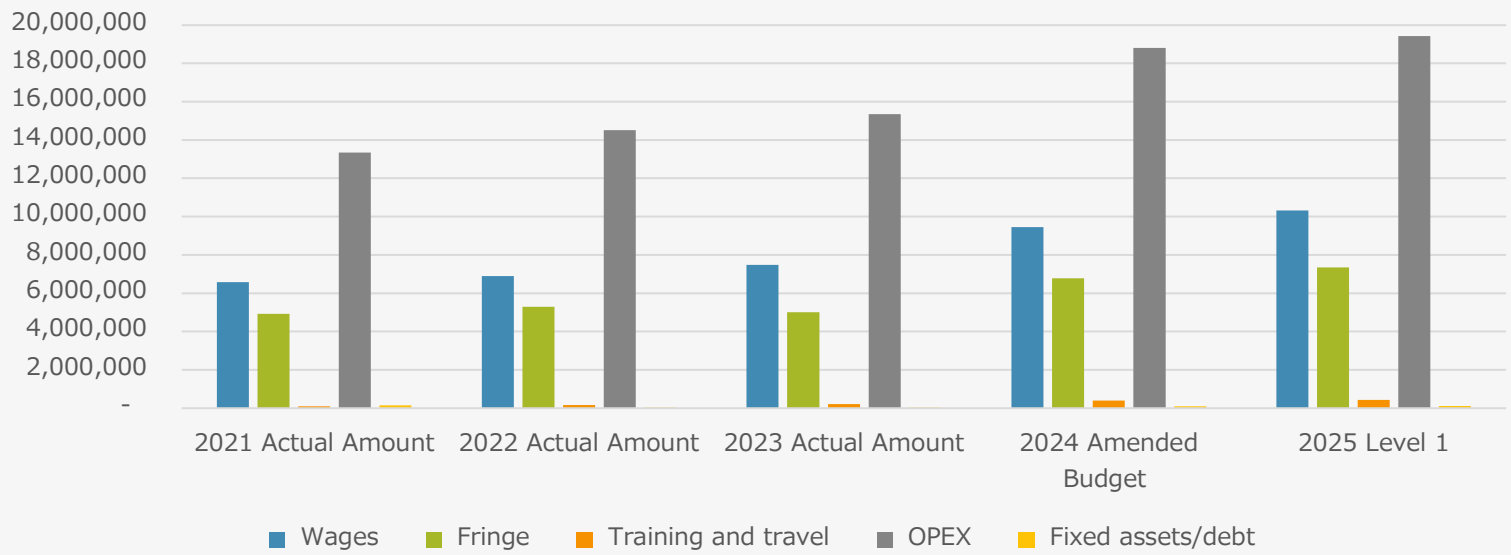
EXPENDITURE TRENDS

(LESS TRANSFERS/CAPITAL)

Operating expense trends



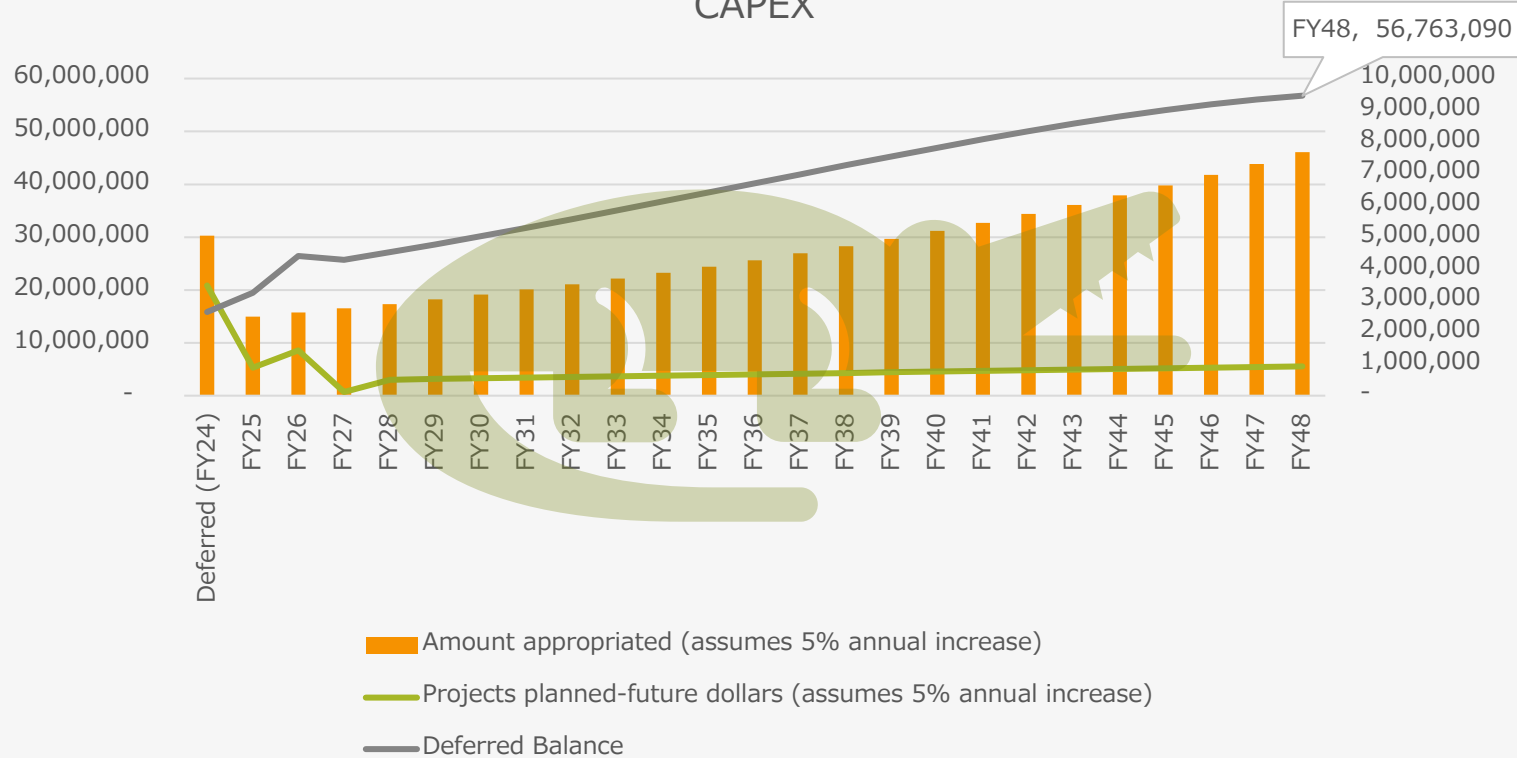
Expenses by classification



FY2024 Capital Appropriations—\$4.1M

Project number	Project Description	Source - Working Capital	Source - Other source	Source- Total authorized (approved + contingent)
90838	Lincoln Street Paving (Harbor Way to Harbor Drive)	250,000	-	250,000
90843	Lake St (DeGroff to Arrowhead) and Hirst Utility & Street Improvements	1,272,748	-	1,272,748
90866	City Hall HVAC & Controls Replacement	675,000	-	675,000
90878	Katlian Street Road and Utility (HPR to Lincoln)	250,000	-	250,000
90907	Police Department Heat Pumps	200,000	-	200,000
90912	Crescent Harbor Restroom Replacement	250,000	-	250,000
TBD	Lifting HVAC Heat Pumps HCH, Library and UV	10,000	-	10,000
TBD	Governmental Asset Security Gates	200,000	-	200,000
TBD	Refurbishing the City-State Building Roof	175,000	175,000	350,000
TBD	Installing Fiber Optic Cable from Fire Hall (From IT)	460,000	-	460,000
TBD	City Hall Water Heater Replacement	6,000	-	6,000
TBD	Moller Exterior Clubhouse Painting	20,000	-	20,000
TBD	City Hall Exterior Work	150,000	-	150,000
TBD	Fire Hall Front Door Replacements	20,000	-	20,000
		3,938,748	175,000	4,113,748

Growth of deferred maintenance with historical investments in CAPEX



General Fund Capital Repairs (less schools)

Potential budget changes

Corrections:

- Fire Department operations expense to fixed asset for station alerting from dispatch-no impact to bottom line
- Change account number for \$400,000 from School Building Infrastructure Fund (separate fund)

Newly identified:

- Tom Young Cabin deck repair (capital)-to be covered with PISF-no impact to bottom line

Other areas of potential spending: **Performing Arts Center (PAC)**

OPTION 1-Status quo-PAC remains responsibility of SSD

- In this scenario, the PAC remains directly managed by the SSD. The utility account remains in SSD's name. The assembly could opt to increase funding up to a certain level to further support the PAC, but the funding would be transferred to the SSD and ultimate decisions would be made by SSD. In this scenario, it would be more appropriate for any RFP to be issued by the SSD (in collaboration with the CBS).

OPTION 2-the CBS assumes all responsibility for the PAC

- In this scenario the Assembly and School Board would need to come to agreement and the CBS would take on all responsibilities and expenses of managing the PAC. Our current budget assumes that we pay up to \$66K for utilities, in addition, as the CBS budget assumes taking on SSD maintenance, building maintenance and snow removal is already in the budget. In addition to these expenses, the CBS would need to do the following:
 - Provide Property and liability insurance
 - Identify a point person for technical and other decision
 - Heating
 - Other items TBD

Other areas of potential spending: Blatchley Swimming Pool

Preliminary cost estimate
~\$350,000

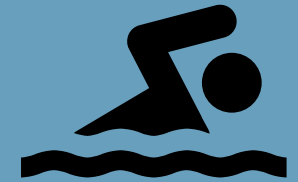
- FTEs would be required (1.5)
- Supplies
- Janitorial
- Potential to grow revenue
- Insurance
- Unanticipated repairs

Opportunities

- Take on an expense of the SSD-freeing up resources for teachers, etc.
- Maintain important asset for the community and schools
- Could probably grow revenue with P&R

Challenges

- Liability?
- Added area of operations to already rapidly increasing operations.
- CBS revenue growth slowing while expenses continue to grow



Looking forward



Sales tax, our most significant source of revenue, is volatile—we need to closely watch sales tax revenue—any changes to tourism or economy could impact it for better or worse



Continue efforts around condition assessments and looking to maximize the life of all CBS assets through a strong asset management/risk approach



Match needed infrastructure repairs to available funding—take advantage of federal funding while it is available

Next steps

The next budget meeting will cover enterprise, internal service and special revenue funds (4/18)

After the 4/18 meeting, the final draft budget will be distributed. The first reading is scheduled for 5/14