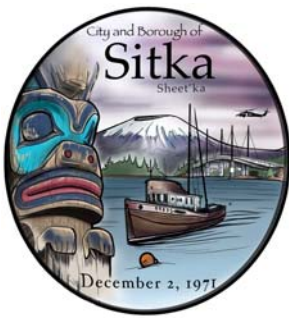


Step 1

Discussion / Direction / Decision
of the Municipal Administrator's annual recommended transfer to the Public Infrastructure Sinking Fund.

Step 2


I MOVE TO transfer \$5,000,000 to the Public Infrastructure Sinking Fund and make this transfer effective June 30, 2022.



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members
From: John Leach, Municipal Administrator 
Date: September 15, 2022
Subject: Recommendation for transfer to the Public Infrastructure Sinking Fund

Background

Per the Sitka General Code 4.45.020 the Administrator must make a recommendation to the assembly on an amount to transfer to the Public Infrastructure Sinking fund for future appropriation to infrastructure projects:

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. (Ord. 12-30 § 4 (part), 2012.).

Analysis

June 30 of each year normally represents the cyclical period of lowest cash balances for the General Fund. For this reason, we base the recommendation for transfer to the Public Infrastructure Sinking fund on our financial position as of June 30.

As of June 30th, 2022, the preliminary undesignated fund balance of the General Fund has improved significantly from the prior year. This is due to a number of factors, including:

- Pandemic relief funding that was able to be dedicated to revenue replacement (allowing for the flexibility to use surpluses for capital without the federal funding restrictions).
- Sales tax revenues have rebounded and exceeded historic highs.
- Through FY2022 only minimal appropriations have been made for general governmental infrastructure.

Ultimately the fact that we have carefully monitored the growth of our fund balance, while prioritizing investment in our town's infrastructure means that we have been able

to maintain required liquidity while providing the core services expected of the municipality during a major economic downturn. However, doing so has further increased our deferred maintenance of our streets, buildings, and other governmental infrastructure. With pandemic relief funding ending, this is likely the last year of a higher proposed transfer to the Public Infrastructure Sinking Fund, and it should largely be seen as providing an opportunity to make up for severely reduced investments during the pandemic.

Fiscal Note

The proposed transfer would bring the unassigned balance of the General Fund to \$9M, allowing flexibility to appropriate funds early in FY2023 to provide critical matches for federal funding (which, if appropriated, would bring the unassigned fund balance down to \$6.5M).

Recommendation

Approve the transfer of \$5 million to the Public Infrastructure Sinking Fund effective June 30, 2022.

Calculation of cash/equivalent required liquidity balance per SCG 4.44A.010		
	Budgeted Expenditures FY22 (less Transfers)	Divided by 4 = minimum required liquidity
Total Budgeted Expenses:	\$31,664,490	
Encumbrances rolling to FY23	\$(246,155)	
Less Interfund Transfers	\$(2,800,700)	
	\$28,617,635	\$7,154,409
Total General Fund analysis of adjusted net assets		Preliminary FY22
Total Assets		\$28,168,683
Liabilities		\$(1,843,310)
Preliminary 6/30/2022 total Net Assets/Fund Balance		\$26,325,373
Fund balance committed-liquidity		\$7,154,409
Non spendable (advances to other funds)		\$3,126,672
Fund balance made up of receivables		\$4,771,814
Fund balance committed for emergency purposes		\$2,000,000
Assets available for potential transfer into PISF		\$9,272,478
Fund Balance June 30, 2022		\$21,428,443
Change June 30, 2021 to June 30, 2022		\$4,896,930
Unassigned fund balance June 30, 2019		\$5,716,004
Unassigned fund balance June 30, 2020		\$3,827,823
Unassigned fund balance June 30, 2021		\$7,893,414
Preliminary unassigned fund balance June 30, 2022 (prior to PISF transfer)		\$14,044,292

Other considerations:

Match for leveraging federal grants, including the RAISE grant for the Marine Service Center Bulkhead Wall, anticipated FAA funding for the Seaplane Base, potential grant funding for the marine haul out, or other project funded through the bipartisan infrastructure bill.

\$2,500,000

Recommended transfer to Public Infrastructure Sinking Fund 6/30/2022:

\$5,000,000

Preliminary unassigned fund balance at 6/30/2022 after transfer

\$9,044,292