

POSSIBLE MOTION

I MOVE TO approve Ordinance 2017-15 on
second and final reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2017-15
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY18 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 FY18 budgets for known changes.

4. ENACTMENT. The Assembly of the City and Borough of Sitka hereby adjusts the FY17 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, 2017 and ending June 30, 2018 is hereby adjusted as follows:

Table with 1 column and 4 rows. Row 1: FISCAL YEAR 2018 EXPENDITURE BUDGETS. Row 2: GENERAL FUND. Row 3: Sitka Community Hospital – Capital: The SCH Director of Operations is requesting a Capital appropriation of \$400,000 from the Hospital’s Unassigned Fund Balance for the purchase & installation of an Office Modular for the Clinic office expansion. Row 4: (Empty)

EXPLANATION

Necessary revisions in the FY 2018 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 22nd Day of August, 2017.

ATTEST:

Robert Potrzuski, Deputy Mayor

Sara Peterson, CMC
Municipal Clerk

1st reading 5/23/17 postponed
1st reading 6/13/17 postponed to 8/8/17
1st reading 8/8/17
2nd reading 8/22/17



MEMORANDUM

To: Mayor Hunter and Members of the Assembly,
Mark Gorman, Administrator

Cc: Bryan Bertacchi, Hospital Board Chair
Rob Allen, CEO

From: Steven Hartford, SCH Director of Operations

Date: May 10, 2017

Subject: Clinic Office Modular and request for deferral of monthly line of credit payments

The Hospital is currently in the planning stages to install an office modular for Clinic office expansion. This project has been on the books and has been identified as a necessary facility upgrade for the last several years and we are hoping to move ahead with it within the next few months. The previously provided presentation and the details included explain our thinking on the project and our request for the Assembly's formal approval of the project at its May 23rd meeting.

Office Modular

Background

The Office modular, as an adjunct to the Mountainside Family Healthcare Clinic will help us with some critically needed expansion space to continue our mission of strengthening and expanding our primary outpatient services division in order to meet a growing need in the community and to better position SCH for an evolving focus on population health. As the presentation indicated, the current clinic space, with growing demand for services, is already substantially overcapacity and overcrowded. This modular will allow us the opportunity for a more efficient provider work flow as well as opening up much needed patient care space in the clinic proper.

The project was initially approved by our Board of Directors at its October 2016 meeting to move forward in our current fiscal year. Due to some timing issues and budgetary priorities it was not forwarded to the Assembly for final approval at that time. The Board took up this issue again at its meeting in March and determined that we were at a critical stage in our Clinic space needs. The Board



requested that this be forwarded to the Assembly now together with a request to defer our line of credit payments. I will detail that request further below.

Analysis

We are planning to treat this acquisition and installation as a supplemental capital budget item in fiscal '17. The funding for this project (\$400,000.00) would be treated as a supplemental capital allocation from our cash reserves and would be contingent on the Assembly's authorization for us to defer the repayment of our line of credit monthly payments for approximately 8 months. The Hospital is currently returning half of our monthly dedicated tobacco tax receipts as repayment on our line of credit. The current balance on the original \$1.5mm line of credit as of March 30, 2017 is \$732,361.00. The average monthly payment is \$50,000.00 which would mean at that rate that we could complete the cash flow off- set of the modular project within 8 months and then resume the line of credit payments to its conclusion. The project is estimated to take 4-6 months from date of order to completion.

Recommendation

That the Assembly approves a supplemental capital budget of \$400,000.00 to come from the Hospital's cash reserves and approves the temporary deferral of monthly line of credit payments until said deferral totals \$400,000.00

Absent: 2 - Guevin, and Bean

XI. UNFINISHED BUSINESS:

- C** ORD 17-11 *Adjusting the FY17 Budget (Fire Department Operations, Crescent Harbor Playground Project, Commercial Passenger Excise Tax)*

A motion was made by Swanson that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 5 - Swanson, Eisenbeisz, Potrzuski, Hunter, and Knox

Absent: 2 - Guevin, and Bean

XII. NEW BUSINESS:

New Business First Reading

- D** ORD 17-13 *Adjusting the FY17 Budget (Electric Utility Subsidization)*

Mayor Hunter explained that this ordinance set aside up to \$400,000 to meet the bond obligation for the Electric Department due to low revenues. Chief Finance and Administrative Officer, Jay Sweeney came forward stating we would not know the exact amount of the subsidy needed without May electricity consumption figures, however it was estimated at \$250,000.

A motion was made by Potrzuski that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.

Yes: 5 - Swanson, Eisenbeisz, Potrzuski, Hunter, and Knox

Absent: 2 - Guevin, and Bean

- E** ORD 17-15 *Adjusting the FY17 Budget (Sitka Community Hospital Modular Unit)*

Sitka Community Hospital (SCH) Director of Operations, Steve Hartford came forward and stated that this project was a short-term project to address a critical space need that was approved by the Board at two separate meetings. He told of concerns with postponing it. They had the low vendor for this and it fit within the cash model in the FY18 budget as presented.

Potrzuski was reluctant to move forward to spend \$400,000 and thought it prudent to wait until SEARHC's proposal. Eisenbeisz told that SCH's consultant for critical needs would be arriving soon and wondered if this should hold until those findings were available and was in support of postponing. Knox was in support of postponement.

Mayor thought that it would be important to know what would be in plan A and B in July, that this should be postponed until the strategic outlook was available before entering into any capital expenditures and was in favor of postponing rather than voting it down.

Gorman clarified the funding was obligating a total of \$400,000 in FY17 rather than the previous amount of \$200,00 for each FY17 and FY18. This would then create a reduction from the FY18 budget of \$200,000 as a correction.

A motion was made by Potrzuski that this Ordinance be POSTPONED until after the SEARHC proposal. The motion PASSED by the following vote.

Yes: 5 - Swanson, Eisenbeisz, Potrzuski, Hunter, and Knox

Absent: 2 - Guevin, and Bean

F ORD 17-16 Adopting budgets for the Fiscal Year July 1, 2017 through June 30, 2018

Gary Paxton Industrial Park (GPIP) Executive Director, Garry White explained that the Board proposed at their January meeting \$40,000 for design of a water access ramp for marine services that was not included in this ordinance and asked that it be added.

Gorman received news that the health insurance increase anticipated at 17.5% would actually be 12%, which was approximately a \$50,000 savings, the budget would be adjusted which meant less coming out of reserves. Mayor mentioned the GPIP request and others could come forward as a supplemental budget adjustment. Corrections would need to be made after the start of the fiscal year. Eisenbeisz confirmed with Janet Schwartz, Budget/Treasury Officer that \$345,779 would be coming from reserves. Mayor thanked staff for their work on this budget cycle.

A motion was made by Swanson that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.

Yes: 4 - Swanson, Potrzuski, Hunter, and Knox

No: 1 - Eisenbeisz

Absent: 2 - Guevin, and Bean

Additional New Business Items

G RES 17-07A Setting temporary and seasonal moorage rates for Baranof Warm Springs Dock

Eisenbeisz wondered if there could be a commercial rate as well. Gorman clarified that the float plane space was not permanent moorage. Harbormaster, Stan Eliason would work on signs for the dock with regards to a loading and unloading policy. Resident of Baranof Warm Springs, John Herchenrider came forward stating that this dock did not have the amenities that Sitka docks had and the rates for residents was high. He offered to help collect and caretake the facility. Potrzuski was in support of the amendment.

A motion was made by Eisenbeisz that this Resolution be AMENDED to adopt the 20 to 35 foot daily, weekly, and seasonal fees as the float plane fee structure. The AMENDMENT PASSED by the following vote.

Yes: 5 - Swanson, Eisenbeisz, Potrzuski, Hunter, and Knox

Absent: 2 - Guevin, and Bean

Knox questioned the float plane rates with regards to a daily rate only. Mayor reminded this was a facility that was rebuilt and turned over to the City from the State, that it had one float plane mooring, the need to be separate from other facilities of the Harbor Enterprise Fund with rates that would pay for itself, although it was not affordable to have a city worker monitor and told that this first year would be on the honor system until a better system could be put in place.

A motion was made by Knox that this Item be APPROVED. The motion PASSED by the following vote.

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

XI. UNFINISHED BUSINESS:

E ORD 17-13 Adjusting the FY17 Budget (*Electric Utility Subsidization*)

Eisenbeisz asked for an updated figure. Municipal Administrator, Mark Gorman, told that the \$400,000 should be sufficient to meet the bond covenant however, staff anticipated less. Guevin gave rate stabilization figures he received from the Finance Department which showed how much had been put into the Rate Stabilization Fund that had provided a subsidy for all Sitkans.

A motion was made by Potrzuski that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

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

F ORD 17-15 Adjusting the FY17 Budget (Sitka Community Hospital Modular Unit)

Eisenbeisz was in support of the postponement.

A motion was made by Potrzuski to POSTPONE Ordinance 2017-15 adjusting the FY17 budget for the Sitka Community Hospital Modular Unit until the regular Assembly meeting of August 8, 2017. The motion PASSED by the following vote.

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

G ORD 17-16 Adopting budgets for the Fiscal Year July 1, 2017 through June 30, 2018

Potrzuski thought this was reflective of the visioning session the Assembly had last fall. Guevin agreed and thanked staff. Eisenbeisz was not in support as it funded a plan for infrastructure that was unsustainable and felt the capital plan was too aggressive.

A motion was made by Swanson that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.

Yes: 5 - Swanson, Guevin, Potrzuski, Hunter, and Knox

No: 2 - Eisenbeisz, and Bean

H RES 17-07A Setting temporary and seasonal moorage rates for Baranof Warm Springs Dock

Eisenbeisz confirmed that this was a special revenue fund within the Harbor Fund. Knox relayed that these rates were a starting point and the fees would not cover the replacement cost of infrastructure. Mayor Hunter noted that the Port and Harbors Commission were trying to keep rates down by delaying projects in the Master Plan and reminded that this was a separate fund within the Harbor Fund.

A motion was made by Guevin to APPROVE Resolution 2017-07A on FIRST AND FINAL READING.