



# CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS  
1332 Seward Ave.  
Room 229  
Sitka, AK  
(907)747-1811

## Meeting Agenda

### City and Borough Assembly

*Mayor Mim McConnell*  
*Deputy Mayor Matt Hunter*  
*Vice-Deputy Mayor Benjamin Miyasato*  
*Aaron Swanson, Steven Eisenbeisz*  
*Tristan Guevin, and Bob Potrzuski*

*Municipal Administrator: Mark Gorman*  
*Municipal Attorney: Robin L. Schmid*

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Tuesday, May 10, 2016

6:00 PM

Assembly Chambers

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#### WORKSESSION 5:00 PM - Municipal Lands

#### REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

[16-097](#) Reminders, Calendars and General Correspondence

*Attachments:* [Reminders and Calendars.pdf](#)

[Consultant for SCH SEARHC collaborative management proposal.pdf](#)

[JLC Update.pdf](#)

[Public Works Update.pdf](#)

[Financial Review..pdf](#)

V. CEREMONIAL MATTERS

[16-095](#) Arbor Day Proclamation

*Attachments:* [Arbor Day Proclamation.pdf](#)

VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Sitka Community Hospital, Municipal Departments, School District, Students and Guests (time limits apply)

**VII. PERSONS TO BE HEARD**

*Public participation on any item off the agenda. All public testimony is not to exceed 3 minutes for any individual, unless the mayor imposes other time constraints at the beginning of the agenda item.*

**VIII. REPORTS****a. Mayor, b. Administrator, c. Attorney, d. Liaison Representatives, e. Clerk, f. Other****IX. CONSENT AGENDA**

*All matters under Item IX Consent Agenda are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.*

- A**     [16-094](#)     Approve the minutes of the April 19, 21, 25, 26 Assembly meetings

**Attachments:** [Consent and Minutes.pdf](#)

- B**     [ORD 16-16](#)     Adjusting the FY16 Budget (first reading)

**Attachments:** [Motion Ord 2016-16.pdf](#)

[Memo and Ord 2016-16.pdf](#)

**X. UNFINISHED BUSINESS:**

- C**     [ORD 16-13](#)     Adjusting the FY16 Budget

**Attachments:** [Motion Ord 2016-13.pdf](#)

[Ord 2016-13.pdf](#)

- D**     [ORD 16-14](#)     Amending Sitka General Code Title 22.16.015 "Permitted, Conditional and Prohibited Uses" to allow short-term rentals in the public zone as a conditional use

**Attachments:** [Motion Ord 2016-14.pdf](#)

[Memo and docs Ord 2016-14.pdf](#)

[Ord 2016-14.pdf](#)

**XI. NEW BUSINESS:**

- E**     [ORD 16-15](#)     Amending Title 15 of the Sitka General Code by adding a new Chapter 15.15 entitled "Community Assisted Utility Subsidization Effort" (first reading)

**Attachments:** [Motion Ord 2016-15.pdf](#)

[Ord 2016-15.pdf](#)

[Community Options for Utility Assistance.pdf](#)

- F      [16-090](#)      Sitka School District Budget Funding for FY17  
*Attachments:* [Motion and Memo SSD.pdf](#)  
[School District FY2017 Operating Fund Budget with cover.pdf](#)
- G      [16-092](#)      Discussion/Direction/Decision on other Citizens' Taskforce recommendations including: a millage rate increase, vehicle registration tax and the elimination of sales tax on groceries  
*Attachments:* [Memo Item G.pdf](#)  
[CitizensTaskforceFinalReport.pdf](#)
- H      [16-093](#)      Municipal Attorney recruitment update - Discussion/Direction/Decision on interim legal services  
*Attachments:* [Municipal Attorney recruitment update.pdf](#)

**XII.      PERSONS TO BE HEARD:**

*Public participation on any item on or off the agenda. Not to exceed 3 minutes for any individual.*

**XIII.      EXECUTIVE SESSION**

**XIV.      ADJOURNMENT**

*Sara Peterson, CMC  
Municipal Clerk  
Publish: May 6*



# CITY AND BOROUGH OF SITKA

## Legislation Details

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**File #:** 16-097      **Version:** 1      **Name:**  
**Type:** Item      **Status:** AGENDA READY  
**File created:** 5/5/2016      **In control:** City and Borough Assembly  
**On agenda:** 5/10/2016      **Final action:**  
**Title:** Reminders, Calendars and General Correspondence  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:** [Reminders and Calendars.pdf](#)  
[Consultant for SCH SEARHC collaborative management proposal.pdf](#)  
[JLC Update.pdf](#)  
[Public Works Update.pdf](#)  
[Financial Review..pdf](#)

Date	Ver.	Action By	Action	Result
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# REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Tuesday, May 10	Worksesssion: Municipal Lands	5:00 PM
Tuesday, May 10	Regular Meeting	6:00 PM
Wednesday, May 11	Govt. to Govt. Dinner with STA at the Banquet Room of Westmark	6:00 PM
Thursday, May 19	UV Facility Tour and Ribbon Cutting (3:45 PM) at Gary Paxton Industrial Park	3:00 PM
Thursday, May 19	Special Meeting FY17 Hospital Budget at Sealing Cove Business Center	6:00 PM
Tuesday, May 24	Regular Meeting	6:00 PM
Tuesday, May 31	Special Meeting FY17 Budget Ordinance at Sealing Cove Business Center	6:00 PM



# Assembly Calendar

2015    Jan    Feb    Mar    Apr    May    Jun    Jul    Aug    Sep    Oct    Nov    Dec    2017

May 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 May	2	3	4	5	6	7
Potrzuski Eisenbeisz	Potrzuski Eisenbeisz 6:00pm Board of Equalization - Sealing Cove Business Center	Potrzuski 6:00pm Special Meeting: FY17 Budget - Sealing Cove Business Center 7:00pm Planning	Potrzuski 7:00pm Library Board	Potrzuski 12:00pm - 1:30pm SEDA Board Meeting	Potrzuski	Swanson
8	9	10	11	12	13	14
Swanson	Swanson	Swanson 5:00pm Assembly Worksession: Municipal Lands 6:00pm Regular Assembly Mtg	Swanson 12:00pm Health Needs & Human Services Commission 6:00pm Port and Harbors 6:00pm Historic Preservation 6:00pm Govt to Govt Dinner - Westmark Banquet Room	Swanson 12:00pm LEPC 12:00pm Parks & Rec	Swanson Miyasato	Swanson Miyasato
15	16	17	18	19	20	21
Swanson Miyasato	Swanson Miyasato Guevin	Swanson Miyasato Guevin McConnell 12:00pm Tree/Landscape 7:00pm Planning	Guevin McConnell	Guevin 3:00pm Assembly Tour: UV Disinfection Facility 6:00pm Special Meeting: FY17 Hospital Budget - Sealing Cove Business Center	Guevin	Guevin
22	23	24	25	26	27	28
Guevin	Hunter	Hunter 6:00pm Regular Assembly Mtg	Hunter 6:00pm Police and Fire Commission - Fire Hall	Hunter	Hunter	Hunter
29	30	31	1 Jun	2	3	4
Hunter	Hunter MEMORIAL DAY	Hunter Potrzuski 6:00pm Special Meeting: FY17 Budget Ordinance - Sealing Cove Business Center	Hunter Potrzuski 7:00pm Library Board	Hunter Potrzuski 12:00pm - 1:30pm SEDA Board Meeting	Hunter Potrzuski	Potrzuski

# Assembly Calendar

[2015](#)   [Jan](#)   [Feb](#)   [Mar](#)   [Apr](#)   [May](#)   [Jun](#)   [Jul](#)   [Aug](#)   [Sep](#)   [Oct](#)   [Nov](#)   [Dec](#)   [2017](#)

**June 2016**

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
29 <b>May</b>	30	31	1 <b>Jun</b>	2	3	4
Hunter	Hunter MEMORIAL DAY	Hunter Potrzuski 6:00pm Special Meeting: FY17 Budget Ordinance - Sealing Cove Business Center	Hunter Potrzuski 7:00pm Library Board	Hunter Potrzuski 12:00pm - 1:30pm SEDA Board Meeting	Hunter Potrzuski	Potrzuski
5	6	7	8	9	10	11
Potrzuski	Potrzuski Hunter	Potrzuski Hunter 7:00pm Planning	Potrzuski Hunter 12:00pm Health Needs & Human Services Commission 6:00pm Historic Preservation	Potrzuski Hunter 12:00pm LEPC 12:00pm <u>Parks &amp; Rec</u>	Potrzuski Hunter	Potrzuski
12	13	14	15	16	17	18
Potrzuski	Potrzuski	Potrzuski 5:00pm Special Meeting - candidate selection Municipal Attorney 6:00pm <u>Regular Assembly Mtg</u>				
19	20	21	22	23	24	25
Guevin	Guevin	Guevin 12:00pm <u>Tree/Landscape</u> 7:00pm <u>Planning</u>	Guevin 6:00pm Police and Fire Commission - Fire Hall	Guevin		
26	27	28	29	30	1 <b>Jul</b>	2
		6:00pm <u>Regular Assembly Mtg</u>				



The Honorable Mayor Mim McConnell and Assembly Members  
City and Borough of Sitka  
100 Lincoln Street  
Sitka, Alaska 99835

Dear Mayor McConnell and Assembly Members,

As you know, last February the Sitka City Assembly unanimously approved Sitka Community Hospital (SCH) and SouthEast Alaska Regional Health Consortium (SEARHC) working together to develop a collaborative management proposal for the purpose of securing long-term, quality healthcare services for the community of Sitka.

Since that time, SCH and SEARHC have outlined a scope of work and distributed requests for proposals for a healthcare services review to develop a collective vision and make recommendations that achieve the following objectives:

- Increase the cost-effectiveness of healthcare service delivery in Sitka;
- Improve the range and quality of healthcare services available in Sitka;
- Enhance population health;
- Sustain and enhance the community's healthcare workforce; and
- Ensure that Sitka's healthcare delivery system is structured for stability under the Affordable Care Act and in the context of industry trends.

We are pleased to inform you we have selected ECG Management Consultants as the consultant to work with SCH and SEARHC. ECG Management Consultants has extensive experience in working with hospitals, health systems and communities in addressing critical challenges to create stability for the future. We look forward to working with ECG Management Consultants throughout the next several months.

Please feel free to contact us if you have any questions.

Sincerely,

Rob Allen, CEO  
Sitka Community Hospital

Charles Clement, President/CEO  
SEARHC





# City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

*Coast Guard City, USA*

## STAFF MEMORANDUM

Date: May 2, 2016

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

From: Robb Farmer, Library Director

Subject: Follow-up Report on the Effects of Joining the Alaska Joint Library Consortium

## BACKGROUND

Last June, our library completed a move to become part of the Alaska Joint Library Consortium, a growing coalition of libraries that presently reaches nearly 2/3 of the state's library users. This move was taken to facilitate the following benefits to the City & Borough of Sitka:

- Elimination of a physical catalog server in Sitka, thereby conserving space and staff time;
- Sharing costs for the electronic catalog service and maintenance among all Consortium libraries, thereby saving approximately \$10,000 per annum;
- Networking among library professionals throughout the state, thereby increasing job efficiency and effectiveness;
- Increasing bargaining power for future integrated library system contracts for the Consortium, in order to maintain cost effectiveness;
- Allowing greater access to the library collection successfully developed at Kettleton Memorial/Sitka Public Library;
- Producing more streamlined and effective Collection Development policies, focused on new items and/or items specifically of interest to Sitkans, rather than replacement of older items now available through the JLC;

- Increasing the amount of materials available to Sitka's library users by a matter of hundreds, especially through the inclusion of libraries such as the University of Alaska-Anchorage, Anchorage Public Library, and Juneau Public Library, and
- Providing Sitka's library users with a more user-friendly and effective online catalog, along with increased access and control over their library accounts

At the July 29, 2015 meeting of the CBS Assembly, I gave a report and presentation on the JLC. At that time, I noted that our patrons had quickly and enthusiastically taken to the new system. However, circulation of materials among Sitka Public Libraries and other JLC members, both in filling holds to other libraries, and returning items borrowed from other libraries, had resulted in a rise in postage cost and staff time preparing mailing. Mr. Eisenbeisz asked that I return in early 2016 to report on how significant the postage increase turned out to be.

#### PRESENT FINDINGS

At my July 28, 2015 report, there were over 400 items per day in transit either to, or from our library for JLC holds. Usage for the JLC remains high, but after the initial wave, average daily usage has evened out at approximately 250 items per day. The system has assumed the lion's share in receiving and filling inter-library loans. However, ILLs are still placed, since not every item is available through the JLC. Staff time for mailing and other JLC processing duties has definitely increased. There are regularly large boxes of JLC mail both coming in, and going out. The library staff have developed procedures to make handling the volume more effective and efficient, but care must be taken to maintain the mail flow. Otherwise, there can be a build-up of items, especially those to be returned to the individual JLC libraries. Library staff have been up to this task, and we will continue to work to improve efficiency.

Postage costs have clearly increased from FY 2015 to FY 2016. For FY 2015, total postage was 4,160.35 of a budgeted \$15,000. I reduced the 2016 budget line for postage to \$11,000, and we are on target to come in under that. Total FY 2016 postage for the Library stands just under \$8125.00, 74% of the estimated budget. For FY 2017, now that we are in our new space, library traffic has increased significantly, and we anticipate greater JLC usage, the amount submitted for postage has been raised to \$15,000 once again.

While the cost for the postage line has increased, they are offset by both reductions in other budget lines, and by the increased services to library users. The anticipated financial benefits from joining the JLC are clear. Costs for our integrated library system has gone down from over \$17000 to less than \$7000, and that number can continue to decrease as other libraries join the Consortium. Three more libraries recently joined, with others anticipated over the next two years. We should find out in August what next year's JLC cost will be.

The additional items available in the JLC has also allowed us to decrease the new Books & Publications line, with the submitted FY 2017 line down to \$70,000 from \$88,500. Collection development has been more proactive, and replacement costs significantly reduced. Library users are clearly using the JLC on a regular, prolonged basis, and library staff have made a concerted effort to promote the service and teach our patrons how to use it.

**PUBLIC WORKS ASSEMBLY UPDATE**  
**WORK COMPLETED APRIL 2016**

**Kettleson Memorial Library Expansion (now Sitka Public Library):**

**Milestones this period**

- Contractor is completing punch list and minor changes.
- Building Commissioning nearly completed.
- Stratton Library (temporary location) cleared out and returned to State control.

**Future Milestones**

- Physical Completion by Summer 2016

**Background**

The State funding of \$5.7 million awarded to CBS is a direct appropriation with no funding match requirements. A private donation of \$400,000 has also been given to the project by the John J. and Eleanor Brust Family and the City has committed \$200,000 in CPET funding and \$357,000 from the General Fund. The Friends of the Library have also raised almost \$90,000. \$350,000 of the budget was allocated to the Centennial Hall Parking Lot Project to relocate the Swan Lake storm drain, leaving a current project budget of approximately \$6.4 million for the expansion and renovation of the Library.

**Harrigan Centennial Hall (HCH) Renewal:**

**Milestones This Period**

- Grading and installation of exterior concrete is in progress.
- Installation of the skylights and the storefront window systems at the new entries, concourse clerestory, and back of stage are complete.
- Exterior wall cement board siding is installed and exterior wall tile is complete.
- Rough-in plumbing, fire suppression, electrical/data/AV, and HVAC throughout and are nearing completion.
- Ceiling grid installation is in progress.
- Tile at new Restrooms is in progress.
- Installation of the new electrical transformer and building service and switch gear is complete.
- Installation of wall finishes, wood wainscot, and casework is in progress.

**Future Milestones**

- Installation of flooring.
- Installation of lighting fixtures and lighting controls.
- Installation of mechanical trim.
- Installation Theatrical Systems in the Auditorium.
- Installation of AV Equipment.
- Bid the Furniture, Fixtures, and Equipment (FF&E) package.
- Substantial completion is contractually required December 20, 2016, but the current project schedule shows the project achieving Substantial Completion before this required date.

**Background**

The current funding includes four State grants totaling \$11,500,000; a \$1,991,271 FY'10 Legislative Grant designated for a lightering facility visitor's center (previously planned for under the O'Connell Bridge), \$1,180,000 FY'11 CPET Head Tax grant, \$1,400,000 Marine

Passenger Funds, \$232,620 heat pump grant, and \$66,000 from the Sitka Historical Society for a total project budget/funds of \$16.4 million.

### **Airport Terminal Upgrades:**

#### **Milestones This Period**

- Received \$158,569.25 grant offer for CBS signature from Transportation Security Administration (TSA) to design improvements in the TSA luggage screening area.

#### **Future Milestones**

- Design improvements to the TSA luggage screening area (with TSA grant) and the airport baggage bay where bags are loaded into the carts for delivery to the airplane. Baggage bay design costs as well as required 5 percent match on TSA improvements will be paid with collected Passenger Facility Charges (PFCs). Design timeline is February 2017.
- TSA intends to fund construction of eligible improvements. Work would take place before Delta Airlines begins summer service, or after it ends, in 2017.

#### **Background**

The Assembly-approved Airport Terminal Master Plan called for corrections to three critical deficiencies, including (1) working conditions in the baggage make-up area and (2) working conditions in the TSA baggage screening area. CBS addressed the third deficiency – the lack of hold-area rest rooms –in 2010. Passenger Facility Charges have been collected to provide \$275,000 to accomplish this work.

### **Baranof Warm Springs Dock Replacement:**

#### **Milestones This Period**

- Notice to Proceed issued to Turnagain Marine Construction (TMC). TMC has contracted with Bellingham Marine Industries to fabricate the floats and Mantle Industries to design and fabricate the gangway.

#### **Future Milestones**

- First set of submittals in May.
- TMI mobilize to site ~September 15, 2016.

#### **Background**

The City and Borough of Sitka (CBS) received a \$1,900,000 FY2013 Alaska Legislature Grant to reconstruct the Baranof Warm Springs Dock. The funding was provided with the understanding that CBS would assume ownership and maintenance responsibilities for the dock once it is reconstructed. The Assembly approved the Administrator to execute a Memorandum of Agreement with the Alaska Department of Transportation and Public Facilities (ADOT&PF) for completion of the Baranof Warm Springs Dock Reconstruction and Ownership Transfer. ADOT&PF will be reimbursed the cost of designing and constructing the improvements from the FY13 Legislative Grant. The project was originally bid in September, however the bids exceeded the available funds so the project was re-scoped and re-advertised in 2016. The State recommended award of a contract to Turnagain Marine in the amount of \$1,457,285 for the Basic Bid and Alternate A which will result in a 200-foot long float.

### **Sitka Transient Float Replacement:**

#### **Milestones This Period**

- Contractor completed several minor punch list items.

#### **Future Milestones**

- Contractor plan to address one remaining pile which does not meet contract requirements.
- Final Completion anticipated May/June 2016.

### **Background**

CBS received a FY15 State of Alaska Municipal Harbor Facility Matching Grant, for the Sitka Transient Float Replacement Project, which will cover 50% of eligible construction costs not to exceed 2,700,000 in match funding. CBS has allocated a total of \$3,450,000 from the Harbor Enterprise Fund, ~\$198,000 from unspent ANB Harbor bond proceeds, and \$500,000 from the CBS Electric Fund for the project for a total budget of \$6,848,000.

### **Seaplane Base:**

#### **Milestones This Period**

- Added economic impacts study to scope of Siting Study update.
- Finalized National Plan of Integrated Airport Systems (NPIAS) report at the request of the Federal Aviation Administration (FAA). This document assists FAA with determining whether funds may be made available for a new SPB in the future.
- Staff are working on the scope and funding for repairs to the existing Seaplane Base. Will present recommendations to P&H Commission on May 11.

#### **Future Milestones**

- Siting Study Update completion June 2016.

### **Background**

In August 2002, the Sitka Seaplane Base Master Plan was completed and includes a Condition & Needs Assessment and Master Plan Alternatives Report. The plan considered 12 alternative sites for a new seaplane base and found the north end of Japonksi Island, between the Coast Guard Base and the cove behind the SEARHC buildings on Seward Avenue was the best alternative. In February 2009, the Assembly unanimously approved Resolution 2009-35 "Supporting the development of the Sitka Seaplane Base." This approved staff applying for and executing a Federal Aviation Administration (FAA) Airport Improvement Program grant for up to \$500,000 to develop the siting plan, issues resolution, design, environmental, and permitting phases of the project. Utilizing proceeds from that grant, in June 2012, an updated Sitka Seaplane Base Siting Analysis was completed which considered a new site and redevelopment of the existing site in addition to the previously recommended Japonski site. The Japonski site was again selected as the preferred site. The findings of this study were presented to the Port and Harbors Commission on April 11, 2012 where they unanimously approved further study of the Japonski Island site. SEARHC has provided very encouraging feedback on the possibility of providing uplands access for a new municipal seaplane base. Due to a decline in the number of based aircraft, FAA requires an update to the Siting Study prior to application for any future grant funds for this project.

### **Gary Paxton Industrial Park Dock:**

#### **Milestones this Period**

- CBS Staff working on Design/Build (D/B) Request for Proposals (RFP) effort with consultants.

#### **Future Milestones**

- Finalize D/B RFP scope and formulate RFP documents.
- Advertise RFP June 2016.

### **Background**

The project is funded by a designated Legislative Grant, administered by the State of Alaska, Dept. of Commerce, Community & Economic Development, and Division of Community &

Regional Affairs. The total amount of the grant is \$7.5 million. The project is administered by Public Works and the GPIIP Director, Garry White. The firm of Moffatt & Nichol (M&N) was previously awarded a contract to provide the design for the GPIIP Dock when it was envisioned as a fixed pier or bulkhead structure. M&N may assist CBS as technical reviewer during D/B proposal evaluation and construction.

### **Edgecumbe Drive Street Reconstruction:**

#### **Milestones This Period**

- none

#### **Future Milestones**

- Completion of outstanding punch list items in Summer 2016.

#### **Background**

The project includes drainage, sidewalk, curb and gutter, road subgrade and pavement improvements on Edgecumbe Drive from Peterson Street to Cascade Creek Road. The total project budget is \$5.46M. The Assembly approved award of a design-build contract to S&S for \$4,636,500 on May 27, 2014.

### **Jeff Davis Street Reconstruction Project:**

#### **Milestones This Period**

- Design consultant completed 95 percent drawings for replacement of water main, construction of new sidewalks, curb & gutter, storm drainage structures and limited sanitary sewer work.
- CBS reviewed submittal and provided comments.

#### **Future Milestones**

- Advertise for construction bids in May 2016.
- Award construction contract in June 2016.
- Project substantial completion in September 2016.

#### **Background**

The project includes replacement of approximately ~50-year old undersized water main with new, large diameter pipe within Jeff Davis Street and replacing the existing storm drainage infrastructure, pavement, curb, gutter and sidewalks. The project will also improve the sewer service to four homes on Jeff Davis Street currently served by a collection main crossing private property. Funding for the project is provided by the following sources; \$644,000 FY2015 ADEC Grant, \$812,000 FY2014 ADEC Water Loan, \$225,000 from 2016 General Fund and \$110,000 from 2017 General Fund (anticipated).

### **Landfill and Crescent Lift Station Replacement:**

#### **Milestones This Period**

- Awarded design contract to PND Engineers, Inc.
- Assisted PND with pre-design investigation of lift stations.

#### **Future Milestones**

- Advertise for construction bids August 2016.
- Construction in Fall/Winter 2016.

#### **Background**

The project includes replacement the Landfill Lift Station and force main pipe at the end of Tilson Street and the Crescent Lift Station adjacent to the Sitka Sound Science Center. The pumps and components of both lift stations are inefficient, obsolete and, in the case of the Landfill Lift Station, corroded due to the landfill leachate it is pumping to the

wastewater treatment plant. There have also been four force main break within the past 2 years. Funding for the project is provided by ADEC loans and from the General Fund.

### **Eagle Way and Old Harbor Mountain Road Utility and Road Upgrades:**

#### **Milestones This Period**

- 100% plan review completed.

#### **Future Milestones**

- 100% plans public meeting to present final plans May 9, 2016.
- Advertisement for bids in May 2016.
- Construction is anticipated summer 2016.

#### **Background**

The project will include a minimum of 24-foot-wide paved road, storm drainage, water main and services, and possible pedestrian amenities within Eagle Way. The project will also include a minimum of 24-foot wide paved road and storm drain improvements within Old Harbor Mountain Road. Funding for the project consists of a \$1,500,000 2013 Commerce Community and Economic Development Grant.

### **Nelson Logging Road Upgrades:**

#### **Milestones This Period**

- Phase 2 Final Design authorization.

#### **Future Milestones**

- Preliminary Design (35%) due May 2016.
- Advanced Design (65%) due July 2016.
- Final Design (100%) due October 2016.
- Construction is anticipated in early 2017 to align with Katlian Bay Road (ADOT&PF) project.

#### **Background**

The project includes replacing both inadequate bridges and upgrading Nelson Logging Road as funding allows. The scope may also include road realignment(s) and widening to accommodate two-way traffic. Funding for the project is provided by \$2,343,000 2013 Commerce Community and Economic Development Grant.

### **Ultra Violet (UV) Disinfection Facility:**

#### **Milestones This Period**

- Dehumidifier installed.
- Fluoride loading feeder installed.
- Gate warranty repair and security fence upgrades.

#### **Future Milestones**

- Assembly walkthrough and Public Open House May 19, 2016.
- SCADA upgrades by Boreal Controls, Inc. and flow controls valves for final system upgrade to address the UV Disinfection Facility and the new higher dam elevation.
- Final Completion June 2016.



## **Background**

The Blue Lake drinking water system is a surface water system, which must comply with the EPA Enhanced Surface Water Treatment Rules (ESWTRs). The UV Disinfection Facility will provide the additional microbial and disinfection controls required under the ESWTRs. The current total project cost estimate is \$8,966,000. Funding for this project is provided by State of Alaska Department of Environmental Conservation (ADEC) loans and grants:

\$4,000,000 FY 2011 ADEC Loan (Includes \$2,500,000 financed with \$1,500,000 subsidized)  
\$2,550,000 FY 2012 ADEC Loan  
\$3,500,000 FY 2012 ADEC Grant (30% local match requirement).  
\$2,061,000 FY 2013 ADEC Grant (30% local match requirement).  
\$12,111,000 Total Project Funding

## **Sitka 2016-17 Paving Project:**

### **Milestones This Period**

- Design proposals received April 25, 2016.

### **Future Milestones**

- Selection of design consultant & scope/fee negotiation May 2016
- Design Contract to Assembly May 24, 2016.
- Advertisement for bids October 2016.
- Construction is anticipated in spring 2017.

## **Background**

The project includes new pavement and ADA required improvements with curb and gutter, storm drain improvements and sidewalk as applicable. Funding for the project is provided by the following sources:

\$ 500,000 CBS Capital Improvement Lincoln Street – Jeff Davis to SNHP FY16  
\$1,130,000 CBS Capital Improvement Katlian Avenue FY16  
\$ 310,000 CBS Capital Improvement Gavin Street – Brady to Cascade FY15 & FY16  
\$1,940,000 Total Project Funding

## **North Kramer Debris Removal and Repair:**

### **Milestones This Period**

- Plans and specification development.

### **Future Milestones**

- Advertisement for bids May 2016

## **Background**

The Assembly passed Ordinance 15-44 on August 21, 2015 which declared a local government disaster declaration as a result of the slides of August 18, 2015, authorized the expenditure of local emergency funds, and requested the Governor declare a Disaster Emergency to exist as described in AS 26.23 and provide State assistance to the CBS. Governor Walker authorized up to \$1,000,000 from State Disaster Relief Funds to assist with the cleanup and recovery. These funds can be utilized to remove the debris from the right-of-way and restore municipal infrastructure to its pre-disaster condition. On October 27, 2015 the Assembly approved a total authorized budget of \$1,500,000 for all costs related to the disaster declaration and authorized the Administrator to award all bids and execute all contracts necessary to complete the remaining disaster remediation work with a total not to exceed budget of \$1,500,000.

## **Federal Land Access Program (FLAP) Grant: Phases 4&5:**

### **Milestones This Period**

- The construction crew has completed construction of the new trail. New trail marking signage has been created and installed.
- As-built surveying of new trail is complete.
- MHLT is reviewing the final as-built surveys for the portions of the trail that are on their property.

### **Background**

The City and Borough of Sitka has been awarded a \$916,897 MAP-21 Federal Lands Access Program (FLAP) Grant for Phase 5 Cross Trail multimodal pathway (Cross TMP), Baranof Street and Yaw Drive connectors, by Western Federal Lands (WFL). The Assembly approved submission of the grant in Resolution 2013-03 in February 2013. Phase 4 of the project, a \$926,000 STIP Grant for a multimodal pathway reconstruction and re-routing from Yaw Drive to the CBS property was funded by the Department of Transportation in the 2009 STIP. DOT planners, with the concurrence of Western Federal Lands (WFL) and CBS, initiated action to combine the two projects as a single \$1.8 million grant and have the project managed by Western Federal Lands for greater efficiency and cost savings.

## **Federal Land Access Program (FLAP) Grant: Phase 6:**

### **Milestones This Period**

- Memorandum of agreement between The City and Borough of Sitka and Western Federal Lands has been executed.

### **Future Milestones**

- Hire a consulting company for planning, design, and complete environmental and permitting sometime in June 2016.
- The completion date is estimated around October 2016.

### **Background**

The City and Borough of Sitka has been awarded a \$250,000 MAP-21 Federal Lands Access Program (FLAP) Grant for Phase 6 Cross Trail multimodal pathway (Cross TMP), connector from Kramer Drive to Alaska Marine Ferry Terminal, by Western Federal Lands (WFL). The Assembly approved submission of the grant in Resolution 2014-06 in April 2014. The Western Federal Lands Access Program application was submitted in April 2014, and then awarded on July 26, 2014. This is listed as a FY16 budgeted project with Western Federal Lands Access Program.

## **Water**

A water leak was discovered on the 12 inch ductile iron water main in the 4100 block of HPR. Upon digging up the pipe it was found to have three separate holes on the underside of the pipe. The three holes were not able to be patched with repair clamps due to corrosion of the pipe. That section of pipe needed to be replaced thus requiring us to isolate that end of town. A Public Service Announcement (PSA) for the affected area of town (4100 HPR to ferry terminal) was sent out via the CodeRED alert system, KIFW, KCAW, Sentinel, City and Borough of Sitka's website and Facebook page, and announced at the assembly meeting. The PSA explained the situation and advised residents to boil their water until we finished our sampling protocol.

The main was replaced two days later in-house by the Public Works Streets division and the Water division. Sample results showed the water was in compliance and the boil order was rescinded.

Each year our laboratory analysts are required to undergo proficiency testing to ensure we are operating within compliance of all state regulations. This testing is a necessary component to maintaining our state certified laboratory status. We are happy to report that each analyst passed their test.

# City and Borough of Sitka

Financial Review  
December 31, 2015

Results as of December 31, 2015 (All Funds)

**City and Borough of Sitka**  
**Financial Review**  
**FY2016 General Fund Budget Execution**  
**December 31, 2015**

Original Planned Deficit Per Budget Ordinance:	(723,000)
Budget Adjustments	<u>(1,250,837)</u>
Budget Deficit As Of 9/30:	(1,973,837)
Actual Revenues Thru 12/31 (58%)	16,418,657
Actual Expenditures Thru 12/31 (22%)	15,246,216

*Note: Budget adjustments in FY16 use of \$1,000,000 of contingency for disaster response and \$1,045,000 transfer to Public Infrastructure Sinking Fund*

City and Borough of Sitka  
Financial Review  
FY2016 General Fund  
Budget Adjustments

Contingency (Disaster Response)	1,000,000
Transfer From Permanent Fund	(302,218)
Transfer to Public Infrastructure Sinking Fund	1,045,000
Other Net Adjustments	<u>231,055</u>
<b>Total Net Budget Adjustments</b>	<b><u>1,973,837</u></b>

City and Borough of Sitka  
 Financial Review  
 General Fund Balance  
 December 31, 2015 Versus 2014

	12/31/2015	12/31/2014	Difference
Net Available Cash	3,523,813	5,596,508	(2,072,695)
Working Capital	8,112,683	9,388,565	(1,275,882)
Unrestricted Fund Balance	14,512,041	16,136,711	(1,624,670)

**Notes:**

*\$6,748,100 of cash and fund balance is designated for liquidity*

*Emergency response fund balance designation at 9/30/2016 \$0  
 (\$1,000,000 advanced to SCH and \$1,000,000 disaster response)*

*Net Available Cash equals cash plus investments less liabilities less all designated fund balances*

*Working Capital is current assets less current liabilities less liquidity and emergency response reserves*

**City and Borough of Sitka  
Financial Review  
Fund Net Income and Working Capital  
FY2016 Results Through December 31, 2015**

Electric Fund		(143,375)	3,804,429	10,080,824	13,885,253
Water Fund		371,170	990,695	893,245	1,883,940
Wastewater Fund		224,526	3,035,014	2,238,313	5,273,327
Solid Waste Fund		(306,236)	-	675,903	675,903
Harbor Fund		615,723	2,935,548	5,263,754	8,199,302
Airport Terminal Fund	*	(52,560)	520,523	295,768	816,291
Marine Service Center Fund	*	(38,302)	-	1,516,769	1,516,769
SMC Industrial Park Fund	*	(41,472)	262,377	914,112	1,176,489
MIS Fund	*	212,389	510,356	(61,459)	448,897
Central Garage Fund	*	307,111	763,576	2,404,930	3,168,506
Building Maintenance Fund	*	(61,986)	-	1,873,341	1,873,341
CPET Fund	*	(27,330)	308,413	-	308,413
Permanent Fund		967,033	-	23,842,734	23,842,734



# Comments on Net Losses and Working Capital

- Net losses signify that depreciation expense (the decline in value of infrastructure) exceeds revenue and may signify that infrastructure replacement may eventually need to be funded by bonding and higher user fees.
- Negative undesignated working capital signifies that we have more approved spending for infrastructure than we have fund balance to pay for.
- Net Income/and loss includes grant revenue.
- Long-term infrastructure plans have been developed for all major funds; these plans seek to identify long-term infrastructure needs and determine the correct level of user fees necessary to finance the plan.

# Summary

- Results for the 1<sup>st</sup> Quarter of Fiscal year 2016 are generally in accordance with plan. Challenges are surfacing, however, requiring the attention of management.
- Sales tax receipts in the General Fund are showing very small year-over-year growth and are less than projected. Comparing the same six month period in FY2016 to FY2015, sales tax receipts rose by \$119,722, or 1.9%. The FY2016 budget, however, forecasted sales tax receipts to increase by 5.5% over FY2015, based on the increase of the taxable transaction limit to \$3,000. Management predicts that total sales tax receipts for FY2016 will fall short of planned amounts.
- Electricity consumption has declined by 9,919,000 kWh since reaching peak consumption (on a trailing twelve-month basis) in April 2009; likewise, consumption has fallen by 7,361,550 kWh since the Assembly passed the Blue Lake bonding ordinance in October, 2012. The financial effect of the decline in electricity consumption is an ongoing loss of revenue of approximately \$1 million per year. Electric revenue bond ordinance rate covenants require cash flow equal to 125% of annual debt service. Thus, if electricity consumption does not increase, either electricity user fee increases or general governmental subsidization of the electric utility will be required on an ongoing basis.

# Summary (Continued)

- User fee increases of at least the annual rate of inflation need to be implemented annually in order to generate cash flow from operations to fund infrastructure repairs. Annual increases in user fees should be considered and essential. Forgoing an annual increase in user fees, even in just one year, has a compounding negative effect of the sufficiency of working capital to pay for future infrastructure replacement. This, in turn, begets additional borrowing to pay for infrastructure which, in turn, results in higher user fees to pay for debt service. Several of our funds are highly leveraged (meaning that a significant amount of the current infrastructure has been financed through debt).
- The transfer rate from the Permanent Fund, at 6% as specified in the Charter, is too high to maintain the Fund's value. The Municipality's external investment advisor has opined that a distribution rate of 4% is recommended in order to maintain the purchasing power of the Permanent Fund. Decreasing the transfer rate will compound fiscal pressures on the General Fund, however.
- Anticipated harbor matching grants have not been obtained due to fiscal pressures at the State level. Moorage rate increases necessary to finance all projected harbor system repairs at the local level are unsustainable. Either harbor moorage rates must be subsidized through general tax revenue, or, the harbor system must be redesigned and possibly downsized to a sustainable level.

# Summary (Continued)

- Core infrastructure (electricity transmission and distribution network, streets, sewers, water mains) continue to age and require systematic repair. Total annual core infrastructure spending needs to be maintained in order to avoid increasing the deferred maintenance backlog. In the General Fund, infrastructure spending for FY2017 is being funded primarily through unsustainable transfers from the Public Infrastructure Sinking Fund. The source of funding in the Public Infrastructure Sinking Fund available for infrastructure financing depends on budget surpluses being obtained in prior fiscal years; thus, as budgets become leaner and budget surpluses decline, the amount of funding available for general governmental infrastructure declines as well. To maintain a constant level of general governmental infrastructure repair will require either new revenue streams or expenditure reductions in other core areas of general government.

# Financial Statements

- You will find attached financial statements for the various significant funds of the City and Borough of Sitka. Information is presented through December 31, 2015.
- Financial reporting is shown in the custom reporting format designed by the Finance Department, which combines significant elements of the income statement, cash flow and working capital into one single page report. Traditional financial statements are produced monthly and are distributed to the Administrator and appropriate Department Heads.

# Definitions of Key Terms

**Working Capital** - This is essentially what a Fund has to spend. It is defined as current assets less current liabilities, including the current portion of long term debt. Working capital already earmarked for capital expenditures or otherwise restricted is called Designated Working Capital; the remainder is Undesignated Working Capital. The calculation of General Fund working capital also excludes designated amounts for liquidity and emergency response.

**Depreciation Expense** - This is an estimation of the decline in value of a long lived asset, which is an expense. When a long lived asset is purchased, cash is paid but expense is not recorded; instead, expense is recorded gradually, over the life of the asset, to match its use against revenues earned in the same period. Most importantly, Depreciation Expense **IS NOT** the accumulation of cash to replace an asset; that is called a sinking fund and is part of Working Capital.

**Fund Balance** – This is the net assets of a fund. It is equal to total assets less liabilities. It is important to note that a Fund Balance is usually only partially in cash; the remainder may be made up of long lived assets, receivables, and other assets.

# Definitions of Key Terms

**Net Available Cash** – This is equal to cash and investments, less liabilities and restricted or designated fund balances. This is similar to “cash on the barrelhead”.

**EBI/EBID** – These are accounting terms which measure earnings before certain expenses. EBI is Earnings Before Interest and measures earnings before interest expense. EBID is Earnings Before Interest and Depreciation, and is a rough measure of cash flow from operations.

**Enterprise Fund** – A fund which is run, and accounted for, similar to a private business. In such a fund, profit is measured and operations are accounted for on a full accrual basis.

**Internal Service Fund** - A fund which provides services to other funds. Such funds usually have no external source of revenue. Similar to an enterprise fund, profit is measured and operations are accounted for on a full accrual basis.

## General Fund

### Financial Analysis

#### As Of, And For The Six-Month Period Ending December 31, 2015

The financial performance and position of the General Fund through the first three months of FY2015 are more or less in line with planned expectations. Revenues were (\$961.8K) or (5.5%) below FY2015; however, once timing differences in transfers from the Permanent Fund are factored in, revenue declined by (\$401.2K) or (2.3%). Revenue declines were offset by expenditure reductions. Total expenditures declined by \$828.6K, or 5.2%, in year over year comparison. As a result, the surplus of revenues over expenditures for the 6-month period was similar to FY2015, declining by (\$133.3K); factoring in the Permanent Fund timing difference, the surplus grew by \$427.4K. Compared to plan, the General Fund is tracking closely to projections. For the first 6 months, the surplus was (\$40.0K) behind plan; again, once the Permanent Fund timing difference is factored, the General Fund is \$520.7K ahead of plan.

Of concern, however, are sales tax collections. While exceeding FY2015 levels, collections are falling short of plan. Sales tax collections rose by just \$119.7K, or 1.92% over FY2015. Compared to Plan, collections are running approximately 3% behind. Comparisons are difficult, as the taxable transaction limit was increased for sales Taking place after October, 2015. If the tepid growth in sales tax collections seen so far in FY2015 continues, overall collections may be as much as \$550K lower than plan for the entire year.

The General Fund generated a surplus of revenues over expenditures of \$1,172.4K for the first six months of FY2016, compared to \$1,305.7K for the comparable period in FY2015. Revenue in the General Fund for the period was \$16,418.7K, compared to \$17,380.5K in FY2015. General Fund outlays for the six-month period were \$15,246.2K, compared to \$16,074.7K in FY2015.

The undesignated working capital for the General Fund stood at \$7,609.3K as of December 31, 2015; this was a decline of \$1,135.4K from the balance on December 31, 2014. Of note, however, is the transfer of \$1,000,000 to the Public Infrastructure Sinking Fund in September, 2015, accounting for most of the fund balance decline. In addition to undesignated working capital, the General Fund maintained a designated liquidity reserve of \$6,422,013, equal to 90 days operating outlays.

Staff anticipates that overall budget execution will be much closer to plan than in previous years, generating a smaller surplus. The surplus for FY2016 is estimated, at this juncture, to be no greater than \$500K. By the Sitka General Code, surplus fund balance in the General Fund is to annually be considered for transfer to the Public Infrastructure Sinking Fund.



City and Borough of Sitka  
General Fund  
Income Statement  
For The Twelve-Month Period From July 1, 2014 to June 30, 2015  
(Unaudited)

	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (\$/L - 100.00%)	Variance To FY2015 Plan	
<b>Revenue:</b>																		
Property Taxes	6,187,104	13,865	16,060	16,845	8,853	(59,487)	(1,804)	11,845	7,387	6,514	10,989	26,975	6,245,146	6,187,719	57,427	6,785,736	(540,590)	
Sales Taxes	1,678,643	1,079,554	440,273	1,849,955	958,605	247,471	757,033	735,334	230,220	820,862	635,157	245,620	9,678,727	9,785,829	(107,102)	10,108,000	(429,273)	
Bed Taxes	113,463	19,977	15,157	159,505	7,351	1,783	9,108	24,253	1,979	24,716	5,492	29,132	411,916	377,547	34,369	339,000	72,916	
State Assistance	916,960	-	2,638	9,225	13,914	5,805	250	17,050	-	46,968	-	3,069,792	4,082,607	994,922	3,087,680	996,700	3,085,502	
Federal Assistance	-	-	30,135	-	5,079	(310)	56,668	-	-	30,112	22,010	1,354,469	1,498,163	1,527,845	(29,682)	1,647,500	(149,337)	
Transfer From Permanent Fund, Etc.	2,542	2,578	282,803	282,738	1,884	3,584	282,717	2,420	2,764	297,839	2,398	3,100	1,167,367	1,238,242	(70,875)	1,250,342	(82,975)	
Interfund Billings	-	-	-	-	1,174,822	248,823	228,964	228,964	246,199	198,965	228,964	251,048	2,807,749	2,782,722	25,027	2,844,572	(36,823)	
Other Operating Revenue	144,039	317,593	172,005	409,349	214,871	383,436	305,754	104,380	85,122	421,073	117,137	583,167	3,257,926	3,328,024	(70,098)	3,124,404	133,522	
<b>Total Revenue:</b>	<b>9,042,751</b>	<b>1,433,567</b>	<b>959,071</b>	<b>2,727,617</b>	<b>2,385,379</b>	<b>832,105</b>	<b>1,638,690</b>	<b>1,124,246</b>	<b>573,671</b>	<b>1,847,049</b>	<b>1,022,147</b>	<b>5,563,303</b>	<b>29,149,596</b>	<b>26,222,850</b>	<b>2,926,746</b>	<b>27,096,254</b>	<b>2,053,342</b>	
<b>Outlays:</b>																		
Administrator	72,691	56,338	58,629	97,046	68,694	72,352	94,287	95,509	72,154	66,149	97,979	254,858	1,106,686	880,905	(225,781)	924,402	(182,284)	
Attorney	16,245	20,767	23,486	21,969	25,667	22,482	22,943	17,444	16,825	23,510	33,847	113,460	358,645	312,862	(45,783)	313,224	(45,421)	
Clerk	21,648	23,447	31,401	40,191	29,189	31,414	30,897	25,354	28,088	41,142	114,052	113,460	445,289	365,046	(80,243)	393,444	(51,845)	
Finance	103,540	127,110	125,530	167,998	161,901	197,706	127,258	138,404	120,802	134,381	197,113	566,144	2,167,797	1,698,613	(469,184)	1,773,001	(394,796)	
Assessing	17,212	23,835	24,021	31,247	28,197	33,948	26,488	22,668	26,979	25,672	118,995	50,329	429,591	273,481	(156,110)	405,933	(23,658)	
Planning	14,018	16,621	19,704	32,180	40,227	19,797	16,101	20,497	19,822	18,249	28,683	79,695	327,594	256,579	(71,015)	267,236	(60,358)	
General/Shared Expenses	214,042	43,554	158,970	111,976	32,027	62,359	76,575	37,730	17,008	98,638	52,900	29,991	916,059	916,059	(13,711)	867,348	(62,422)	
Police	331,164	276,799	304,892	450,706	377,710	339,089	336,889	328,340	358,267	345,395	479,085	1,407,129	5,335,465	4,126,800	(1,208,665)	4,598,618	(736,847)	
Fire	141,751	133,102	135,284	189,308	158,413	138,504	138,851	130,456	142,878	189,242	563,964	2,211,269	2,211,269	1,914,716	(296,553)	2,022,032	(189,237)	
Public Works	241,786	287,712	246,119	351,536	278,669	270,632	267,155	256,142	263,484	269,397	397,497	1,056,653	4,186,782	3,458,860	(727,922)	4,491,389	(304,607)	
Library	52,403	61,067	44,460	83,919	86,333	59,380	59,814	60,003	63,579	76,142	245,388	964,061	828,887	(135,174)	912,264	(51,797)		
Centennial Building	32,336	27,358	27,920	45,388	32,198	38,033	32,315	31,021	30,996	33,261	43,401	148,922	523,149	467,237	(55,912)	445,168	(77,981)	
Visitors Bureau/SR Citizen Center	84,858	3,413	4,563	86,234	4,125	10,941	83,094	4,498	2,531	88,835	8,910	12,739	394,741	432,064	37,323	410,779	16,038	
Contingency	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service	-	-	11,944	-	7,000	-	9,745	2,104	6,453	1,380	-	9,627	48,253	27,940	(20,313)	68,233	19,980	
School Support	476,460	476,460	476,460	476,460	522,467	476,460	476,460	476,460	476,460	510,123	952,920	446,372	6,243,562	6,077,776	(165,786)	6,367,521	123,959	
Hospital Support	-	-	-	15,399	-	1,091,604	-	-	-	-	-	-	(1,091,604)	15,399	224,801	209,402	154,546	139,147
Fixed Asset Acquisition	-	-	22,045	-	-	-	-	-	-	-	-	-	22,045	77,996	55,951	11,915	(10,130)	
Transfers To Other Funds	-	357,114	2,250,000	-	1,433,520	-	-	-	-	80,106	-	790,599	4,911,339	2,867,838	(2,043,501)	5,240,069	328,730	
<b>Total Cost of Sales:</b>	<b>1,820,064</b>	<b>1,936,697</b>	<b>3,965,428</b>	<b>2,201,557</b>	<b>3,286,337</b>	<b>2,864,701</b>	<b>1,810,631</b>	<b>1,646,441</b>	<b>1,649,388</b>	<b>1,930,019</b>	<b>2,649,190</b>	<b>4,860,984</b>	<b>30,621,437</b>	<b>25,208,460</b>	<b>(5,412,977)</b>	<b>29,667,122</b>	<b>(954,315)</b>	
<b>Surplus/(Shortfall) of Revenues Over Outlays</b>	<b>7,222,687</b>	<b>(503,130)</b>	<b>(3,006,357)</b>	<b>526,060</b>	<b>(900,958)</b>	<b>(2,032,596)</b>	<b>(171,941)</b>	<b>(522,195)</b>	<b>(1,075,717)</b>	<b>(82,970)</b>	<b>(1,627,043)</b>	<b>702,319</b>	<b>(1,471,840)</b>	<b>1,014,390</b>	<b>(2,486,230)</b>	<b>(2,570,868)</b>	<b>1,099,028</b>	
	79.87%	-35.10%	-313.47%	19.29%	-37.77%	-244.27%	-10.49%	-46.45%	-187.51%	-4.49%	-159.18%	12.62%		3.87%	-8.92%	-9.49%	4.44%	
													25,639,800					
<b>Unrestricted Fund Liquidity</b>																		
Beginning Unrestricted Liquidity:	5,964,073	13,253,689	12,750,559	10,119,962	10,686,899	9,128,060	8,744,721	8,610,533	8,091,204	7,015,710	7,053,643	5,431,724	5,964,073	3,341,614	2,622,459			
Surplus/(Shortfall) of Revenues Over Outlays:	7,222,687	(503,130)	(3,006,357)	526,060	(900,958)	(2,032,596)	(171,941)	(522,195)	(1,075,717)	(82,970)	(1,627,043)	702,319	(1,471,840)	1,014,390	(2,486,230)			
Transfer To Sinking Fund / Permanent Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-			
Other balance sheet changes:	66,929	-	375,760	40,877	(657,881)	1,649,256	37,753	2,866	223	120,903	5,124	(25,887)	1,615,923	1,608,069	7,854			
<b>Ending Unrestricted Liquidity:</b>	<b>13,253,689</b>	<b>12,750,559</b>	<b>10,119,962</b>	<b>10,686,899</b>	<b>9,128,060</b>	<b>8,744,721</b>	<b>8,610,533</b>	<b>8,091,204</b>	<b>7,015,710</b>	<b>7,053,643</b>	<b>5,431,724</b>	<b>6,108,156</b>	<b>6,108,156</b>	<b>5,964,073</b>	<b>144,083</b>			
<b>Total Assets:</b>	<b>24,490,549</b>	<b>24,157,956</b>	<b>21,273,883</b>	<b>22,463,554</b>	<b>20,500,074</b>	<b>18,378,283</b>	<b>18,332,158</b>	<b>17,715,907</b>	<b>16,630,807</b>	<b>16,315,705</b>	<b>15,008,365</b>	<b>16,155,007</b>						
Less Advances to Other Funds:	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)	(300,000)						
Less Liabilities	(1,360,024)	(1,530,561)	(1,277,085)	(1,899,819)	(1,495,178)	(756,726)	(844,789)	(747,877)	(738,261)	(385,226)	(699,805)	(1,145,273)						
Less CPLTD (Unreimbursed)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(59,145)	(53,342)						
<b>Subtotal:</b>	<b>22,721,380</b>	<b>22,218,250</b>	<b>19,587,653</b>	<b>20,154,590</b>	<b>18,595,751</b>	<b>17,212,412</b>	<b>17,078,224</b>	<b>16,558,855</b>	<b>15,483,401</b>	<b>15,521,334</b>	<b>13,899,415</b>	<b>14,656,392</b>						
<b>Less Reserved Amounts:</b>																		
Advances other Funds:	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)	(832,413)						
Title III Funds:	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)	(520,742)						
E911 Surcharge:	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)	(236,436)						
Liquidity Restriction	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)	(5,748,100)						
Emergency Restriction	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)						
Encumbrances:	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(130,000)						
<b>Unrestricted Working Capital:</b>	<b>13,253,689</b>	<b>12,750,559</b>	<b>10,119,962</b>	<b>10,686,899</b>	<b>9,128,060</b>	<b>8,744,721</b>	<b>8,610,533</b>	<b>8,091,194</b>	<b>7,015,710</b>	<b>7,053,643</b>	<b>5,431,724</b>	<b>6,108,156</b>						

City and Borough of Sitka  
General Fund  
Income Statement  
For The Twelve-Month Trailing Period Ending December 31, 2015  
(Unaudited)

	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	TTM
<b>Revenue:</b>													
Property Taxes	(1,804)	11,845	7,387	6,514	10,989	26,975	6,196,276	(88,461)	5,381	12,000	10,105	12,380	6,209,587
Sales Taxes	757,033	735,334	230,220	820,862	635,157	245,620	1,689,020	1,017,345	563,963	1,353,729	1,506,754	243,412	9,798,449
Bed Taxes	9,108	24,253	1,979	24,716	5,492	29,132	139,271	6	35,677	(17,723)	12	234	252,157
State Assistance	250	17,050	-	46,968	-	3,069,792	869,454	-	3,000	1,510	-	301	4,008,325
Federal Assistance	56,668	-	-	30,112	22,010	1,354,469	9,000	-	-	76,945	37,953	55,023	1,642,180
Transfer From Permanent Fund, Etc.	282,717	2,420	2,764	297,839	2,398	3,100	2,205	2,626	2,619	2,678	2,719	2,693	606,778
Interfund Billings	228,964	228,964	246,199	198,965	228,964	251,048	219,812	219,812	219,812	219,812	219,812	228,128	2,710,292
Other Operating Revenue	305,754	104,380	85,122	421,073	117,137	583,167	209,112	53,122	407,361	395,784	140,626	137,358	2,959,996
<b>Total Revenue:</b>	<b>1,638,690</b>	<b>1,124,246</b>	<b>573,671</b>	<b>1,847,049</b>	<b>1,022,147</b>	<b>5,563,303</b>	<b>9,334,150</b>	<b>1,204,450</b>	<b>1,237,813</b>	<b>2,044,735</b>	<b>1,917,981</b>	<b>679,529</b>	<b>28,187,764</b>
<b>Outlays:</b>													
Administrator	94,287	95,509	72,154	66,149	97,979	254,858	46,642	45,205	50,087	85,379	46,002	60,305	1,014,556
Attorney	22,943	17,444	16,825	23,510	33,847	113,460	20,402	21,455	31,403	49,958	43,819	36,361	431,427
Clerk	30,897	25,354	28,088	28,466	41,142	114,052	16,796	26,272	30,320	38,396	31,199	45,556	456,538
Finance	127,258	138,404	120,802	134,381	197,113	566,144	106,501	136,191	121,232	186,809	122,307	166,959	2,124,101
Assessing	26,488	22,668	26,979	25,672	50,329	118,995	18,996	25,954	25,060	34,281	24,910	27,275	427,607
Planning	16,101	20,497	18,822	18,249	28,683	79,695	17,476	22,184	23,270	35,281	30,996	27,071	339,325
General/Shared Expenses	76,575	37,730	17,008	98,638	52,900	23,991	141,832	35,946	73,581	161,927	26,609	158,775	905,512
Police	336,889	328,340	358,267	345,395	479,085	1,407,129	306,412	338,835	364,772	468,237	346,936	400,274	5,480,571
Fire	138,851	130,456	149,516	142,878	189,242	563,964	120,418	144,465	170,338	188,485	139,050	207,813	2,285,476
Public Works	267,155	256,142	263,484	269,397	397,497	1,056,653	210,168	272,654	316,689	362,249	306,838	280,448	4,259,374
Library	71,573	59,814	60,003	63,579	76,142	245,388	48,736	65,954	66,704	86,205	57,872	69,829	971,799
Centennial Building	32,315	31,021	30,996	33,261	43,401	148,922	35,548	35,821	39,204	41,294	30,667	41,043	543,493
Visitors Bureau/SR Citizen Center	83,094	4,498	2,531	88,835	8,910	12,739	3,233	4,575	6,348	3,886	3,840	16,221	238,710
Contingency	-	-	-	-	-	-	-	103,222	213,633	59,628	9,939	77,032	463,454
Debt Service	9,745	2,104	6,453	1,380	-	9,627	-	12,961	-	-	-	-	42,270
School Support	476,460	476,460	476,460	510,123	952,920	446,372	559,793	559,793	559,794	559,794	559,793	559,793	6,697,555
Hospital Support	-	-	-	-	-	(1,091,604)	-	-	-	-	-	-	(1,091,604)
Fixed Asset Acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers To Other Funds	-	-	-	80,106	-	790,599	-	-	1,000,000	-	2,332,000	-	4,202,705
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cost of Sales:</b>	<b>1,810,631</b>	<b>1,646,441</b>	<b>1,649,388</b>	<b>1,930,019</b>	<b>2,649,190</b>	<b>4,860,984</b>	<b>1,652,953</b>	<b>1,851,487</b>	<b>3,092,435</b>	<b>2,361,809</b>	<b>4,112,777</b>	<b>2,174,755</b>	<b>29,792,869</b>
<b>Surplus/(Shortfall) of Revenues Over Outlays</b>	<b>(171,941)</b>	<b>(522,195)</b>	<b>(1,075,717)</b>	<b>(82,970)</b>	<b>(1,627,043)</b>	<b>702,319</b>	<b>7,681,197</b>	<b>(647,037)</b>	<b>(1,854,622)</b>	<b>(317,074)</b>	<b>(2,194,796)</b>	<b>(1,495,226)</b>	<b>(1,605,105)</b>
	-10.49%	-46.45%	-187.51%	-4.49%	-159.18%	12.62%	82.29%	-53.72%	-149.83%	-15.51%	-114.43%	-220.04%	-5.69%
<b>Unrestricted Fund Liquidity</b>													
Beginning Unrestricted Liquidity:	8,744,721	8,610,533	8,091,204	7,015,710	7,053,643	5,431,724	6,108,156	12,866,210	13,219,173	11,364,552	11,296,705	9,101,910	8,744,721
Surplus/(Shortfall) of Revenues Over Outlays:	(171,941)	(522,195)	(1,075,717)	(82,970)	(1,627,043)	702,319	7,681,197	(647,037)	(1,854,622)	(317,074)	(2,194,796)	(1,495,226)	(1,605,105)
Other balance sheet changes:	37,753	2,866	223	120,903	5,124	(25,887)	(923,143)	1,000,000	1	249,227	1	2,656	469,724
<b>Ending Unrestricted liquidity:</b>	<b>8,610,533</b>	<b>8,091,204</b>	<b>7,015,710</b>	<b>7,053,643</b>	<b>5,431,724</b>	<b>6,108,156</b>	<b>12,866,210</b>	<b>13,219,173</b>	<b>11,364,552</b>	<b>11,296,705</b>	<b>9,101,910</b>	<b>7,609,340</b>	<b>7,609,340</b>

## **Electric Utility Financial Analysis As Of, And For the Six-Month Period Ending December, 2015**

The Electric Fund's financial performance for the six-month period ending December 31, 2015 is in line with FY2016 plan; however, all metrics have deteriorated slightly in comparison to FY2015. Total revenue, earnings before interest (EBI), earnings before interest and depreciation (EBID), and net income have all declined from FY2015.

Declining electricity consumption is the root cause of deteriorating financial performance. Despite an electricity rate increase in excess of 10% in July of 2015, electricity sales increased by just \$349.3K, or 5.3% in year-over-year comparison. Electricity consumption declined by 576,250 kWh, or (1.9%) year-over-year, offsetting the effects of the rates increase. At the same time, the full effects of increased debt service in conjunction with the Blue Lake Hydroelectric project are now being felt. This has again caused the debt coverage ratio to fall below the minimum target threshold (the coverage ratio is measured for reporting purposes as of June 30).

Revenue fell below that for the comparable period in FY15 by \$16.4K, a (0.2%) decrease. EBI was \$2,435K for the three-month comparable period, compared to \$2,528.5K a year earlier, a decrease of (\$92.6K), or (3.7%). Cost of sales increased by \$86.7K, or 2.4%. EBIDA decreased on a year-over-basis by (\$42.0K), or (1.2%).

The rate coverage ratio for the 6-month period ending December 31, 2015 was 0.95; the minimum rate coverage ratio for the fiscal year ending June 30, 2016 is 1.25.

The financial metrics for the Electric Fund indicate that, strategically, a source of external subsidization, from general broad-based taxes or other sources, needs to be implemented on a long-term basis. User fee increases, coupled with warm weather and low heating oil prices, have caused electricity consumption to steadily decline. When measured on a rolling 12-month trailing basis, electricity consumption has declined, for example, by 6.68 MWh or 6.0%, from the date the Blue Lake Hydroelectric construction contract was awarded, from 111.64 MWh to 104.96 MWh. The current rate coverage ratio of 0.95 indicates that, given current the current rate and operating cost structure of the Electric Fund, not enough cash flow from operations is being generated to meet debt service, much less provide a 25% cushion.

For the remainder of FY16, management will consider a combination of three correctional steps. First, management will look to make withdrawals, as planned for and anticipated, from the Rate Stabilization Fund to mitigate the ratio deficit. As of June 30, 2015, the rate Stabilization Fund stood at \$3,001.3K; \$2,350.0K of this fund will likely need to be used to meet the rate covenant for FY2016. . Secondly, management will propose an electric rate increase in the range of 5.0% to 10.0%, and, look to implement the rate increase earlier than July 1, 2016. Finally, management will consider options for a long-term subsidization of the electric fund

from general governmental revenues until electricity consumption increases. A subsidy of at least \$1.0 million will be actively considered and planned for FY2017.



City and Borough of Sitka  
Electric Utility  
Income Statement  
For The Trailing Twelve-Month Trailing Period Ending December 31, 2015

(Unaudited)

	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	12-Month Trailing
<b>Revenue:</b>													
Electricity Sales	1,221,907	826,272	1,639,676	1,253,926	1,019,444	1,005,116	1,052,246	1,236,631	1,159,140	1,049,699	1,174,690	1,328,814	13,967,561
Jobbing	31,088	13,550	186	141,055	140	186,939	480	200	51,318	27,424	4,549	22,348	479,277
Other Operating Revenue	10,368	6,628	911	5,170	4,624	1,134,721	5,501	4,825	4,133	22,039	7,488	3,057	1,209,465
<b>Total Revenue:</b>	<b>1,263,363</b>	<b>846,450</b>	<b>1,640,773</b>	<b>1,400,151</b>	<b>1,024,208</b>	<b>2,326,776</b>	<b>1,058,227</b>	<b>1,241,656</b>	<b>1,214,591</b>	<b>1,099,162</b>	<b>1,186,727</b>	<b>1,354,219</b>	<b>15,656,303</b>
<b>Cost of Sales:</b>													
Green Lake	30,241	46,992	112,130	42,186	41,508	134,425	53,038	30,860	32,632	49,289	41,771	90,370	705,442
Blue Lake	139,237	123,650	152,941	128,869	185,688	534,470	110,372	163,986	152,199	175,023	137,767	137,077	2,141,279
Diesels	17,362	22,629	20,268	20,634	44,821	209,299	12,217	47,319	63,657	56,279	45,820	77,560	637,865
Switchyard	1,148	60	-	910	771	236	2,204	4,429	832	1,857	917	7,169	20,533
Line Maintenance	67	8,084	(249)	16,629	3,864	759	2,598	2,755	2,062	7,938	9,313	8,643	62,463
Substation Maintenance	180	1,663	(249)	-	-	13,999	3,522	-	2,172	-	10,980	345	32,612
Distribution	132,144	101,275	128,797	104,684	126,747	495,121	89,842	162,657	137,882	177,396	132,364	117,764	1,906,673
Metering	29,506	27,851	32,456	29,421	40,382	136,125	20,492	29,020	42,271	40,551	29,566	28,831	486,472
Jobbing	44,543	35,443	23,883	39,150	60,278	138,056	14,078	22,576	18,417	50,757	5,329	2,045	454,555
Stores	12,418	13,620	13,353	13,829	24,758	50,139	8,744	13,799	12,662	17,692	12,974	14,431	208,419
Depreciation	151,824	151,824	151,824	151,824	151,824	144,645	149,683	149,683	149,683	208,172	152,987	151,335	1,865,306
<b>Total Cost of Sales:</b>	<b>558,670</b>	<b>583,091</b>	<b>695,154</b>	<b>548,136</b>	<b>680,639</b>	<b>1,857,274</b>	<b>466,790</b>	<b>627,084</b>	<b>614,469</b>	<b>784,954</b>	<b>579,788</b>	<b>635,570</b>	<b>8,521,619</b>
<b>Gross Margin:</b>	<b>704,693</b>	<b>313,359</b>	<b>1,005,619</b>	<b>852,015</b>	<b>343,569</b>	<b>469,502</b>	<b>591,437</b>	<b>614,572</b>	<b>600,122</b>	<b>314,208</b>	<b>606,939</b>	<b>718,649</b>	<b>7,134,684</b>
	55.78%	37.02%	61.29%	60.85%	33.54%	20.18%	55.89%	49.50%	49.41%	28.59%	51.14%	53.07%	45.57%
<b>Selling and Administrative Expenses</b>	<b>235,005</b>	<b>179,767</b>	<b>190,359</b>	<b>183,054</b>	<b>232,585</b>	<b>365,407</b>	<b>161,764</b>	<b>175,712</b>	<b>179,658</b>	<b>171,170</b>	<b>174,315</b>	<b>147,490</b>	<b>2,396,286</b>
<b>Earnings Before Interest (EBI):</b>	<b>469,688</b>	<b>133,592</b>	<b>815,260</b>	<b>668,961</b>	<b>110,984</b>	<b>104,095</b>	<b>429,673</b>	<b>438,860</b>	<b>420,464</b>	<b>143,038</b>	<b>432,624</b>	<b>571,159</b>	<b>4,738,398</b>
	37.18%	15.78%	49.69%	47.78%	10.84%	4.47%	40.60%	35.34%	34.62%	13.01%	36.46%	42.18%	30.27%
<b>Non-operating Revenue and Expense:</b>													
Non-Operating Revenue:	49,176	51,996	58,408	54,983	82,356	2,353,362	56,575	54,446	54,392	50,930	74,065	61,062	3,001,751
Bond Fund Interest	22,727	19,881	20,643	20,643	17,435	26,720	17,701	20,589	20,537	21,021	21,375	20,967	501,739
Grant Revenue	1,202,037	42,954	2,480,333	198,768	(519)	1,815,422	(1,673)	1,601	-	18,003	60,352	-	5,817,278
Bonded Interest Expense:	(484,616)	(484,616)	(484,616)	(484,616)	(484,616)	(496,527)	(496,527)	(496,527)	(496,527)	(496,527)	(496,527)	(496,527)	(5,886,858)
Subordinated Interest Expense	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(26,333)	(25,329)	(25,329)	(25,329)	(25,329)	(25,329)	(25,329)	(310,179)
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>762,991</b>	<b>(396,118)</b>	<b>2,050,535</b>	<b>(236,555)</b>	<b>(411,677)</b>	<b>3,933,748</b>	<b>(449,253)</b>	<b>(445,220)</b>	<b>(446,927)</b>	<b>(431,902)</b>	<b>(366,064)</b>	<b>(439,827)</b>	<b>3,123,731</b>
<b>Net Income:</b>	<b>1,332,679</b>	<b>(262,526)</b>	<b>2,865,795</b>	<b>432,406</b>	<b>(300,693)</b>	<b>4,037,843</b>	<b>(19,580)</b>	<b>(6,360)</b>	<b>(26,463)</b>	<b>(288,864)</b>	<b>66,560</b>	<b>131,332</b>	<b>7,862,129</b>
	97.57%	-31.01%	174.66%	30.88%	-29.36%	173.54%	-1.85%	-0.51%	-2.18%	-26.28%	5.61%	9.70%	50.22%
<b>EBIDA</b>	<b>621,512</b>	<b>285,416</b>	<b>967,084</b>	<b>820,785</b>	<b>262,806</b>	<b>248,740</b>	<b>579,356</b>	<b>588,543</b>	<b>570,147</b>	<b>351,210</b>	<b>585,611</b>	<b>722,494</b>	<b>6,603,704</b>
	49.20%	33.72%	58.94%	58.62%	25.66%	10.69%	54.75%	47.40%	46.94%	31.95%	49.35%	53.35%	42.18%
<b>Bond Covenant Ratio (&gt; 1.25 for fiscal year)</b>	<b>1.00</b>	<b>0.48</b>	<b>1.55</b>	<b>1.32</b>	<b>0.49</b>	<b>4.40</b>	<b>0.92</b>	<b>0.94</b>	<b>0.91</b>	<b>0.57</b>	<b>0.96</b>	<b>1.15</b>	<b>1.29</b>
<b>Total kWh Sold</b>	<b>9,823,950</b>	<b>9,044,000</b>	<b>10,474,700</b>	<b>8,859,700</b>	<b>7,248,500</b>	<b>6,834,300</b>	<b>8,151,950</b>	<b>8,478,750</b>	<b>7,868,850</b>	<b>8,163,750</b>	<b>9,509,500</b>	<b>10,259,050</b>	<b>104,717,000</b>
<b>Electricity Sales Revenue per Kwh Sold</b>	<b>0.1244</b>	<b>0.0914</b>	<b>0.1565</b>	<b>0.1415</b>	<b>0.1406</b>	<b>0.1471</b>	<b>0.1291</b>	<b>0.1459</b>	<b>0.1473</b>	<b>0.1286</b>	<b>0.1235</b>	<b>0.1295</b>	<b>0.1334</b>
<b>Cost of Sales per Kwh Sold</b>	<b>0.0569</b>	<b>0.0589</b>	<b>0.0606</b>	<b>0.0619</b>	<b>0.0939</b>	<b>0.2718</b>	<b>0.0573</b>	<b>0.0740</b>	<b>0.0781</b>	<b>0.0962</b>	<b>0.0610</b>	<b>0.0620</b>	<b>0.0814</b>
<b>Debt Principal Coverage</b>													
Simple Cash Flow (Net Income Plus Depreciation)	1,384,503	(110,702)	3,017,619	584,230	(148,871)	4,182,488	130,103	143,323	123,220	(60,692)	219,547	282,667	9,727,435
Bonded Debt Principal	159,583	159,583	159,583	159,583	159,583	159,583	162,917	162,917	162,917	162,917	162,917	162,917	1,935,000
Subordinated Debt Principal	24,840	24,840	24,840	24,840	24,840	24,840	25,844	25,844	25,844	25,844	25,844	25,844	304,104
<b>Debt Principal Coverage Surplus/Deficit</b>	<b>1,200,080</b>	<b>(295,125)</b>	<b>2,833,196</b>	<b>399,807</b>	<b>(333,294)</b>	<b>3,998,065</b>	<b>(58,658)</b>	<b>(45,438)</b>	<b>(65,541)</b>	<b>(269,453)</b>	<b>30,786</b>	<b>93,906</b>	<b>7,488,331</b>
<b>Debt Principal Coverage Percentage</b>	<b>751%</b>	<b>-60%</b>	<b>1636%</b>	<b>317%</b>	<b>-81%</b>	<b>2268%</b>	<b>69%</b>	<b>76%</b>	<b>65%</b>	<b>-43%</b>	<b>116%</b>	<b>150%</b>	<b>434%</b>
<b>Simple Asset Replacement Coverage</b>													
Debt Principal Coverage Surplus/Deficit (From Above)	1,200,080	(295,125)	2,833,196	399,807	(333,294)	3,998,065	(58,658)	(45,438)	(65,541)	(269,453)	30,786	93,906	7,488,331
Depreciation	151,824	151,824	151,824	151,824	151,822	144,645	149,683	149,683	149,683	208,172	152,987	151,335	1,865,306
<b>Cash Accumulated For/(Taken From) Asset Replacement</b>	<b>1,048,256</b>	<b>(446,949)</b>	<b>2,681,372</b>	<b>247,983</b>	<b>(485,116)</b>	<b>3,853,420</b>	<b>(208,341)</b>	<b>(195,121)</b>	<b>(215,224)</b>	<b>(477,625)</b>	<b>(122,201)</b>	<b>(57,429)</b>	<b>5,623,025</b>
<b>Undesignated Working Capital</b>													
Beginning Undesignated Working Capital	7,915,167	5,829,775	5,800,674	9,409,227	5,394,434	5,544,589	9,748,094	10,608,914	10,756,194	10,886,998	10,795,856	10,948,315	7,915,167
Net Income Plus Depreciation Less Principal CapEx, Accruals, and other Balance Sheet Changes	1,200,080	(295,125)	2,833,196	399,807	(333,294)	3,998,065	(58,658)	(45,438)	(65,541)	(269,453)	30,786	93,906	7,488,331
	(3,285,472)	266,024	775,357	(4,414,600)	483,449	205,440	919,478	192,718	196,345	178,311	121,673	(961,397)	(5,322,674)
<b>Ending Undesignated Working Capital</b>	<b>5,829,775</b>	<b>5,800,674</b>	<b>9,409,227</b>	<b>5,394,434</b>	<b>5,544,589</b>	<b>9,748,094</b>	<b>10,608,914</b>	<b>10,756,194</b>	<b>10,886,998</b>	<b>10,795,856</b>	<b>10,948,315</b>	<b>10,080,824</b>	<b>10,080,824</b>
<b>Working Capital Designated for CapEx</b>	<b>6,416,633</b>	<b>6,416,633</b>	<b>6,409,154</b>	<b>8,574,304</b>	<b>8,221,020</b>	<b>6,573,276</b>	<b>4,552,140</b>	<b>4,439,287</b>	<b>4,010,382</b>	<b>3,276,210</b>	<b>3,094,389</b>	<b>3,804,429</b>	<b>3,804,429</b>
<b>Total Working Capital</b>	<b>12,246,408</b>	<b>12,217,307</b>	<b>15,818,381</b>	<b>13,968,738</b>	<b>13,765,609</b>	<b>16,321,370</b>	<b>15,161,055</b>	<b>15,195,482</b>	<b>14,897,381</b>	<b>14,072,067</b>	<b>14,042,705</b>	<b>13,885,254</b>	<b>13,885,254</b>

## **Water Utility**

### **Financial Analysis**

#### **As Of, And For the Six-Month Period Ending December 31, 2015**

Financial operations for the Water Fund continued to show marked improvement over FY15 for the comparative 6-month period. Water sales revenue increased \$131.2K, or 13.2% compared to FY2015. Compared to plan for FY16, water sales revenue exceeded plan by \$64.1K, or 6.0% for the 6-month period ending December 31, 2015.

In addition to increasing top line revenue, the Water Fund was successful in controlling operating costs. Costs of sales decreased by \$46.7K, or 6.0% from the comparative six-month period in FY15. Compared to plan, cost of sales remain well under projections, posting a positive variance (costs below plan) of \$79.9K, or 9.9%. There are some differences in the timing of expense reporting, however, and it is anticipated that the large positive variances in costs will decrease as the year progresses.

Undesignated working capital grew to a healthy \$893.2K as of December 31, 2015; overall working capital was \$1,883.9K as of the same date.

In the summer of 2014, we had reported that the Water Fund had bottomed out financially, and, that user fee increases were causing the Water Fund's financial position to slowly improve. That trend has continued with all metrics show positive variances and improvement. The financial condition of the Water Fund has now improved to the point of being stable. Continuing increases in user fees are required in the Water Fund, but these fees are now driven by future capital expenditure requirements and inflation.





City and Borough of Sitka  
Water Utility  
Income Statement  
For The Trailing Twelve-Month Period Ending December 31, 2015  
(Unaudited)

	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	12-Month Trailing
<b>Revenue:</b>													
Water Sales	158,489	141,268	181,435	131,268	195,276	164,627	183,279	196,144	202,838	191,997	179,698	172,479	2,098,798
Jobbing	(3,176)	787	-	2,898	10,294	3,351	-	-	-	-	-	2,042	16,196
Other Operating Revenue	15,910	435	690	1,939	3,490	101,568	725	1,415	2,175	1,450	1,660	841	132,298
<b>Total Revenue:</b>	<b>171,223</b>	<b>142,490</b>	<b>182,125</b>	<b>136,105</b>	<b>209,060</b>	<b>269,546</b>	<b>184,004</b>	<b>197,559</b>	<b>205,013</b>	<b>193,447</b>	<b>181,358</b>	<b>175,362</b>	<b>2,247,292</b>
<b>Cost of Sales:</b>													
Distribution	22,186	22,562	26,816	25,571	39,362	149,834	22,670	28,261	25,622	38,642	30,698	31,029	463,253
Treatment	19,871	24,085	18,525	43,746	23,782	35,502	13,292	20,034	24,528	28,466	24,607	15,934	292,372
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	70,948	70,948	70,948	70,948	70,948	75,452	70,573	70,573	70,573	70,573	70,573	70,573	853,630
<b>Total Cost of Sales:</b>	<b>113,005</b>	<b>117,595</b>	<b>116,289</b>	<b>140,265</b>	<b>134,092</b>	<b>260,788</b>	<b>106,535</b>	<b>118,868</b>	<b>120,723</b>	<b>137,681</b>	<b>125,878</b>	<b>117,536</b>	<b>1,609,255</b>
<b>Gross Margin:</b>	<b>58,218</b> 34.00%	<b>24,895</b> 17.47%	<b>65,836</b> 36.15%	<b>(4,160)</b> -3.06%	<b>74,968</b> 35.86%	<b>8,758</b> 3.25%	<b>77,469</b> 42.10%	<b>78,691</b> 39.83%	<b>84,290</b> 41.11%	<b>55,766</b> 28.83%	<b>55,480</b> 30.59%	<b>57,826</b> 32.98%	<b>638,037</b> 28.39%
<b>Selling and Administrative Expenses</b>	<b>51,113</b>	<b>33,318</b>	<b>32,319</b>	<b>60,107</b>	<b>38,004</b>	<b>89,473</b>	<b>31,968</b>	<b>32,141</b>	<b>67,258</b>	<b>35,765</b>	<b>33,199</b>	<b>80,227</b>	<b>584,892</b>
<b>Earnings Before Interest (EBI):</b>	<b>7,105</b> 4.15%	<b>(8,423)</b> -5.91%	<b>33,517</b> 18.40%	<b>(64,267)</b> -47.22%	<b>36,964</b> 17.68%	<b>(80,715)</b> -29.94%	<b>45,501</b> 24.73%	<b>46,550</b> 23.56%	<b>17,032</b> 8.31%	<b>20,001</b> 10.34%	<b>22,281</b> 12.29%	<b>(22,401)</b> -12.77%	<b>53,145</b> 2.36%
<b>Non-operating Revenue and Expense:</b>													
Non-operating revenue:	(1,955)	(3,104)	(4,559)	(5,066)	(2,970)	(4,993)	(1,568)	(1,869)	159	2,193	2,112	2,300	(19,320)
Grant Revenue	494,694	-	16,599	2,136	1,552,200	2,099,925	-	-	341,078	203,831	203,831	(272,316)	4,438,147
Interest Expense:	(6,957)	(6,957)	(6,957)	(6,957)	(6,957)	9,104	(5,619)	(5,619)	(5,619)	(5,619)	(5,619)	(5,619)	(59,395)
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>485,782</b>	<b>(10,061)</b>	<b>5,083</b>	<b>(9,887)</b>	<b>1,542,273</b>	<b>2,104,036</b>	<b>(7,187)</b>	<b>(7,488)</b>	<b>(5,460)</b>	<b>337,652</b>	<b>200,324</b>	<b>(275,635)</b>	<b>4,359,432</b>
<b>Net Income:</b>	<b>492,887</b> 287.86%	<b>(18,484)</b> -12.97%	<b>38,600</b> 21.19%	<b>(74,154)</b> -54.48%	<b>1,579,237</b> 755.40%	<b>2,023,321</b> 750.64%	<b>38,314</b> 20.82%	<b>39,062</b> 19.77%	<b>11,572</b> 5.64%	<b>357,653</b> 184.88%	<b>222,605</b> 122.74%	<b>(298,036)</b> -169.95%	<b>4,412,577</b> 196.35%
<b>Earnings Before Interest and Depreciation (EBIDA):</b>	<b>78,053</b> 45.59%	<b>62,525</b> 43.88%	<b>104,465</b> 57.36%	<b>6,681</b> 4.91%	<b>107,912</b> 51.62%	<b>(5,263)</b> -1.95%	<b>116,074</b> 63.08%	<b>117,123</b> 59.29%	<b>87,605</b> 42.73%	<b>90,574</b> 46.82%	<b>92,854</b> 51.20%	<b>48,172</b> 27.47%	<b>906,775</b> 40.35%
<b>Debt Principal Coverage</b>			245043										
Simple Cash Flow (Net Income Plus Depreciation)	563,835	52,464	109,548	(3,206)	1,650,185	2,098,773	108,887	109,635	82,145	428,226	293,178	(227,463)	5,266,207
Debt Principal	24,800	24,800	24,800	24,800	24,800	25,799	28,372	28,372	28,372	28,372	28,372	28,372	320,031
<b>Debt Principal Coverage Surplus/Deficit</b>	<b>539,035</b>	<b>27,664</b>	<b>84,748</b>	<b>(28,006)</b>	<b>1,625,385</b>	<b>2,072,974</b>	<b>80,515</b>	<b>81,263</b>	<b>53,773</b>	<b>399,854</b>	<b>264,806</b>	<b>(255,835)</b>	<b>4,946,176</b>
<b>Debt Principal Coverage Percentage</b>	<b>2274%</b>	<b>212%</b>	<b>442%</b>	<b>-13%</b>	<b>6654%</b>	<b>8135%</b>	<b>384%</b>	<b>386%</b>	<b>290%</b>	<b>1509%</b>	<b>1033%</b>	<b>-802%</b>	<b>1646%</b>
<b>Simple Asset Replacement Coverage</b>													
Debt Principal Coverage Surplus/Deficit (From Above)	539,035	27,664	84,748	(28,006)	1,625,385	2,072,974	80,515	81,263	53,773	399,854	264,806	(255,835)	4,946,176
Depreciation	70,948	70,948	70,948	70,948	70,948	75,452	70,573	70,573	70,573	70,573	70,573	70,573	853,630
<b>Cash Accumulated For/(Taken From) Asset Replacement</b>	<b>468,087</b>	<b>(43,284)</b>	<b>13,800</b>	<b>(98,954)</b>	<b>1,554,437</b>	<b>1,997,522</b>	<b>9,942</b>	<b>10,690</b>	<b>(16,800)</b>	<b>329,281</b>	<b>194,233</b>	<b>(326,408)</b>	<b>4,092,546</b>
<b>Working Capital</b>													
Beginning Undesignated Working Capital	216,809	319,401	394,700	854,226	(959,990)	(3,951)	280	(60,704)	37,145	98,819	719,437	825,815	216,809
Net Income Plus Depreciation Less Principal	539,035	27,664	84,748	(28,006)	1,625,385	2,072,974	80,515	81,263	53,773	399,854	264,806	(255,835)	4,946,176
CapEx, Accruals, and other Balance Sheet Changes	(436,443)	47,635	374,778	(1,786,210)	(669,346)	(2,068,743)	(141,499)	16,586	7,901	220,764	(158,428)	323,265	(4,269,740)
<b>Ending Undesignated Working Capital</b>	<b>319,401</b>	<b>394,700</b>	<b>854,226</b>	<b>(959,990)</b>	<b>(3,951)</b>	<b>280</b>	<b>(60,704)</b>	<b>37,145</b>	<b>98,819</b>	<b>719,437</b>	<b>825,815</b>	<b>893,245</b>	<b>893,245</b>
<b>Working Capital Designated for CapEx</b>	<b>346,746</b>	<b>117,096</b>	<b>117,096</b>	<b>(2,148,492)</b>	<b>(167,629)</b>	<b>902,096</b>	<b>1,063,082</b>	<b>1,054,816</b>	<b>1,000,023</b>	<b>1,000,023</b>	<b>1,000,023</b>	<b>990,695</b>	<b>990,695</b>

## **Wastewater Treatment Utility Financial Analysis As Of, And For the Six-Month Period Ending December, 2015**

Financial operations for the Wastewater Treatment Fund showed improvement over FY15 for the comparative six-month period. For the comparable six-month period, revenue increased by \$44.3K, or 3.0%. Compared to plan for FY16, revenue exceeded plan by \$42.7K or 2.9% for the six-month period ending December 31, 2015.

In addition to increasing top line revenue, the Wastewater Treatment Fund also continued its trend of controlling operating costs. Costs of operations decreased by \$7.6K, or 0.4%, for the comparative six-month period in FY2015. Compared to plan, operating costs were well under projections, posting a positive variance (costs below plan) of \$233.0K, or 11.8%.

Total working capital grew \$5,273.3K, due to transfers from the Water Fund and the General Fund for multi-fund capital projects. Undesignated working capital rose to \$2,238.3K as of December 31, 2015. Overall undesignated capital rose by \$121.6K for the five month period August 1 2015 thru December 31, 2015, roughly a \$24.3K increase per month. If this trend continues, undesignated capital will rise by an additional \$145.8K during the remainder of FY2016, to a total of \$2,384.7. While working capital is rising, its increase is small compared to the growing future requirement for infrastructure; the growth is estimated to be only about 25% of the amount required.

The financial performance of the Wastewater treatment Fund, operating in conjunction with plan, clearly demonstrates the underlying financial dynamics of this Fund. Large amounts of cash flow from operations are necessary to finance internal expenditures for capital repairs and improvements. The designation of new working capital for capital expenditures at the start of each fiscal year causes a decline in available, undesignated working capital. Annual requirements for designations of working capital for CAPEX are substantial, given the size and age of the infrastructure base; such new designations were \$709K in FY2016, requiring \$709K in cash flow from operations in order to keep total working capital from declining.

City and Borough of Sitka  
Wastewater Treatment Utility  
Income Statement  
For The Twelve Month Period from July 1, 2013 to June 30, 2015  
(Unaudited)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (\$/L -50.00%)	Variance To FY2016 Plan
<b>Revenue:</b>																	
Wastewater Treatment Services	231,417	234,816	235,795	230,392	235,107	225,151	-	-	-	-	-	-	1,394,678	1,337,879	56,799	1,417,250	(22,572)
Jobbing	165	5,178	-	-	-	67,358	-	-	-	-	-	-	119,101	130,058	(10,957)	56,450	62,651
Other Operating Revenue	720	1,411	2,172	4,450	2,383	1,608	-	-	-	-	-	-	9,752	11,308	(1,556)	7,175	2,577
<b>Total Revenue:</b>	<b>234,307</b>	<b>238,231</b>	<b>238,548</b>	<b>231,842</b>	<b>237,490</b>	<b>234,113</b>							<b>1,523,531</b>	<b>1,479,245</b>	<b>44,286</b>	<b>1,480,875</b>	<b>42,656</b>
<b>Cost of Sales:</b>																	
Collection	31,533	65,521	65,869	107,368	60,660	72,831	-	-	-	-	-	-	407,802	308,430	9,372	596,991	180,189
Treatment	31,954	46,449	56,329	58,392	44,209	56,183	-	-	-	-	-	-	296,496	243,773	52,723	350,629	(43,667)
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,177)	2,177	-	-
Depreciation	107,383	107,383	107,383	107,383	107,383	107,383	-	-	-	-	-	-	644,298	740,088	(95,790)	644,298	-
<b>Total Cost of Sales:</b>	<b>174,890</b>	<b>219,353</b>	<b>229,561</b>	<b>273,143</b>	<b>212,252</b>	<b>236,397</b>							<b>1,348,596</b>	<b>1,386,314</b>	<b>(37,818)</b>	<b>1,391,918</b>	<b>43,322</b>
<b>Gross Margin:</b>	<b>59,417</b>	<b>18,878</b>	<b>9,887</b>	<b>(41,301)</b>	<b>25,238</b>	<b>5,716</b>							<b>174,935</b>	<b>99,315</b>	<b>75,600</b>	<b>84,957</b>	<b>85,978</b>
	25.36%	7.14%	20.72%	-17.41%	10.63%	18.00%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	11.48%	6.70%	4.76%	8.01%	3.48%
<b>Selling and Administrative Expenses:</b>	<b>52,265</b>	<b>58,202</b>	<b>72,316</b>	<b>73,520</b>	<b>56,791</b>	<b>79,881</b>							<b>390,975</b>	<b>367,071</b>	<b>23,904</b>	<b>380,631</b>	<b>10,344</b>
<b>Earnings Before Interest (EBI):</b>	<b>7,152</b>	<b>(41,324)</b>	<b>(12,329)</b>	<b>(112,821)</b>	<b>(31,553)</b>	<b>(25,165)</b>							<b>(216,040)</b>	<b>(267,940)</b>	<b>51,900</b>	<b>(491,674)</b>	<b>275,634</b>
	3.05%	-17.49%	-4.26%	-48.66%	-13.29%	-8.56%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-14.18%	-18.11%	3.33%	-33.20%	19.02%
<b>Non-operating Revenue and Expense:</b>																	
Non-operating revenue	7,240	9,322	9,432	7,895	7,983	7,924	-	-	-	-	-	-	49,802	58,641	(8,839)	56,000	(6,198)
Grant Revenue	-	(94)	(94)	308,874	41,192	41,192	-	-	-	-	-	-	350,222	350,222	-	348,250	2,000
Interest Expense	(6,757)	(6,757)	(6,757)	(6,757)	(6,757)	(6,757)	-	-	-	-	-	-	(60,543)	(60,543)	-	(60,543)	-
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>433</b>	<b>2,565</b>	<b>2,641</b>	<b>310,012</b>	<b>42,549</b>	<b>42,549</b>							<b>440,566</b>	<b>427,977</b>	<b>12,589</b>	<b>481,791</b>	<b>(41,224)</b>
<b>Net Income:</b>	<b>7,635</b>	<b>(38,759)</b>	<b>(9,688)</b>	<b>(80,809)</b>	<b>(11,004)</b>	<b>(17,366)</b>							<b>224,526</b>	<b>(185,123)</b>	<b>409,649</b>	<b>(190,118)</b>	<b>34,406</b>
	3.24%	-16.41%	-3.35%	-33.51%	-4.63%	-7.42%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	14.74%	-12.52%	27.26%	12.84%	1.50%
<b>Earnings Before Interest and Depreciation (EBIDA):</b>	<b>114,535</b>	<b>64,059</b>	<b>95,054</b>	<b>(5,438)</b>	<b>75,830</b>	<b>82,218</b>							<b>424,234</b>	<b>472,148</b>	<b>(47,914)</b>	<b>452,625</b>	<b>(28,391)</b>
	48.84%	27.96%	32.83%	-2.35%	31.93%	35.18%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	28.11%	31.92%	-8.21%	30.31%	17.80%
<b>Debt Principal Coverage</b>																	
Simple Cash Flow (Net Income Plus Depreciation)	115,016	68,624	97,695	304,574	77,062	124,767	-	-	-	-	-	-	787,740	506,663	281,077	834,416	(46,676)
Debt Principal	27,184	27,184	27,184	27,184	27,184	27,184	-	-	-	-	-	-	135,920	135,920	-	135,920	-
Debt Principal Coverage Surplus/Deficit	87,834	41,440	70,511	277,390	49,878	124,767	-	-	-	-	-	-	651,820	394,577	257,243	698,496	(46,675)
Debt Principal Coverage Percentage	423%	252%	359%	1120%	283%	459%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	580%	452%	127.31%	614%	-34%
<b>Simple Asset Replacement Coverage</b>																	
Debt Principal Coverage Surplus/Deficit (From Above)	87,834	41,440	70,511	277,390	49,878	124,767	-	-	-	-	-	-	651,820	394,577	257,243	698,496	(46,675)
Depreciation	107,383	107,383	107,383	107,383	107,383	107,383	-	-	-	-	-	-	644,298	740,088	(95,790)	644,298	-
Cash Accumulated For/Taken From Asset Replacement	(19,549)	(65,943)	(36,872)	170,007	(57,505)	17,366	-	-	-	-	-	-	7,522	(545,511)	353,023	54,198	(46,875)
<b>Working Capital</b>																	
Beginning Undesignated Working Capital	3,398,748	2,116,724	2,170,087	2,255,121	2,260,033	2,343,854	2,238,313	2,238,313	2,238,313	2,238,313	2,238,313	2,238,313	3,398,748	2,095,757	1,302,991	3,398,748	2,095,757
Net Income Plus Depreciation Less Principal CapEx, Accruals, and other Balance Sheet Changes	(1,169,858)	11,873	14,573	(272,478)	33,943	(230,303)	-	-	-	-	-	-	651,820	394,577	257,243	698,496	(46,675)
Ending Undesignated Working Capital	2,228,890	2,170,087	2,255,121	2,260,033	2,343,854	2,238,313	2,238,313	2,238,313	2,238,313	2,238,313	2,238,313	2,238,313	3,398,748	2,095,757	1,302,991	3,398,748	2,095,757
Working Capital Designated for CapEx	2,648,346	2,648,346	2,648,346	2,648,346	2,648,346	2,648,346	2,648,346	2,648,346	2,648,346	2,648,346	2,648,346	2,648,346	2,648,346	2,648,346	2,648,346	2,648,346	2,648,346
Current Assets	5,280,708	3,348,888	5,469,946	5,498,367	6,013,614	5,762,839	5,762,839	5,762,839	5,762,839	5,762,839	5,762,839	5,762,839	5,762,839	5,762,839	5,762,839	5,762,839	5,762,839
Current Liabilities	(189,423)	(204,392)	(223,357)	(223,357)	(187,866)	(183,999)	(183,999)	(183,999)	(183,999)	(183,999)	(183,999)	(183,999)	(183,999)	(183,999)	(183,999)	(183,999)	(183,999)
CRTO	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)	(326,213)
WCDF Capex	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)	(2,648,346)
Undesignated Working Capital	2,228,890	2,170,087	2,255,121	2,260,033	2,343,854	2,238,313	2,238,313	2,238,313	2,238,313	2,238,313	2,238,313	2,238,313	3,398,748	2,095,757	1,302,991	3,398,748	2,095,757
Total Working Capital	4,767,070	4,818,343	4,920,376	4,920,376	5,022,396	5,273,327	5,273,327	5,273,327	5,273,327	5,273,327	5,273,327	5,273,327	5,273,327	5,100,216	114,817	5,273,327	114,817

**Working Capital Designated for Capex - Continuation of Pre-FY2016 Projects As Of 6/30/2015**

90258	Replace Lift Station Alarm System	186,537.23
90259	Cathodic Protection 18 Lift Station	128,028.34
90274	Cow Lift Station Rebuild	-
90447	WWTP Control System	14,567.47
90511	Monastery/Fincal Sewer Design	30,000.00
90514	WW S&S Improvements	-
90564	HPS/S&C Intersection Main Rehab	-
90565	Jamestown Bay Lift Station Rebuild	26,748.32
90579	S&C Rd Sewer Ph II	-
90601	Lake St Lift Station Rebuild	572,422.83
90817	Channel Lift Station	-
90620	Sanitary Sewer Main Replacement	198,642.62
90854	WWTP A/J Control System	- (Combined)
90655	WWTP A/J retrofit	129,915.52
90676	Brady St Rebuild Lift Station	143,000.00
90697	Japonski Island Sewer Lift Station	-
90898	Monastery St Sewer/Water Main	-
90710	Baranof Water/WW Main Replacement	-
90713	Crescent Lift Station Replacement	193,864.62
90715	WWTP A/J retrofit	- (Combined)
90732	Hollywood Hwy W/W/W Rebuild	25,000.00 Loan/Grant/WC
90733	HPS Sewer Improvements (DOT)	7,352.38
90734	New Archangel Sewer Main (Marine-IP)	-
90744	Hill Davis St W/W/W Improvements	114,644.00 Loan/Grant/WC
90750	WWTP Exterior Building Ren	(21,893.82)
90766	Baranof & Monastery Street W/W/W	143,000.00 Loan/Grant/WC
90781	Replace Colling Door	20,000.00
90782	Replace Medium Size Lift Station Pumps	40,000.00
90783	Replace Generator - Lift Stations	20,000.00
90784	WWTP FY14 - Garage Doors, Blowers, Hi-Press Pump	90,000.00
Variance		-
<b>Total designated working capital, COB 6/30/2015</b>		<b>1,949,345.59</b>

**Working Capital designated for Capex, June 30, 2015 1,949,345.59**

**New CapEx designations of Working Capital in FY16 Budget, Designated on 7/1/2016**

90796	Brady Street (HPS to Gavan)	5,000.00
90790	DeWitt Street Utilities & Street Improvements	25,000.00
90792	Gavan Street (Brady to Cascade)	5,000.00
90600	Hypochlorite Infection System	24,000.00
90744	Hill Davis St W/W/W Improvements	20,000.00 Loan/Grant/WC
90620	Marine St W/W/W Improvements (Hill to O'Sprey)	50,000.00
90805	Replace 1995 CCTV Inspection Equipment	160,000.00
90808	Replace WWTP Chlorine Generator	160,000.00
90809	Replace WWTP Influent Grinder	100,000.00
90813	Upgrade RV Dump Site	-
90750	WWTP Exterior Building Ren	90,000.00
90655	WWTP A/J retrofit	100,000.00
	New fixed assets	19,400.00
		2,667,745.59

**Less FY15 working capital outlay for CapEx/ ATT Grant Reimbursements**

**Working Capital designated for Capex, June 30, 2015 2,667,745.59**

City and Borough of Sitka  
Wastewater Treatment Utility  
Income Statement  
For The Trailing Twelve-Month Period Ending December 31, 2015  
(Unaudited)

	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	12-Month Trailing
<b>Revenue:</b>													
Wastewater Treatment Services	221,521	219,057	222,405	180,495	262,488	223,246	233,417	234,816	235,795	230,392	235,107	225,151	2,723,890
Jobbing	540	823	(25)	43,313	3,769	61,270	165	-	51,578	-	-	67,358	228,791
Other Operating Revenue	20	530	1,008	2,107	2,760	309,341	725	1,415	2,175	1,450	2,383	1,604	325,518
<b>Total Revenue:</b>	<b>222,081</b>	<b>220,410</b>	<b>223,388</b>	<b>225,915</b>	<b>269,017</b>	<b>593,857</b>	<b>234,307</b>	<b>236,231</b>	<b>289,548</b>	<b>231,842</b>	<b>237,490</b>	<b>294,113</b>	<b>3,278,199</b>
<b>Cost of Sales:</b>													
Collection	46,169	58,198	66,958	57,182	81,072	321,360	35,553	65,521	65,869	107,368	60,660	72,831	1,038,741
Treatment	40,372	43,751	38,174	56,690	48,827	112,092	31,954	46,449	56,309	58,392	44,209	59,183	636,402
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	123,348	123,348	123,348	123,346	123,346	314,918	107,383	107,383	107,383	107,383	107,383	107,383	1,575,952
<b>Total Cost of Sales:</b>	<b>209,889</b>	<b>225,297</b>	<b>228,480</b>	<b>237,218</b>	<b>253,245</b>	<b>748,370</b>	<b>174,890</b>	<b>219,353</b>	<b>229,561</b>	<b>273,143</b>	<b>212,252</b>	<b>239,397</b>	<b>3,251,095</b>
<b>Gross Margin:</b>	<b>12,192</b> 5.49%	<b>(4,887)</b> -2.22%	<b>(5,092)</b> -2.28%	<b>(11,303)</b> -5.00%	<b>15,772</b> 5.86%	<b>(154,513)</b> -26.02%	<b>59,417</b> 25.36%	<b>16,878</b> 7.14%	<b>59,987</b> 20.72%	<b>(41,301)</b> -17.81%	<b>25,238</b> 10.63%	<b>54,716</b> 18.60%	<b>27,104</b> 0.83%
<b>Selling and Administrative Expenses</b>	<b>81,846</b>	<b>55,667</b>	<b>59,122</b>	<b>61,816</b>	<b>65,836</b>	<b>151,126</b>	<b>52,265</b>	<b>58,202</b>	<b>72,316</b>	<b>71,520</b>	<b>56,791</b>	<b>79,881</b>	<b>866,388</b>
<b>Earnings Before Interest (EBI):</b>	<b>(69,654)</b> -31.36%	<b>(60,554)</b> -27.47%	<b>(64,214)</b> -28.75%	<b>(73,119)</b> -32.37%	<b>(50,064)</b> -18.61%	<b>(305,639)</b> -51.47%	<b>7,152</b> 3.05%	<b>(41,324)</b> -17.49%	<b>(12,329)</b> -4.26%	<b>(112,821)</b> -48.66%	<b>(31,553)</b> -13.29%	<b>(25,165)</b> -8.56%	<b>(839,284)</b> -25.60%
<b>Non-operating Revenue and Expense:</b>													
Non-operating revenue:	7,671	7,562	8,899	7,892	7,769	(45,560)	7,240	9,322	9,432	7,895	7,989	7,924	44,035
Grant Revenue	936	-	6,385	-	-	263,530	-	-	(34)	308,874	-	41,382	621,073
Interest Expense:	(9,937)	(9,937)	(9,937)	(9,937)	(9,937)	(4,020)	(6,757)	(6,757)	(6,757)	(6,757)	(6,757)	(6,757)	(94,247)
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>(1,330)</b>	<b>(2,375)</b>	<b>5,347</b>	<b>(2,045)</b>	<b>(2,168)</b>	<b>213,950</b>	<b>483</b>	<b>2,565</b>	<b>2,641</b>	<b>310,012</b>	<b>1,232</b>	<b>42,549</b>	<b>759,355</b>
<b>Net Income:</b>	<b>(70,984)</b> -31.96%	<b>(62,929)</b> -28.55%	<b>(58,867)</b> -26.35%	<b>(75,164)</b> -33.27%	<b>(52,232)</b> -19.42%	<b>(91,689)</b> -15.44%	<b>7,635</b> 3.26%	<b>(38,759)</b> -16.41%	<b>(9,688)</b> -3.35%	<b>197,191</b> 85.05%	<b>(30,321)</b> -12.77%	<b>17,384</b> 5.91%	<b>(79,929)</b> -2.44%
<b>Earnings Before Interest and Depreciation (EBIDA):</b>	<b>53,694</b> 24.18%	<b>62,794</b> 28.49%	<b>59,134</b> 26.47%	<b>50,227</b> 22.23%	<b>73,282</b> 27.24%	<b>9,279</b> 1.56%	<b>114,535</b> 48.88%	<b>66,059</b> 27.96%	<b>95,054</b> 32.83%	<b>(5,438)</b> -2.35%	<b>75,830</b> 31.93%	<b>82,218</b> 27.95%	<b>736,668</b> 22.47%
<b>Debt Principal Coverage</b>													
Simple Cash Flow (Net Income Plus Depreciation)	52,364	60,419	64,481	48,182	71,114	223,229	115,018	68,624	97,695	304,574	77,062	124,767	1,307,529
Debt Principal	20,691	20,691	20,691	20,691	20,691	18,681	27,184	27,184	27,184	27,184	27,184	27,184	258,056
Debt Principal Coverage Surplus/Deficit	31,673	39,728	43,790	27,491	50,423	204,548	87,834	41,440	70,511	277,390	49,878	124,767	1,049,473
<b>Debt Principal Coverage Percentage</b>	<b>253%</b>	<b>292%</b>	<b>312%</b>	<b>233%</b>	<b>344%</b>	<b>1195%</b>	<b>423%</b>	<b>252%</b>	<b>359%</b>	<b>1120%</b>	<b>283%</b>	<b>#DIV/0!</b>	<b>507%</b>
<b>Simple Asset Replacement Coverage</b>													
Debt Principal Coverage Surplus/Deficit (From Above)	31,673	39,728	43,790	27,491	50,423	204,548	87,834	41,440	70,511	277,390	49,878	124,767	1,049,473
Depreciation	123,348	123,348	123,348	123,346	123,346	314,918	107,383	107,383	107,383	107,383	107,383	107,383	1,575,952
Cash Accumulated For/(Taken From) Asset Replacement	(91,675)	(83,620)	(79,558)	(95,855)	(72,923)	(110,370)	(19,549)	(65,943)	(36,872)	170,007	(57,505)	17,384	(526,479)
<b>Working Capital</b>													
Beginning Undesignated Working Capital	3,383,930	3,442,295	3,455,906	3,534,215	3,526,485	4,137,680	3,398,748	2,116,724	2,170,037	2,255,121	2,260,033	2,343,854	3,383,930
Net Income Plus Depreciation Less Principal	31,673	39,728	43,790	27,491	50,423	204,548	87,834	41,440	70,511	277,390	49,878	124,767	1,049,473
CapEx, Accruals, and other Balance Sheet Changes	26,692	(26,117)	34,519	(35,221)	560,772	(943,480)	(1,369,858)	11,873	14,573	(272,478)	33,943	(230,308)	(2,195,090)
Ending Undesignated Working Capital	3,442,295	3,455,906	3,534,215	3,526,485	4,137,680	3,398,748	2,116,724	2,170,037	2,255,121	2,260,033	2,343,854	2,238,313	2,238,313
Working Capital Designated for CapEx	1,732,537	1,707,995	1,690,475	1,690,475	1,685,914	1,322,467	2,648,346	2,648,346	2,665,255	2,665,255	3,181,542	3,035,014	3,035,014
Total Working Capital	5,174,832	5,163,901	5,224,690	5,216,960	5,823,594	4,721,215	4,765,070	4,818,383	4,920,376	4,925,288	5,525,396	5,273,327	5,273,327

**Solid Waste Utility  
Financial Analysis  
As Of, And For the Three-Month Period Ending December 31, 2015**

The financial performance of the Solid Waste Fund has deteriorated in comparison to FY2015 but is ahead of plan for FY2016. It is also important to remember that the financial results through December, 2015 do not include any of the effects of the large user fee increase approved by the Assembly in January, 2016. It is anticipated that the user fee increase will stabilize the Solid Waste Fund, and, reverse the operating losses and resultant decline in working capital.

Compared to plan, the Solid Waste Fund is showing negative variances year-to-date. Top line solid waste disposal revenue is \$43.5K, or 3.2% above the planned level. All other metrics, however, are lagging behind plan due to lower than anticipated recycled commodity revenue and higher than planned operating costs. EBI, EBID, and Net Income are all behind plan, at (\$302.6K), (\$193.8K), and (\$306.2K), respectively.

The six month perspective shows the extent to which the user fee increases passed in January were critically required. Working capital declined by over \$180K, to \$675.9K as of December 31<sup>st</sup>. Straight costs of sales (excluding depreciation) exceeded revenue by (\$12.3K), resulting in a negative gross margin before administrative costs.

As a final note, the fiscal impact of increased utility fees is expected to fully correct the declining financial performance shown in the attached statements.

City and Borough of Sitka  
Solid Waste Disposal Utility  
Income Statement  
For The Twelve-Month Period From July 1, 2015 to June 30, 2016  
(Unaudited)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (%/L 50.00%)	Variance To FY2016 Plan
<b>Revenue:</b>																	
Solid Waste Disposal Services	230,827	222,697	292,159	220,433	226,055	199,837	-	-	-	-	-	-	1,392,008	1,495,755	(103,747)	1,348,470	43,538
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	25	(25)	-	(25)
Other Operating Revenue	9,812	22,791	7,272	7,514	20,520	20,697	-	-	-	-	-	-	88,656	108,899	(20,243)	157,185	(68,529)
<b>Total Revenue:</b>	<b>240,639</b>	<b>245,488</b>	<b>299,431</b>	<b>227,947</b>	<b>246,625</b>	<b>220,534</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,480,664</b>	<b>1,604,654</b>	<b>(123,990)</b>	<b>1,505,680</b>	<b>(25,016)</b>
<b>Cost of Sales:</b>																	
Contract Waste Hauling	62,523	62,757	63,596	61,480	64,451	59,728	-	-	-	-	-	-	374,535	389,907	15,372	314,112	(60,423)
Transfer Station	102,790	136,371	133,983	118,220	116,386	138,253	-	-	-	-	-	-	746,003	617,865	(128,138)	626,765	(119,238)
Landfill	5,733	7,968	29,156	7,517	23,717	48,006	-	-	-	-	-	-	122,097	45,550	(76,547)	161,561	(39,564)
Recycling	8,133	28,394	25,818	35,419	37,904	50,045	-	-	-	-	-	-	225,713	214,311	(11,402)	192,357	(33,357)
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	18,129	18,129	18,129	18,129	18,129	18,129	-	-	-	-	-	-	108,774	108,042	(732)	108,774	-
<b>Total Cost of Sales:</b>	<b>197,308</b>	<b>253,619</b>	<b>270,682</b>	<b>240,587</b>	<b>260,587</b>	<b>354,161</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,577,122</b>	<b>1,375,675</b>	<b>(201,447)</b>	<b>1,403,668</b>	<b>(173,454)</b>
<b>Gross Margin:</b>	<b>43,331</b>	<b>(8,131)</b>	<b>28,749</b>	<b>(12,818)</b>	<b>(13,962)</b>	<b>(133,627)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(96,458)</b>	<b>228,979</b>	<b>(325,437)</b>	<b>102,012</b>	<b>(198,470)</b>
	18.01%	-3.31%	9.60%	-5.62%	-5.66%	-60.59%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-6.51%	14.27%	-20.78%	6.78%	-13.29%
<b>Selling and Administrative Expenses</b>	<b>33,517</b>	<b>33,728</b>	<b>33,145</b>	<b>37,269</b>	<b>33,880</b>	<b>34,616</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>206,155</b>	<b>237,008</b>	<b>30,853</b>	<b>586,691</b>	<b>380,536</b>
<b>Earnings Before Interest (EBI):</b>	<b>9,814</b>	<b>(41,859)</b>	<b>(4,396)</b>	<b>(50,087)</b>	<b>(47,842)</b>	<b>(168,243)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(302,613)</b>	<b>(8,029)</b>	<b>(294,584)</b>	<b>(484,679)</b>	<b>182,066</b>
	4.08%	-17.05%	-1.47%	-21.97%	-19.40%	-76.29%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-20.44%	-0.50%	-19.94%	-32.19%	11.75%
<b>Non-operating Revenue and Expense:</b>																	
Non-operating revenue:	1,256	1,509	1,497	1,504	1,452	1,315	-	-	-	-	-	-	8,533	12,444	(3,911)	15,000	(6,467)
Interest Expense:	(2,026)	(2,026)	(2,026)	(2,026)	(2,026)	(2,026)	-	-	-	-	-	-	(12,156)	(13,026)	870	(13,026)	872
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>(770)</b>	<b>(517)</b>	<b>(529)</b>	<b>(522)</b>	<b>(574)</b>	<b>(711)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,623)</b>	<b>(822)</b>	<b>(3,041)</b>	<b>1,973</b>	<b>(5,596)</b>
<b>Net Income:</b>	<b>9,044</b>	<b>(42,376)</b>	<b>(4,925)</b>	<b>(50,609)</b>	<b>(48,416)</b>	<b>(168,958)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(306,236)</b>	<b>(8,611)</b>	<b>(297,625)</b>	<b>(482,706)</b>	<b>176,470</b>
	3.76%	-17.26%	-1.64%	-22.20%	-19.63%	-76.61%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-20.68%	-0.54%	-20.15%	-32.06%	11.38%
<b>Earnings Before Interest and Depreciation (EBID):</b>	<b>27,943</b>	<b>(23,730)</b>	<b>13,733</b>	<b>(31,958)</b>	<b>(29,713)</b>	<b>(150,114)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(193,839)</b>	<b>100,013</b>	<b>(293,852)</b>	<b>(375,905)</b>	<b>182,066</b>
	11.61%	-9.67%	4.59%	-14.02%	-12.05%	-68.07%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-13.09%	6.23%	-19.32%	-24.97%	11.87%
<b>Debt Principal Coverage</b>																	
Simple Cash Flow (Net Income Plus Depreciation)	27,173	(24,247)	13,204	(32,480)	(30,287)	(150,825)	-	-	-	-	-	-	(197,462)	99,431	(296,893)	63,554	(261,016)
Debt Principal	9,650	9,650	9,650	9,650	9,650	9,650	-	-	-	-	-	-	57,900	57,900	-	57,900	-
Debt Principal Coverage Surplus/Deficit	17,523	(33,897)	3,554	(42,130)	(39,937)	(160,475)	-	-	-	-	-	-	(255,362)	41,531	(296,893)	5,654	(261,016)
Debt Principal Coverage Percentage	282%	-251%	137%	-337%	-314%	-1563%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-341%	172%	-512.77%	109.77%	-450.80%
<b>Simple Asset Replacement Coverage</b>																	
Debt Principal Coverage Surplus/Deficit (From Above)	17,523	(33,897)	3,554	(42,130)	(39,937)	(160,475)	-	-	-	-	-	-	(255,362)	41,531	(296,893)	5,654	(261,016)
Depreciation	18,129	18,129	18,129	18,129	18,129	18,129	-	-	-	-	-	-	108,774	108,042	732	108,774	-
Cash Accumulated For/(Taken From) Asset Replacement	(606)	(52,026)	(14,575)	(60,259)	(58,066)	(178,604)	-	-	-	-	-	-	(364,136)	(66,511)	(297,625)	(103,120)	(261,016)
<b>Working Capital</b>																	
Beginning Undesignated Working Capital	(132,800)	(191,075)	39,499	881,603	834,860	807,735	675,903	675,903	675,903	675,903	675,903	675,903	(132,800)	197,276	(330,076)	(132,800)	-
Net Income Plus Depreciation Less Principal Accruals, and other Balance Sheet Changes	17,523	(33,897)	3,554	(42,130)	(39,937)	(160,475)	-	-	-	-	-	-	(255,362)	41,531	(296,893)	5,654	(261,016)
Ending Undesignated Working Capital	(191,075)	39,499	881,603	834,860	807,735	675,903	675,903	675,903	675,903	675,903	675,903	675,903	675,903	362,223	313,680	936,919	(261,016)
Working Capital Designated for CapEx	816,490	816,490	0	0	0	0	0	0	0	0	0	0	0	847,347	(847,347)	0	-
Current Assets	747,193	581,421	1,007,035	958,999	931,111	799,241	799,241	799,241	799,241	799,241	799,241	799,241	799,241	799,241	799,241	799,241	799,241
Current Liabilities	(5,980)	(9,634)	(9,634)	(8,341)	(7,540)	(7,540)	(7,540)	(7,540)	(7,540)	(7,540)	(7,540)	(7,540)	(7,540)	(7,540)	(7,540)	(7,540)	(7,540)
CPLTD	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)	(115,798)
WCDF/Capex	(816,490)	(816,490)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Undesignated Working Capital	(191,075)	39,499	881,603	834,860	807,735	675,903	675,903	675,903	675,903	675,903	675,903	675,903	675,903	362,223	313,680	936,919	(261,016)
Total Working Capital	625,415	855,989	881,603	834,860	807,735	675,903	675,903	675,903	675,903	675,903	675,903	675,903	675,903	1,209,570	(533,667)	936,919	(261,016)
	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)

**Working Capital Designated for Capex, July 1, 2015**

90413	Sitka Landfill/Granite Creek	56,252.40
90566	Transfer Station	49,724.05
90657	Expand Biosolids Area	500,000.00
90677	Recycle Center Fence	50,000.00
90678	Scrap yard Upgrade	15,513.59
90756	Ramp For Baler	50,000.00
90756	Replace Rood on Recycle Building	-
		<u>721,490.04</u>

**Working Capital designated for Capex, June 30, 2015**

		721,490.04
	<b>New CapEx designations of Working Capital in FY16 Budget</b>	
	Replace Roof on Recycle Building	95,000.00
	Less FY16 working capital outlays for CapEx/Unappropriations	(816,490.04)
	<b>Working Capital designated for Capex, June 30, 2016</b>	<u>-</u>

City and Borough of Sitka  
Solid Waste Disposal Utility  
Income Statement  
For The Trailing Twelve-Month Period Ending November 30, 2015  
(Unaudited)

	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	12-Month Trailing
<b>Revenue:</b>													
Solid Waste Disposal Services	220,763	243,777	198,894	167,676	288,682	229,558	230,827	222,697	292,159	220,433	226,055	199,837	2,741,358
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Operating Revenue	8,149	3,721	28,358	36,354	14,743	41,310	9,812	22,791	7,272	7,514	20,570	20,697	221,291
<b>Total Revenue:</b>	<b>228,912</b>	<b>247,498</b>	<b>227,252</b>	<b>204,030</b>	<b>303,425</b>	<b>270,868</b>	<b>240,639</b>	<b>245,488</b>	<b>299,431</b>	<b>227,947</b>	<b>246,625</b>	<b>220,534</b>	<b>2,962,649</b>
<b>Cost of Sales:</b>													
Contract Waste Hauling	62,486	62,933	63,758	72,710	61,288	61,936	62,523	62,757	63,596	61,480	64,451	59,728	759,646
Transfer Station	92,660	77,963	86,798	92,791	145,879	100,957	102,790	136,371	133,983	118,220	116,386	138,253	1,343,051
Landfill	19,352	5,659	11,784	11,477	8,306	59,239	5,733	7,968	29,156	7,517	23,717	48,006	237,914
Recycling	41,241	32,802	29,105	89,551	50,603	95,902	8,133	28,394	25,818	35,419	37,904	90,045	564,917
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	18,007	18,007	18,007	18,007	18,007	16,539	18,129	18,129	18,129	18,129	18,129	18,129	215,348
<b>Total Cost of Sales:</b>	<b>233,746</b>	<b>197,364</b>	<b>209,452</b>	<b>284,536</b>	<b>284,083</b>	<b>334,573</b>	<b>197,308</b>	<b>253,619</b>	<b>270,682</b>	<b>240,765</b>	<b>260,587</b>	<b>354,161</b>	<b>3,120,876</b>
<b>Gross Margin:</b>	<b>(4,834)</b>	<b>50,134</b>	<b>17,800</b>	<b>(80,506)</b>	<b>19,342</b>	<b>(63,705)</b>	<b>43,331</b>	<b>(8,131)</b>	<b>28,749</b>	<b>(12,818)</b>	<b>(13,962)</b>	<b>(133,627)</b>	<b>(158,227)</b>
	-2.11%	20.26%	7.83%	-39.46%	6.37%	-23.52%	18.01%	-3.31%	9.60%	-5.62%	-5.66%	-60.59%	-5.34%
<b>Selling and Administrative Expenses</b>	<b>46,335</b>	<b>33,886</b>	<b>33,806</b>	<b>24,337</b>	<b>35,802</b>	<b>36,250</b>	<b>33,517</b>	<b>33,728</b>	<b>33,145</b>	<b>37,269</b>	<b>33,880</b>	<b>34,616</b>	<b>416,571</b>
<b>Earnings Before Interest (EBI):</b>	<b>(51,169)</b>	<b>16,248</b>	<b>(16,006)</b>	<b>(104,843)</b>	<b>(16,460)</b>	<b>(99,955)</b>	<b>9,814</b>	<b>(41,859)</b>	<b>(4,396)</b>	<b>(50,087)</b>	<b>(47,842)</b>	<b>(168,243)</b>	<b>(574,798)</b>
	-22.35%	6.56%	-7.04%	-51.39%	-5.42%	-36.90%	4.08%	-17.05%	-1.47%	-21.97%	-19.40%	-76.29%	-19.40%
<b>Non-operating Revenue and Expense:</b>													
Non-operating revenue:	1,906	1,870	2,119	1,924	1,771	(14,461)	1,256	1,509	1,497	1,504	1,452	1,315	3,662
Interest Expense:	(2,171)	(2,171)	(2,171)	(2,171)	(2,171)	(2,175)	(2,026)	(2,026)	(2,026)	(2,026)	(2,026)	(2,026)	(25,186)
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>(265)</b>	<b>(301)</b>	<b>(52)</b>	<b>(247)</b>	<b>(400)</b>	<b>(16,636)</b>	<b>(770)</b>	<b>(517)</b>	<b>(529)</b>	<b>(522)</b>	<b>(574)</b>	<b>(711)</b>	<b>(21,524)</b>
<b>Net Income:</b>	<b>(51,434)</b>	<b>15,947</b>	<b>(16,058)</b>	<b>(105,090)</b>	<b>(16,860)</b>	<b>(116,591)</b>	<b>9,044</b>	<b>(42,376)</b>	<b>(4,925)</b>	<b>(50,609)</b>	<b>(48,416)</b>	<b>(168,954)</b>	<b>(596,322)</b>
	-22.47%	6.44%	-7.07%	-51.51%	-5.56%	-43.04%	3.76%	-17.26%	-1.64%	-22.20%	-19.63%	-76.61%	-20.13%
<b>Earnings Before Interest and Depreciation (EBID):</b>	<b>(33,162)</b>	<b>34,255</b>	<b>2,001</b>	<b>(86,836)</b>	<b>1,547</b>	<b>(83,416)</b>	<b>27,943</b>	<b>(23,730)</b>	<b>13,733</b>	<b>(31,958)</b>	<b>(29,713)</b>	<b>(150,114)</b>	<b>(359,450)</b>
	-14.49%	13.84%	0.88%	-42.56%	0.51%	-30.80%	11.61%	-9.67%	4.59%	-14.02%	-12.05%	-68.07%	-12.13%
<b>Debt Principal Coverage</b>													
Simple Cash Flow (Net Income Plus Depreciation)	(33,427)	33,954	1,949	(87,083)	1,147	(100,052)	27,173	(24,247)	13,204	(32,480)	(30,287)	(150,825)	(380,974)
Debt Principal	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	9,650	115,800
<b>Debt Principal Coverage Surplus/Deficit</b>	<b>(43,077)</b>	<b>24,304</b>	<b>(7,701)</b>	<b>(96,733)</b>	<b>(8,503)</b>	<b>(109,702)</b>	<b>17,523</b>	<b>(33,897)</b>	<b>3,554</b>	<b>(42,130)</b>	<b>(39,937)</b>	<b>(160,475)</b>	<b>(496,774)</b>
<b>Debt Principal Coverage Percentage</b>	<b>-346%</b>	<b>352%</b>	<b>20%</b>	<b>-902%</b>	<b>12%</b>	<b>-1037%</b>	<b>282%</b>	<b>-251%</b>	<b>137%</b>	<b>-337%</b>	<b>-314%</b>	<b>-1563%</b>	<b>-329%</b>
<b>Simple Asset Replacement Coverage</b>													
Debt Principal Coverage Surplus/Deficit (From Above)	(43,077)	24,304	(7,701)	(96,733)	(8,503)	(109,702)	17,523	(33,897)	3,554	(42,130)	(39,937)	(160,475)	(496,774)
Depreciation	18,007	18,007	18,007	18,007	18,007	16,539	18,129	18,129	18,129	18,129	18,129	18,129	215,348
<b>Cash Accumulated For/(Taken From) Asset Replacement</b>	<b>(61,084)</b>	<b>6,297</b>	<b>(25,708)</b>	<b>(114,740)</b>	<b>(26,510)</b>	<b>(126,241)</b>	<b>(606)</b>	<b>(52,026)</b>	<b>(14,575)</b>	<b>(60,259)</b>	<b>(58,066)</b>	<b>(178,604)</b>	<b>(712,122)</b>
<b>Working Capital</b>													
Beginning Undesignated Working Capital	362,223	320,102	349,797	353,717	275,697	319,782	(132,800)	(191,075)	39,499	881,603	834,860	807,735	362,223
Net Income Plus Depreciation Less Principal	(43,077)	24,304	(7,701)	(96,733)	(8,503)	(109,702)	17,523	(33,897)	3,554	(42,130)	(39,937)	(160,475)	(496,774)
Accruals, and other Balance Sheet Changes	956	5,391	11,621	18,713	52,588	(342,880)	(75,798)	264,471	838,550	(4,613)	12,812	28,643	810,454
<b>Ending Undesignated Working Capital</b>	<b>320,102</b>	<b>349,797</b>	<b>353,717</b>	<b>275,697</b>	<b>319,782</b>	<b>(132,800)</b>	<b>(191,075)</b>	<b>39,499</b>	<b>881,603</b>	<b>834,860</b>	<b>807,735</b>	<b>675,903</b>	<b>675,903</b>
<b>Working Capital Designated for CapEx</b>	<b>835,312</b>	<b>826,442</b>	<b>823,348</b>	<b>807,840</b>	<b>790,611</b>	<b>782,686</b>	<b>816,490</b>	<b>816,490</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Harbor System  
Financial Analysis  
As Of, And For the Six-Month Period Ending December, 2015**

Financial operations for the Harbor Fund in September, and for the 3-month period ending September 30, are exceeding both FY2015 historical results and FY2016 plan. All comparative financial ratios have improved over the comparable period in FY2015. Revenue increased \$135.7K, or 11.2%, over the comparable six-month period for FY2015, and, earnings before interest and depreciation (EBIDA) increased by \$141.3K, from \$321.6K to \$462.9K for the comparable six-month period.

Permanent moorage has increased by \$82.7K, or 10.3% over FY2015. Costs of operations have slightly decreased from the comparable period in FY2015, decreasing by \$7.5K. Together, these positive trends caused earnings before interest (EBI) to increase by \$143.2K over the same period in FY2015.

Undesignated working capital increased by \$1,329.5K in year-over-year comparison with September, 2015, from \$3,934.3K to \$5,263.6K. A major factor in the increase is the lapsing of unspent appropriations for completed projects, notably the ANB Harbor project.

The Harbor Fund Long Range Cash Flow, Working Capital, and Debt Model forecasted ending undesignated working capital at June 30, 2016 of \$5,309.3K. As of December 31, 2015, actual undesignated working capital of \$5,263.6K was just \$45.7K short of this target, indicating good alignment with long range plan goals.

The Harbor Fund appears to be executing according to annual plan, with results ahead plan for all metrics. As specified in the Harbor Fund Long Range Cash Flow, Working Capital, and Debt Model, annual moorage rate increases are appropriate and necessary to generate the working capital and cash flow necessary to continue to repair and renovate harbor facilities. Noting that accumulation of working capital is right in line with forecasted levels, deviation from planned moorage rate increases is not recommended at this time.



City and Borough of Sitka  
Harbor Fund  
Income Statement  
For The Twelve Month Period From July 1, 2015 to June 30, 2016  
(Unaudited)

	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (\$/L - 50.00%)	Variance To FY2016 Plan	
<b>Revenue:</b>																		
Permanent Moorage	149,638	188,260	149,062	131,063	132,113	133,624	-	-	-	-	-	-	883,770	801,042	82,728	772,550	111,220	
Transient Moorage	77,036	77,724	38,631	3,835	7,271	9,688	-	-	-	-	-	-	214,635	198,201	16,434	189,500	25,135	
Lighting Fees	5,729	6,875	52,711	-	1,145	-	-	-	-	-	-	-	66,460	44,576	21,884	26,500	39,960	
Other Operating Revenue	14,897	118,377	6,626	22,312	10,052	5,897	-	-	-	-	-	-	180,161	165,548	14,613	72,474	107,688	
<b>Total Revenue:</b>	<b>247,290</b>	<b>391,256</b>	<b>249,030</b>	<b>157,210</b>	<b>149,886</b>	<b>150,354</b>	-	-	-	-	-	-	<b>1,345,026</b>	<b>1,209,367</b>	<b>135,659</b>	<b>1,061,074</b>	<b>284,003</b>	
<b>Cost of Sales:</b>																		
Operations	61,031	87,791	96,162	93,572	72,415	76,895	-	-	-	-	-	-	487,866	510,405	22,539	603,728	115,862	
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	55,116	55,116	55,116	55,116	55,116	55,116	-	-	-	-	-	-	330,696	332,622	1,926	330,697	1	
<b>Total Cost of Sales:</b>	<b>116,147</b>	<b>142,907</b>	<b>151,278</b>	<b>148,688</b>	<b>127,531</b>	<b>132,011</b>	-	-	-	-	-	-	<b>818,562</b>	<b>843,027</b>	<b>24,465</b>	<b>934,425</b>	<b>115,863</b>	
<b>Gross Margin:</b>	<b>131,143</b>	<b>248,349</b>	<b>97,752</b>	<b>8,522</b>	<b>22,355</b>	<b>18,343</b>	-	-	-	-	-	-	<b>526,464</b>	<b>366,340</b>	<b>160,124</b>	<b>126,599</b>	<b>399,866</b>	
	53.03%	63.47%	39.25%	5.42%	14.91%	12.20%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	39.14%	30.29%	8.85%	11.93%	27.21%	
<b>Selling and Administrative Expenses</b>	<b>61,878</b>	<b>64,089</b>	<b>68,952</b>	<b>66,853</b>	<b>66,243</b>	<b>66,228</b>	-	-	-	-	-	-	<b>394,243</b>	<b>377,295</b>	<b>(16,948)</b>	<b>425,717</b>	<b>31,474</b>	
<b>Earnings Before Interest (EBI):</b>	<b>69,265</b>	<b>184,260</b>	<b>28,800</b>	<b>(58,331)</b>	<b>(43,888)</b>	<b>(47,885)</b>	-	-	-	-	-	-	<b>132,221</b>	<b>(10,955)</b>	<b>143,176</b>	<b>(299,118)</b>	<b>431,339</b>	
	28.01%	47.09%	11.56%	-37.10%	-29.28%	-31.85%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	9.83%	-0.91%	10.74%	-28.19%	38.02%	
<b>Non-operating Revenue and Expense:</b>																		
Raw Fish Tax	79,750	79,750	79,750	79,750	79,750	79,750	-	-	-	-	-	-	478,500	450,000	28,500	478,500	-	
Other Non-Operating Revenue	14,192	16,316	16,130	15,367	16,079	16,834	-	-	-	-	-	-	94,918	80,033	14,885	37,500	57,418	
Grant Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	234	(234)	1,500,000	(1,500,000)	
Bond Fund Interest Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	5,856	(5,856)	-	-	
Interest Expense Bonds	(14,192)	(14,192)	(14,192)	(14,192)	(14,192)	(14,192)	-	-	-	-	-	-	(85,152)	(87,852)	2,700	(85,150)	(2)	
Interest Expense Loans	(794)	(794)	(794)	(794)	(794)	(794)	-	-	-	-	-	-	(4,764)	(5,100)	336	(4,762)	(3)	
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>78,956</b>	<b>81,080</b>	<b>80,894</b>	<b>80,131</b>	<b>80,843</b>	<b>81,598</b>	-	-	-	-	-	-	<b>483,502</b>	<b>535,133</b>	<b>(51,631)</b>	<b>1,928,089</b>	<b>(1,445,587)</b>	
<b>Net Income:</b>	<b>148,221</b>	<b>265,340</b>	<b>109,698</b>	<b>21,800</b>	<b>36,955</b>	<b>33,713</b>	-	-	-	-	-	-	<b>615,723</b>	<b>524,178</b>	<b>91,545</b>	<b>1,626,971</b>	<b>(1,011,248)</b>	
	59.94%	67.82%	44.05%	13.87%	24.66%	22.42%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	45.78%	43.34%	67.48%	153.34%	-107.56%	
<b>Earnings Before Interest and Depreciation (EBIDA):</b>	<b>124,381</b>	<b>229,376</b>	<b>81,816</b>	<b>(1,215)</b>	<b>11,228</b>	<b>7,231</b>	-	-	-	-	-	-	<b>462,937</b>	<b>321,667</b>	<b>141,250</b>	<b>31,579</b>	<b>431,338</b>	
	50.30%	61.11%	33.70%	-2.05%	7.49%	4.81%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	34.42%	26.60%	7.82%	2.98%	31.44%	
<b>Bond Covenant Ratio</b>	<b>8.44</b>	<b>12.97</b>	<b>6.95</b>	<b>3.55</b>	<b>4.14</b>	<b>4.01</b>	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	<b>6.68</b>	<b>5.52</b>	<b>1.16</b>	<b>3.53</b>	<b>3.15</b>	
<b>Debt Principal Coverage</b>																		
Simple Cash Flow (Net Income Plus Depreciation)	148,221	265,340	109,698	21,800	36,955	33,713	-	-	-	-	-	-	615,723	397,657	218,066	1,957,668	(1,341,945)	
Bond Debt Principal	11,667	11,667	11,667	11,667	11,667	11,667	-	-	-	-	-	-	70,002	67,500	(2,502)	70,000	2	
Loan Debt Principal	3,779	3,779	3,779	3,779	3,779	3,779	-	-	-	-	-	-	22,674	22,674	-	22,674	-	
<b>Debt Principal Coverage Surplus/Deficit</b>	<b>132,775</b>	<b>249,894</b>	<b>94,248</b>	<b>6,354</b>	<b>21,509</b>	<b>18,267</b>	-	-	-	-	-	-	<b>523,047</b>	<b>307,483</b>	<b>215,564</b>	<b>1,864,994</b>	<b>(1,341,947)</b>	
<b>Debt Principal Coverage Percentage</b>	<b>112%</b>	<b>106%</b>	<b>118%</b>	<b>343%</b>	<b>172%</b>	<b>185%</b>	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	<b>118%</b>	<b>1754%</b>	<b>-1636%</b>	<b>2112.42%</b>	<b>-2112.42%</b>	
<b>Simple Asset Replacement Coverage</b>																		
Debt Principal Coverage Surplus/Deficit (From Above)	132,775	249,894	94,248	6,354	21,509	18,267	-	-	-	-	-	-	523,047	342,032	181,015	1,864,994	(1,341,947)	
Depreciation	55,116	55,116	55,116	55,116	55,116	55,116	-	-	-	-	-	-	330,696	332,622	1,926	330,697	(1)	
<b>Cash Accumulated For/(Taken From) Asset Replacement</b>	<b>77,659</b>	<b>194,778</b>	<b>39,132</b>	<b>(48,762)</b>	<b>(33,607)</b>	<b>(36,849)</b>	-	-	-	-	-	-	<b>192,351</b>	<b>9,410</b>	<b>182,941</b>	<b>1,534,297</b>	<b>(1,341,946)</b>	
<b>Working Capital</b>																		
Beginning Undesignated Working Capital	4,839,635	5,983,074	6,074,518	6,113,347	5,643,121	5,532,873	5,263,754	5,263,754	5,263,754	5,263,754	5,263,754	5,263,754	4,839,635	6,607,377	(1,767,742)	4,839,635	-	
Net Income Plus Depreciation Less Principal	132,775	249,894	94,248	6,354	21,509	18,267	-	-	-	-	-	-	523,047	342,032	181,015	1,864,994	(1,341,947)	
Accruals and other Balance Sheet Changes	1,010,664	(158,450)	(55,419)	(476,580)	(131,757)	(287,380)	-	-	-	-	-	-	(98,928)	(1,015,152)	2,916,224	317,234	(416,162)	
<b>Ending Undesignated Working Capital</b>	<b>5,983,074</b>	<b>6,074,518</b>	<b>6,113,347</b>	<b>5,643,121</b>	<b>5,532,873</b>	<b>5,263,754</b>	<b>5,263,754</b>	<b>5,263,754</b>	<b>5,263,754</b>	<b>5,263,754</b>	<b>5,263,754</b>	<b>5,263,754</b>	<b>5,263,754</b>	<b>3,934,257</b>	<b>1,329,497</b>	<b>7,021,863</b>	<b>(1,758,109)</b>	
<b>Working Capital Designated for CapEx</b>	<b>3,117,417</b>	<b>3,114,565</b>	<b>3,075,796</b>	<b>3,045,310</b>	<b>3,023,344</b>	<b>2,935,548</b>	<b>2,935,548</b>	<b>2,935,548</b>	<b>2,935,548</b>	<b>2,935,548</b>	<b>2,935,548</b>	<b>2,935,548</b>	<b>2,935,548</b>	<b>3,993,606</b>	<b>(1,058,058)</b>	<b>1,559,880</b>	<b>1,375,669</b>	
Current Assets	9,435,186	9,537,970	9,537,970	9,065,701	8,933,487	8,513,812	8,513,812	8,513,812	8,513,812	8,513,812	8,513,812	8,513,812	8,513,812	8,225,201	288,611	8,225,201	-	
Current Liabilities	(149,347)	(163,539)	(163,539)	(191,922)	(191,922)	(129,162)	(129,162)	(129,162)	(129,162)	(129,162)	(129,162)	(129,162)	(129,162)	(116,990)	(12,172)	(116,990)	13,000	
CPFD	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	(185,348)	
WCDF CapEx	(3,117,417)	(3,114,565)	(3,075,796)	(3,045,310)	(3,023,344)	(2,935,548)	(2,935,548)	(2,935,548)	(2,935,548)	(2,935,548)	(2,935,548)	(2,935,548)	(2,935,548)	(3,993,606)	1,058,058	1,559,880	1,375,669	
Undesignated Working Capital	5,983,074	6,074,518	6,113,347	5,643,121	5,532,873	5,263,754	5,263,754	5,263,754	5,263,754	5,263,754	5,263,754	5,263,754	5,263,754	3,934,257	1,329,497	7,021,863	(1,758,109)	
<b>Total Working Capital</b>	<b>9,100,491</b>	<b>9,189,083</b>	<b>9,189,083</b>	<b>8,648,431</b>	<b>8,556,217</b>	<b>8,199,302</b>	<b>8,199,302</b>	<b>8,199,302</b>	<b>8,199,302</b>	<b>8,199,302</b>	<b>8,199,302</b>	<b>8,199,302</b>	<b>8,199,302</b>	<b>7,927,863</b>	<b>271,439</b>	<b>8,581,742</b>	<b>(82,440)</b>	
<b>Working Capital designated for Capex, June 30, 2015</b>																		
Deficit Project Offset	75,753																	
90722 Elason Harbor Flotation Upgrades	(63,034)																	
90757 Transient Dock Replacement	3,023,828																	
90769 Crescent Harbor Shelter Roof	(12,719)																	
<b>Total designated working capital</b>	<b>2,958,075</b>																	
<b>Working Capital designated for Capex, June 30, 2015</b>																		
<b>New CapEx designations of Working Capital in FY16 Budget</b>																		
90799 Elason Flotation Upgrade West Transient																	125,000	
90798 Elason Harbor Electrical Upgrades																	15,000	
90810 Sealing Cove Harbor Maintenance Repairs																	15,000	
80242 Seaplane Base Environmental Analysis																	20,000	
<b>Bond Fund Interest</b>																		
<b>Less FY16 working capital outlays for CapEx</b>																		
<b>Working Capital designated for Capex, June 30, 2016</b>		</																

City and Borough of Sitka  
Harbor Fund  
Income Statement  
For The Trailing Twelve-Month Period Ending December 31, 2015  
(Unaudited)

	January 2015	February 2015	March 2015	April 2015	May 2015	June 2015	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	12-Month Trailing
<b>Revenue:</b>													
Permanent Moorage	123,063	123,428	128,364	131,907	137,559	158,635	149,628	188,280	149,062	131,063	132,113	133,624	1,686,726
Transient Moorage	4,066	8,804	29,855	16,557	29,029	66,176	77,036	77,724	38,631	3,835	7,721	9,688	369,122
Lightering Fees	1,943	-	-	-	3,438	5,730	5,729	6,875	52,711	-	-	1,145	77,571
Other Operating Revenue	7,144	21,312	5,451	12,402	14,721	188,017	14,897	118,377	8,626	22,312	10,052	5,897	429,208
<b>Total Revenue:</b>	<b>136,216</b>	<b>153,544</b>	<b>163,670</b>	<b>160,866</b>	<b>184,747</b>	<b>418,558</b>	<b>247,290</b>	<b>391,256</b>	<b>249,030</b>	<b>157,210</b>	<b>149,886</b>	<b>150,354</b>	<b>2,562,627</b>
<b>Cost of Sales:</b>													
Operations	79,384	73,191	87,954	116,411	138,326	376,391	61,031	87,791	96,162	93,572	72,415	76,895	1,359,523
Jobbing	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	55,437	55,437	55,437	55,440	55,438	59,291	55,116	55,116	55,116	55,116	55,116	55,116	667,176
<b>Total Cost of Sales:</b>	<b>134,821</b>	<b>128,628</b>	<b>143,391</b>	<b>171,851</b>	<b>193,764</b>	<b>435,682</b>	<b>116,147</b>	<b>142,907</b>	<b>151,278</b>	<b>148,688</b>	<b>127,531</b>	<b>132,011</b>	<b>2,026,699</b>
<b>Gross Margin:</b>	<b>1,395</b>	<b>24,916</b>	<b>20,279</b>	<b>(10,985)</b>	<b>(9,017)</b>	<b>(17,124)</b>	<b>131,143</b>	<b>248,349</b>	<b>97,752</b>	<b>8,522</b>	<b>22,355</b>	<b>18,343</b>	<b>535,928</b>
	1.02%	16.23%	12.39%	-6.83%	-4.88%	-4.09%	53.03%	63.47%	39.25%	5.42%	14.91%	12.20%	20.91%
<b>Selling and Administrative Expenses</b>	<b>51,206</b>	<b>53,563</b>	<b>57,293</b>	<b>63,877</b>	<b>63,362</b>	<b>121,503</b>	<b>61,878</b>	<b>64,089</b>	<b>68,952</b>	<b>66,853</b>	<b>66,243</b>	<b>66,228</b>	<b>805,047</b>
<b>Earnings Before Interest (EBI):</b>	<b>(49,811)</b>	<b>(28,647)</b>	<b>(37,014)</b>	<b>(74,862)</b>	<b>(72,379)</b>	<b>(138,627)</b>	<b>69,265</b>	<b>184,260</b>	<b>28,800</b>	<b>(58,331)</b>	<b>(43,888)</b>	<b>(47,885)</b>	<b>(269,119)</b>
	-36.57%	-18.66%	-22.62%	-46.54%	-39.18%	-33.12%	28.01%	47.09%	11.56%	-37.10%	-29.28%	-31.85%	-10.50%
<b>Non-operating Revenue and Expense:</b>													
Raw Fish Tax	75,000	75,000	75,000	75,000	75,000	302,000	79,750	79,750	79,750	79,750	79,750	79,750	1,155,500
Other Non-Operating Revenue:	14,866	12,792	16,563	56,336	15,116	228,974	14,192	16,316	16,130	15,367	16,079	16,834	439,565
Grant Revenue	158	-	389,672	1,371	(267,564)	605	-	-	-	-	-	-	124,242
Bond Fund Interest	340	347	397	437	321	-	-	-	-	-	-	-	1,842
Interest Expense Bonds:	(14,642)	(14,642)	(14,642)	(14,642)	(14,642)	(14,638)	(14,192)	(14,192)	(14,192)	(14,192)	(14,192)	(14,192)	-173,000
Interest Expense Loans:	(850)	(850)	(850)	(850)	(850)	(850)	(794)	(794)	(794)	(794)	(794)	(794)	(9,864)
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>74,872</b>	<b>72,647</b>	<b>466,140</b>	<b>117,652</b>	<b>(192,619)</b>	<b>516,091</b>	<b>78,956</b>	<b>81,080</b>	<b>80,894</b>	<b>80,131</b>	<b>80,843</b>	<b>81,598</b>	<b>1,538,285</b>
<b>Net Income:</b>	<b>25,061</b>	<b>44,000</b>	<b>429,126</b>	<b>42,790</b>	<b>(264,998)</b>	<b>377,464</b>	<b>148,221</b>	<b>265,340</b>	<b>109,694</b>	<b>21,800</b>	<b>36,955</b>	<b>33,713</b>	<b>1,269,166</b>
	18.40%	28.66%	262.19%	26.60%	-143.44%	90.18%	59.94%	67.82%	44.05%	13.87%	24.66%	22.42%	49.53%
<b>Earnings Before Interest and Depreciation (EBIDA):</b>	<b>5,626</b>	<b>26,790</b>	<b>18,423</b>	<b>(19,422)</b>	<b>(16,941)</b>	<b>(79,336)</b>	<b>124,381</b>	<b>239,376</b>	<b>83,916</b>	<b>(3,215)</b>	<b>11,228</b>	<b>7,231</b>	<b>398,057</b>
	4.13%	17.45%	11.26%	-12.07%	-9.17%	-18.95%	50.30%	61.18%	33.70%	-2.05%	7.49%	4.81%	15.53%
<b>Bond Covenant Ratio</b>	<b>3.70</b>	<b>4.44</b>	<b>4.26</b>	<b>4.34</b>	<b>2.84</b>	<b>17.45</b>	<b>8.44</b>	<b>12.97</b>	<b>6.95</b>	<b>3.55</b>	<b>4.14</b>	<b>4.01</b>	<b>6.42</b>
<b>Debt Principal Coverage</b>													
Simple Cash Flow (Net Income Plus Depreciation)	25,061	44,000	429,126	42,790	(264,998)	377,464	148,221	265,340	109,694	21,800	36,955	33,713	1,269,166
Bond Debt Principal	11,250	11,250	11,250	11,250	11,250	11,250	11,667	11,667	11,667	11,667	11,667	11,667	137,502
Loan Debt Principal	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	3,779	45,348
<b>Debt Principal Coverage Surplus/Deficit</b>	<b>10,032</b>	<b>28,971</b>	<b>414,097</b>	<b>27,761</b>	<b>(280,027)</b>	<b>362,435</b>	<b>132,775</b>	<b>249,894</b>	<b>94,248</b>	<b>6,354</b>	<b>21,509</b>	<b>18,267</b>	<b>1,086,316</b>
<b>Debt Principal Coverage Percentage</b>	<b>250%</b>	<b>152%</b>	<b>104%</b>	<b>154%</b>	<b>95%</b>	<b>104%</b>	<b>112%</b>	<b>106%</b>	<b>116%</b>	<b>343%</b>	<b>172%</b>	<b>185%</b>	<b>2799%</b>
<b>Simple Asset Replacement Coverage</b>													
Debt Principal Coverage Surplus/Deficit (From Above)	10,032	28,971	414,097	27,761	(280,027)	362,435	132,775	249,894	94,248	6,354	21,509	18,267	1,086,316
Depreciation	55,437	55,437	55,437	55,440	55,438	59,291	55,116	55,116	55,116	55,116	55,116	55,116	667,176
<b>Cash Accumulated For/(Taken From) Asset Replacement</b>	<b>(45,405)</b>	<b>(26,466)</b>	<b>358,660</b>	<b>(27,679)</b>	<b>(335,465)</b>	<b>303,144</b>	<b>77,659</b>	<b>194,778</b>	<b>39,132</b>	<b>(48,762)</b>	<b>(33,607)</b>	<b>(36,849)</b>	<b>419,140</b>
<b>Working Capital</b>													
Beginning Undesignated Working Capital	3,934,257	3,860,239	3,767,498	3,687,409	4,073,812	3,944,768	4,839,635	5,983,074	6,074,518	6,113,347	5,643,121	5,532,873	3,934,257
Net Income Plus Depreciation Less Principal	10,032	28,971	414,097	27,761	(280,027)	362,435	132,775	249,894	94,248	6,354	21,509	18,267	1,086,316
Accruals and other Balance Sheet Changes	(84,050)	(121,712)	(494,186)	358,642	150,983	532,432	1,010,664	(158,450)	(55,419)	(476,580)	(131,757)	(287,386)	243,181
<b>Ending Undesignated Working Capital</b>	<b>3,860,239</b>	<b>3,767,498</b>	<b>3,687,409</b>	<b>4,073,812</b>	<b>3,944,768</b>	<b>4,839,635</b>	<b>5,983,074</b>	<b>6,074,518</b>	<b>6,113,347</b>	<b>5,643,121</b>	<b>5,532,873</b>	<b>5,263,754</b>	<b>5,263,754</b>
<b>Working Capital Designated for CapEx</b>	<b>3,879,707</b>	<b>4,095,113</b>	<b>3,993,606</b>	<b>3,879,707</b>	<b>3,880,054</b>	<b>4,246,754</b>	<b>3,117,417</b>	<b>3,114,565</b>	<b>3,075,736</b>	<b>3,045,310</b>	<b>3,023,344</b>	<b>2,935,548</b>	<b>2,935,548</b>

## **Airport Terminal Financial Analysis As Of, And For the Six-Month Period Ending December 31, 2015**

The Airport Terminal Fund returned to positive Earnings Before Interest and Depreciation (EBIDA) in the second fiscal quarter of FY2016, but remains behind plan for FY2016. As previously reported, a lease termination settlement resulted in a one-time charge of \$10.0K and unusual building repair and maintenance costs totaled \$13.6K, causing expenditures to exceed planned levels. In addition, planned receipts of Passenger Facility Charges are not yet occurring, having been delayed pending Federal government approval.

Top-line revenue was \$232.8K for the 6-month period, an increase of \$18.1K from FY2015. This increase was attributable to increased lease revenue from Delta Air Lines. Top line revenue fell (\$104.2K) short of plan, however, due to planned collections of Passenger facility Charges not commencing. Passenger facility fees are added to airline tickets and must be approved by the Federal Aviation Administration in conjunction with a specific project. The Municipality has been in the process of attempting to obtain approval to resume charging the fee in conjunction with expansion of the TSA area.

Costs of sales increased by \$13.4K over FY2015. Significant contributing factors are the lease termination settlement and building repairs, as previously mentioned.

For the six-month, Earnings (Loss) Before Interest (EBI) were (\$61.3K) and Earnings Before Interest and Depreciation (EBIDA) were 22.2K, indicating small but positive operating cash flow. Total working capital, which includes collected but unspent passenger facility fees, was \$816.3K as of December 31, 2015. Undesignated working capital as of December 31, 2015 was \$295.8K.

A continuing financial challenge is the inability of the Fund to accumulate working capital greater than the estimate depreciation of the Terminal facility itself. This trend, unless changed by future events, would mean that insufficient cash will be on hand on the eventual day that the facility needs to be replaced or substantially renovated. The fact that the terminal is already decades old and only \$296K is available in undesignated working capital is evidence of this fact. As a result, it is highly likely that the eventual major renovation or replacement of the Terminal will either need to be funded through a grant, or, through bonded debt of some sort.

	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	TTM
<b>Revenue:</b>					
Leases	89,073	100,271	101,826	98,973	390,143
Other Operating Revenue	6,131	19,514	14,757	17,275	57,677
<b>Total Revenue:</b>	<b>95,204</b>	<b>119,785</b>	<b>116,583</b>	<b>116,248</b>	<b>447,820</b>
<b>Cost of Sales:</b>					
Operations	73,211	134,515	131,452	79,190	418,368
Depreciation	44,989	57,987	41,738	41,739	186,453
<b>Total Cost of Sales:</b>	<b>118,200</b>	<b>192,502</b>	<b>173,190</b>	<b>120,929</b>	<b>604,821</b>
<b>Gross Margin:</b>	<b>(22,996)</b> -24.15%	<b>(72,717)</b> -60.71%	<b>(56,607)</b> -48.56%	<b>(4,681)</b> -4.03%	<b>(157,001)</b> -35.06%
<b>Selling and Administrative Expenses</b>	-	-	-	-	-
<b>Earnings Before Interest (EBI):</b>	<b>(22,996)</b> -24.15%	<b>(72,717)</b> -60.71%	<b>(56,607)</b> -48.56%	<b>(4,681)</b> -4.03%	<b>(157,001)</b> -35.06%
<b>Non-operating Revenue and Expense:</b>					
Interest and Non-Operating Revenue:	4,199	434	4,201	4,527	13,361
Interest Expense:	-	-	-	-	-
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>4,199</b>	<b>434</b>	<b>4,201</b>	<b>4,527</b>	<b>13,361</b>
<b>Net Income:</b>	<b>(18,797)</b> -19.74%	<b>(72,283)</b> -60.34%	<b>(52,406)</b> -44.95%	<b>(154)</b> -0.13%	<b>(143,640)</b> -32.08%
<b>Earnings Before Interest and Depreciation (EBIDA):</b>	<b>21,993</b> 23.10%	<b>(14,730)</b> -12.30%	<b>(14,869)</b> -12.75%	<b>37,058</b> 31.88%	<b>29,452</b> 6.58%
<b><u>Debt Principal Coverage</u></b>					
Simple Cash Flow (Net Income Plus Depreciation)	26,192	(14,296)	(10,668)	41,585	42,813
Debt Principal	-	-	-	-	-
<b>Debt Principal Coverage Surplus/Deficit</b>	<b>26,192</b>	<b>(14,296)</b>	<b>(10,668)</b>	<b>41,585</b>	<b>42,813</b>
<b>Debt Principal Coverage Percentage</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b><u>Simple Asset Replacement Coverage</u></b>					
Debt Principal Coverage Surplus/Deficit (From Above)	26,192	(14,296)	(10,668)	41,585	42,813
Depreciation	44,989	57,987	41,738	41,739	186,453
<b>Cash Accumulated For/(Taken From) Asset Replacement</b>	<b>(18,797)</b>	<b>(72,283)</b>	<b>(52,406)</b>	<b>(154)</b>	<b>(143,640)</b>
<b><u>Working Capital</u></b>					
Beginning Undesignated Working Capital	356,912	386,286	407,311	254,183	356,912
Net Income Plus Depreciation Less Principal	26,192	(14,296)	(10,668)	41,585	42,813
CapEx, Accruals, and other Balance Sheet Changes	3,182	35,321	(142,460)	-	(103,957)
<b>Ending Undesignated Working Capital</b>	<b>386,286</b>	<b>407,311</b>	<b>254,183</b>	<b>295,768</b>	<b>295,768</b>
<b>Working Capital Designated for CapEx</b>	<b>427,615</b>	<b>427,125</b>	<b>520,523</b>	<b>520,523</b>	<b>520,523</b>

City and Borough of Sitka  
 Airport Terminal Fund  
 Income Statement  
 For The Twelve-Month Period From July 1, 2015 to June 30, 2016  
 (Unaudited)

	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (S/L - 50%)	Variance To FY2016 Plan
<b>Revenue:</b>									
Leases	101,826	98,973	-	-	200,799	182,376	18,423	211,026	(10,227)
Other Operating Revenue	14,757	17,275	-	-	32,032	32,321	(289)	126,000	(93,968)
<b>Total Revenue:</b>	<b>116,583</b>	<b>116,248</b>	<b>-</b>	<b>-</b>	<b>232,831</b>	<b>214,697</b>	<b>18,134</b>	<b>337,026</b>	<b>(104,195)</b>
<b>Cost of Sales:</b>									
Operations	131,452	79,190	-	-	210,642	174,535	(36,107)	224,061	13,419
Depreciation	41,738	41,739	-	-	83,477	89,976	6,499	83,477	-
<b>Total Cost of Sales:</b>	<b>173,190</b>	<b>120,929</b>	<b>-</b>	<b>-</b>	<b>294,119</b>	<b>264,511</b>	<b>(29,608)</b>	<b>307,538</b>	<b>13,419</b>
<b>Gross Margin:</b>	<b>(56,607)</b>	<b>(4,681)</b>	<b>-</b>	<b>-</b>	<b>(61,288)</b>	<b>(49,814)</b>	<b>47,742</b>	<b>29,488</b>	<b>(90,776)</b>
	-48.56%	-4.03%	#DIV/0!	#DIV/0!	-26.32%	-23.20%	263.27%	8.75%	-35.07%
<b>Selling and Administrative Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Earnings Before Interest (EBI):</b>	<b>(56,607)</b>	<b>(4,681)</b>	<b>-</b>	<b>-</b>	<b>(61,288)</b>	<b>(49,814)</b>	<b>(11,474)</b>	<b>29,488</b>	<b>(90,776)</b>
	-48.56%	-4.03%	#DIV/0!	#DIV/0!	-26.32%	-23.20%	-63.27%	8.75%	-35.07%
<b>Non-operating Revenue and Expense:</b>									
Interest and Non-Operating Revenue:	4,201	4,527	-	-	8,728	8,570	158	8,550	178
Interest Expense:	-	-	-	-	-	-	-	-	-
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>4,201</b>	<b>4,527</b>	<b>-</b>	<b>-</b>	<b>8,728</b>	<b>8,570</b>	<b>158</b>	<b>8,550</b>	<b>178</b>
<b>Net Income:</b>	<b>(52,406)</b>	<b>(154)</b>	<b>-</b>	<b>-</b>	<b>(52,560)</b>	<b>(41,244)</b>	<b>(11,316)</b>	<b>38,038</b>	<b>(90,598)</b>
	-44.95%	-0.13%	#DIV/0!	#DIV/0!	-22.57%	-19.21%	-62.40%	11.29%	-33.86%
<b>Earnings Before Interest and Depreciation (EBIDA):</b>	<b>(14,869)</b>	<b>37,058</b>	<b>-</b>	<b>-</b>	<b>22,189</b>	<b>40,162</b>	<b>(4,975)</b>	<b>112,965</b>	<b>(90,776)</b>
	-12.75%	31.88%	#DIV/0!	#DIV/0!	9.53%	18.71%	-27.43%	33.52%	-23.99%
<b>Debt Principal Coverage</b>									
Simple Cash Flow (Net Income Plus Depreciation)	(10,668)	41,585	-	-	30,917	48,732	(17,815)	121,515	(90,598)
Debt Principal	-	-	-	-	-	-	-	-	-
<b>Debt Principal Coverage Surplus/Deficit</b>	<b>(10,668)</b>	<b>41,585</b>	<b>-</b>	<b>-</b>	<b>30,917</b>	<b>48,732</b>	<b>(17,815)</b>	<b>121,515</b>	<b>(90,598)</b>
<b>Debt Principal Coverage Percentage</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>
<b>Simple Asset Replacement Coverage</b>									
Debt Principal Coverage Surplus/Deficit (From Above)	(10,668)	41,585	-	-	30,917	48,732	(17,815)	121,515	(90,598)
Depreciation	41,738	41,739	-	-	83,477	89,976	(6,499)	83,477	-
<b>Cash Accumulated For/(Taken From) Asset Replacement</b>	<b>(52,406)</b>	<b>(154)</b>	<b>-</b>	<b>-</b>	<b>(52,560)</b>	<b>(41,244)</b>	<b>(11,316)</b>	<b>38,038</b>	<b>(90,598)</b>
<b>Working Capital</b>									
Beginning Undesignated Working Capital	407,311	254,183	295,768	295,768	407,311	321,953	85,358	407,311	-
Net Income Plus Depreciation Less Principal	(10,668)	41,585	-	-	30,917	48,732	(17,815)	121,515	(90,598)
CapEx, Accruals, and other Balance Sheet Changes	(142,460)	-	-	-	(142,460)	(13,773)	(128,687)	-	(142,460)
<b>Ending Undesignated Working Capital</b>	<b>254,183</b>	<b>295,768</b>	<b>295,768</b>	<b>295,768</b>	<b>295,768</b>	<b>356,912</b>	<b>(61,144)</b>	<b>528,826</b>	<b>(233,058)</b>
<b>Working Capital Designated for CapEx</b>	<b>520,523</b>	<b>520,523</b>	<b>520,523</b>	<b>520,523</b>	<b>520,523</b>	<b>427,769</b>	<b>92,754</b>	<b>427,125</b>	<b>93,398</b>
<b>Current Assets</b>	<b>774,706</b>	<b>816,291</b>	<b>816,291</b>	<b>816,291</b>	<b>816,291</b>				
Current Liabilities	-	-	-	-	-				
CPLTD	-	-	-	-	-				
<b>WCDFCapex</b>	<b>(520,523)</b>	<b>(520,523)</b>	<b>(520,523)</b>	<b>(520,523)</b>	<b>(520,523)</b>				
<b>Undesignated Working Capital</b>	<b>254,183</b>	<b>295,768</b>	<b>295,768</b>	<b>295,768</b>	<b>295,768</b>	<b>356,912</b>	<b>(61,144)</b>		
<b>Total Working Capital</b>	<b>774,706</b>	<b>816,291</b>	<b>816,291</b>	<b>816,291</b>	<b>816,291</b>	<b>784,681</b>	<b>31,610</b>		

July 1, 2015
\$ 56,949 - 90656 - Airport Lighting
\$363,962 - PFC Projects
<b>\$420,911</b>

Working Capital designated for Capex, June 30, 2015	420,911
New CapEx designations of Working Capital in FY16 Budget	
Airport Boiler	130,000
Less FY15 working capital outlays for CapEx	(30,388)
<b>Working Capital designated for Capex, June 30, 2016</b>	<b>520,523</b>

**Marine Service Center  
Financial Analysis  
As Of, And For the Six-Month Period Ending December 31, 2015**

Financial operations for the Marine Service Center returned to planned levels in the second quarter of FY2016, with all metrics very close to plan. The fund is, furthermore, expected to perform in accordance with its plan for the fiscal year as a whole.

Top-line revenue for the three-month period was \$116.3K, exactly equal to FY2015. Costs of sales increased by (\$66.4K) over FY2015. This increase had to do with the timing of certain expenditures, however. In particular, \$73.7K of repairs were performed in the first quarter of FY2016; in the comparable first quarter of FY2015, no repairs were performed, causing a large negative variance.

Working capital increased by \$16.4K during the second fiscal quarter, and undesignated working capital as of December 31, 2015 was \$1,516.8K. This represents a year-to-year decline in working capital from December 31, 2014 to December 31, 2015 of (\$43.8K). Again, the large amount of repairs performed in the first fiscal quarter of FY2016 is the reason for the year-over-year decline.

City and Borough of Sitka  
Marine Service Center  
Income Statement  
For The Twelve-Month Period From July 1, 2015 to June 30, 2016  
(Unaudited)

	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (\$/L - 50.00%)	Variance To FY2016 Plan
<b>Revenue:</b>									
Leases	77,528	38,764	-	-	116,292	116,292	-	117,192	(900)
Other Operating Revenue	-	-	-	-	-	-	-	-	-
<b>Total Revenue:</b>	<b>77,528</b>	<b>38,764</b>	<b>-</b>	<b>-</b>	<b>116,292</b>	<b>116,292</b>	<b>-</b>	<b>117,192</b>	<b>(900)</b>
<b>Cost of Sales:</b>									
Operations	70,154	30,836	-	-	100,990	34,628	66,362	95,747	(5,244)
Depreciation	35,016	35,017	-	-	70,033	71,991	(1,958)	70,033	-
<b>Total Cost of Sales:</b>	<b>105,170</b>	<b>65,853</b>	<b>-</b>	<b>-</b>	<b>171,023</b>	<b>106,619</b>	<b>64,404</b>	<b>165,780</b>	<b>(5,244)</b>
<b>Gross Margin:</b>	<b>(27,642)</b>	<b>(27,089)</b>	<b>-</b>	<b>-</b>	<b>(54,731)</b>	<b>9,673</b>	<b>(64,404)</b>	<b>(48,588)</b>	<b>(6,144)</b>
	-35.65%	-69.88%	#DIV/0!	#DIV/0!	-47.06%	8.32%	-55.38%	-41.46%	-5.60%
<b>Selling and Administrative Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Earnings Before Interest and Taxes (EBIT):</b>	<b>(27,642)</b>	<b>(27,089)</b>	<b>-</b>	<b>-</b>	<b>(54,731)</b>	<b>9,673</b>	<b>(64,404)</b>	<b>(48,588)</b>	<b>(6,144)</b>
	-35.65%	-69.88%	#DIV/0!	#DIV/0!	-47.06%	8.32%	-55.38%	-41.46%	-5.60%
<b>Non-operating Revenue and Expense:</b>									
Interest and Non-Operating Revenue:	7,959	8,470	-	-	16,429	16,377	52	16,400	29
Interest Expense:	-	-	-	-	-	-	-	-	-
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>7,959</b>	<b>8,470</b>	<b>-</b>	<b>-</b>	<b>16,429</b>	<b>16,377</b>	<b>52</b>	<b>16,400</b>	<b>29</b>
<b>Net Income:</b>	<b>(19,683)</b>	<b>(18,619)</b>	<b>-</b>	<b>-</b>	<b>(38,302)</b>	<b>26,050</b>	<b>(64,352)</b>	<b>(32,183)</b>	<b>(6,115)</b>
	-25.39%	-48.03%	#DIV/0!	#DIV/0!	-32.94%	23.40%	-55.34%	-27.47%	-5.47%
<b>Earnings Before Interest and Taxes and Depreciation (EBITDA):</b>	<b>7,374</b>	<b>7,928</b>	<b>-</b>	<b>-</b>	<b>15,302</b>	<b>81,564</b>	<b>(66,262)</b>	<b>21,446</b>	<b>(6,144)</b>
	9.51%	20.45%	#DIV/0!	#DIV/0!	13.16%	70.22%	-57.06%	18.30%	-5.14%
<b>Debt Principal Coverage</b>									
Simple Cash Flow (Net Income Plus Depreciation)	15,333	16,398	-	-	31,731	98,041	(66,310)	37,846	(6,115)
Debt Principal	-	-	-	-	-	-	-	-	-
<b>Debt Principal Coverage Surplus/Deficit</b>	<b>15,333</b>	<b>16,398</b>	<b>-</b>	<b>-</b>	<b>31,731</b>	<b>98,041</b>	<b>(66,310)</b>	<b>37,846</b>	<b>(6,115)</b>
<b>Debt Principal Coverage Percentage</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>
<b>Simple Asset Replacement Coverage</b>									
Debt Principal Coverage Surplus/Deficit (From Above)	15,333	16,398	-	-	31,731	98,041	(66,310)	37,846	(6,115)
Depreciation	35,016	35,017	-	-	70,033	71,991	(1,958)	70,033	-
<b>Cash Accumulated For/(Taken From) Asset Replacement</b>	<b>(19,683)</b>	<b>(18,619)</b>	<b>-</b>	<b>-</b>	<b>(38,302)</b>	<b>26,050</b>	<b>(64,352)</b>	<b>(32,183)</b>	<b>(6,115)</b>
<b>Working Capital</b>									
Beginning Undesignated Working Capital	1,485,038	1,500,371	1,516,769	1,516,769	1,485,038	1,462,488	22,550	1,485,038	-
Net Income Plus Depreciation Less Principal	15,333	16,398	-	-	31,731	98,041	(66,310)	37,846	(6,115)
CapEx, Accruals, and other Balance Sheet Changes	-	-	-	-	-	(1)	1	-	-
<b>Ending Undesignated Working Capital</b>	<b>1,500,371</b>	<b>1,516,769</b>	<b>1,516,769</b>	<b>1,516,769</b>	<b>1,516,769</b>	<b>1,560,528</b>	<b>(43,759)</b>	<b>1,522,884</b>	<b>(6,115)</b>
<b>Working Capital Designated for CapEx</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Assets</b>	<b>1,500,371</b>	<b>1,516,769</b>	<b>1,516,769</b>	<b>1,516,769</b>	<b>1,516,769</b>				
<b>Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				
<b>CPLTD</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				
<b>WCDFCapex</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>				
<b>Undesignated Working Capital</b>	<b>1,500,371</b>	<b>1,516,769</b>	<b>1,516,769</b>	<b>1,516,769</b>	<b>1,516,769</b>				
<b>Total Working Capital</b>	<b>1,500,371</b>	<b>1,516,769</b>	<b>1,516,769</b>	<b>1,516,769</b>	<b>1,516,769</b>				

July 1, 2015

\$0

Working Capital designated for Capex, June 30, 2015 0.00

New CapEx designations of Working Capital in FY16 Budget -

Less FY16 working capital outlays for CapEx -

Working Capital designated for Capex, June 30, 2016 0.00

City and Borough of Sitka  
Marine Service Center  
Income Statement  
For The Twelve-Month Trailing Period Ending December 31, 2015  
(Unaudited)

	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	TTM
<b>Revenue:</b>					
Leases	57,094	45,742	77,528	38,764	219,128
Other Operating Revenue	-	(108)	-	-	(108)
<b>Total Revenue:</b>	<b>57,094</b>	<b>45,634</b>	<b>77,528</b>	<b>38,764</b>	<b>219,020</b>
<b>Cost of Sales:</b>					
Operations	17,363	168,185	70,154	30,836	286,538
Depreciation	35,830	39,637	35,016	35,017	145,500
<b>Total Cost of Sales:</b>	<b>53,193</b>	<b>207,822</b>	<b>105,170</b>	<b>65,853</b>	<b>432,038</b>
<b>Gross Margin:</b>	<b>3,901</b> 6.83%	<b>(162,188)</b> -355.41%	<b>(27,642)</b> -35.65%	<b>(27,089)</b> -69.88%	<b>(213,018)</b> -97.26%
<b>Selling and Administrative Expenses</b>	-	-	-	-	-
<b>Earnings Before Interest and Taxes (EBIT):</b>	<b>3,901</b> 6.83%	<b>(162,188)</b> -355.41%	<b>(27,642)</b> -35.65%	<b>(27,089)</b> -69.88%	<b>(213,018)</b> -97.26%
<b>Non-operating Revenue and Expense:</b>					
Interest and Non-Operating Revenue:	8,425	(1,096)	7,959	8,470	23,758
Interest Expense:	-	-	-	-	-
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>8,425</b>	<b>(1,096)</b>	<b>7,959</b>	<b>8,470</b>	<b>23,758</b>
<b>Net Income:</b>	<b>12,326</b> 21.59%	<b>(163,284)</b> -357.81%	<b>(19,683)</b> -25.39%	<b>(18,619)</b> -48.03%	<b>(189,260)</b> -86.41%
<b>Earnings Before Interest and Taxes and Depreciation (EBITDA):</b>	<b>39,731</b> 69.59%	<b>(122,551)</b> -268.55%	<b>7,374</b> 9.51%	<b>7,928</b> 20.45%	<b>(67,518)</b> -30.83%
<b><u>Debt Principal Coverage</u></b>					
Simple Cash Flow (Net Income Plus Depreciation)	48,156	(123,647)	15,333	16,398	(43,760)
Debt Principal	-	-	-	-	-
<b>Debt Principal Coverage Surplus/Deficit</b>	<b>48,156.00</b>	<b>(123,647)</b>	<b>15,333</b>	<b>16,398</b>	<b>(43,760)</b>
<b>Debt Principal Coverage Percentage</b>	<b>100%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100%</b>
<b><u>Simple Asset Replacement Coverage</u></b>					
Debt Principal Coverage Surplus/Deficit (From Above)	48,156	(123,647)	15,333	16,398	(43,760)
Depreciation	35,830	39,637	35,016	35,017	145,500
<b>Cash Accumulated For/(Taken From) Asset Replacement</b>	<b>12,326</b>	<b>(163,284)</b>	<b>(19,683)</b>	<b>(18,619)</b>	<b>(189,260)</b>
<b><u>Working Capital</u></b>					
Beginning Undesignated Working Capital	1,560,528	1,608,685	1,560,528	1,575,861	1,560,528
Net Income Plus Depreciation Less Principal	48,156	(123,647)	15,333	16,398	(43,760)
CapEx, Accruals, and other Balance Sheet Changes	1	-	-	-	1
<b>Ending Undesignated Working Capital</b>	<b>1,608,685</b>	<b>1,485,038</b>	<b>1,575,861</b>	<b>1,592,259</b>	<b>1,516,769</b>
<b>Working Capital Designated for CapEx</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**Gary Paxton Industrial Park Fund  
Financial Analysis  
As Of, And For the Period Ending December 31, 2015**

Financial operations for the Gary Paxton Industrial Park were in line with plan for the first six months of Fiscal Year 2016. While revenue did not reach planned levels, cost of operations were also significantly below planned levels, resulting in earnings before interest (EBI) \$12.3K better than plan for the half year, showing good alignment of operations with plan..

Top-line revenue was \$74.2K for the six-month period, falling short of plan by (\$34.1K). This revenue shortfall was offset by operating efficiencies, however.

Costs of operations were both lower than planned levels and lower than prior year. Total costs of operations for the six-month period were \$269.4K versus FY2016 plan of \$360.8K and prior year of \$351.2K.

Working capital increased by \$252.3K, to \$1,176,489 as of December 31, 2015. This increase was due to prefunding of the State of Alaska GPIP Dock Grant in the amount of \$236,393. The GPIP dock grant is unusual in that it provides for billing at designated progress points, as opposed to the normal method of reimbursement for allowable costs. Thus, although overall working capital rose to \$1,176,489, undesignated working capital grew only modestly to \$914.1K.

City and Borough of Sitka  
Gary Paxton Industrial Park  
Income Statement  
For The Twelve-Month Period From July 1, 2013 to June 30, 2015  
(Unaudited)

	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (\$/L - 50%)	Variance To FY2016 Plan
<b>Revenue:</b>									
Leases	25,290	48,959	-	-	74,249	163,057	(88,808)	108,404	(34,155)
Other Operating Revenue	-	-	-	-	-	18,190	(18,190)	45,000	(45,000)
<b>Total Revenue:</b>	<b>25,290</b>	<b>48,959</b>	<b>-</b>	<b>-</b>	<b>74,249</b>	<b>181,247</b>	<b>(106,998)</b>	<b>153,404</b>	<b>(79,155)</b>
<b>Cost of Sales:</b>									
Operations	52,770	62,951	-	-	115,721	197,395	81,674	207,131	91,410
Depreciation	76,816	76,816	-	-	153,632	153,759	127	153,632	-
<b>Total Cost of Sales:</b>	<b>129,586</b>	<b>139,767</b>	<b>-</b>	<b>-</b>	<b>269,353</b>	<b>351,154</b>	<b>81,801</b>	<b>360,763</b>	<b>91,410</b>
<b>Gross Margin:</b>	<b>(104,296)</b>	<b>(90,808)</b>	<b>-</b>	<b>-</b>	<b>(195,104)</b>	<b>(169,907)</b>	<b>(25,197)</b>	<b>(207,360)</b>	<b>12,256</b>
	<b>-412.40%</b>	<b>-185.48%</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>-262.77%</b>	<b>-93.74%</b>	<b>-169.03%</b>	<b>-135.17%</b>	<b>-127.60%</b>
<b>Selling and Administrative Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Earnings Before Interest (EBI):</b>	<b>(104,296)</b>	<b>(90,808)</b>	<b>-</b>	<b>-</b>	<b>(195,104)</b>	<b>(169,907)</b>	<b>(25,197)</b>	<b>(207,360)</b>	<b>12,256</b>
	<b>-412.40%</b>	<b>-185.48%</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>-262.77%</b>	<b>-93.74%</b>	<b>-169.03%</b>	<b>-135.17%</b>	<b>-127.60%</b>
<b>Non-operating Revenue and Expense:</b>									
Interest and Non-Operating Revenue:	5,100	5,230	-	-	10,330	10,531	(201)	10,750	(420)
Grant Revenue:	-	268,496	-	-	268,496	307,644	(39,148)	268,496	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-
Interest Transfer From SMC Contingency	4,566	4,942	-	-	9,508	9,573	(65)	7,000	2,508
Interest Expense:	(2,427)	(2,427)	-	-	(4,854)	(5,228)	374	(4,854)	-
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>7,239</b>	<b>276,241</b>	<b>-</b>	<b>-</b>	<b>283,480</b>	<b>322,520</b>	<b>(39,040)</b>	<b>281,392</b>	<b>2,088</b>
<b>Net Income:</b>	<b>(97,057)</b>	<b>185,433</b>	<b>-</b>	<b>-</b>	<b>88,376</b>	<b>152,613</b>	<b>(64,237)</b>	<b>74,033</b>	<b>14,344</b>
	<b>-383.78%</b>	<b>378.75%</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>119.03%</b>	<b>84.20%</b>	<b>34.82%</b>	<b>48.26%</b>	<b>-13.44%</b>
<b>Earnings Before Interest and Depreciation (EBID):</b>	<b>(27,480)</b>	<b>(13,992)</b>	<b>-</b>	<b>-</b>	<b>(41,472)</b>	<b>(16,148)</b>	<b>(25,070)</b>	<b>(53,728)</b>	<b>12,256</b>
	<b>-108.66%</b>	<b>-28.58%</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>-55.86%</b>	<b>-8.91%</b>	<b>-46.95%</b>	<b>-35.02%</b>	<b>-20.83%</b>
<b>Debt Principal Coverage</b>									
Simple Cash Flow (Net Income Plus Depreciation)	(20,241)	262,249	-	-	242,008	306,372	(64,364)	227,665	14,344
Debt Principal	12,446	12,446	-	-	24,892	24,892	-	24,892	-
Debt Principal Coverage Surplus/Deficit	<b>(32,687)</b>	<b>249,803</b>	<b>-</b>	<b>-</b>	<b>217,116</b>	<b>281,480</b>	<b>(64,364)</b>	<b>202,773</b>	<b>14,344</b>
<b>Debt Principal Coverage Percentage</b>	<b>-162.63%</b>	<b>2107.09%</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>972.23%</b>	<b>309.27%</b>	<b>662.97%</b>	<b>914.61%</b>	<b>-251.64%</b>
<b>Simple Asset Replacement Coverage</b>									
Debt Principal Coverage Surplus/Deficit (From Above)	(32,687)	249,803	-	-	217,116	281,480	(64,364)	202,773	14,344
Depreciation	76,816	76,816	-	-	153,632	153,759	(127)	153,632	-
Cash Accumulated For/(Taken From) Asset Replacement	<b>(109,503)</b>	<b>172,987</b>	<b>-</b>	<b>-</b>	<b>63,484</b>	<b>127,721</b>	<b>(64,237)</b>	<b>49,141</b>	<b>14,344</b>
<b>Working Capital</b>									
Beginning Undesignated Working Capital	898,228	880,416	914,112	914,112	898,228	873,804	24,424	898,228	-
Net Income Plus Depreciation Less Principal	(32,687)	249,803	-	-	217,116	293,926	(76,810)	227,665	(10,549)
CapEx, Accruals, and other Balance Sheet Changes	14,875	(216,107)	-	-	(201,232)	(298,792)	97,560	-	(201,232)
Ending Undesignated Working Capital	<b>880,416</b>	<b>914,112</b>	<b>914,112</b>	<b>914,112</b>	<b>914,112</b>	<b>868,938</b>	<b>45,174</b>	<b>1,125,893</b>	<b>(211,781)</b>
<b>Working Capital Designated for CapEx</b>	<b>25,319</b>	<b>262,377</b>	<b>262,377</b>	<b>262,377</b>	<b>262,377</b>	<b>25,984</b>	<b>236,393</b>		
Current Assets	955,519	1,226,273	1,226,273	1,226,273	1,226,273				
Current Liabilities	-	-	-	-	-				
CPLTD	(49,784)	(49,784)	(49,784)	(49,784)	(49,784)				
WCDFCapex	(25,319)	(262,377)	(262,377)	(262,377)	(262,377)				
Undesignated Working Capital	880,416	914,112	914,112	914,112	914,112	868,938	45,174		
Total Working Capital	905,735	1,176,489	1,176,489	1,176,489	1,176,489	894,922	281,567		

**July 1, 2015**  
\$16,984 - Boat Building  
\$ 9,000 - Fixed Assets

Working Capital designated for Capex, June 30, 2015 25,984.00  
New CapEx designations of Working Capital In FY16 Budget  
Dock Pre-Funding (Progress Billing In Advance Of Expense) 236,393  
Purchase of Fixed Assets: -  
Less FY16 working capital outlays for CapEx (Thru 9/30) -  
Working Capital designated for Capex, September 30, 2015 262,377.00

City and Borough of Sitka  
Gary Paxton Industrial Park  
Income Statement  
For The Twelve-Month Trailing Period Ending December 31, 2015  
(Unaudited)

	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	TTM
<b>Revenue:</b>					
Leases	48,210	135,825	25,290	48,959	258,284
Other Operating Revenue	-	6,014	-	-	6,014
<b>Total Revenue:</b>	<b>48,210</b>	<b>141,839</b>	<b>25,290</b>	<b>48,959</b>	<b>264,298</b>
<b>Cost of Sales:</b>					
Operations	72,032	65,523	52,770	62,951	253,276
Depreciation	76,880	77,134	76,816	76,816	307,646
<b>Total Cost of Sales:</b>	<b>148,912</b>	<b>142,657</b>	<b>129,586</b>	<b>139,767</b>	<b>560,922</b>
<b>Gross Margin:</b>	<b>(100,702)</b>	<b>(818)</b>	<b>(104,296)</b>	<b>(90,808)</b>	<b>(296,624)</b>
	-208.88%	-0.58%	-412.40%	-185.48%	-112.23%
<b>Selling and Administrative Expenses</b>	-	-	-	-	-
<b>Earnings Before Interest (EBI):</b>	<b>(100,702)</b>	<b>(818)</b>	<b>(104,296)</b>	<b>(90,808)</b>	<b>(296,624)</b>
	-208.88%	-0.58%	-412.40%	-185.48%	-112.23%
<b>Non-operating Revenue and Expense:</b>					
Interest and Non-Operating Revenue:	1,990	(3,201)	5,100	5,230	9,119
Grant Revenue:	4,164	5,721	-	268,496	278,381
Sale of Fixed Assets	-	32,400	-	-	32,400
Interest Transfer From SMC Contingency	4,660	4,846	4,566	4,942	19,014
Interest Expense:	(2,614)	(3,483)	(2,427)	(2,427)	(10,951)
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>8,200</b>	<b>36,283</b>	<b>7,239</b>	<b>276,241</b>	<b>327,963</b>
<b>Net Income:</b>	<b>(92,502)</b>	<b>35,465</b>	<b>(97,057)</b>	<b>185,433</b>	<b>31,339</b>
	-191.87%	25.00%	-383.78%	378.75%	11.86%
<b>Earnings Before Interest and Depreciation (EBIDA):</b>	<b>(23,822)</b>	<b>76,316</b>	<b>(27,480)</b>	<b>(13,992)</b>	<b>11,022</b>
	-49.41%	53.80%	-108.66%	-28.58%	4.17%
<b>Debt Principal Coverage</b>					
Simple Cash Flow (Net Income Plus Depreciation)	(15,622)	112,599	(20,241)	262,249	338,985
Debt Principal	12,446	12,444	12,446	12,446	49,782
Debt Principal Coverage Surplus/Deficit	(28,068)	100,155	(32,687)	249,803	289,203
Debt Principal Coverage Percentage	-125.52%	904.85%	-162.63%	2107.09%	680.94%
<b>Simple Asset Replacement Coverage</b>					
Debt Principal Coverage Surplus/Deficit (From Above)	(28,068)	100,155	(32,687)	249,803	289,203
Depreciation	76,880	77,134	76,816	76,816	307,646
Cash Accumulated For/(Taken From) Asset Replacement	(104,948)	23,021	(109,503)	172,987	(18,443)
<b>Working Capital</b>					
Beginning Undesignated Working Capital	868,938	848,203	898,228	880,416	868,938
Net Income Plus Depreciation Less Principal	(15,622)	112,599	(32,687)	249,803	314,093
CapEx, Accruals, and other Balance Sheet Changes	(5,113)	(62,574)	14,875	(216,107)	(268,919)
Ending Undesignated Working Capital	848,203	898,228	880,416	914,112	914,112
Working Capital Designated for CapEx	25,984	25,984	25,319	262,377	262,377

**Management Information Systems (MIS) Fund  
Financial Analysis  
As Of, And For the Six-Month Ending December 31, 2015**

The MIS Fund was operated in accordance with plan during the period and financial results were as anticipated.

Interdepartmental billings increased by \$75.0K in comparison to FY2015. This increase was in line with plan and is attributable to increased billing necessary to pay for the costs of the network redesign and other capital projects.

Costs of operations decreased by \$84.9K to \$407.5K, a decrease of 17.3% from FY2015 and \$85.3K, or 17.3%, under plan, a positive variance.

Undesignated Working capital in the MIS Fund increased to (\$61.5K) as of December 31, 2015. This is attributable to the designation of \$572.0K of working capital for capital projects right at the start of the fiscal year. The funds will be recouped throughout the fiscal year when quarterly billings occur; thus undesignated working capital should return to its planned level by the end of FY2016. Total working capital increased by \$113.2K, to \$448.9K as of December 31, 2015.

City and Borough of Sitka  
MIS Fund  
Income Statement  
For The Twelve-Month Period From July 1, 2014 to June 30, 2015  
(Unaudited)

	Jul-Sep 2014	Oct-Dec 2014	Jan-Mar 2015	Apr-Jun 2015	FY2015 YTD	FY2014 YTD	Variance To FY2014 YTD	FY2015 Plan (\$/L - 100%)	Variance To FY2015 Plan
<b>Revenue:</b>									
Data Processing Charges	192,896	248,897	196,647	196,647	835,087	778,016	57,071	771,586	63,501
Other Operating Revenue	-	-	-	90,931	90,931	107,138	(16,207)	49,658	41,273
<b>Total Revenue:</b>	<b>192,896</b>	<b>248,897</b>	<b>196,647</b>	<b>287,578</b>	<b>926,018</b>	<b>885,154</b>	<b>40,864</b>	<b>821,244</b>	<b>104,774</b>
<b>Cost of Sales:</b>									
Operations	211,311	232,088	188,952	262,522	894,873	718,445	(176,428)	812,525	(82,348)
Depreciation	24,510	24,510	24,509	31,301	104,830	98,039	(6,791)	104,830	-
<b>Total Cost of Sales:</b>	<b>235,821</b>	<b>256,598</b>	<b>213,461</b>	<b>293,823</b>	<b>999,703</b>	<b>816,484</b>	<b>(183,219)</b>	<b>917,355</b>	<b>(82,348)</b>
<b>Gross Margin:</b>	<b>(42,925)</b>	<b>(7,701)</b>	<b>(16,814)</b>	<b>(6,245)</b>	<b>(73,685)</b>	<b>68,670</b>	<b>(142,355)</b>	<b>(96,111)</b>	<b>22,426</b>
	-22.25%	-3.09%	-8.55%	-2.17%	-7.96%	7.76%	-15.72%	-11.70%	3.75%
<b>Selling and Administrative Expenses</b>	-	-	-	-	-	-	-	-	-
<b>Earnings Before Interest (EBI):</b>	<b>(42,925)</b>	<b>(7,701)</b>	<b>(16,814)</b>	<b>(6,245)</b>	<b>(73,685)</b>	<b>68,670</b>	<b>(142,355)</b>	<b>(96,111)</b>	<b>22,426</b>
	-22.25%	-3.09%	-8.55%	-2.17%	-7.96%	7.76%	-15.72%	-11.70%	3.75%
<b>Non-operating Revenue and Expense:</b>									
Interest and Non-Operating Revenue:	464	3,233	2,352	(4,615)	1,434	7,700	(6,266)	6,439	(5,005)
Interest Expense:	(1,512)	(1,512)	(1,512)	(2,298)	(6,834)	(10,413)	3,579	(6,834)	-
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>(1,048)</b>	<b>1,721</b>	<b>840</b>	<b>(6,913)</b>	<b>(5,400)</b>	<b>(2,713)</b>	<b>(2,687)</b>	<b>(395)</b>	<b>(5,005)</b>
<b>Net Income:</b>	<b>(43,973)</b>	<b>(5,980)</b>	<b>(15,974)</b>	<b>(13,158)</b>	<b>(79,085)</b>	<b>65,957</b>	<b>(145,042)</b>	<b>(96,506)</b>	<b>17,421</b>
	-22.80%	-2.40%	-8.12%	-4.58%	-8.54%	7.45%	-354.94%	-11.75%	3.21%
<b>Earnings Before Interest and Depreciation (EBIDA):</b>	<b>(18,415)</b>	<b>16,809</b>	<b>7,695</b>	<b>25,056</b>	<b>31,145</b>	<b>166,709</b>	<b>(135,564)</b>	<b>8,719</b>	<b>22,426</b>
	-9.55%	6.75%	3.91%	8.71%	3.36%	18.83%	-15.47%	1.06%	2.30%
<b>Debt Principal Coverage</b>									
Simple Cash Flow (Net Income Plus Depreciation)	(19,463)	18,530	8,535	18,143	25,745	163,996	(138,251)	8,324	17,421
Debt Principal	11,478	11,478	11,478	11,892	46,326	44,336	1,990	46,326	-
Debt Principal Coverage Surplus/Deficit	(30,941)	7,052	(2,943)	6,251	(20,581)	119,660	(140,241)	(38,002)	17,421
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%	100%	100%	100%	0%
<b>Simple Asset Replacement Coverage</b>									
Debt Principal Coverage Surplus/Deficit (From Above)	(30,941)	7,052	(2,943)	6,251	(20,581)	119,660	(140,241)	(38,002)	17,421
Depreciation	24,510	24,510	24,509	31,301	104,830	98,039	6,791	98,039	6,791
Cash Accumulated For/(Taken From) Asset Replacement	(55,451)	(17,458)	(27,452)	(25,050)	(125,411)	21,621	(147,032)	(136,041)	10,630
<b>Working Capital</b>									
Beginning Undesignated Working Capital	295,306	318,537	344,131	354,174	295,306	327,096	(31,790)	295,306	-
Net Income Plus Depreciation Less Principal	(19,463)	18,530	8,535	18,143	25,745	163,996	(138,251)	8,324	17,421
CapEx, Accruals, and other Balance Sheet Changes	42,694	7,064	1,508	(122,321)	(71,055)	(195,786)	124,731	-	(71,055)
Ending Undesignated Working Capital	318,537	344,131	354,174	249,996	249,996	295,306	(45,310)	303,630	(53,634)
Working Capital Designated for CapEx	55,132	50,441	24,234	-	-	100,176	(100,176)	87,561	(87,561)
<b>Current Assets</b>	<b>447,897</b>	<b>468,800</b>	<b>452,636</b>	<b>312,529</b>					
<b>Current Liabilities</b>	<b>(28,315)</b>	<b>(28,315)</b>	<b>(28,315)</b>	<b>(16,297)</b>					
CPLTD	(45,913)	(45,913)	(45,913)	(46,236)					
WCDFCapex	(55,132)	(50,441)	(24,234)	-					
Undesignated Working Capital	318,537	344,131	354,174	249,996	249,996	295,306	(45,310)		
Total Working Capital	373,669	394,572	378,408	249,996	249,996	395,482	(145,486)		

City and Borough of Sitka  
MIS Fund  
Income Statement  
For The Twelve-Month Period From July 1, 2015 to June 30, 2016  
(Unaudited)

City and Borough of Sitka  
MIS Fund  
Income Statement  
For The Twelve-Month Trailing Period Ending December 31, 2015  
(Unaudited)

	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (5/L - 50.00%)	Variance To FY2016 Plan
<b>Revenue:</b>									
Data Processing Charges	308,403	308,403	-	-	616,806	441,793	175,013	614,934	1,872
Other Operating Revenue	779	-	-	-	779	-	779	-	779
<b>Total Revenue:</b>	<b>309,182</b>	<b>308,403</b>			<b>617,585</b>	<b>441,793</b>	<b>175,792</b>	<b>614,934</b>	<b>2,651</b>
<b>Cost of Sales:</b>									
Operations	225,646	136,206	-	-	361,852	443,399	81,547	447,195	85,343
Depreciation	22,812	22,812	-	-	45,624	49,020	3,396	45,624	-
<b>Total Cost of Sales:</b>	<b>248,458</b>	<b>159,018</b>			<b>407,476</b>	<b>492,419</b>	<b>84,943</b>	<b>492,819</b>	<b>85,343</b>
<b>Gross Margin:</b>	<b>16,724</b>	<b>149,385</b>	#DIV/0!	#DIV/0!	<b>210,109</b>	<b>(50,626)</b>	<b>260,735</b>	<b>122,116</b>	<b>87,994</b>
	19.64%	48.44%			34.02%	-11.46%	45.48%	19.86%	14.16%
<b>Selling and Administrative Expenses</b>									
	-	-	-	-	-	-	-	-	-
<b>Earnings Before Interest (EBI):</b>	<b>60,724</b>	<b>149,385</b>	#DIV/0!	#DIV/0!	<b>210,109</b>	<b>(50,626)</b>	<b>260,735</b>	<b>122,116</b>	<b>87,994</b>
	19.64%	48.44%			34.02%	-11.46%	45.48%	19.86%	14.16%
<b>Non-operating Revenue and Expense:</b>									
Interest and Non-Operating Revenue:	1,847	2,641	-	-	4,488	3,697	791	3,350	1,138
Interest Expense:	(1,104)	(1,104)	-	-	(2,208)	(1,074)	(1,134)	(2,208)	-
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>743</b>	<b>1,537</b>			<b>2,280</b>	<b>673</b>	<b>1,607</b>	<b>1,142</b>	<b>1,138</b>
<b>Net Income:</b>	<b>61,467</b>	<b>150,922</b>	#DIV/0!	#DIV/0!	<b>212,389</b>	<b>(49,953)</b>	<b>262,342</b>	<b>123,258</b>	<b>89,132</b>
	19.88%	48.94%			34.39%	-11.31%	49.23%	20.04%	14.35%
<b>Earnings Before Interest and Depreciation (EBIDA):</b>	<b>83,536</b>	<b>172,197</b>	#DIV/0!	#DIV/0!	<b>255,733</b>	<b>(1,606)</b>	<b>257,339</b>	<b>167,740</b>	<b>87,994</b>
	27.02%	55.84%			41.41%	-0.36%	41.77%	27.28%	14.13%
<b>Debt Principal Coverage</b>									
Simple Cash Flow (Net Income Plus Depreciation)	84,279	173,734	-	-	258,013	(933)	258,946	168,882	89,132
Debt Principal	11,887	-	-	-	11,887	27,956	(11,069)	11,887	-
Debt Principal Coverage Surplus/Deficit	72,392	173,734	-	-	246,126	(28,889)	270,015	156,995	89,132
<b>Debt Principal Coverage Percentage</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>
<b>Simple Asset Replacement Coverage</b>									
Debt Principal Coverage Surplus/Deficit (From Above)	72,392	173,734	-	-	246,126	(28,889)	270,015	156,995	89,132
Depreciation	22,812	22,812	-	-	45,624	49,020	(3,396)	49,020	(3,396)
Cash Accumulated For/(Taken From) Asset Replacement	49,580	150,922	-	-	200,502	(72,909)	273,411	107,975	92,528
<b>Working Capital</b>									
Beginning Undesignated Working Capital	249,996	(236,297)	(61,459)	(61,459)	249,996	295,306	(45,310)	295,306	(45,310)
Net Income Plus Depreciation Less Principal	84,279	173,734	-	-	258,013	(933)	258,946	168,882	89,132
CapEx, Accruals, and other Balance Sheet Changes	(370,572)	1,104	-	-	(659,468)	49,758	(619,726)	-	(659,468)
Ending Undesignated Working Capital	(236,297)	(61,459)	(61,459)	(61,459)	(61,459)	344,131	(405,590)	464,188	(525,647)
Working Capital Designated for CapEx	572,000	510,356	510,356	510,356	510,356	-	510,356	510,356	-
<b>Current Assets</b>	<b>397,330</b>	<b>510,514</b>	<b>510,514</b>	<b>510,514</b>	<b>510,514</b>				
<b>Current Liabilities</b>	<b>(15,704)</b>	<b>(15,704)</b>	<b>(15,704)</b>	<b>(15,704)</b>	<b>(15,704)</b>				
<b>CLFD</b>	<b>(45,913)</b>	<b>(45,913)</b>	<b>(45,913)</b>	<b>(45,913)</b>	<b>(45,913)</b>				
<b>WCDF/Capex</b>	<b>(572,000)</b>	<b>(510,356)</b>	<b>(510,356)</b>	<b>(510,356)</b>	<b>(510,356)</b>				
<b>Undesignated Working Capital</b>	<b>(236,297)</b>	<b>(61,459)</b>	<b>(61,459)</b>	<b>(61,459)</b>	<b>(61,459)</b>	<b>344,131</b>	<b>(405,590)</b>		
<b>Total Working Capital</b>	<b>335,703</b>	<b>448,897</b>	<b>448,897</b>	<b>448,897</b>	<b>448,897</b>	<b>394,572</b>	<b>54,325</b>		

	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	TTM
<b>Revenue:</b>					
Data Processing Charges	196,647	196,647	308,403	308,403	1,010,100
Other Operating Revenue	-	90,931	779	-	91,710
<b>Total Revenue:</b>	<b>196,647</b>	<b>287,578</b>	<b>309,182</b>	<b>308,403</b>	<b>1,101,810</b>
<b>Cost of Sales:</b>					
Operations	188,952	262,522	225,646	136,206	813,326
Depreciation	24,509	31,301	22,812	22,812	101,434
<b>Total Cost of Sales:</b>	<b>213,461</b>	<b>293,823</b>	<b>248,458</b>	<b>159,018</b>	<b>914,760</b>
<b>Gross Margin:</b>	<b>(16,814)</b>	<b>(6,245)</b>	<b>60,724</b>	<b>149,385</b>	<b>187,050</b>
	-8.55%	-2.17%	19.64%	48.44%	16.98%
<b>Selling and Administrative Expenses</b>					
	-	-	-	-	-
<b>Earnings Before Interest (EBI):</b>	<b>(16,814)</b>	<b>(6,245)</b>	<b>60,724</b>	<b>149,385</b>	<b>187,050</b>
	-8.55%	-2.17%	19.64%	48.44%	16.98%
<b>Non-operating Revenue and Expense:</b>					
Interest and Non-Operating Revenue:	2,152	(4,615)	1,847	2,641	2,225
Interest Expense:	(1,512)	(2,298)	(1,104)	(1,104)	(6,018)
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>840</b>	<b>(6,913)</b>	<b>743</b>	<b>1,537</b>	<b>(3,793)</b>
<b>Net Income:</b>	<b>(15,974)</b>	<b>(13,158)</b>	<b>61,467</b>	<b>150,922</b>	<b>183,257</b>
	-8.12%	-4.58%	19.88%	48.94%	16.63%
<b>Earnings Before Interest and Depreciation (EBIDA):</b>	<b>7,895</b>	<b>25,056</b>	<b>83,536</b>	<b>172,197</b>	<b>288,484</b>
	3.91%	8.71%	27.02%	55.84%	26.18%
<b>Debt Principal Coverage</b>					
Simple Cash Flow (Net Income Plus Depreciation)	8,535	18,143	84,279	173,734	284,691
Debt Principal	-	11,892	11,887	-	23,779
Debt Principal Coverage Surplus/Deficit	8,535	6,251	72,392	173,734	260,912
<b>Debt Principal Coverage Percentage</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100.00%</b>
<b>Simple Asset Replacement Coverage</b>					
Debt Principal Coverage Surplus/Deficit (From Above)	8,535	6,251	72,392	173,734	260,912
Depreciation	24,509	31,301	22,812	22,812	101,434
Cash Accumulated For/(Taken From) Asset Replacement	(15,974)	(25,050)	49,580	150,922	159,478
<b>Working Capital</b>					
Beginning Undesignated Working Capital	344,131	354,174	344,131	(142,162)	344,131
Net Income Plus Depreciation Less Principal	8,535	18,143	84,279	173,734	284,691
CapEx, Accruals, and other Balance Sheet Changes	7,508	(122,323)	(570,572)	1,104	(690,281)
Ending Undesignated Working Capital	354,174	249,996	(142,162)	32,676	(61,459)
Working Capital Designated for CapEx	24,234	-	572,000	510,356	510,356

**Central Garage Fund  
Financial Analysis  
As Of, And For Six-Month Period Ending December 31, 2015**

The Central Garage Fund continues to build back its vehicle sinking fund. At September 30, 2012, the Central Garage Fund's vehicle replacement sinking fund was calculated to be underfunded by approximately \$3,401.4 (\$3.4 million). Since 2012, the underfunding has been improved by \$1,512.0K and now stands at approximately \$1,928.7K. The Central Garage increased the vehicle replacement sinking fund by approximately \$442.3K over the last six months. It is important to note that contributions to the vehicle replacement sinking fund are a flow-through after expenses and are dependent on expenses running in line with plan.

Operating costs were tightly controlled in the first quarter. Costs of operations for the Central Garage fell by \$8.2K in comparison with the same six-month period in FY2015. Compared to plan, operating costs were \$120.9K, or 18.4% less than plan.

Undesignated working capital was \$2,404.9K, despite the designation of \$870.5K in the FY2016 budget for vehicle replacements. Total working capital was \$3,168.5K as of December 31, 2015, a year-over-year increase of \$691.4K.

City and Borough of Sitka  
Central Garage Fund  
Income Statement  
For The Twelve-Month Trailing Period Ending December 31, 2015  
(Unaudited)

	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	TTM
<b>Revenue:</b>					
Vehicle Billings	411,540	415,029	332,892	332,892	1,492,353
Other Operating Revenue	-	48,064	68,658	84,845	201,567
<b>Total Revenue:</b>	<b>411,540</b>	<b>463,093</b>	<b>401,550</b>	<b>417,737</b>	<b>1,693,920</b>
<b>Cost of Sales:</b>					
Operations	99,271	171,156	81,229	113,552	465,208
Depreciation	55,980	137,085	98,697	98,698	390,460
<b>Total Cost of Sales:</b>	<b>155,251</b>	<b>308,241</b>	<b>179,926</b>	<b>212,250</b>	<b>855,668</b>
<b>Gross Margin:</b>	<b>256,289</b> 62.28%	<b>154,852</b> 33.44%	<b>221,624</b> 55.19%	<b>205,487</b> 49.19%	<b>838,252</b> 49.49%
<b>Selling and Administrative Expenses</b>	<b>75,682</b>	<b>89,730</b>	<b>77,474</b>	<b>67,575</b>	<b>310,461</b>
<b>Earnings Before Interest (EBI):</b>	<b>180,607</b> 43.89%	<b>65,122</b> 14.06%	<b>144,150</b> 35.90%	<b>137,912</b> 33.01%	<b>527,791</b> 31.16%
<b>Non-operating Revenue and Expense:</b>					
Interest and Non-Operating Revenue:	13,928	12,517	15,277	18,522	60,244
Interest Expense:	(5,000)	(2,500)	(4,375)	(4,375)	(16,250)
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>8,928</b>	<b>10,017</b>	<b>10,902</b>	<b>14,147</b>	<b>43,994</b>
<b>Net Income:</b>	<b>189,535</b> 46.06%	<b>75,139</b> 16.23%	<b>155,052</b> 38.61%	<b>152,059</b> 36.40%	<b>571,785</b> 33.76%
<b>Earnings Before Interest and Depreciation (EBIDA):</b>	<b>236,587</b> 57.49%	<b>202,207</b> 43.66%	<b>242,847</b> 60.48%	<b>236,610</b> 56.64%	<b>918,251</b> 54.21%
<b>Debt Principal Coverage</b>					
Simple Cash Flow (Net Income Plus Depreciation)	245,515	212,224	253,749	250,757	962,245
Debt Principal	12,500	12,500	12,500	12,500	50,000
<b>Debt Principal Coverage Surplus/Deficit</b>	<b>233,015</b>	<b>199,724</b>	<b>241,249</b>	<b>238,257</b>	<b>912,245</b>
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	1924.49%
<b>Simple Asset Replacement Coverage</b>					
Debt Principal Coverage Surplus/Deficit (From Above)	233,015	199,724	241,249	238,257	912,245
Depreciation	55,980	137,085	98,697	98,698	390,460
<b>Cash Accumulated For/(Taken From) Asset Replacement</b>	<b>177,035</b>	<b>62,639</b>	<b>142,552</b>	<b>139,559</b>	<b>521,785</b>
<b>Working Capital</b>					
Beginning Undesignated Working Capital	2,295,838	2,546,354	2,726,158	2,113,769	2,295,838
Net Income Plus Depreciation Less Principal	245,515	212,224	253,749	250,757	962,245
CapEx, Accruals, and other Balance Sheet Changes	5,001	(32,420)	(866,138)	40,404	(853,153)
<b>Ending Undesignated Working Capital</b>	<b>2,546,354</b>	<b>2,726,158</b>	<b>2,113,769</b>	<b>2,404,930</b>	<b>2,404,930</b>
Working Capital Designated for CapEx	180,737	180,737	870,405	763,576	763,576
<b>Total Working Capital</b>	<b>2,727,091</b>	<b>2,906,895</b>	<b>2,984,174</b>	<b>3,168,506</b>	<b>3,168,506</b>



City and Borough of Sitka  
Central Garage Fund  
Income Statement  
For The Twelve-Month Period From July 1, 2014 to June 30, 2016  
(Unaudited)

	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (S/L - 50.00%)	Variance To FY2016 Plan
<b>Revenue:</b>									
Vehicle Billings	332,892	332,892	-	-	665,784	799,104	(133,320)	675,502	(9,718)
Other Operating Revenue	68,658	84,845	-	-	153,503	34,155	119,348	11,844	141,659
<b>Total Revenue:</b>	<b>401,550</b>	<b>417,737</b>	<b>-</b>	<b>-</b>	<b>819,287</b>	<b>833,259</b>	<b>(13,972)</b>	<b>687,346</b>	<b>131,941</b>
<b>Cost of Sales:</b>									
Operations	81,229	113,552	-	-	194,781	173,792	(20,989)	242,944	48,163
Depreciation	98,697	98,698	-	-	197,395	195,952	(1,443)	197,395	-
<b>Total Cost of Sales:</b>	<b>179,926</b>	<b>212,250</b>	<b>-</b>	<b>-</b>	<b>392,176</b>	<b>369,744</b>	<b>(22,432)</b>	<b>440,339</b>	<b>48,163</b>
<b>Gross Margin:</b>	<b>221,624</b> 55.19%	<b>205,487</b> 49.19%	<b>-</b> #DIV/0!	<b>-</b> #DIV/0!	<b>427,111</b> 52.13%	<b>463,515</b> 55.63%	<b>(36,404)</b> -3.49%	<b>247,008</b> 35.94%	<b>180,104</b> 16.20%
<b>Selling and Administrative Expenses</b>	<b>77,474</b>	<b>67,575</b>	<b>-</b>	<b>-</b>	<b>145,049</b>	<b>175,721</b>	<b>30,672</b>	<b>217,740</b>	<b>72,691</b>
<b>Earnings Before Interest (EBI):</b>	<b>144,150</b> 35.90%	<b>137,912</b> 33.01%	<b>-</b> #DIV/0!	<b>-</b> #DIV/0!	<b>282,062</b> 34.43%	<b>287,794</b> 34.54%	<b>(5,732)</b> -0.11%	<b>29,268</b> 4.26%	<b>252,795</b> 30.17%
<b>Non-operating Revenue and Expense:</b>									
Interest and Non-Operating Revenue:	15,277	18,522	-	-	33,799	26,076	7,723	30,000	3,799
Interest Expense:	(4,375)	(4,375)	-	-	(8,750)	(10,000)	1,250	(8,750)	-
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>10,902</b>	<b>14,147</b>	<b>-</b>	<b>-</b>	<b>25,049</b>	<b>16,076</b>	<b>8,973</b>	<b>21,250</b>	<b>3,799</b>
<b>Net Income:</b>	<b>155,052</b> 38.61%	<b>152,059</b> 36.40%	<b>-</b> #DIV/0!	<b>-</b> #DIV/0!	<b>307,111</b> 37.49%	<b>303,870</b> 36.47%	<b>3,241</b> -23.20%	<b>50,518</b> 7.35%	<b>256,594</b> 30.14%
<b>Earnings Before Interest and Depreciation (EBIDA):</b>	<b>242,847</b> 60.48%	<b>236,610</b> 56.64%	<b>-</b> #DIV/0!	<b>-</b> #DIV/0!	<b>479,457</b> 58.52%	<b>483,746</b> 58.05%	<b>(4,289)</b> 0.47%	<b>226,663</b> 32.98%	<b>252,795</b> 25.54%
<b>Debt Principal Coverage</b>									
Simple Cash Flow (Net Income Plus Depreciation)	253,749	250,757	-	-	504,506	499,822	4,684	247,913	256,594
Debt Principal	12,500	12,500	-	-	25,000	25,000	-	25,000	-
Debt Principal Coverage Surplus/Deficit	241,249	238,257	-	-	479,506	474,822	4,684	222,913	256,594
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%	100%	100%	100%	0%
<b>Simple Asset Replacement Coverage</b>									
Debt Principal Coverage Surplus/Deficit (From Above)	241,249	238,257	-	-	479,506	474,822	4,684	222,913	256,594
Depreciation	98,697	98,698	-	-	197,395	195,952	1,443	195,952	1,443
Cash Accumulated For/(Taken From) Asset Replacement	142,552	139,559	-	-	282,111	278,870	3,241	26,961	255,151
<b>Working Capital</b>									
Beginning Undesignated Working Capital	2,726,158	2,113,769	2,404,930	2,404,930	2,726,158	1,991,553	734,605	1,991,553	734,605
Net Income Plus Depreciation Less Principal	253,749	250,757	-	-	504,506	499,822	4,684	247,913	256,594
CapEx, Accruals, and other Balance Sheet Changes	(866,138)	40,404	-	-	(825,734)	(195,537)	(630,197)	(496,200)	(329,534)
Ending Undesignated Working Capital	2,113,769	2,404,930	2,404,930	2,404,930	2,404,930	2,295,838	109,092	1,743,266	661,665
Working Capital Designated for CapEx	870,405	763,576	763,576	763,576	763,576	-	763,576	763,576	-
<b>Current Assets</b>	<b>3,041,612</b>	<b>3,225,473</b>	<b>3,225,473</b>	<b>3,225,473</b>					
Current Liabilities	(7,438)	(6,967)	(6,967)	(6,967)					
CPLTD	(50,000)	(50,000)	(50,000)	(50,000)					
WCDFCapex	(870,405)	(763,576)	(763,576)	(763,576)					
Undesignated Working Capital	2,113,769	2,404,930	2,404,930	2,404,930	2,404,930	2,295,838	109,092		
Total Working Capital	2,984,174	3,168,506	3,168,506	3,168,506	3,168,506	2,477,127	691,379		

**Building Maintenance Fund  
Financial Analysis  
As Of, And For the Quarter Ending December 31, 2015**

The Building Maintenance Fund continues to operate close to break even on a cash basis. During the 2<sup>nd</sup> fiscal quarter, total cash flow was approximately (\$8,000) per month, an improvement of \$4,200 per month over FY2015. The goal of the Fund is to first stabilize cash flow to breakeven, then, begin to build a small reserve.

Working capital declined by \$24.3K, to \$1,897.6K. While internal billings had a negative variance to plan of (\$67.6K), costs of operations were substantially under plan for FY2016, a positive variance of \$188.5K.

While substantial improvements have been obtained in its financial performance it is critical that continued focus be placed on controlling expenditures in this Fund in order to keep working capital at or near the target level of \$2.0M.

City and Borough of Sitka  
Building Maintenance Fund  
Income Statement  
For The Twelve-Month Period From July 1, 2014 to June 30, 2016  
(Unaudited)

	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Apr-Jun 2016	FY2016 YTD	FY2015 YTD	Variance To FY2015 YTD	FY2016 Plan (5/L - 50.00%)	Variance To FY2016 Plan
<b>Revenue:</b>									
Building Maintenance Charges	137,997	152,850	-	-	290,847	189,796	101,051	358,461	(67,614)
Other Operating Revenue	-	-	-	-	-	-	-	-	-
<b>Total Revenue:</b>	<b>137,997</b>	<b>152,850</b>	<b>-</b>	<b>-</b>	<b>290,847</b>	<b>189,796</b>	<b>101,051</b>	<b>358,461</b>	<b>(67,614)</b>
<b>Cost of Sales:</b>									
Operations	165,121	165,689	-	-	330,810	273,397	(57,413)	519,325	188,515
Depreciation	422	422	-	-	844	1,249	(405)	844	-
<b>Total Cost of Sales:</b>	<b>165,543</b>	<b>166,111</b>	<b>-</b>	<b>-</b>	<b>331,654</b>	<b>274,646</b>	<b>(57,008)</b>	<b>520,169</b>	<b>188,515</b>
<b>Gross Margin:</b>	<b>(27,546)</b> -19.96%	<b>(13,261)</b> -8.68%	<b>-</b> #DIV/0!	<b>-</b> #DIV/0!	<b>(40,807)</b> -14.03%	<b>(84,850)</b> -44.71%	<b>44,043</b> 30.68%	<b>(161,708)</b> -45.11%	<b>120,901</b> 31.08%
<b>Selling and Administrative Expenses</b>	<b>27,727</b>	<b>31,037</b>	<b>-</b>	<b>-</b>	<b>58,764</b>	<b>67,213</b>	<b>8,449</b>	<b>76,297</b>	<b>(17,533)</b>
<b>Earnings Before Interest (EBI):</b>	<b>(55,273)</b> -40.05%	<b>(44,298)</b> -28.98%	<b>-</b> #DIV/0!	<b>-</b> #DIV/0!	<b>(99,571)</b> -34.23%	<b>(152,063)</b> -80.12%	<b>52,492</b> 45.88%	<b>(238,005)</b> -66.40%	<b>138,434</b> 32.16%
<b>Non-operating Revenue and Expense:</b>									
Interest and Non-Operating Revenue:	17,967	19,618	-	-	37,585	63,871	(26,286)	35,648	1,937
Interest Expense:	-	-	-	-	-	-	-	-	-
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>17,967</b>	<b>19,618</b>	<b>-</b>	<b>-</b>	<b>37,585</b>	<b>63,871</b>	<b>(26,286)</b>	<b>35,648</b>	<b>1,937</b>
<b>Net Income:</b>	<b>(37,306)</b> -27.03%	<b>(24,680)</b> -16.15%	<b>-</b> #DIV/0!	<b>-</b> #DIV/0!	<b>(61,986)</b> -21.31%	<b>(88,192)</b> -46.47%	<b>26,206</b> 25.93%	<b>(202,357)</b> -56.45%	<b>140,371</b> 35.14%
<b>Earnings Before Interest and Depreciation (EBID):</b>	<b>(54,851)</b> -39.75%	<b>(43,876)</b> -28.71%	<b>-</b> #DIV/0!	<b>-</b> #DIV/0!	<b>(98,727)</b> -33.94%	<b>(150,814)</b> -79.46%	<b>52,087</b> 45.52%	<b>(237,161)</b> -66.16%	<b>138,434</b> 32.22%
<b>Debt Principal Coverage</b>									
Simple Cash Flow (Net Income Plus Depreciation)	(36,884)	(24,258)	-	-	(61,142)	(86,943)	25,801	(201,513)	140,371
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	(36,884)	(24,258)	-	-	(61,142)	(86,943)	25,801	(201,513)	140,371
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%	100%	100%	100%	0%
<b>Simple Asset Replacement Coverage</b>									
Debt Principal Coverage Surplus/Deficit (From Above)	(36,884)	(24,258)	-	-	(61,142)	(86,943)	25,801	(201,513)	140,371
Depreciation	422	422	-	-	844	1,249	(405)	844	-
Cash Accumulated For/(Taken From) Asset Replacement	(37,306)	(24,680)	-	-	(61,986)	(88,192)	26,206	(202,357)	140,371
<b>Working Capital</b>									
Beginning Undesignated Working Capital	1,934,483	1,897,599	1,873,341	1,873,341	1,934,483	2,126,331	(191,848)	2,126,331	(191,848)
Net Income Plus Depreciation Less Principal	(36,884)	(24,258)	-	-	(61,142)	(86,943)	25,801	(201,513)	140,371
CapEx, Accruals, and other Balance Sheet Changes	-	-	-	-	-	(560)	560	-	-
Ending Undesignated Working Capital	<b>1,897,599</b>	<b>1,873,341</b>	<b>1,873,341</b>	<b>1,873,341</b>	<b>1,873,341</b>	<b>2,038,828</b>	<b>(165,487)</b>	<b>1,924,819</b>	<b>(51,478)</b>
Working Capital Designated for CapEx	-	-	-	-	-	-	-	-	-
Current Assets	1,917,936	1,893,678	1,893,678	1,893,678	1,917,936	2,038,828	(165,487)	1,917,936	(165,487)
Current Liabilities	(20,337)	(20,337)	(20,337)	(20,337)	(20,337)	(20,337)	-	(20,337)	-
CPLTD	-	-	-	-	-	-	-	-	-
WCDFCapex	-	-	-	-	-	-	-	-	-
<b>Total Working Capital</b>	<b>1,897,599</b>	<b>1,873,341</b>	<b>1,873,341</b>	<b>1,873,341</b>	<b>1,873,341</b>	<b>2,038,828</b>	<b>(165,487)</b>	<b>1,924,819</b>	<b>(51,478)</b>

City and Borough of Sitka  
Building Maintenance Fund  
Income Statement  
For The Twelve-Month Trailing Period Ending December 31, 2015  
(Unaudited)

	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	TTM
<b>Revenue:</b>					
Building Maintenance Charges	89,903	138,767	137,997	152,850	519,517
Other Operating Revenue	-	91,416	-	-	91,416
<b>Total Revenue:</b>	<b>89,903</b>	<b>230,183</b>	<b>137,997</b>	<b>152,850</b>	<b>610,933</b>
<b>Cost of Sales:</b>					
Operations	112,529	284,926	165,121	165,689	728,265
Depreciation	624	1,433	422	422	2,901
<b>Total Cost of Sales:</b>	<b>113,153</b>	<b>286,359</b>	<b>165,543</b>	<b>166,111</b>	<b>731,166</b>
<b>Gross Margin:</b>	<b>(23,250)</b> -25.86%	<b>(56,176)</b> -24.40%	<b>(27,546)</b> -19.96%	<b>(13,261)</b> -8.68%	<b>(120,233)</b> -19.68%
<b>Selling and Administrative Expenses</b>	<b>28,630</b>	<b>8,930</b>	<b>27,727</b>	<b>31,037</b>	<b>96,324</b>
<b>Earnings Before Interest (EBI):</b>	<b>(51,880)</b> -57.71%	<b>(65,106)</b> -28.28%	<b>(55,273)</b> -40.05%	<b>(44,298)</b> -28.98%	<b>(216,557)</b> -35.45%
<b>Non-operating Revenue and Expense:</b>					
Interest and Non-Operating Revenue:	31,366	9,216	17,967	19,618	78,167
Interest Expense:	-	-	-	-	-
<b>Total Non-operating Revenue &amp; Expense:</b>	<b>31,366</b>	<b>9,216</b>	<b>17,967</b>	<b>19,618</b>	<b>78,167</b>
<b>Net Income:</b>	<b>(20,514)</b> -22.82%	<b>(55,890)</b> -24.28%	<b>(37,306)</b> -27.03%	<b>(24,680)</b> -16.15%	<b>(138,390)</b> -22.65%
<b>Earnings Before Interest and Depreciation (EBID):</b>	<b>(51,256)</b> -57.01%	<b>(63,673)</b> -27.66%	<b>(54,851)</b> -39.75%	<b>(43,876)</b> -28.71%	<b>(213,656)</b> -34.97%
<b><u>Debt Principal Coverage</u></b>					
Simple Cash Flow (Net Income Plus Depreciation)	(19,890)	(54,457)	(36,884)	(24,258)	(135,489)
Debt Principal	-	-	-	-	-
<b>Debt Principal Coverage Surplus/Deficit</b>	<b>(19,890)</b>	<b>(54,457)</b>	<b>(36,884)</b>	<b>(24,258)</b>	<b>(135,489)</b>
<b>Debt Principal Coverage Percentage</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100%</b>
<b><u>Simple Asset Replacement Coverage</u></b>					
Debt Principal Coverage Surplus/Deficit (From Above)	(19,890)	(54,457)	(36,884)	(24,258)	(135,489)
Depreciation	624	1,433	422	422	2,901
<b>Cash Accumulated For/(Taken From) Asset Replacement</b>	<b>(20,514)</b>	<b>(55,890)</b>	<b>(37,306)</b>	<b>(24,680)</b>	<b>(138,390)</b>
<b><u>Working Capital</u></b>					
Beginning Undesignated Working Capital	2,038,828	2,018,932	1,934,483	1,897,599	2,038,828
Net Income Plus Depreciation Less Principal	(19,890)	(54,457)	(36,884)	(24,258)	(135,489)
CapEx, Accruals, and other Balance Sheet Changes	(6)	(29,992)	-	-	(29,998)
<b>Ending Undesignated Working Capital</b>	<b>2,018,932</b>	<b>1,934,483</b>	<b>1,897,599</b>	<b>1,873,341</b>	<b>1,873,341</b>
Working Capital Designated for CapEx	-	-	-	-	-



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-095      Version: 1      Name:  
Type: Item      Status: AGENDA READY  
File created: 5/4/2016      In control: City and Borough Assembly  
On agenda: 5/10/2016      Final action:  
Title: Arbor Day Proclamation  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Arbor Day Proclamation.pdf](#)

Date	Ver.	Action By	Action	Result
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OFFICE OF THE MAYOR  
City & Borough of Sitka

# Arbor Day Proclamation

~ Trees, a joy forever ~


- WHEREAS,** In 1872 J. Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees; and
- WHEREAS,** this holiday, called Arbor Day, was first observed with the planting of more than a million trees in Nebraska; and
- WHEREAS,** 2016 is the 144<sup>th</sup> anniversary of the holiday and Arbor Day is now observed throughout the nation and the world; and
- WHEREAS,** Arbor Day is celebrated in Alaska on the third Monday of May, or May 16, 2016; and
- WHEREAS,** the City and Borough of Sitka is celebrating its thirteenth year as a Tree City, USA; and
- WHEREAS,** trees counter the effects of carbon emissions and global warming and wherever planted, are a source of joy, beauty and spiritual renewal; and
- WHEREAS,** the vision of the Assembly of the City and Borough of Sitka is to support activities which help make Sitka more attractive for visitors and residents; and
- WHEREAS,** the Sitka Tree and Landscape Committee is committed to furthering the goal of beautifying Sitka with trees and landscape areas; and
- WHEREAS,** in observance of Arbor Day, the Tree and Landscape Committee celebrated beautification and urban tree health by sponsoring the Sitka Public Library landscape planting project this spring.

**NOW, THEREFORE, BE IT RESOLVED,** that the Assembly of the City and Borough of Sitka, Alaska, does hereby proclaim May 16, 2016 as the 144<sup>th</sup> anniversary celebration of Arbor Day in Sitka and urges all citizens to celebrate Arbor Day. **FURTHERMORE,** we encourage all citizens to plant trees to gladden the heart and promote the well-being of this and future generations.

*Signed and sealed this 10<sup>th</sup> day of May, 2016.*

  
Mim McConnell, Mayor

ATTEST:

  
Sara Peterson, CMC  
Municipal Clerk





# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-094      Version: 1      Name:  
Type: Item      Status: AGENDA READY  
File created: 5/4/2016      In control: City and Borough Assembly  
On agenda: 5/10/2016      Final action:  
Title: Approve the minutes of the April 19, 21, 25, 26 Assembly meetings  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Consent and Minutes.pdf](#)

Date	Ver.	Action By	Action	Result
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# **CONSENT AGENDA**

## **POSSIBLE MOTION**

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**I MOVE TO APPROVE THE CONSENT AGENDA  
CONSISTING OF ITEMS A & B**

I wish to remove Item(s) \_\_\_\_\_

**REMINDER – Read aloud a portion of each item being  
voted on that is included in the consent vote.**



Should this item be pulled from the Consent Agenda the following motion is suggested:

**POSSIBLE MOTION**

**I MOVE TO** approve the minutes of the April 19, 21, 25, and 26 Assembly meetings.



# CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS  
1332 Seward Ave.  
Room 229  
Sitka, AK  
(907)747-1811

## Minutes - Draft

### City and Borough Assembly

*Mayor Mim McConnell*  
*Deputy Mayor Matt Hunter*  
*Vice-Deputy Mayor Benjamin Miyasato*  
*Aaron Swanson, Steven Eisenbeisz*  
*Tristan Guevin, and Bob Potrzuski*

*Municipal Administrator: Mark Gorman*  
*Municipal Attorney: Robin L. Schmid*

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Tuesday, April 19, 2016

5:30 PM

Assembly Chambers

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### City Hall - 3rd floor Conference Room

#### SPECIAL MEETING

- I. CALL TO ORDER
- II. FLAG SALUTE
- III. ROLL CALL

Mr. Swanson arrived at 5:45pm.

Present: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

#### IV. PERSONS TO BE HEARD

None.

#### V. NEW BUSINESS:

- A 16-063 Annual evaluation for Municipal Administrator (requests to be held in public)

Municipal Administrator, Mark Gorman, received an exemplary evaluation and was praised for his work to date. The Assembly expressed their appreciation for his openness, accessibility, proactiveness to challenging issues, and felt he had grown well in his position as Municipal Administrator. Assembly members applauded Gorman's efforts for increased efforts in public communication and encouraged even more such as a monthly newspaper column or radio shows.

A motion was made by Hunter to give Mark Gorman an exemplary review and to change his leave accrual rate to 20 hours per month of annual leave which equates to 30 days per year, unless he currently earns higher.

Yes: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

**B 16-064** Annual evaluation for Municipal Attorney Robin Schmid (requests to be held in executive session)

A motion was made by Hunter to go into executive session under the statutory categories of discussing subjects that tend to prejudice the reputation and character of any person and may have an adverse affect upon the finances of the City and Borough of Sitka and invite Robin Schmid in when ready. The motion PASSED by a unanimous voice vote.

A motion was made by Miyasato to reconvene as the Assembly in regular session. The motion PASSED by a unanimous voice vote.

A motion was made by Potrzuski to accept the Municipal Attorney's resignation with a 90 day severance package effective June 1, 2016. The motion PASSED by the following vote.

Yes: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

**VI. ADJOURNMENT**

A motion was made by Guevin to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:00pm.

ATTEST: \_\_\_\_\_  
Sara Peterson, CMC  
Municipal Clerk



# CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS  
1332 Seward Ave.  
Room 229  
Sitka, AK  
(907)747-1811

## Minutes - Draft

### City and Borough Assembly

*Mayor Mim McConnell*  
*Deputy Mayor Matt Hunter*  
*Vice-Deputy Mayor Benjamin Miyasato*  
*Aaron Swanson, Steven Eisenbeisz*  
*Tristan Guevin, and Bob Potrzuski*

*Municipal Administrator: Mark Gorman*  
*Municipal Attorney: Robin L. Schmid*

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Thursday, April 21, 2016

6:00 PM

Assembly Chambers

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Meeting to be held at the Sealing Cove Business Center 601 Alice Loop

#### SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 5 - McConnell, Hunter, Miyasato, Eisenbeisz, and Guevin

Absent: 2 - Swanson, and Potrzuski

IV. CORRESPONDENCE/AGENDA CHANGES

None.

V. PERSONS TO BE HEARD

Max Rule thanked the Assembly for their support of the Citizens' Taskforce, encouraged diligence and tenacity in approaching the budget - this year and in years to come, noted it was important to look for efficiencies in government, and explore alternative strategies for removal of a property tax cap.

VI. NEW BUSINESS:

**A 16-067** Executive Summary of the FY2017 General Fund budget from Chief Finance and Administrative Officer including proposed reductions

Jay Sweeney, Chief Finance and Administrative Officer, provided an overview of key items contained in the budget and items that the Citizens' Taskforce had recommended.

**B 16-065** Discussion/Direction of the Citizens' Taskforce recommendations as they

apply to the FY2017 budget development (*Assembly action may be taken*)

Matt Donohoe noted the challenge of the fiscal situation and encouraged the Assembly to prepare for the worst case scenario.

**A motion was made by Hunter to confirm the Administrator's decision to include a subsidization transfer of \$1,650,000 from the General Fund to the Electric Fund Rate Stabilization Fund in the FY2017 Budget. The motion PASSED by the following vote.**

**Yes:** 5 - McConnell, Hunter, Miyasato, Eisenbeisz, and Guevin

**Absent:** 2 - Swanson, and Potrzuski

**A motion was made by Hunter to remove the transfer of \$100,000 in raw fish tax revenue from the Harbor Fund to the General Fund in the FY2017 Budget. The motion PASSED by the following vote.**

**Yes:** 5 - McConnell, Hunter, Miyasato, Eisenbeisz, and Guevin

**Absent:** 2 - Swanson, and Potrzuski

**A motion was made by Hunter to increase the amount to be transferred from the General Fund to the General Governmental Capital Projects Fund by \$130,000 in order to increase total general capital projects funding to \$1,500,000 in the FY2017 Budget. The motion PASSED by the following vote.**

**Yes:** 5 - McConnell, Hunter, Miyasato, Eisenbeisz, and Guevin

**Absent:** 2 - Swanson, and Potrzuski

Sandy Koval, Connie Sipe, Cass Pook, and Dave Neutzel spoke in opposition to the cut of \$20,000 to the Swan Lake Senior Center.

Dave Neutzel spoke in opposition to the reduction of \$50,000 in funding for the General Fund Non-Profit Grants.

**A motion was made by Hunter to direct the Administrator to reduce currently budgeted expenditures in the proposed FY2017 General Fund Budget by an amount of not less than \$804,651 to include:**

**Administrator/Assembly/Clerk - reduction in travel of \$13,000**

**Reduction in non profit support - reduce SEDA by \$7,000, reduce Historical Society by \$12,000, reduce non profit grants to \$50,000, reduce Senior Center by \$20,000**

**Human Resources - reduce travel and training by \$4,300, reduction of general fund wages and benefits by \$200,000**

**Legal Department - reduce travel by \$1,500 and reduce dues/publications by \$6,600**

**Finance Department - reduce travel by \$7,000**

**Assessing Department - reduce travel/training by \$2,000**

**Planning and Community Development - reduce travel/training by \$2,000 and**

reduce tools/small equipment by \$2,000

Police Department - elimination of .5FTE MSO (\$60,251)

Fire Department - reduce operating various by \$35,000

Public Works - reduce snow removal/janitorial/parks/vehicle by \$250,000 and eliminate Parks and Rec Manager position (\$111,500)

Library - reduce heating fuel/travel/cell by \$19,500

Centennial Building - reduce advertising by \$1,000

The motion **PASSED** by the following vote.

**Yes:** 5 - McConnell, Hunter, Miyasato, Eisenbeisz, and Guevin

**Absent:** 2 - Swanson, and Potrzuski

School Board Members Tom Conley and Cass Pook spoke in support of District funding.

**A motion was made by Miyasato to direct the Administrator to reduce the amount budgeted for local support of education in the proposed FY2017 General Fund Budget by \$100,000. The motion FAILED by the following vote.**

**Yes:** 3 - McConnell, Hunter, and Miyasato

**No:** 2 - Eisenbeisz, and Guevin

**Absent:** 2 - Swanson, and Potrzuski

**A motion was made by Miyasato and AMENDED by Eisenbeisz to direct the Administrator to bring forward a recommendation, with anticipated sales proceeds associated costs, of Municipal land to be made available for sale for the next 5 years. The amendment and the motion PASSED by the following vote.**

**Yes:** 4 - McConnell, Hunter, Miyasato, and Eisenbeisz

**No:** 1 - Guevin

**Absent:** 2 - Swanson, and Potrzuski

**A motion was made by Hunter to direct the Administrator bring forward a recommendation, with anticipated rock royalty revenues associated costs, of Municipal lands to be made available for lease for quarries in FY2017. The motion PASSED by the following vote**

**Yes:** 5 - McConnell, Hunter, Miyasato, Eisenbeisz, and Guevin

**Absent:** 2 - Swanson, and Potrzuski

**C 16-068**

Discussion/Direction of other budget requests not included in FY2017 budget (*Assembly action may be taken*)

No action was taken as it was getting late and the Assembly decided to adjourn. It was determined this item would be moved to the April 25, 2016 meeting under Unfinished Business.

- D 16-066** Discussion/Direction of the FY2017 General Fund and as it relates to other Funds, the School District, and the Sitka Community Hospital (*Assembly action may be taken*)

No action was taken nor required.

**VII. PERSONS TO BE HEARD:**

None.

**VIII. EXECUTIVE SESSION**

None.

**IX. ADJOURNMENT**

A motion was made by Hunter to ADJOURN. Hearing no objections the meeting ADJOURNED at 8:55pm.

ATTEST: \_\_\_\_\_

**Sara Peterson, CMC  
Municipal Clerk**



# CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS  
1332 Seward Ave.  
Room 229  
Sitka, AK  
(907)747-1811

## Minutes - Draft

### City and Borough Assembly

*Mayor Mim McConnell*  
*Deputy Mayor Matt Hunter*  
*Vice-Deputy Mayor Benjamin Miyasato*  
*Aaron Swanson, Steven Eisenbeisz*  
*Tristan Guevin, and Bob Potrzuski*

*Municipal Administrator: Mark Gorman*  
*Municipal Attorney: Robin L. Schmid*

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Monday, April 25, 2016

6:00 PM

Assembly Chambers

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Meeting to be held at the Sealing Cove Business Center 601 Alice Loop

#### SPECIAL MEETING

- I. CALL TO ORDER
- II. FLAG SALUTE
- III. ROLL CALL

Assembly Member Potrzuski attended telephonically.

Present: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

#### IV. CORRESPONDENCE/AGENDA CHANGES

None.

#### V. PERSONS TO BE HEARD

None.

#### VI. UNFINISHED BUSINESS:

- A 16-072 Discussion/Direction/Decision of other budget requests not included in the FY2017 budget

Staff provided an overview of the supplemental budget requests as recommended by the Municipal Administrator: 1) phone system replacement (\$60,000), 2) Comprehensive Plan contractual assistance (\$40,000), and 3) temporary wages - Assessing (\$65,000).

**A motion was made by Guevin to include temporary wages for Assessing in the amount of \$65,000 in the FY2017 budget as recommended by the Municipal**



**Administrator. The motion PASSED by the following vote.**

**Yes:** 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

**A motion was made by Hunter to include \$40,000 for Comprehensive Plan contractual assistance in the FY2017 budget as recommended by the Municipal Administrator. The motion PASSED by the following vote.**

**Yes:** 5 - McConnell, Hunter, Miyasato, Guevin, and Potrzuski

**No:** 2 - Swanson, and Eisenbeisz

Dave Neutzel spoke in support of the allocation and offered the Sitka Community Playground group planned to raise additional funding. Neutzel stated the playground was expected to be complete May/June 2017.

**A motion was made by Miyasato to approve \$40,000 for the Sitka Community Playground for inclusion in the FY2017 budget. The motion PASSED by the following vote.**

**Yes:** 6 - McConnell, Hunter, Swanson, Miyasato, Guevin, and Potrzuski

**No:** 1 - Eisenbeisz

Chief Finance and Administrative Officer, Jay Sweeney, clarified the \$40,000 would be treated as a donation and the funds would expire June 30, 2017. Assembly members wondered at what point the funds would be made available. Administrator Gorman stated from what he had heard from Dave Neutzel's testimony was that the group hoped to have \$360,000 raised by the end of the fiscal year. Guevin clarified his intent of the motion by stating if the group were to receive \$200,000 in grant funds for example and the \$40,000 was used as a match to reach 75% playground completion then he would see that as a point at which the City and Borough of Sitka could release the \$40,000. He further clarified that it was not his intent for the project to be complete in order for the funds to be released.

**A motion was made by Guevin that the \$40,000 included in the FY2017 budget for the Sitka Community Playground be held by the City and Borough of Sitka as matching funds for a new community playground to be released at the time of the grant award. The motion PASSED by the following vote.**

**Yes:** 6 - McConnell, Hunter, Swanson, Miyasato, Guevin, and Potrzuski

**No:** 1 - Eisenbeisz

**Discussion of The RIDE \$25,000 funding request:**

Connie Sipe, Executive Director for Center of Community, provided history of The RIDE and noted if approved, this would be the third year of funding from the City and Borough of Sitka (CBS). She urged the Assembly to support full funding, however, recognized the fiscal challenges CBS was facing and suggested an alternative funding amount of \$15,000.

Assembly members Guevin and Miyasato recused themselves - Guevin because of his employment with the Sitka Tribe of Alaska (STA) and Miyasato because of his role on the STA Council.

**An AMENDMENT was made by Hunter to reduce the amount of funding from \$25,000 to \$15,000 for The RIDE. The AMENDMENT PASSED by the following**

vote.

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

Recused: 2 - Miyasato, and Guevin

A motion was made by Hunter to approve the main motion as amended for The RIDE. The motion FAILED by the following vote.

Yes: 3 - McConnell, Hunter, and Potrzuski

No: 2 - Swanson, and Eisenbeisz

Recused: 2 - Miyasato, and Guevin

Chief Finance and Administrative Officer, Jay Sweeney, provided a recap of the deficits to date. The Assembly decided to take action on the reduction of the Assistant Fire Chief position and the School District's request for funding. Administrator Gorman spoke to the proposed reduction of the Assistant Fire Chief position. He relayed the intent, after speaking with Fire Chief Miller, would be to create two deputy positions rather than filling the Assistant Fire Chief position which would yield a cost savings. The positions would be filled through a competitive process within the Fire Department. Hunter and Eisenbeisz expressed concern with the reduction of the Assistant Fire Chief position.

A motion was made by Hunter to delete the Assistant Fire Chief position from the FY17 budget. The motion PASSED by the following vote.

Yes: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

A discussion occurred as to whether or not Assembly member Potrzuski should recuse himself. He stated both he and his wife were employed as substitute teachers by the Sitka School District. Municipal Attorney, Robin Schmid, read section 1.04.080 on conflict of interest from the Sitka General Code. Potrzuski stated he would recuse himself.

A motion was made by Hunter to accept the Sitka School District's request for \$100,000 less than the FY16 budget. The motion PASSED by the following vote.

Yes: 6 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, and Guevin

Recused: 1 - Potrzuski

**VII. NEW BUSINESS:**

**B 16-081** Administrative report containing overview of forecasted revenues, proposed operating outlays, proposed capital expenditures, and resulting changes in working capital for each of the eight Enterprise Funds

Chief Finance and Administrative Officer, Jay Sweeney, reviewed the Enterprise Fund operating outlays, capital outlays, and user fee increases.

**C 16-077** Discussion/Direction/Decision on proposed Enterprise Fund operating outlays

Proposed Enterprise Fund operating outlays:

Electric \$8,740,658  
Water \$1,647,778

Wastewater \$2,812,477  
Solid Waste \$3,424,693  
Harbor \$1,903,882  
Airport Terminal \$463,288  
Marine Service Center \$158,197  
GPIP \$249,099

**A motion was made by Swanson to approve the proposed Enterprise Fund operating outlays of \$19,400,072. The motion PASSED by the following vote.**

**Yes:** 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

**D 16-078** Discussion/Direction/Decision on proposed Enterprise Fund capital outlays

Proposed Enterprise Fund capital outlays:

Electric \$3,475,000  
Water \$75,000  
Wastewater \$226,500  
Solid Waste \$0  
Harbor \$0  
Airport Terminal \$0  
Marine Service Center \$0  
GPIP \$0

**A motion was made by Swanson to approve the proposed Enterprise Fund capital outlays of \$3,776,500. The motion PASSED by the following vote.**

**Yes:** 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

**E 16-079** Discussion/Direction/Decision on proposed Enterprise Fund user fee increases

Discussion of user fee increases:

Electric 5%  
Water 1%  
Wastewater 1%  
Solid Waste 0%  
Harbor 6.2%

Matt Donohoe spoke in opposition to an increase in harbor rates. Kevin Knox, Chair of the Port and Harbors Commission, stated the Commission after much debate had voted in support of a 6.2% increase.

**An AMENDMENT was made by Eisenbeisz to adjust the harbor user fee to 5% as opposed to 6.2%. The AMENDMENT PASSED by the following vote.**

**Yes:** 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

Matt Donohoe thanked Assembly Member Eisenbeisz for making the amendment.

**A motion was made by Hunter to approve the main motion as amended for harbor user fees. The motion PASSED by the following vote.**

Yes: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

**F 16-080** Discussion/Direction/Decision of the FY2017 Enterprise Funds or General Fund and as they relate to other Funds, the School District, and the Sitka Community Hospital

No discussion occurred and no action was taken.

**VIII. PERSONS TO BE HEARD:**

None.

**IX. EXECUTIVE SESSION**

None.

**X. ADJOURNMENT**

A motion was made by Miyasato to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:20pm.

ATTEST: \_\_\_\_\_  
Sara Peterson, CMC  
Municipal Clerk



# CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS  
1332 Seward Ave.  
Room 229  
Sitka, AK  
(907)747-1811

## Minutes - Draft

### City and Borough Assembly

*Mayor Mim McConnell  
Deputy Mayor Matt Hunter  
Vice-Deputy Mayor Benjamin Miyasato  
Aaron Swanson, Steven Eisenbeisz  
Tristan Guevin, and Bob Potrzuski*

*Municipal Administrator: Mark Gorman  
Municipal Attorney: Robin L. Schmid*

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Tuesday, April 26, 2016

6:00 PM

Assembly Chambers

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#### REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Assembly Member Potrzuski participated by Skype.

Present: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

IV. CORRESPONDENCE/AGENDA CHANGES

**16-083** Reminders, Calendars and General Correspondence

Mayor McConnell noted Item M had been pulled from the agenda.

V. CEREMONIAL MATTERS

**16-076** Service Awards - Citizens' Taskforce Members

Awards were read and presented to the Citizens' Taskforce Members. The Assembly thanked them for their work.

VI. **SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Sitka Community Hospital, Municipal Departments, School District, Students and Guests (time limits apply)**

School Board President, Tim Fulton, provided an update to the Assembly.

**16-082** Convention and Visitor Services Update - Rachel Roy

Rachel Roy, Executive Director of the Greater Sitka Chamber of Commerce, summarized Convention and Visitor Services activities, specifically the 3-year Strategic Marketing Plan, the Branding and Wayfinding Project, and the work of the Convention and Visitor Services Committee. Rich Riggs, Chamber President, announced the first cruise ship was scheduled to arrive May 9 and a "Welcome to Sitka" event was planned.

## VII. PERSONS TO BE HEARD

Garry White, Executive Director of the Southeast Economic Development Association, announced the Sitka Economic Forum would be held May 17 at the Sheet'ka Kwaan Naa Kahidi.

## VIII. REPORTS

### a. Mayor, b. Administrator, c. Attorney, d. Liaison Representatives, e. Clerk, f. Other

Mayor - reported on the April 15th ceremony at the Fire Hall honoring the U.S. Coast Guard for their response efforts in the August 2015 Sitka area landslides and announced she was attending the AML Board meeting May 17th.

Administrator - Gorman reported union negotiations had begun and asked Public Works Director, Michael Harmon, to come forward and provide an update on the water main break in the 4100 to 5300 block of Halibut Point Road.

Attorney - Schmid reported on ongoing negotiations with Silver Bay's attorney in an effort to develop language to protect the City's interests for a couple of leases at the Gary Paxton Industrial Park. Schmid also informed the Assembly she was working closely with the Library Director to develop a code of conduct for Library users. Schmid reported parents were leaving their children unsupervised at the Library.

Liaisons - Miyasato reported on recent topics of the Parks and Recreation Committee, Guevin recognized the Sitka Youth Leadership Committee and their efforts in organizing the Hands Across Sitka event, and Hunter relayed the Port and Harbors Commission would be discussing goals at their May 11th meeting.

## IX. CONSENT AGENDA

**A motion was made by Swanson that the Consent Agenda consisting of items A, B, C, & D be APPROVED. The motion PASSED by the following vote.**

**Yes:** 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

**A 16-074** Approve the minutes of the April 7 and April 12 Assembly meetings

**This item was APPROVED ON THE CONSENT AGENDA.**

**B 16-069** Approve a liquor license application for a transfer of location (from 326 Lincoln Street to 321-B Lincoln Street) for House of Liquors, Inc. dba Salty Sal's Liquor Cabinet

This item was APPROVED ON THE CONSENT AGENDA.

- C 16-073** Approve Amendment No. 1 to the Northern Southeast Regional Aquaculture Association lease agreement as recommended by the Gary Paxton Industrial Park Board and authorize the Municipal Administrator to execute the document

This item was APPROVED ON THE CONSENT AGENDA.

- D RES 16-08** Supporting the City's application to the Alaska Federal Lands Access Program (FLAP) grant program for \$2,000,000 for construction of phase 6 of the Cross Trail Multimodal Pathway in 2019

This item was APPROVED ON THE CONSENT AGENDA.

**X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS**

- E 16-075** Reappoint Tamie (Harkins) Parker Song to a term on the Planning Commission and Appoint: 1) Scott Saline to a term on the Historic Preservation Commission, and, 2) Allison Massey to a term on the Parks and Recreation Committee

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

Yes: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

**XI. UNFINISHED BUSINESS:**

- F ORD 16-05** Amending Sitka General Code Title 10 "Public Peace, Safety and Morals" by adding a new Chapter 10.25 entitled, "Cellular Phone Use While Driving"

Speaking in support of the ordinance were: Loyd Platson, Don Jones, Carin Adickes, Matthew Jackson, Alene Henning, Tamie Parker Song, Doug Osborne, and Eric Jordan.

Testifying in opposition to the ordinance were: Sigurd Rutter and Michael Peters.

Assembly Members asked clarifying questions. Police Chief, Sheldon Schmitt, noted there would be a public education period.

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

Yes: 5 - McConnell, Hunter, Miyasato, Guevin, and Potrzuski

No: 2 - Swanson, and Eisenbeisz

- G ORD 16-09** Adjusting the FY16 Budget

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

**Yes:** 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

**H ORD 16-10** Amending the City and Borough of Sitka Personnel Policies Handbook to allow the Municipal Administrator, for budgetary reasons, to change daily hours of work and the workweek and establish furlough days

Reber Stein spoke in opposition to the ordinance and noted furloughs were a poor management tool.

Administrator Gorman recognized concerns and stated this was a tool to be used judiciously and equitably. He noted workplace moral was low and stated furloughs was a gentler approach as opposed to layoffs. Guevin believed furloughs were not the best mechanism to balance a budget and wished to see what resulted from pending union negotiations and allow the collective voice of the workforce to be heard. Hunter expressed appreciation for the City and Borough of Sitka staff and their work. He stated reductions were difficult, and if necessary, would prefer to have furloughs rather than layoffs. McConnell reminded the Administrator would need approval from the Assembly to impose furloughs or a reduced workweek. The changes to the ordinance simply allowed for the flexibility of furloughs or a reduced workweek. Gorman noted the Assembly had previously approved General Fund reductions of approximately \$804,000 which included \$200,000 in workforce wages. Assembly members sympathized with staff and recognized the challenges of the fiscal situation. Gorman acknowledged these were not easy or comfortable decisions for anyone involved to make. He reiterated that furloughs or a reduced workweek would ultimately require Assembly approval. He concluded by saying, if approved, they would be used judiciously and equitably.

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

**Yes:** 6 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, and Potrzuski

**No:** 1 - Guevin

**I ORD 16-11** Amending Sitka General Code Title 22 "Zoning" by amending Chapter 22.08 "Definitions" by adding Section 22.08.587 "Marijuana", amending Section 22.16.015 "Permitted, Conditional and Prohibited Uses", and amending Chapter 22.24 "Special Use Permits" by adding Section 22.24.026 "Marijuana Conditional Use Permits"

Potrzuski spoke in support of the conditional use process and noted the process would be a good way for the community and City to monitor marijuana activities.

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

**Yes:** 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

**J ORD 16-12** Amending Chapter 3.16 "Procurement Policy" of the Sitka General Code to allow the Municipal Administrator to create detailed purchasing procedures for municipal staff based on and subject to these policies. Further, this revised policy will allow the Municipal Administrator to update



municipal procurement procedures on a regular basis

Guevin shared concern that this ordinance would eliminate the public process of contracts coming before the Assembly. Eisenbeisz echoed the same concern.

Gorman stated the current contracting process significantly slowed down efficiencies for staff and put the City and Borough of Sitka (CBS) at a disadvantage for purchasing capacity.

Public Works Director, Michael Harmon, noted the policy would afford the municipality to conduct business in a more productive, modern, consistent and professional manner. Utility Director, Bryan Bertacchi, reiterated that the process would be significantly streamlined and allow staff to devote time to other work. Harmon noted the Public Works monthly report could be restructured to include progress on ongoing contracts and list awarded contracts.

Hunter spoke in support of the ordinance and stated if the project was in the budget, and below or under budget, staff could proceed with the task they'd been given. If over budget, it would need to come back before the Assembly. He stated it was a way to cut bureaucracy, increase productivity, and still respect authority for spending.

Guevin noted his biggest concern was transparency and wished to see a list of contracts available for public viewing. Gorman and staff stated this was achievable.

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

**Yes:** 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

**XII. NEW BUSINESS:**

**New Business First Reading**

**K ORD 16-13 Adjusting the FY16 Budget**

Chief Finance and Administrative Officer, Jay Sweeney, answered questions related to the two budget adjustment items: 1) a request from Sitka Community Hospital for a reappropriation of \$93,074, and 2) a \$50,000 appropriation of Commercial Passenger Excise Tax funds required to pay for the costs of bus transportation of cruise ship visitors.

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

**Yes:** 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potrzuski

**L ORD 16-14 Amending Sitka General Code Title 22.16.015 "Permitted, Conditional and Prohibited Uses" to allow short-term rentals in the public zone as a conditional use**

Tim Fulton spoke in support of the ordinance and offered it could result in increased opportunities for visitors and economic development.

Guevin spoke to sanitation concerns. He also hoped that passage of this ordinance wouldn't result in liveboards being taken off the market for year round residents.

Hunter stated this idea had come before the Port and Harbors Commission. The Commission had stressed the importance of safety, visitors being familiar with the boat, and harbor surroundings.

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

**Yes: 7 - McConnell, Hunter, Swanson, Miyasato, Eisenbeisz, Guevin, and Potruski**

**M    ORD 16-15            Amending Title 15 of the Sitka General Code by adding a new Chapter 15.15 entitled "Community Assisted Utility Subsidization Effort"**

This item was pulled from the agenda.

**Additional New Business Items**

**N    16-070            Discussion/Direction/Decision on the recruitment for a Municipal Attorney**

Human Resources Director, Mark Danielson, presented hiring schedule options. The following was decided: review of applications at a Special meeting on June 14 and Skype interviews the week of June 20 and June 27.

**XIII.    PERSONS TO BE HEARD:**

None.

**XIV.    EXECUTIVE SESSION**

None.

**XV.    ADJOURNMENT**

**A motion was made by Miyasato to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:40pm.**

**ATTEST: \_\_\_\_\_  
                 Sara Peterson, CMC  
                 Municipal Clerk**



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: ORD 16-16    Version: 1    Name:  
Type: Ordinance    Status: AGENDA READY  
File created: 5/4/2016    In control: City and Borough Assembly  
On agenda: 5/10/2016    Final action:  
Title: Adjusting the FY16 Budget (first reading)  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Motion Ord 2016-16.pdf](#)  
[Memo and Ord 2016-16.pdf](#)

Date	Ver.	Action By	Action	Result
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Should this item be pulled from the consent agenda, the following motion would be in order:

**POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2016-16 on first reading.

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## MEMORANDUM

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**To:** Mayor McConnell and Members of the Assembly  
Mark Gorman, Municipal Administrator

**From:** Michael Harmon, P.E., Public Works Director *MH*  
Dan Tadic, P.E., Municipal Engineer *DT*  
Kelli Cropper, MPM, Project Manager *KC*

**Reviewed:** Tori Fleming, Contract Coordinator *TF*  
Jay Sweeney, Chief Finance and Administrative Officer *JMS*

**Date:** April 29, 2016

**Subject:** Airport Baggage and TSA Project No. 90736 Budget Appropriation

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Background:

The Transportation Security Administration (TSA) has offered CBS Other Transaction Agreement (OTA) funding through its Electronic Baggage Screening Program for the design services necessary to construct an inline Checked Baggage Inspection System (CBIS) utilizing Explosive Detection Systems (EDS) at the Sitka Airport. The Assembly approved the application for these funds and execution of the TSA OTA agreement in August 2014. The funding amount for TSA eligible design services is based on the design fee proposal from McCool Carlson Green (MCG), who was contracted in 2012 to help design improvements to the airport following recommendations from the current Airport Terminal Master Plan.

The Master Plan, adopted by the Assembly on September 13, 2011, lays out a two-phase process: (1) to complete immediate short-term terminal modifications to correct the most critical terminal deficiencies and (2) to develop a long-term financial plan to construct a new terminal building.

Analysis:

Since the initial application for these funds, Delta Airlines has become a tenant of the airport terminal and operates flights in and out of Sitka during the summer. The baggage and security screening was identified as a 'critical short term deficiency' before Delta Flights were added and the situation is exacerbated with two carriers. This situation moved Sitka's ranking up for funding improvements through the TSA Electronic Baggage Screening Program.

TSA covers 95% of the TSA security and screening system design costs. MCG has submitted a proposal to design the improvements to the TSA baggage screening room

for \$138,278 plus eligible Consultant and Owner expenses of \$28,637, for a total of \$166,915. 95% of that amount, or \$158,569.25, is reimbursable by the TSA OTA. When the design is complete and has been bid, CBS will need to submit a separate grant application for 95% construction funding. Public Works will seek separate Assembly approval for construction funding at a future date.

MCG also identified improvements to the "baggage bay" where TSA-screened luggage is loaded onto carts that carry luggage to the plane. The cost of the design services for the airline baggage bay is \$15,364.00 plus Consultant and Owner expense. This cost is not TSA-eligible.

Fiscal Note:

The TSA OTA will cover 95% of the \$166,915, or \$158,569.25, with CBS responsible for the remaining \$8,345.75. Non TSA-eligible costs are estimated at \$23,500 for a total estimated CBS cost of \$31,845.75. The CBS funds will come from Passenger Facility Charges (PFCs) which have been collected from travelers using the Sitka airport.

CBS has amassed a \$275,000 budget to design improvements to the terminal building through the PFC program. To date, CBS has paid out roughly \$133,000 for design services and improvements of critical terminal deficiencies. It is in the City's best interest to award a contract or a contract amendment to MCG to have them complete the design of the improvements described above.

Recommendation:

**Increase the Airport Baggage & TSA Area project (#90736) budget by \$158,570 and authorize the additional expenditures of these funds.**

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-16

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA  
ADJUSTING THE FY16 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 FY16 budgets for known changes.

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby adjusts the FY16 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, 2015 and ending June 30, 2016 is hereby adjusted as follows:

<u>Account Number</u>	<u>Account</u>	<u>Increase</u>	<u>Decrease</u>
<b><u>FISCAL YEAR 2016 EXPENDITURE BUDGETS</u></b>			
<b><u>CAPITAL PROJECTS</u></b>			
<b>Fund 760 - Airport Baggage and TSA Area Project #90736: The Public Works Director has requested to increase the appropriation in the amount of \$158,570 for designing improvements to the TSA baggage screening room and improvements to the "baggage bay". This amount will be reimbursed by the TSA OTA (Other Transaction Agreement) funding.</b>			

**EXPLANATION**

Necessary revisions in the FY 2016 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 24th Day of May, 2016.

ATTEST:

\_\_\_\_\_  
Mim McConnell, Mayor

\_\_\_\_\_  
Melissa Henshaw  
Acting Municipal Clerk



# CITY AND BOROUGH OF SITKA

## Legislation Details

File #: ORD 16-13    Version: 1    Name:  
Type: Ordinance    Status: AGENDA READY  
File created: 4/20/2016    In control: City and Borough Assembly  
On agenda: 5/10/2016    Final action:  
Title: Adjusting the FY16 Budget  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Motion Ord 2016-13.pdf](#)  
[Ord 2016-13.pdf](#)

Date	Ver.	Action By	Action	Result
4/26/2016	1	City and Borough Assembly		



## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2016-13 on second and final reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-13

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA  
ADJUSTING THE FY16 BUDGET

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 FY16 budgets for known changes.

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby adjusts the FY16 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, 2015 and ending June 30, 2016 is hereby adjusted as follows:

<u>Account Number</u>	<u>Account</u>	<u>Increase</u>	<u>Decrease</u>
<b><u>FISCAL YEAR 2016 EXPENDITURE BUDGETS</u></b>			
<b><u>GENERAL FUND</u></b>			
General Fund – Hospital Support: In its FY2016 Budget, which was approved by the Assembly, the Sitka Community Hospital requested a re-appropriation of \$93,074 which was unspent in FY2015. All appropriations for support of the Sitka Community Hospital are operating appropriations which expire at the end of the fiscal year; hence any desire for “carry over” must be accomplished through a re-appropriation. Sitka Community Hospital has now identified a need for the requested funds and is requesting the re-appropriation.			
<b><u>SPECIAL REVENUE FUNDS</u></b>			
Fund 194- Commercial Passenger Vessel Excise Tax Fund: Commercial Passenger Excise Tax (CPET) Funds have been utilized for the past two cruise seasons to transport cruise ship passengers from Old Sitka to downtown. Use of CPET funds for such purposes is appropriate, as the expenditure solely benefits such passengers. Expenditures of CPET funds for this purpose have been discussed by the Assembly in the past. A \$50,000 appropriation of Commercial Passenger Excise Tax (CPET) funds is required to pay for the costs of bus transportation of cruise ship visitors.			

**EXPLANATION**

Necessary revisions in the FY 2016 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.

40 **Ordinance No. 2016 –13**

41 **Page 2 of 2**

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44 **5. EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its  
45 **passage.**

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47 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka,  
48 **Alaska this 10th day of May, 2016.**

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52 **ATTEST:**

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**Mim McConnell, Mayor**

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**Sara Peterson, CMC**

57 **Municipal Clerk**



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: ORD 16-14    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 4/20/2016    In control: City and Borough Assembly

On agenda: 5/10/2016    Final action:

Title: Amending Sitka General Code Title 22.16.015 "Permitted, Conditional and Prohibited Uses" to allow short-term rentals in the public zone as a conditional use

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2016-14.pdf](#)  
[Memo and docs Ord 2016-14.pdf](#)  
[Ord 2016-14.pdf](#)

Date	Ver.	Action By	Action	Result
4/26/2016	1	City and Borough Assembly		

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2016-14 on second and final reading.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

*Coast Guard City, USA*

## MEMORANDUM

**To:** Mayor McConnell and Members of the Assembly  
**From:** Maegan Bosak, Planning and Community Development Director *MB*  
Michael Scarcelli, Senior Planner *MS*  
**Subject:** Short-Term Rental Operations in the Public Lands Zone  
**Date:** March 2, 2016

The Planning Commission is recommending approval of a Zoning Text Amendment request, which would allow short-term rental operations as conditional uses in the Public Lands Zoning District for the purpose of renting out boats in Harbors. The request was filed by Tim Fulton. Action on this item was taken at the February 16, 2016 Planning Commission Meeting. The recommendation to approve the request passed unanimously 4-0.

Planning staff and the Harbormaster worked together to address concerns with Port and Harbors commission and the Planning Commission. Ultimately, staff believes this proposal would support community development by providing for a unique business catering to tourism with a memorable experience, which has been noted to increase return tourism. Such a use would increase the opportunity to receive a bed tax for each short-term rental. In addition, it would be a means to alleviate impacts on the existing rental market by offering alternative short-term rentals without affecting more traditional long-term rentals on land. Existing Harbor regulations and conditions of approval would be tools to mitigate any impacts to the public's health, safety, and welfare, while also providing oversight and enforcement power should any issue arise.

**MOTION: M/S HUGHEY/POHLMAN** moved to approve the staff findings that 1) The proposal does not impact public health, safety, and welfare; 2) The proposal is consistent with the comprehensive plan as discussed in the staff report; and; 3) The proposal would promote tourism, alleviate some burdens on the housing market, promote economic development, and utilize existing resources for the betterment of the public, health, and safety of the community.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

**MOTION: M/S POHLMAN/HUGHEY** moved to recommend approval of a zoning text change request filed by Tim Fulton to permit boats as short-term rentals and Bed and Breakfast operations in harbors in the Public Zone as a conditional use.

**MOTION: M/S HUGHEY/POHLMAN** moved to amend the motion to remove "Bed and Breakfast operations" from the motion.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

**ACTION:** Main motion as amended **PASSED 4-0** on a voice vote.

**RECOMMENDATION:** Approve the request for a zoning text amendment.

*Providing for today...preparing for tomorrow*

**CITY AND BOROUGH OF SITKA  
Planning Commission  
Minutes of Meeting  
February 16, 2016**

**Present:** Darrell Windsor (Vice-Chair), Debra Pohlman (Member), Randy Hughey (Member), Tamie Parker Song (Member), Maegan Bosak (PCDD), Michael Scarcelli (Senior Planner), Samantha Pierson (Planner I)

**Absent:** Chris Spivey (Chair) - Excused

**Members of the Public:** Krystina Scheller, Frances Brann, Erik de Jong, Dana Pitts, Margie Esquiro, Pete Esquiro, Judy Bigsby, Jennifer Alley, Mark White, Tim Fulton, Sharon Romine, David Moore

Vice-Chair Windsor called the meeting to order at 7:01 p.m.

**Roll Call:**

**PRESENT:** 4 –Windsor, Pohlman, Hughey, Parker Song

**Consideration of the Minutes from the February 2, 2016 meeting:**

**MOTION: M/S HUGHEY/POHLMAN** moved to approve the meeting minutes for February 2, 2016.

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

**The evening business:**

**COMPREHENSIVE PLAN PRESENTATION – MARKETING PLAN  
PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT STAFF**

*Comprehensive Plan discussion and direction on marketing plan presented by Planning and Community Development Department staff.*

Bosak led an interactive visioning exercise, asking commissioners and attendees to brainstorm words to describe Sitka and the Comprehensive Plan process. Bosak stated that the Planning staff would use this brainstorm information to develop logos and other marketing materials, and would bring those to the Commission for approval.

When asked to describe Sitka in one word, participants responded: Home, Community, Tlingit, Beautiful, Close-knit, Unique, Independent, Incredible, Historical, Coastal, Complex, Vibrant.

When asked to describe the Comprehensive Plan in one word, participants responded: Guiding, Vision, Framework, Progressive, Collaboration, Inclusive, Comprehensive, Sustainable.

When asked to describe Sitka in one image, participants responded: Tlingit People, Town Panorama, Mt. Edgecumbe, Islands, Fish, Whales, Children, Boats.

**COMMISSIONER DELIBERATION:** Parker Song stated concern that the Commission should be making more decisions about Comprehensive Plan details, and would like to be involved with coming up with the options. Bosak stated that the Assembly indicated that the Comprehensive Plan would be staff-facilitated, so staff will gather public input and provide Commissioners with options. Bosak stated that she envisions focusing on one topic per month. The first Planning Commission meeting of the month would include a public workshop, then the staff will present a draft for approval at the second meeting of the month. Hughey stated that he wants to invite public participation, but has concern with spending too much time on a logo. Pohlman reported that she spoke to art teachers from Sitka High and Mt. Edgecumbe, and they were open to involving their students in a time-limited logo contest. Windsor stated that he would prefer to choose among several logo options. Parker Song stated concern for the process by which decisions are made. Pohlman stated that this is a public process, and the Commission needs to move forward with a logo. Commissioners agreed to give an open call for participation to schools and local artists.

#### **ZONING TEXT CHANGE**

#### **LICENSED MARIJUANA ACTIVITY AS PERMITTED USE IN I, CBD, & GP ZONES, AND AS A CONDITIONAL USE IN WD, C-1, C-2, GI, & LI ZONES CBS MARIJUANA ADVISORY COMMITTEE**

*Public hearing and consideration of a zoning text amendment filed by the City and Borough of Sitka Marijuana Advisory Committee. The amendment would allow licensed marijuana activities (retail, cultivation, manufacturing, and testing) as a permitted use in the Industrial District, Central Business District, and Gary Paxton Special Zone, and as a conditional use in the Waterfront District, General Commercial C-1 District, General Commercial Mobile Home District, General Island District, and Large Island District.*

**STAFF REPORT:** Scarcelli explained the proposal. Standardized conditions of approval would be attached by default for approved marijuana conditional use permits. These conditions largely mirror state regulations. Designating some districts as permitted use may help to funnel businesses to those districts. Permitted uses would still go through a lengthy state-level process, including a public comment period. Hughey asked if businesses in permitted zones would be vested in the right to maintain that business, and Scarcelli stated that they would be vested as long as they continued to state and local regulations. Bosak stated that the Assembly approves leases for the Gary Paxton zone. Hughey asked about the status of a request to reduce the buffer to 200 feet. Windsor stated that the Assembly requested that the state reduce the buffer, but the state did not make the change. Scarcelli stated that the proposal is supported and opposed by various sections of the Comprehensive Plan.

**COMMISSIONER DELIBERATION:** Pohlman expressed concern for enforcement and safety of businesses, and wanted to hear input from the police. Pohlman asked “what kind of response and what kind of good faith evaluations would happen” by the police in the event of break-ins or robberies. Scarcelli stated that the MAC has not heard from local police. Pohlman stated that regulation without enforcement is not helpful. Windsor stated that the Marijuana Advisory Committee initially wanted to recommend permitted across the board, and conditional use permits



were introduced as an enforcement tool. Windsor stated that the state security regulations are extensive. Pohlman stated that in some urban cities, police response is delayed to domestic violence calls in comparison to other emergency calls. Windsor stated that there weren't any special rules and regulations guiding the police response to the recent break-in at Harry Race Pharmacy, so the argument is that marijuana businesses should not need a special set of law enforcement rules and regulations. Pohlman wants to know if there would be the same response for a break-in at a marijuana business. Pohlman stated that neighbors get uneasy when nearby houses are experience break-ins. Bosak recommended that Pohlman's question is a conversation that should occur between the MAC and police. Hughey asked what harm would be done to new business owners if they had a conditional use permit versus a permit. Scarcelli stated that the extra conditional use permit fee is minimal compared to state fees. Hughey stated that across-the-board conditional use permits would allow the community to assess as businesses. Scarcelli shared some statistics from the staff report. Pohlman urged caution in using statistics, explaining that "marijuana-related" was not defined in the cited reports.

**PUBLIC COMMENT:** Margie Esquiro stated preference for the conditional use permit process. Dana Pitts stated that she didn't want marijuana businesses to be located downtown and visible to tourists. Krystina Scheller asked if the expectation is that the bulk of marijuana income will come from locals or tourists. Bosak stated that the expectation is that income will come from both groups. Pete Esquiro stated preference for the conditional use permit, and warned against moving too fast. Pete Esquiro stated that he wouldn't mind if Gary Paxton Industrial Park is a permitted use. Judy Bigsby stated concern for recovery groups that meet downtown, and stated that marijuana smoke and visibility could trigger individuals recovering from addiction.

**MOTION: M/S HUGHEY/POHLMAN** moved to refer this item back to the City and Borough of Sitka Marijuana Advisory Committee for further discussion concerning law enforcement, and to recommend that all licensed marijuana activities be conditional uses in all zones.

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

8:13-8:20 – Break

#### **VARIANCE REQUEST**

**LOTS 2 AND 3, BLOCK 2, US SURVEY 2542 A & B, SITKA INDIAN VILLAGE; LOT 56, BLOCK 2, AS SHOWN ON THE SUPPLEMENTAL PLAT OF SITKA INDIAN VILLAGE  
JENNIFER ALLEY**

*Public hearing and consideration of a variance request filed by Jennifer Alley for 208 Kogwanton Street. The variance is for the reduction of the westerly side setback of Lot 2 from 5 feet to 0 feet, the reduction of the easterly side setback of Lot 3 from 5 feet to 0 feet, the reduction in the rear setback of Lot 3 from 10 feet to 0 feet, and the reduction of the southwesterly and southeasterly side setbacks of lot 56 from 5 feet to 0 feet for the construction of a new house. The new house will cross internal lot lines of Lots 2, 3, and 56. The variance is also for a reduction in the westerly external side setback of Lot 3 from 5 feet to 2 feet for the construction of a covered stairway. The property is also known as Lots 2 and 3, Block 2, U.S. Survey 2542 A*

*& B, Sitka Indian Village, and Lot 56, Block 2, as shown on the supplemental plat of Sitka Indian Village. The request is filed by Jennifer Alley. The owner of record is Jennifer Alley.*

**STAFF REPORT:** Scarcelli described the property and the request. The three legal lots have historically been held in common ownership. A recently demolished house crossed the adjoining lot lines of Lots 2 and 3. The proposed house would cross the adjoining lot lines of Lots 2, 3, and 56. Scarcelli stated that a replat would be the appropriate process. Scarcelli stated that approval is based on plans submitted, and cited neighbor concerns with building orientation. The prior owner of the property granted an easement to CBS, which resulted in street improvements. Concerns were raised at the February 2<sup>nd</sup> meeting that property markers may have been removed or covered by the city during construction, but there is no way to know that these markers were in place prior to road construction. Scarcelli stated that the "lot merger" described in Title 22 is a misnomer, and is not a legal lot merger process. State law states that variances cannot be granted solely for pecuniary or convenience reasons.

**APPLICANT:** Jennifer Alley shared pictures of the lot and proposed house. Hughey asked how much the survey would cost. Alley stated that a survey would be \$2000-3000. Alley stated that without a variance she might build a smaller house on one of the lots. Alley stated that she may move the house back further on the lot, which would give more space between the neighboring house.

**PUBLIC COMMENT:** Neighbor Mark White stated that he is satisfied with the site plan.

**COMMISSIONER DELIBERATION:** Pohlman stated that the plat process provides clarity, and a variance would be inconsistent. Bosak stated that staff are supportive of the construction of a new home; however, fairness requires adherence to the Municipal Code. Hughey stated a preference for a replat. Windsor stated a preference for a replat. Scarcelli recommended that if the commission is leaning toward denial, a postponement to allow for amendment could expedite the process and save the applicant money. The amendment would change the application to a variance from development standards.

**MOTION: M/S POHLMAN/HUGHEY** moved to postpone this item to allow for amendments to the application.

**ACTION:** Motion **PASSED unanimously 3-0** on a voice vote.

**ZONING TEXT CHANGE  
SHORT TERM RENTALS AND BED AND BREAKFAST OPERATIONS IN PUBLIC ZONE  
TIM FULTON**

*Public hearing and consideration of a zoning text change request filed by Tim Fulton. The proposed zoning text change would permit Bed and Breakfast operations and Short-Term Rentals in the Public Zone. The request is filed by Tim Fulton.*

**STAFF REPORT:** Scarcelli reviewed the request. Administration requested that this proposal be considered again by the Planning Commission. The applicant would like to see short-term rentals

allowed on boats in municipal harbors. This proposal could result in unique experiences for tourists. Planning and Harbors staff believe that previous concerns can be mitigated by harbor regulations and the conditional use process. Hughey asked about the Harbormaster's previously stated concerns. Bosak replied that the Harbormaster is supportive if approvals state that a proposed boat short-term rental is in conformance with Title 13, which addresses sewage. Bosak stated that prospective applications would go before Ports and Harbors Commission before coming to the Planning Commission. Windsor asked which other areas in town are zoned Public, which would also be impacted by the change. Scarcelli stated that staff could include language which specifies that Public zone short-term rentals are limited to boats in harbors.

**APPLICANT:** Fulton stated that this proposal is a good opportunity for the community. Fulton stated that he has used AirBnB across the world, and it has granted him the opportunity to experience the community more fully. Pohlman asked about sewage processing. Bosak stated that harbor regulations require that boats have a sewage containment system aboard, or that boat owners pay to have sewage pumped out. Pohlman clarified that any boat that did not conformed would not be approved for a permit, and Bosak confirmed this statement.

**PUBLIC COMMENT:** None.

**COMMISSIONER DELIBERATION:** Pohlman stated support for the amendment if the approval clearly indicates that the conditional use is for boats in harbors.

**MOTION: M/S HUGHEY/POHLMAN** moved to approve the staff findings that 1) The proposal does not impact public health, safety, and welfare; 2) The proposal is consistent with the comprehensive plan as discussed in the staff report; and; 3) The proposal would promote tourism, alleviate some burdens on the housing market, promote economic development, and utilize existing resources for the betterment of the public, health, and safety of the community.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

**MOTION: M/S POHLMAN/HUGHEY** moved to recommend approval of a zoning text change request filed by Tim Fulton to permit boats as short-term rentals and Bed and Breakfast operations in harbors in the Public Zone as a conditional use.

**MOTION: M/S HUGHEY/POHLMAN** moved to amend the motion to remove "Bed and Breakfast operations" from the motion.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

**ACTION:** Main motion as amended **PASSED 4-0** on a voice vote.

**CONDITIONAL USE PERMIT REQUEST  
LOT 27 OF US SURVEY 3302  
FRANCES ANNE BUDYNGE AND KRISTINA ANN SCHELLER**

*Public hearing and consideration of a conditional use permit request filed by Frances Brann and Krystina Scheller for a short-term rental at 2116 Sawmill Creek Road. The property is also known as Lot 27 of US Survey 3302. The request is filed by Frances Brann and Krystina Scheller. The owners of record are Frances Anne Budyng and Krystina Ann Scheller.*

**STAFF REPORT:** Scarcelli described the property and the conditional use permit request. The lot is greater than four acres with ample space for parking and foliage for privacy. The owners will rent the unit when they are out of town. Neighbor David Moore has expressed concerns for access. Scarcelli stated that access concerns could be mitigated with directional signs and clear directions. Neighbors Steve and Cathy Shaffer and Barth Hamberg have stated support in writing.

**APPLICANT:** Krystina Scheller stated that the property is their home most of the year, and they want to earn rental income while they are out of town. Scheller stated that she has spoken to several neighbors who are in support. Scheller stated that Clyde Shaffer has organized for the neighbors to update the access and utilities. Scheller stated that concerns have been raised about trash, and the property manager has a strict trash management policy. Scheller stated that she will be talking with the neighbors to negotiate locations for signage. Sharon Romine of Welcome Home Vacations stated that she will be managing this rental. Romine stated that for properties that are hard to find, her company meets renters at the airport to guide them to the property. Romine stated that she posts trash management guidelines in all of her rentals, stating that no food is to be put in the trash. Romine stated that her company calls Stragier to pick up trash if it piles up before the designated trash day.

**PUBLIC COMMENT:** David Moore stated that access easements are to be limited to 4 residences, but this neighborhood has 6 residences. Moore stated that people get lost and end up at his house. Moore stated that the road is only wide enough for one car in some places. Moore stated that trash has attracted bears. Moore stated that he is opposed to having a short-term rental in the subdivision. Parker Song clarified that traffic issues are not only related to an existing rental in the vicinity, and Moore replied that 90 percent is related to the existing rental. Romine suggested erecting a "Private Drive" sign. Scheller stated that their signs would primarily need to be placed on the Reifenstuhl property. Windsor asked which seasons the rental would be active, and Scheller replied that it would mainly function in the summer. Pohlman asked if the bear problem has increased during the last two years, and stated that it only takes one person to start a bear problem. Moore stated that he believes the bear situation has worsened. Parker Song asked if Moore knew that the renters were the ones putting the trash in the cans early, and stated that we shouldn't base a decision on conjecture. Frances Brann stated that long-term renters are also in the neighborhood.

**COMMISSIONER DELIBERATION:** Parker Song stated that she didn't see any reasons to deny the permit, and that Moore's concern is primarily with a different property. Windsor stated that Romine has a great track record of managing properties. Hughey stated that Moore's concerns do not rise to the level to deny the permit. Windsor asked about the 6-lot subdivision sharing an access easement. Bosak stated that this is a great example of the need to follow code. Bosak stated that the subdivision should not have been approved.

**MOTION: M/S POHLMAN/HUGHEY** moved to approve the required findings for conditional use permits:

**C. Required Findings for Conditional Use Permits. The planning commission shall not recommend approval of a proposed development unless it first makes the following findings and conclusions:**

1. The city may use design standards and other elements in this code to modify the proposal. A conditional use permit may be approved only if all of the following findings can be made regarding the proposal and are supported by the record that the granting of the proposed conditional use permit will not:
  - a. Be detrimental to the public health, safety, and general welfare;
  - b. Adversely affect the established character of the surrounding vicinity; nor
  - c. Be injurious to the uses, property, or improvements adjacent to, and in the vicinity of, the site upon which the proposed use is to be located.
2. The granting of the proposed conditional use permit is consistent and compatible with the intent of the goals, objectives, and policies of the comprehensive plan and any implementing regulation.
3. All conditions necessary to lessen any impacts of the proposed use are conditions that can be monitored and enforced.
4. The proposed use will not introduce hazardous conditions at the site that cannot be mitigated to protect adjacent properties, the vicinity, and the public health, safety, and welfare of the community from such hazard.
5. The conditional use will be supported by, and not adversely affect, adequate public facilities and services; or that conditions can be imposed to lessen any adverse impacts on such facilities and services.
6. Burden of Proof. The applicant has the burden of proving that the proposed conditional use meets all of the criteria in subsection B of this section.

The city may approve, approve with conditions, modify, modify with conditions, or deny the conditional use permit. The city may reduce or modify bulk requirements, off-street parking requirements, and use design standards to lessen impacts, as a condition of the granting of the conditional use permit. In considering the granting of a conditional use, the assembly and planning commission shall satisfy themselves that the general criteria set forth for uses specified in this chapter will be met. The city may consider any or all criteria listed and may base conditions or safeguards upon them. The assembly and planning commission may require the applicant to submit whatever reasonable evidence may be needed to protect the public interest. The general approval criteria are as follows:

1. Site topography, slope and soil stability, geophysical hazards such as flooding, surface and subsurface drainage and water quality, and the possible or probable effects of the proposed conditional use upon these factors;
2. Utilities and service requirements of the proposed use, including sewers, storm drainage, water, fire protection, access and electrical power; the assembly and planning commission may enlist the aid of the relevant public utility officials with specialized knowledge in evaluating the probable effects of the proposed use and may consider the costs of enlarging, upgrading or extending public utilities in establishing conditions under which the conditional use may be permitted;
3. Lot or tract characteristics, including lot size, yard requirements, lot coverage and height of structures;
4. Use characteristics of the proposed conditional use that affect adjacent uses and districts, including hours of operation, number of persons, traffic volumes,

off-street parking and loading characteristics, trash and litter removal, exterior lighting, noise, vibration, dust, smoke, heat and humidity, recreation and open space requirements;

5. Community appearance such as landscaping, fencing and screening, dependent upon the specific use and its visual impacts.

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

**MOTION: M/S POHLMAN/HUGHEY** moved to approve the conditional use permit request filed by Frances Brann and Krystina Scheller for a short-term rental at 2116 Sawmill Creek Road, subject to nine conditions of approval. The property is also known as Lot 27 of US Survey 3302. The request is filed by Frances Brann and Krystina Scheller. The owners of record are Frances Anne Budyng and Krystina Ann Scheller.

Conditions of Approval:

1. Contingent upon a completed satisfactory life safety inspection.
2. The facility shall be operated consistent with the application and plans that were submitted with the request.
3. The facility shall be operated in accordance with the narrative that was submitted with the application.
4. The applicant shall submit an annual report every year, covering the information on the form prepared by the Municipality, summarizing the number of nights the facility has been rented over the twelve month period starting with the date the facility has begun operation. The report is due within thirty days following the end of the reporting period.
5. The Planning Commission, at its discretion, may schedule a public hearing at any time following the first nine months of operations for the purpose of resolving issues with the request and mitigating adverse impacts on nearby properties.
6. Failure to comply with all applicable tax laws, including but not limited to remittance of all sales and bed tax, shall be grounds for revocation of the conditional use permit.
7. Failure to comply with any of the above conditions may result in revocation of the conditional use permit.
8. The property owner shall register for a sales account prior to the Conditional Use Permit becoming valid.
9. An approved access plan that details efforts to mitigate disturbance to adjacent and surrounding land uses shall be submitted to and approved by the Planning and Community Development Department.

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

**DIRECTORS REPORT:** Bosak reminded commissioners to submit their financial disclosure forms to the Municipal Clerk, and stated that the landslide report is available on the city's website. Pierson reminded commissioners that beginning in March, the first meeting of the month will be dedicated to the comprehensive plan, while the second meeting of the month will be available for other planning actions.

**MOTION:** M/S HUGHEY/POHLMAN moved to adjourn at 9:33 p.m.

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

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**Darrell Windsor, Vice-Chair**

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**Samantha Pierson, Secretary**

**CITY AND BOROUGH OF SITKA  
Planning Commission  
Minutes of Meeting  
December 1, 2015**

**Present:** Chris Spivey (Chair), Darrell Windsor (Vice-Chair), Tamie Parker Song—via phone (Member), Debra Pohlman (Member), Randy Hughey (Member), Maegan Bosak (PCDD), Michael Scarcelli (Senior Planner), Samantha Pierson (Planner I)

**Absent:** None

**Members of the Public:** Kevin Knox, Stan Eliason (Harbormaster), Forrest Dodson (via phone), Mary Holzman (via phone), Michael Tisher, Kelly Pellett, Cliff Richter, Jay Stelzenmeller

Chair Spivey called the meeting to order at 7:01 p.m.

**Roll Call:**

**PRESENT:** 5 – Spivey, Windsor, Parker Song (via phone), Pohlman, Hughey

**Consideration of the Minutes from the November 3, 2015 meeting:**

**MOTION: M/S POHLMAN/WINDSOR** moved to approve the meeting minutes for November 3, 2015.

**ACTION:** Motion **PASSED** unanimously 5-0 on a voice vote.

**The evening business:**

**ZONING TEXT CHANGE  
SHORT TERM RENTALS AND BED AND BREAKFAST OPERATIONS IN PUBLIC ZONE  
TIM FULTON**

*Public hearing and consideration of a zoning text change request filed by Tim Fulton. The proposed zoning text change would permit B&B's and Short-Term Rentals on boats in municipal harbors, in the Public Zone. The request is filed by Tim Fulton.*

**STAFF REPORT:** Scarcelli reviewed the request, which would permit B&B's and short-term rentals in all properties zoned Public Lands District. Scarcelli stated that the Port and Harbors Commission had some positive and some negative thoughts about the request. Scarcelli stated concerns for sewage dumping and safety. Scarcelli noted that the applicant was currently at another board where he serves as chair, but can answer questions via phone if commissioners wished. Scarcelli read a letter submitted by the applicant.

**COMMISSIONER DELIBERATION:** Commissioners did not have questions for the applicant. Windsor asked for clarification on Public zoning. Scarcelli clarified that if the zoning text change was enacted, bed and breakfast operations and short-term rentals would be permitted or



conditional in all lands zoned Public Lands, beyond the harbors. Hughey asked about infrastructure and sewage concerns.

**PUBLIC COMMENT:** Port and Harbors Commission Chair Kevin Knox and Harbormaster Stan Eliason expressed concerns for sanitation, safety, traffic, and increased workload of harbor staff. Knox acknowledged that the request is interesting, and short-term rentals are permitted in harbors in other states. Eliason stated that boats must currently be taken to a dump station, since sewage pipes are not run to all boats.

**MOTION: M/S HUGHEY/WINDSOR** moved to approve the staff findings that 1) the proposal negatively impacts the public's health, safety, and welfare due to the anticipated impact to public infrastructure, the impacts resulting from sewage, the anticipated cost of enforcement and oversight; 2) is inconsistent with the comprehensive plan as discussed in the staff report; and 3) involves the broad impacts that a zoning text change would have on lands zoned Public.

**ACTION:** Motion **PASSED 5-0** on a voice vote.

**MOTION: M/S HUGHEY/WINDSOR** moved to recommend denial of a zoning text change request filed by Tim Fulton for a zoning text change to permit short-term rentals and Bed and Breakfast operations in the Public Zone as a permitted or conditional use.

**ACTION:** Motion **PASSED 5-0** on a voice vote.

7:25—Parker Song stated that she was having a hard time hearing discussion via phone. Commissioners agreed that since a quorum could be met without her, Parker Song could leave the meeting.

#### **VARIANCE REQUEST**

**263 KATLIAN AVENUE, LOT 14, BLOCK 5, SITKA INDIAN VILLAGE, U.S. SURVEY 2542  
FORREST DODSON AND MARY HOLZMAN**

*Public hearing and consideration of a variance request filed by Forrest Dodson and Mary Holzman for 263 Katlian Avenue and the adjacent tidelands. The variance request is for a reduction in lot size from 6,000 square feet to 4,428 square feet. The property is also known as Lot 14, Block 5, Sitka Indian Village, U.S. Survey 2542. The request is filed by Forrest Dodson and Mary Holzman. The owners of record are Forrest Dodson and Mary Holzman.*

**STAFF REPORT:** Scarcelli reviewed the request. The variance would permit the creation of an undersized lot. The current lot is undersized, and the proposal would approximately double the lot size. This proposal would move the lot toward compliance. Scarcelli stated that the Historic Preservation reviewed the project and made a motion to approve, which failed.

**APPLICANT:** Forrest Dodson and Mary Holzman joined via phone, and stated that there was no new information.

**COMMISSIONER DELIBERATION:** Hughey asked staff why the Historic Preservation Commission denied approval for the project. Scarcelli stated that the HPC wanted to seek input from the Tribe and was concerned that moving the structure would make it ineligible for historic status. Bosak reminded the Commissioners that the HPC is a recommendation board, and the HPC's recommendations cannot prevent a project.

**PUBLIC COMMENT:** No public comment.

**MOTION: M/S POHLMAN/HUGHEY** moved to approve the required findings for variances involving major structures or expansions:

Required Findings for Variances Involving Major Structures or Expansions. Before any variance is granted, it shall be shown:

- a) That there are special circumstances to the intended use that do not apply generally to the other properties, *specifically the small lot size*;
- b) The variance is necessary for the preservation and enjoyment of a substantial property right of use possessed by other properties but are denied to this parcel;
- c) That the granting of such a variance will not be materially detrimental to the public welfare or injurious to the property, nearby parcels, or public infrastructure;
- d) That the granting of such a variance will not adversely affect the Comprehensive Plan, *specifically, it is in line with Comprehensive Plan 2.4.1, which states, "To guide the orderly and efficient use of private and public land in a manner that maintains a small-town atmosphere, encourages a rural lifestyle, recognizes the natural environment, and enhances the quality of life for present and future generations without infringing on the rights of private landowners," and conditions of approval mitigate any harm and the proposal enhances the quality of access for current and future homeowners.*

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

**MOTION: M/S POHLMAN/HUGHEY** moved to approve the variance request filed by Forrest Dodson and Mary Holzman for 263 Katlian Avenue and the adjacent tidelands. The variance request is for a reduction in lot size from 6,000 square feet to 4,428 square feet. The property is also known as Lot 14, Block 5, Sitka Indian Village, U.S. Survey 2542. The request is filed by Forrest Dodson and Mary Holzman. The owners of record are Forrest Dodson and Mary Holzman.

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

**MINOR SUBDIVISION  
263 KATLIAN AVENUE, LOT 14, BLOCK 5, SITKA INDIAN VILLAGE, U.S. SURVEY 2542  
FORREST DODSON AND MARY HOLZMAN**

*Public hearing and consideration of a minor subdivision request filed by Forrest Dodson and Mary Holzman for 263 Katlian Avenue and the adjacent tidelands. The property is also known as Lot 14, Block 5, Sitka Indian Village, U.S. Survey 2542. The request is filed by Forrest Dodson and Mary Holzman. The owners of record are Forrest Dodson and Mary Holzman.*

**STAFF REPORT:** Scarcelli reviewed the request. While the proposal would create an undersized lot, the proposal would move the lot toward code compliance. The proposal would mitigate traffic and parking concerns. Scarcelli proposed standards conditions that followed current code.

**APPLICANT:** Forrest Dodson and Mary Holzman joined via phone, and stated that there was no new information.

**COMMISSIONER DELIBERATION:** Hughey asked staff why the Historic Preservation Commission denied approval for the project. Scarcelli stated that the HPC wanted to seek input from the Tribe and was concerned that moving the structure would make it ineligible for historic status. Bosak reminded the Commissioners that the HPC is a recommendation board, and the HPC's recommendations cannot prevent a project.

**PUBLIC COMMENT:** No public comment.

**MOTION: M/S WINDSOR/HUGHEY** moved to approve the staff findings that 1) the proposal positively impacts the public's health, safety, and welfare due to the anticipated impact to the proposed increase of space between the house and the front property line, newly created parking, and preservation of a historic structure; and 2) is consistent with the comprehensive plan as discussed in the staff report.

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

**MOTION: M/S WINDSOR/HUGHEY** moved to approve with staff's four conditions the final plat for a minor subdivision filed by Forrest Dodson and Mary Holzman for 263 Katlian Avenue and the adjacent tidelands. The property is also known as Lot 14, Block 5, Sitka Indian Village, U.S. Survey 2542. The request is filed by Forrest Dodson and Mary Holzman. The owners of record are Forrest Dodson and Mary Holzman.

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

**MINOR SUBDIVISION  
213 PRICE STREET, LOT 1 OF MICK'S SUBDIVISION, U.S. SURVEY 3695  
MICHAEL TISHER**

*Public hearing and consideration of a final plat for a minor subdivision at 213 Price Street. The subdivision would create two lots. The property is also known as Lot 1 of Mick's Subdivision, U.S. Survey 3695. The request is filed by Michael Tisher. The owner of record is Michael Tisher.*

Chair Spivey stated that he has a professional relationship with the applicant, with no financial gain from this proposal. Commissioners allowed him to continue participating in the proceedings.

**STAFF REPORT:** Scarcelli reviewed the request and the property's history. The minor subdivision would create two lots, both zoned Industrial. Both proposed lots will be in excess of minimum dimension requirements. Bosak stated that Industrial property is in high demand in Sitka.

**APPLICANT:** Michael Tisher stated that he had no additional information to share.

**COMMISSIONER DELIBERATION:** Hughey stated that the request was very straightforward.

**PUBLIC COMMENT:** No public comment.

**MOTION: M/S HUGHEY/WINDSOR** moved approve the staff findings that 1) the proposal positively impacts the public's health, safety, and welfare by providing space in the Industrial Zone; and 2) is consistent with the comprehensive plan as discussed in the staff report.

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

**MOTION: M/S HUGHEY/WINDSOR** moved to approve the final plat for a minor subdivision at 213 Price Street. The subdivision would create two lots. The property is also known as Lot 1 of Mick's Subdivision, U.S. Survey 3695. The request is filed by Michael Tisher. The owner of record is Michael Tisher.

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

**VARIANCE REQUEST  
121 MOLLY LANE, LOT 6 OF MOUNTAINVIEW PHASE II SUBDIVISION  
PELLETT ENTERPRISES**

*Public hearing and consideration of a variance request filed by Pellett Enterprises for 121 Molly Lane. The variance request is for a reduction in the front setback from 20 to 10 feet for the construction of a home. The property is also known as Lot 6 of Mountainview Phase II Subdivision. The request is filed by Pellett Enterprises. The owner of record is Mountain View Estates, LLC.*

Chair Spivey stated that he had professional relationships with the applicant and the property owner. Hughey stated that he had a professional relationship with the applicant. Commissioners agreed to allow full participation by Spivey and Hughey.

**STAFF REPORT:** Scarcelli reviewed the request, highlighting the steep topography. Scarcelli stated that a 10 foot front setback was granted for the property directly across the cul-de-sac. Scarcelli stated that the Fire Department did not have concerns for the undersized cul-de-sac. Scarcelli stated that without a variance, additional excavation would be required to create an

acceptable building site. Scarcelli recommended a condition that the variance be measured as 10 feet from the property line to the drip line of eaves and no further.

**APPLICANT:** Kelly Pellett stated that the rear of the property has large rocks. The proposal would result in an elevation change of 12 feet from cul-de-sac to the lot level. Pellett stated that he also planned a rock wall to strengthen the lot.

**COMMISSIONER DELIBERATION:** No deliberation.

**PUBLIC COMMENT:** No public comment.

**MOTION: M/S POHLMAN/HUGHEY** moved to approve the required findings for variances involving major structures or expansions:

Required Findings for Variances Involving Major Structures or Expansions. Before any variance is granted, it shall be shown:

- e) That there are special circumstances to the intended use that do not apply generally to the other properties, *specifically, the steep lot topography;*
- f) The variance is necessary for the preservation and enjoyment of a substantial property right of use possessed by other properties but are denied to this parcel, *specifically, the ability to develop the property without extensive excavation;*
- g) That the granting of such a variance will not be materially detrimental to the public welfare or injurious to the property, nearby parcels, or public infrastructure, *specifically, that emergency vehicles will be able to properly access the cul-de-sac and that the front setback will not impact any adjacent property owners;*
- h) That the granting of such a variance will not adversely affect the Comprehensive Plan, *specifically, it is in line with Comprehensive Plan 2.4.1, which states, "To guide the orderly and efficient use of private and public land in a manner that maintains a small-town atmosphere, encourages a rural lifestyle, recognizes the natural environment, and enhances the quality of life for present and future generations without infringing on the rights of private landowners," and conditions of approval mitigate any harm and the proposal enhances the quality of access for current and future homeowners.*

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

**MOTION: M/S POHLMAN/HUGHEY** moved to approve the variance request filed by Pellett Enterprises for 121 Molly Lane, subject to the condition that the variance only be 10 feet as measured from property to drip-line of eaves and no further. The variance request is for a reduction in the front setback from 20 to 10 feet for the construction of a home. The property is also known as Lot 6 of Mountainview Phase II Subdivision. The

request is filed by Pellett Enterprises. The owner of record is Mountain View Estates, LLC.

**ACTION:** Motion **PASSED** unanimously 4-0 on a voice vote.

Chair Spivey stated that he had a business relationship with the applicant. Commissioners agreed to allow him to continue full participation.

**MAJOR AMENDMENT TO PLANNED UNIT DEVELOPMENT  
100 INDIAN RIVER ROAD, LOT 3AA, INDIAN RIVER SUBDIVISION NO. 2  
BARANOF ISLAND HOUSING AUTHORITY**

*Public hearing and consideration of a major amendment to a planned unit development subdivision permit requested by the Baranof Island Housing Authority (BIHA) at 100 Indian River Road. The property is also known as Lot 3AA, Indian River Subdivision No. 2. The owner of record is the Baranof Island Housing Authority.*

**STAFF REPORT:** Scarcelli reviewed the request and the previously approved Planned Unit Development. This major amendment would change the proposed location and orientation of the buildings, and join them by a fire wall across a property lot line. Parking requirements remain the same. The proposed amendment will result in the same number of dwelling units as the original plan, but a reduced number of bedrooms.

**APPLICANT:** Cliff Richter explained that a professional estimate showed that the project was a million dollars over budget. This proposed amendment is one piece of BIHA cutting back the project expenditures. Richter stated that BIHA has a waiting list for one-bedroom apartments, and this property will help alleviate the demand. Richter stated that the Section 184 loan requires no more than 4 units per lot, which makes the two-lot design necessary. Richter thanked the planning staff for being helpful throughout the process.

**COMMISSIONER DELIBERATION:** Pohlman stated that the proposal was straightforward.

**PUBLIC COMMENT:** No public comment.

**MOTION: M/S WINDSOR/POHLMAN** moved to approve the staff findings that 1) the proposed amendment complies with the comprehensive plan by providing for the enhancement of the quality of life in Sitka through the development of affordable housing options; 2) the major amendment, though creative and unique, is in line with the prior approved Planned Unit Development Subdivision; and 3) the major amendment would not be injurious to the public's health, safety, and welfare.

**ACTION:** Motion **PASSED** unanimously 4-0 on a voice vote.

**MOTION: M/S WINDSOR/POHLMAN** moved to approve the plat for a major amendment to a planned unit development subdivision permit requested by the Baranof Island Housing Authority (BIHA) at 100 Indian River Road. This approval is subject to the access and utility easements being slightly modified to incorporate the parking and utilities that cross

lots 3AA-1 into lots 3AA-2 and 3AA-3; and a binding plat note stating no lot may be sold independently of the other lots. The property is also known as Lot 3AA, Indian River Subdivision No. 2. The request is to allow a multiplex residential structure across lot lines. The owner of record is the Baranof Island Housing Authority.

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

8:15—Commissioners took a 5 minute break.

**ZONING TEXT CHANGE  
LICENSED MARIJUANA ACTIVITY AS PERMITTED USE IN CBD, WD, I, C-1, C-2, GP ZONES  
CBS MARIJUANA ADVISORY COMMITTEE**

*Public hearing and consideration of a zoning text change request filed by the City and Borough of Sitka Marijuana Advisory Committee. The request would allow licensed marijuana activity as a permitted use in the Central Business District, Waterfront District, Industrial Zone, Commercial C-1 and C-2 zones, and the Gary Paxton Special Zone.*

**STAFF REPORT:** Scarcelli reviewed the request and summarized marijuana regulation in Alaska. Scarcelli stated that state regulations are still evolving, and the state now allows cafes for consumption. Scarcelli stated that the application is broad, but state regulation addresses several specific categories of legal activity. Scarcelli cautioned the commissioners from moving too quickly, and encouraged the crafting of careful and thoughtful legislation. Bosak recommended that commissioners just start the discussion at this point.

**COMMISSIONER DELIBERATION:** Hughey asked if locations for marijuana would be more restrictive than alcohol. Bosak stated that marijuana would be more restrictive than alcohol, and referred to Drug Safe Schools. Bosak encouraged a joint meeting between the Planning Commission and Marijuana Advisory Committee. Bosak stated her preference for deliberating on the location of each category of marijuana use. Hughey stated that commissioners should be clear on the different legal activity categories before making an educated decision. Windsor stated that extensive public notice is required before opening a facility. Spivey stated that marijuana businesses cannot have business bank accounts since marijuana is federally illegal. Scarcelli stated that he has spoken to professionals from other localities who wish they would have rolled out local legislation more carefully. Windsor stated that the state will begin issuing licenses in May. Hughey expressed concern that if fees are too expensive, some individuals will still find illegal marijuana trade to be more profitable.

**PUBLIC COMMENT:** Jay Stelzenmeller, a member of the Marijuana Advisory Committee, stated that he primarily came to the meeting to hear the thoughts of Planning Commissioners. Stelzenmeller stated that he seeks to see marijuana move from the illegal realm to the legal realm. Stelzenmeller stated that marijuana businesses are not eligible for business tax benefits.

**MOTION: M/S WINDSOR/POHLMAN** moved to continue public hearing and discussion at the next scheduled Planning Commission meeting to allow for further study of negative impacts and the development of a zoning text change that would comply with newly

modified state regulations. The zoning text change request is filed by the City and Borough of Sitka Marijuana Advisory Committee. The request would allow licensed marijuana activities as a permitted use in the Central Business District, Waterfront District, Industrial Zone, Commercial C-1 and C-2 zones, and the Gary Paxton Special Zone.

**ACTION:** Motion **PASSED unanimously 4-0** on a voice vote.

**ZONING TEXT CHANGE  
LICENSED MARIJUANA ACTIVITY AS CONDITIONAL USE IN LI AND GI ZONES  
CBS MARIJUANA ADVISORY COMMITTEE**

*Public hearing and consideration of a zoning text change request filed by the City and Borough of Sitka Marijuana Advisory Committee. The request would allow licensed marijuana activity as a conditional use in the Large Island and General Island zones.*

**STAFF REPORT:** Scarcelli reviewed the request and summarized marijuana regulation in Alaska. Scarcelli stated that state regulations are still evolving, and the state now allows cafes for consumption. Scarcelli stated that the application is broad, but state regulation addresses several specific categories of legal activity. Scarcelli cautioned the commissioners from moving too quickly, and encouraged the crafting of careful and thoughtful legislation. Bosak recommended that commissioners just start the discussion at this point.

**COMMISSIONER DELIBERATION:** Hughey asked if locations for marijuana would be more restrictive than alcohol. Bosak stated that marijuana would be more restrictive than alcohol, and referred to Drug Safe Schools. Bosak encouraged a joint meeting between the Planning Commission and Marijuana Advisory Committee. Bosak stated her preference for deliberating on the location of each category of marijuana use. Hughey stated that commissioners should be clear on the different legal activity categories before making an educated decision. Windsor stated that extensive public notice is required before opening a facility. Spivey stated that marijuana businesses cannot have business bank accounts since marijuana is federally illegal. Scarcelli stated that he has spoken to professionals from other localities who wish they would have rolled out local legislation more carefully. Windsor stated that the state will begin issuing licenses in May. Hughey expressed concern that if fees are too expensive, some individuals will still find illegal marijuana trade to be more profitable.

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**MOTION: M/S POHLMAN/HUGHEY** moved to continue public hearing and discussion at the next scheduled Planning Commission meeting to allow for further study of negative impacts and the development of a zoning text change that would comply with newly modified state regulations. The zoning text change request is filed by the City and Borough of Sitka Marijuana Advisory Committee. The request would allow licensed marijuana activities as a conditional use in the Large Island and General Island zones.



**ACTION:** Motion **PASSED** unanimously 4-0 on a voice vote.

**DIRECTORS REPORT:** Scarcelli reported that he and Bosak had attended the Alaska Planning Association meeting. Scarcelli noted that the next Commission agenda would include marijuana discussion, a Comprehensive Plan presentation by staff, and two variances.

**COMMISSIONER DISCUSSION:** Spivey asked about public attendance at Marijuana Advisory Committee meetings. Windsor stated that the Committee has not had much public attendance, and is considering holding a Town Hall meeting. Pohlman stated that there are potential benefits to legal marijuana activity that are not being discussed, such as marijuana cultivators using leftover planting pots that would otherwise be sent to the landfill.

**MOTION: M/S WINDSOR/POHLMAN** moved to adjourn at 8:53 pm.

**ACTION:** Motion **PASSED** unanimously 4-0 on a voice vote.

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**Chris Spivey, Chair**

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**Samantha Pierson, Secretary**



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

*Coast Guard City, USA*

## Planning and Community Development Department

Date: 2/11/2016

From: Michael Scarcelli, Senior Planner, and Samantha Pierson, Planner I

To: Planning Commission

Re: ZTC 15-10 To Allow Short-term Rentals and Bed and Breakfasts in the Public Lands Zone

### GENERAL INFORMATION

Applicant: Tim Fulton  
Property Owner: City and Borough of Sitka  
Property Address: N/A  
Legal Description: N/A  
Parcel ID Number: N/A  
Size of Existing Lot: N/A  
Zoning: Public  
Existing Land Use: Public  
Utilities: N/A  
Access: Varies  
Surrounding Land Use: Varies

### MEETING FLOW

- Report from Staff
- Applicant comes forward
- Applicant identifies him/herself – provides comments
- Commissioners ask applicant questions
- Staff asks applicant any questions
- Floor opened up for Public Comment
- Applicant has opportunity to clarify or provide additional information
- Comment period closed - brought back to the board
- Findings
- Motion of recommendation

### ATTACHMENTS

Attachment A: Previous Staff Report  
Attachment B: Application  
Attachment C: Multiple Code Pages  
Attachment D: Harbormaster Memorandum  
Attachment E: Payment

Providing for today...preparing for tomorrow

## **PROJECT DESCRIPTION**

The request is for a zoning text change to allow as conditional uses for short-term rentals and Bed and Breakfast operations in the Public Zone for the purpose of renting out boats for short-term and vacation accommodations. The applicant is specifically seeking the ability to have short-term rentals and bed and breakfasts on boats in municipal harbors.

## **BACKGROUND AND ANALYSIS**

One code section would need to be amended for this application. Table 22.16.015-1 would need "C" added to the Bed and Breakfast and Short-Term Rental portions of the Residential Land Use section. Port and Harbors code may need to be amended as well.

Senior Planner, Michael Scarcelli, presented this proposal to the Port and Harbors Commission on November 18, 2015. There was mixed discussion in support and also some concerns against. At that time, Harbormaster, Stan Eliason was in support of this creative idea. And overall, it appeared that all staff would recommend at limited conditional use of the proposal. After further study, however, both the Harbormaster and Planning and Community Development Department were unanimously against this proposal.

After further direction and reflection, staff is requesting to revisit this proposal under a new light that addresses past concerns with solutions that mitigate those concerns. If necessary, existing harbor regulations and enforcement would address any impacts to the harbor system. At the Planning Commission level, conditions of approval could address compliance with such regulations, impose conditions on water safety pursuant to Coast Guard programs and regulations, impose life and safety conditions similar to other STR permits, and address any other impacts that came up in review.

Ultimately, in these economic times, any business can be good business. It is our Department's opinion to recommend projects that provide economic development while ensuring the Community's best interest. Right now, economic development trickles in to many different avenues of the community's best interests.

**Project Site:** varies

**Project Design:** varies

**Traffic:** varies

**Parking:** varies

**Noise:** While not always the case, tourists can be jovial and celebratory, which can result in increased noise from voices and music.

**Public Health or Safety:** After discussion with staff, concerns regarding safety, sanitation, and harmony of harbor system can be adequately addressed through conditions of approval and existing harbor regulations.

**Habitat:** After discussion with staff, concerns regarding environment, sanitation, and harmony of harbor system can be adequately addressed through conditions of approval and existing harbor regulations.

**Property Value or Neighborhood Harmony:** varies

**Conformity with Comprehensive Plan:** The proposed ZTC would be consistent with the Comprehensive Plan section 2.6.2.K., which states “Encourage the development of facilities to accommodate visitors, such as bed and breakfasts, hotels, restaurants, and recreation areas, however, short term rentals and bed and breakfasts proposed to be located in residential areas should be designed and developed such that noise, traffic, lighting, and visual impacts from the facilities are no more significant than impacts from ordinary residential uses in neighborhoods where they will be located.” Here, conditions of approval and existing regulations would mitigate any impacts.

In addition, the proposal is consistent with 2.3.12 that states, “To plan for and maintain quality harbor facilities and services that will enhance marine commerce and accommodate the needs of residents, transient boats, the charter fleet, and cruise ship tenders, and to carry out the following policy and objective: A. Harbor facilities shall be maintained and supported, in so far as possible, by the revenues generated by harbor operations. While reasonable moorage is a goal; more of the load may need to be taken in fees. B. A long-range plan and financial strategy should be developed to address the future need to replace harbors. C. Develop sewage waste disposal system or policy for harbor facilities.” This is due to the impact upon the harbor environment and the cost of enforcement in relation to projected income.

Conditions to address any potential impacts is further supported by section 2.2.4 that states to minimize impacts on diversity and integrity of the ecosystem; and that support protection of public infrastructure, proper sewage disposal, and protection of publics’ health, safety, and welfare.

### **FINDINGS**

Staff suggests the following findings:

- 1) That the proposal does not impact public health, safety, and welfare;
- 2) That the proposal is consistent with the comprehensive plan as discussed in the staff report; and
- 3) That the proposal would promote tourism, alleviate some burdens on the housing market, promote economic development, and utilize existing resources for the betterment of the public, health, and safety of the community.

### **RECOMMENDATION**

It is recommended that the Planning Commission adopt the Senior Planner’s analysis and recommend approval of the requested zoning text change.

### **RECOMMENDED MOTIONS (two motions)**

Move to adopt the findings as stated in discussion and staff report;

Move to recommend approval of the zoning text change.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

*Coast Guard City, USA*

## Planning and Community Development Department

Date: 11/16/15

From: Michael Scarcelli, Senior Planner, and Samantha Pierson, Planner I

To: Planning Commission

Re: ZTC 15-10 To Allow Short-term Vacation Rentals and Bed and Breakfasts in the Public Zone

### GENERAL INFORMATION

Applicant: Tim Fulton  
Property Owner: City and Borough of Sitka  
Property Address: N/A  
Legal Description: N/A  
Parcel ID Number: N/A  
Size of Existing Lot: N/A  
Zoning: Public  
Existing Land Use: Public  
Utilities: N/A  
Access: Varies  
Surrounding Land Use: Varies

### MEETING FLOW

- Report from Staff
- Applicant comes forward
- Applicant identifies him/herself – provides comments
- Commissioners ask applicant questions
- Staff asks applicant any questions
- Floor opened up for Public Comment
- Applicant has opportunity to clarify or provide additional information
- Comment period closed - brought back to the board
- Findings
- Motion of recommendation

### ATTACHMENTS

Attachment A: Application  
Attachment B: Multiple Code Pages  
Attachment C: Harbormaster Memorandum  
Attachment D: Payment

## **PROJECT DESCRIPTION**

The request is for a zoning text change to short-term rentals and Bed and Breakfast operations in the Public Zone. The applicant is specifically seeking the ability to have short-term rentals and bed and breakfasts on boats in municipal harbors.

## **BACKGROUND AND ANALYSIS**

One code section would need to be amended for this application. Table 22.16.015-1 would need “P” or “C” added to the Bed and Breakfast and Short-Term Rental portions of the Residential Land Use section. Port and Harbors code may need to be amended as well.

Senior Planner, Michael Scarcelli, presented this proposal to the Port and Harbors Commission on November 18, 2015. There was mixed discussion in support and also some concerns against. At that time, Harbormaster, Stan Eliason was in support of this creative idea. And overall, it appeared that all staff would recommend at limited conditional use of the proposal. However, after further study both the Harbormaster and Planning and Community Development Department are unanimously against this proposal.

**Project Site:** varies

**Project Design:** varies

**Traffic:** varies

**Parking:** varies

**Noise:** While not always the case, tourists can be jovial and celebratory, which can result in increased noise from voices and music.

**Public Health or Safety:** Tourists who are unfamiliar with boating safety could harm themselves and others with unsupervised access to boats. In addition, sewage disposal, use of existing restroom infrastructure, and impact to all of the land areas also zoned Public Facilities could be negatively impacted.

**Habitat:** Increased concerns for sewage dumping by tourists, potentially impacting aquatic ecosystems.

**Property Value or Neighborhood Harmony:** varies

**Conformity with Comprehensive Plan:** The proposed ZTC would be inconsistent with the Comprehensive Plan section 2.6.2.K., which states “Encourage the development of facilities to accommodate visitors, such as bed and breakfasts, hotels, restaurants, and recreation areas, however, short term rentals and bed and breakfasts proposed to be located in residential areas should be designed and developed such that noise, traffic, lighting, and visual impacts from the facilities are no

more significant than impacts from ordinary residential uses in neighborhoods where they will be located.”

In addition, the proposal is inconsistent with 2.3.12 that states, “To plan for and maintain quality harbor facilities and services that will enhance marine commerce and accommodate the needs of residents, transient boats, the charter fleet, and cruise ship tenders, and to carry out the following policy and objective: A. Harbor facilities shall be maintained and supported, in so far as possible, by the revenues generated by harbor operations. While reasonable moorage is a goal; more of the load may need to be taken in fees. B. A long-range plan and financial strategy should be developed to address the future need to replace harbors. C. Develop sewage waste disposal system or policy for harbor facilities.” This is due to the impact upon the harbor environment, the cost of enforcement in relation to projected income. This is further supported by section 2.2.4. Minimize impacts on diversity and integrity of the ecosystem; and is further inconsistent with general Comprehensive Provisions that support protection of public infrastructure, proper sewage disposal, and protection of publics’ health, safety, and welfare.

### **FINDINGS**

Staff suggests the following findings:

- 1) That the proposal negatively impacts the publics’ health, safety, and welfare due to the anticipated impact to public infrastructure, the impacts resulting from sewage, the anticipated cost of enforcement and oversight;
- 2) Inconsistency with the comprehensive plan as discussed in the staff report; and
- 3) The broad impacts that zoning text change would have to land areas zoned Public Facilities.

### **RECOMMENDATION**

It is recommended that the Planning Commission adopt the Senior Planner’s analysis and deny the requested zoning text change.

### **RECOMMENDED MOTION**

Move to deny the request filed by Tim Fulton for a zoning text change to permit short-term rentals and Bed and Breakfast operations in the Public Zone as a permitted or conditional use.

# MEMORANDUM

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To: Michael Scarcelli, Senior Planner

Cc; Planning Commission

Kevin Knox, Harbor Commission Chairman

From: Stan Eliason, Harbormaster

Date: November 19, 2015

Subject: Short term rental/Airbnb

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The Port and Harbor Commission met on November 12<sup>th</sup>. Tim Fulton presented his idea of an Airbnb to be allowed on his future boat. The Commission was favorable with his idea, but determined further discussion with the Planning Commission was needed to address insurance and sewage regulations.

I was also favorable to his presentation. However, at this point in time, I'm against this proposal. If we were to allow Airbnb's with *strict regulation's* pertaining to sewage. This very well could lead to regulating all users of our harbor system, including visiting vessels. I do not have the manpower to accomplish this.



## Samantha Pierson

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**From:** Michael Scarcelli  
**Sent:** Thursday, November 19, 2015 10:54 AM  
**To:** Stan Eliason; Dan Tadic  
**Cc:** Samantha Pierson  
**Subject:** RE: P&Z In Your Neighborhood...Planning Commission Agenda December 1st

I go back and forth too on this one. I am down the middle. But I agree that sewage is going to be the main negative impact, and will only be addressed with increased enforcement, which would become burdensome, especially if it goes to limited rentals: the return on investment would be negative. I was originally very much against it, then sorta for it, sorta against it. But now, with more detail presented from Stan, I am against it.

A formal staff report or memo would be helpful from PW and Port and Harbors to present the different Department concerns to the Planning Commission and potentially the City Assembly. If I received one, I would cite it in my own staff report and attach it to the packets.

Thank you,

Mike

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**From:** Stan Eliason  
**Sent:** Thursday, November 19, 2015 10:29 AM  
**To:** Dan Tadic <dan.tadic@cityofsitka.org>; Michael Scarcelli <michael.scarcelli@cityofsitka.org>  
**Cc:** Samantha Pierson <samantha.pierson@cityofsitka.org>  
**Subject:** RE: P&Z In Your Neighborhood...Planning Commission Agenda December 1st

My fear is this sewage regulation towards STR/BB could include other users, through the public process. All's it will take is someone saying "if they have to abide by this regulation, so should live a boards" then the can of worms is opened to regulate everyone. If this were to occur, see the following.

- 1) We'd have to put dye tabs in holding tanks. If one were to dump illegally, the waters around the boat would turn to a florescent color.
- 2) Seal the "Y" valve. We'd have to seal the valve, so only waste could go into the holding tank and not overboard.

This would be a management nightmare. I'd have to form an environmental department within the harbor department.....that won't happen.

I certainly want the waters of our harbors to be safe and clean. However, at this point in time, I'm leaning towards not allowing this. Convince me otherwise, I might bite.

This topic needs more discussion.

*Stan Eliason, Harbormaster  
City and Borough of Sitka  
Coast Guard City, USA*

**New email:** [stan.eliason@cityofsitka.org](mailto:stan.eliason@cityofsitka.org)

<http://www.cityofsitka.com/government/departments/harbor/index.html>

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**From:** Dan Tadic  
**Sent:** Thursday, November 19, 2015 8:33 AM  
**To:** Michael Scarcelli  
**Cc:** Stan Eliason; Samantha Pierson  
**Subject:** RE: P&Z In Your Neighborhood...Planning Commission Agenda December 1st

Glad to hear that the discussions have already started. I think the sewage issue is a big one that we could get in trouble for if ADEC were to discover somehow that we did nothing to stop raw sewage from being dumped into the ocean. I think getting the applicants for a STR/BB to sign off that they will not do this or allow this to occur would at least be one step we have taken to discourage this illegal activity from occurring in our harbors.

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**From:** Michael Scarcelli  
**Sent:** Thursday, November 19, 2015 8:20 AM  
**To:** Dan Tadic <[dan.tadic@cityofsitka.org](mailto:dan.tadic@cityofsitka.org)>  
**Cc:** Stan Eliason <[stan.eliason@cityofsitka.org](mailto:stan.eliason@cityofsitka.org)>; Samantha Pierson <[samantha.pierson@cityofsitka.org](mailto:samantha.pierson@cityofsitka.org)>  
**Subject:** RE: P&Z In Your Neighborhood...Planning Commission Agenda December 1st

Already did that.

Port and Harbors were very supportive. They had concerns, similar to those I presented upon (safety, restrooms, sewage, liability, harmony of life, enforcement, etc)- . Overall though, they supported recommending limited STR/BB in a harbor - with further study and collaboration between Departments.

STR/BB are not currently permitted by code, but are prohibited uses – from a strict interpretation. However, I am certain they exist. Because I looked at several when I arrived in Sitka as living options. There are float homes, but they expressly do not allow STR.

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**From:** Dan Tadic  
**Sent:** Wednesday, November 18, 2015 5:27 PM  
**To:** Stan Eliason <[stan.eliason@cityofsitka.org](mailto:stan.eliason@cityofsitka.org)>  
**Cc:** Michael Scarcelli <[michael.scarcelli@cityofsitka.org](mailto:michael.scarcelli@cityofsitka.org)>; Samantha Pierson <[samantha.pierson@cityofsitka.org](mailto:samantha.pierson@cityofsitka.org)>  
**Subject:** FW: P&Z In Your Neighborhood...Planning Commission Agenda December 1st

Seeing Planning Commission agenda item #1 for a zoning text change to allow B&Bs and short term rentals in the harbor system got me wondering if this should be presented to the P&H Commission before going to Planning. I think they will want to weigh in on this topic.

Stan - How is sewage handled for live-aboards in our harbors now??? As I understand it, there is nobody who pumps holding tanks locally. I'd imagine some live-aboards just use the harbor restrooms and not onboard toilets. How many use the pumpouts regularly? There are pump outs at Eliason, Thomsen and Crescent, right? The reason I ask is, I suspect some unscrupulous owners may allow the sewage to dump into the ocean. Part of the process for approving a particular B&B or short term rental in a harbor, should be asking whether it has an onboard restroom or not and if it does require them to use the pumpout as a condition of the permit.

Also, aren't live-aboards only permitted in certain harbors? It seems if a harbor does not permit live-aboards it should not permit B&Bs or short term rentals.

CITY AND BOROUGH OF SITKA  
PLANNING DEPARTMENT  
ZONE CHANGE APPLICATION

ZONE MAP AMENDMENT FEE	\$100.00
ZONE TEXT AMENDMENT FEE	\$100.00
<i>Plus current city sales tax</i>	

Applicant's Name: TIM FULTON  
Phone Number: 738-0740  
Mailing Address: 225 Lakeview Drive Sitka AK 99835  
Applicant's Signature: \_\_\_\_\_ Date Submitted \_\_\_\_\_

Provide information or data, as necessary, to fully outline the reasons and justifications for the request. Attach additional sheets as necessary.

For official map amendments, the application shall contain:

1. A legal description of *each* subject property along with the owner's name, address, and contact person for *each* subject property;
2. An analysis showing the public benefit of the proposed amendment;
3. An analysis showing the proposal's consistency with the Comprehensive Plan;
4. A map of the area to be rezoned.

**LIST SPECIFIC REQUEST:** I am requesting a variance to allow a boat that is moored in one of Sitka's harbors to be used as a short-term vacation rental or B&B.

**EXPLANATION OF REQUEST:** Having a boat as a short-term rental is not currently done in Sitka. However, utilizing boats as short-term vacation rentals is done successfully in other places & is a growing niche in the travel & vacation market. With Sitka's new branding emphasizing the uniqueness of our town & location, a boat as vacation rental can meet two needs. First, according to the Sitka Convention & Visitors Bureau, often there is not enough bed space in Sitka to accommodate traveler demand. Second, a boat vacation rental can successfully fill a void for those vacationers looking for a unique travel experience. Television shows such as "Deadliest Catch" fuels the world's fascination with Alaska in general & Alaska fishing in particular. Staying overnight on a boat in a working harbor in Alaska's most beautiful city can be a dream come true for world travelers. This vacation rental opportunity can contribute significantly to Sitka's economy both through taxes & spending revenue. It is an opportunity for Sitka to say "yes" to a unique avenue of economic growth in a controlled manner.

*After the application and supporting materials has been determined to be complete by the Planning Office, the request will be placed on the next available Planning Commission agenda.*

Members of the Sitka Planning Commission and Supporting Staff,

My name is Tim Fulton.

Thank you for considering my request for a zoning text change. I regret not being able to attend in person. I do have a prior commitment that I cannot change. My hope is that this letter can help answer some questions. I set it up with Michael Scarcelli to call if I can answer any further questions.

My wife and I have been using the new concept of Airbnb for the last couple of years. We are pleasantly surprised as to how it welcomes you into what ever experience we choose.

The concept of Airbnb is a natural fit for Sitka. It would be an easy sell for those who are looking for a little uniqueness to add to their Alaska experience. I want to be clear that at this point we are still working with just an idea. It seems prudent to first work with the City of Sitka and get all the necessary permissions before proceeding with the actual business plan. However, in my preliminary number crunching it is a viable business model.

I know you have many things to consider before you make your decision. I would like to address a few that I see;

1. Regarding the economic benefit to Sitka, the direct taxes from this venture would not be enormous. However, a significant benefit would be in the new money it can bring into Sitka via the support given to our other small businesses. I have investors who are interested in part for the contribution it can make to the local economy.
2. I believe that this idea is forthcoming, and right now you have an opportunity to address it in a positive way that will help control the development of this business idea. As a city, we have been successfully using lands based zoning laws to address usage for years.
3. Supporting the language change should help keep short term rentals in our Harbors above ground and working with our Harbor department to address safety concerns and other issues.
4. If this zoning text change is moved forward it allows us an opportunity to work together and address everyone's concerns, allowing for good policy construction that will benefit Sitka.
5. Airbnb is working on boats in other port cities in the United States and around the world. It can work here.

Thank you for your time,  
Tim J Fulton

City and Borough of Sitka, AK  
100 Lincoln St  
Sitka, AK 99835

11/04/2015  
2016-00024073  
Front Counter  
TIM FULTON

Date:  
Receipt:  
Cashier:  
Received From:

PLAN - Planning Permits/Zo	100.00
ning	5.00
STI - Sales Tax 4th quarte	-----
r CY	105.00
Receipt Total	-----
Total Other	105.00
Total Remitted	-----
Total Received	105.00

\$ 105.00

Customer Copy

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-14

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL CODE TITLE 22.16.015 "PERMITTED, CONDITIONAL AND PROHIBITED USES" TO ALLOW SHORT-TERM RENTALS IN THE PUBLIC ZONE AS A CONDITIONAL USE

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is 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 1) allow short term rentals in the public zone as a conditional use.
4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that SGC Chapter 22.16.015 is amended to read as follows (new language underlined; deleted language stricken):

**Chapter 22.16  
DISTRICT REGULATIONS**

\* \* \*

**22.16.015 Permitted, conditional and prohibited uses.**

\* \* \*

**Table 22.16.015-1  
Residential Land Uses**

Zones	P(1)	S F	SF LD	R-1	R-1 MH	R-1 LD MH	R-2	R-2 MHP	CBD (11, 12)	C-1 (11)	C-2 (11)	WD (2, 11)	I	GI (3, 10)	LI(3)	R	O S	GP (13)
<b>RESIDENTIAL</b>																		
• Single-family detached		P	P	P(4)	P(4)	P(4)	P(4)	P(4)		P	P	P		P	P	P	P	
• Townhouse				C(5)	C(5)	C(5)	C(5)	C(5)	C	P	P	P		C	C			
• Duplex				P	P		P	P		P	P	P		P	P			

Zones	P(1)	S F	SF LD	R-1	R-1 MH	R-1 LD MH	R-2	R-2 MHP	CBD (11, 12)	C-1 (11)	C-2 (11)	WD (2, 11)	I	GI (3, 10)	LI(3)	R	O S	GP (13)
• Residential zero lot line				P	P	P	P	P		P	P	P						
• Multiple-family				C(5)	C(5)	C(5)	P(5)	P(5)	P(5,8)	P(5)	P(5)	P(5)		C	C			
• Single manufactured home on an individual lot					P	P		P			P			C	C			
• Mobile home park								P			P	P						
• Accessory dwelling unit				P(14) C	C	C	P(14) C	C										
GROUP RESIDENCES														C	C			
• Assisted living	C						C	C						C	C			
• Bunkhouse for transient workers							C	C				C		C				
• Dormitory	C(4)						C	C										
• Quasi-institutional	C			C	C	C	C	C						C	C			
TEMPORARY LODGING																		
• Hostel							C	C		P	P	P						
• Hotel/motel									P	P	P	P		PU/ CS	C	C		
• Bed and				C(7)	C(7)	C(7)	C(8)	C(8)	P	P	P	P		P	C			

Zones	P(1)	S F	SF LD	R-1	R-1 MH	R-1 LD MH	R-2	R-2 MHP	CBD (11, 12)	C-1 (11)	C-2 (11)	WD (2, 11)	I	GI (3, 10)	LI(3)	R	O S	GP (13)
breakfast																		
• Short-term rental	C(15)			C	C	C	C	C	P	P(9)	P(9)	P(9)		P	C	P(9)		
• Rooming house							C	C	C	P	P	P		C	C			
• Lodge										P	P	P		PU/ CS	C			
• Limited storage				C(6)	C(6)	C(6)	C(6)	C(6)						P	C			

34

35

\*\*\*

36

C. Residential Uses Table 22.16.015-1 Footnotes.

37

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38

15. Conditional Use limited to allow boats to be used as short-term rentals in Harbors and slips within the Public Lands zoning district.

39

40

**5. EFFECTIVE DATE.** This ordinance shall become effective the day after the date of its passage.

42

43

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska this 10<sup>th</sup> day of May, 2016.

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\_\_\_\_\_  
Mim McConnell, Mayor

48

ATTEST:

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\_\_\_\_\_  
Sara Peterson, CMC

52

Municipal Clerk

53

54





# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: ORD 16-15    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 4/20/2016    In control: City and Borough Assembly

On agenda: 5/10/2016    Final action:

Title: Amending Title 15 of the Sitka General Code by adding a new Chapter 15.15 entitled "Community Assisted Utility Subsidization Effort" (first reading)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2016-15.pdf](#)  
[Ord 2016-15.pdf](#)  
[Community Options for Utility Assistance.pdf](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2016-15  
on first reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2016-15

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 15 OF THE SITKA GENERAL CODE BY ADDING A NEW CHAPTER 15.15 ENTITLED "COMMUNITY ASSISTED UTILITY SUBSIDIZATION EFFORT"

1. CLASSIFICATION. This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.

2. SEVERABILITY. If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. PURPOSE. The purpose of this ordinance is to add a new chapter to Title 15 of the Sitka General Code providing a regulatory framework for the subsidization of utility costs for low income households. This ordinance shall set forth how and when utility costs subsidizations shall be authorized, implemented; how long such subsidizations shall continue for; when such subsidizations shall be terminated; and, penalties for obtaining subsidies under false pretenses.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 15 is amended by adding a new Chapter 15.15 entitled, "Community Assisted Utility Subsidization Effort" to read as follows (new language underlined; deleted language stricken):

Title 15
Public Utilities

- 15.01 Electric Utility Policies
15.02 Watershed Control Program
15.04 Sewer System
15.05 Water System
15.06 Solid Waste Treatment and Refuse Collection
15.07 Storm Drainage
15.08 Utility Poles
15.12 Private Extensions of Water, Wastewater, and Stormwater Utilities
15.15 Community Assisted Utility Subsidization Effort

\*\*\*

Chapter 15.15
Community Assisted Utility Subsidization Effort

47 Sections:

48 15.15.010 Definitions.

49 15.15.020 Municipal Utility Cost Subsidization Policy.

50 15.15.030 Eligibility Criteria.

51 15.15.040 Determining Eligibility.

52 15.15.050 Program Administration.

53 15.15.060 Responsibilities Incumbent Upon Subsidized Households.

54 15.15.070 Penalties For Obtaining Subsidization Under False Pretenses.

55

56 **15.15.010 Definitions.**

57 A. "Uncollectable Accounts" refers to any account or debt owed the City which has become  
58 overdue by more than one hundred twenty days.

59 B. "Collection" means any action taken by the City to attempt to collect a debt or account which  
60 is overdue.

61 C. "Credit" means the extension of any services by the City to any person or entity for which a  
62 charge or fee is levied, and, for which the charge or service is provided in advance of payment.

63 D. "Debt" means any sum of money which a citizen of the City, or customer of the City in  
64 some capacity, is legally obligated to pay to the City for any purpose.

65 E. "Good Standing" shall mean that any citizen, business, or other entity doing business with the  
66 City does not have an account which is overdue.

67 F. "Overdue" refers to any debt owed to the City which has not been paid within thirty days of  
68 the date the payment was due. As an exception, debts owed for utility services consumed are  
69 considered overdue fifteen days after the date the payment was due.

70 G. "Write Off" refers to any debt for which collection action is no longer pursued.

71 **15.15.020 Municipal Utility Cost Subsidization Policy.**

72 A. It shall be the policy of the City and Borough of Sitka that households meeting certain  
73 criteria shall be eligible for subsidization of their municipal utility costs from general  
74 governmental sources.

75  
76 B. Subsidization shall be in the form of general governmental subsidy payments to municipal  
77 utilities on behalf of eligible households. Under no circumstances shall subsidization be in the  
78 form of reduced utility rates or the provision of free utility services.

79  
80 C. The amount of annual subsidization by the City shall be in the municipal Administrator's  
81 annual Consolidated Operating Budget. The annual subsidization shall be further pro-rated  
82 across the months of the fiscal year based on the historic amount of revenue for the month  
83 divided by annual revenue. Applications for subsidization shall be processed on a first-come,  
84 first-served basis for each month; once the monthly subsidization has been dispensed, no  
85 additional subsidizations can be dispensed until the start of the next month.

86 D. Subsidization of utility costs, once extended by the City, shall not be a permanent entitlement  
87 of receiving households. Subsidization for individual households may be revoked at any time by  
88 the Assembly for any reason. Furthermore, failure of receiving households to adhere to program  
89 requirements may be grounds for termination of subsidies.

90  
91 E. Monies used for utility subsidization shall be accounted for in a separate fund and shall be  
92 used for no other purpose than utility subsidization. The separate fund to be established shall be  
93 funded at inception by a special appropriation from the Assembly.

94  
95 **15.15.030 Eligibility Criteria.**

96 A. Any household will be eligible to apply which is receiving, or which has a pending  
97 application for any one of the following:

- 98 1. Assistance from the State of Alaska under the Food Stamp Program administered by the  
99 Division of Public Assistance, Alaska Department of Health and Social Services,
- 100 2. The General Assistance Program administered by Sitka Tribe of Alaska,
- 101 3. The Temporary Assistance to Needy Families Program administered by Central Council  
102 Tlingit and Haida Indian Tribes of Alaska and the Alaska Department of Health and  
103 Social Services Division of Public Assistance,
- 104 4. The Women Infant and Children (WIC) Program administered by Southeast Alaska  
105 Regional Health Consortium,
- 106 5. Children in the household qualify for the Free-or-Reduced Lunch Program administered  
107 by the Sitka School District.

108  
109 B. Termination of assistance from any of the following programs shall discontinue eligibility for  
110 subsidization of City Utility Costs:

- 111 1. The State of Alaska under the Food Stamp Program administered by the Division of  
112 Public Assistance, Alaska Department of Health and Social Services,
- 113 2. The General Assistance Program administered by Sitka Tribe of Alaska,
- 114 3. The Temporary Assistance to Needy Families Program administered by Central Council  
115 Tlingit and Haida Indian Tribes of Alaska and the Alaska Department of Health and  
116 Social Services Division of Public Assistance,
- 117 4. The Women Infant and Children (WIC) Program administered by Southeast Alaska  
118 Regional Health Consortium,
- 119 5. Children in the household cease to qualify for the Free-or-Reduced Lunch Program  
120 administered by the Sitka School District.

121 C. An applying household will be deemed ineligible for assistance if it, or its constituents, have  
122 any past due obligation owed to the City other than utility-related obligations. These other  
123 obligations shall include all unpaid citations and billings for protective custody costs. On a case-  
124 by-case basis, the Administrator may write off past due obligations in order for an applying  
125 household to be eligible for assistance.

127 **15.15.040 Determining Eligibility.**

128 A. The City shall annually contract with an external entity or organization to administer the  
129 utility cost subsidization program. The scope of the contract with the entity or organization will  
130 specify how the program is to be administered and the compensation the contractor is to receive  
131 for its services.

132 B. Any household meeting tentative eligibility criteria and desiring utility cost subsidization  
133 must complete and submit an application, along with required documentation, to the entity or  
134 organization engaged under contract by the City to manage the utility cost subsidization  
135 program.

136 C. The contracting entity administering the utility cost subsidization program shall examine all  
137 submitted applications, determine the eligibility of households requesting subsidization, and,  
138 provide a recommendation to the City on all completed applications submitted to it under the  
139 program.

140  
141 **15.15.050 Program Administration.**

142 A. Upon determination of eligibility for an applying household, the contract entity administering  
143 the utility cost subsidization program shall submit a recommendation to the City. The  
144 recommendation shall contain the following elements:

145  
146 (1) Determination of eligibility or ineligibility

147  
148 (2) Length of subsidization

149 B. Upon receipt of a subsidization recommendation, the City shall credit an amount to the  
150 applying household's account equal to that months allocation divided by the number of  
151 qualifying household's, not including sales tax.

152 C. The Municipal Administrator shall have the authority to reject or modify any  
153 recommendations submitted by the administering entity to the City.

154  
155 **15.15.060 Responsibilities Incumbent On Households Receiving Utility Subsidization.**

156 A. To remain eligible for continued subsidization, a household must meet all other financial  
157 obligations to the City in a timely basis. Having any obligation owed to the City become past  
158 due while receiving subsidization shall be cause for termination of subsidization.

159 B. Households receiving subsidization which undergo changes in financial status causing them  
160 to no longer be eligible for subsidization, such as no longer receiving Food Stamps, General  
161 Assistance or Temporary Assistance to Needy Families or Women Infant and Children (WIC)  
162 Program assistance, or if children in the household cease to qualify for the Free-or-Reduced  
163 Lunch Program administered by the Sitka School District, shall immediately notify the  
164 administering entity.

165

166 **15.15.070 Penalties For Obtaining Subsidization Under False Pretenses.**

167 A. It will be unlawful for any citizen, or household, to obtain utility cost subsidization from the  
168 City under false pretenses. It will also be unlawful for any citizen, or household, to continue to  
169 accept subsidization from the City after experiencing a change in financial status which would  
170 end eligibility.

171 B. Upon the determination that an unlawful act may have occurred in which utility cost  
172 subsidization was obtained under false pretenses, the City will immediately notify the  
173 appropriate law enforcement agency so that a criminal investigation can be initiated.

174  
175  
176 **5. EFFECTIVE DATE.** This ordinance shall become effective 60 days after the  
177 date of its passage.

178  
179 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of  
180 Sitka, Alaska this 24th day of May, 2016.

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\_\_\_\_\_  
Mim McConnell, Mayor

184 ATTEST:

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188 \_\_\_\_\_  
Sara Peterson, CMC

189 Municipal Clerk

### Community Options for Utility Assistance

What	How Much	How Often	Who	Notes
<b>Salvation Army</b>	Might pay for the past month, applicant is responsible for the next month. Salvation Army inquires at to the reason the applicant cannot pay.	Up to three times a year, housing only once a year.	Money comes from the State. Ocasasionally FEMA will contribute, in which case the money is earmarked for a specific demographic, such as people left without shelter.	
<b>SOA General Assistance</b>	Income based, emergent need only, if eligible for temporary cash assistance, would deny general relief. \$120 per person,	Can apply monthly, but that will eventually lead to being denied. Monthly is discouraged. Only toward current bill, not past due bills.	Emergent need, limited, are they eligible for other programs? If so, may be denied. Have they received funds from other programs, is so, may be denied. Must have less than \$500 in the bank and less than \$300 of income per month.	If they see that the \$120 isn't going to cover the past due amount, they will be denied. Based on income during the month of application. State funded.
<b>Moose Lodge</b>	Depends on situation, often around \$250	Once a year.	Anyone who can demonstrate need.	Simply a form that needs to be filled out.
<b>Elks Lodge</b>	Depends on how much Lodge has in their fund. Cut check to City directly for the minimum amount they can pay to keep the lights on. Each situation is different.	One time only. Never again.	Anyone who can demonstrate need.	Application. Social and Community Welfare Fund, contributions from members. For electricity, they will verify need with the City.
<b>SOA Heating Assistance Program</b>	Cost of heating home must exceed housing subsidy by over \$200.	Once a year.	Seniors have priority, followed by those with demonstrated need.	Based on income in month prior to application. If heating is provided in rent (in subsidized housing) they are denied.



What	How Much	How Often	Who	Notes
<b>Tlingit and Haida</b>	Based on gross income and "points" based on "as needed" points (must have minimum of 2 "as needed" points). Number of points determines how much you can receive, \$175 per point. Food stamps = automatic qualifier, elderly and disabled = automatic qualifier, children <5 years of age, number of people in household all add points.	Once per grant year, can reapply subsequent year.	Native American and Alaska Native, Elderly are prioritized.	Energy Assistance Program, State Grants, (likely facing some cuts), Federal Grants.
<b>Catholic Church</b>	see notes	see notes	per Salvation Army guidelines	The Catholic Church acts as an assisting revenue source for the Salvation Army if and when they are needed.
<b>SEARHC</b>	Don't receive money, receive food tailored to the needs of the client. Vouchers are given, for certain foods and farmers markets, then store brings back to get reimbursed. Strictly food stuffs.	Based on income, on Denali kid care, or food stamps automatically qualify. There are income caps, above which the applicant is precluded.	Anyone who can meet income guidelines and are pregnant, post partum, breast feeding or with a child <5 years of age.	WIC ultimately funded by USDA through the SOA
<b>Sitka Tribe of Alaska</b>	\$250, depending on household	Once a month	Tribal members who are enrolled in Sitka and have been enrolled for a minimum of six months.	General or emergency assistance. Can be used for any utility or groceries.



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-090      Version: 1      Name:  
Type: Item      Status: AGENDA READY  
File created: 5/4/2016      In control: City and Borough Assembly  
On agenda: 5/10/2016      Final action:  
Title: Sitka School District Budget Funding for FY17  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Motion and Memo SSD.pdf](#)  
[School District FY2017 Operating Fund Budget with cover.pdf](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**

**I MOVE TO** make a determination that the amount of money to be made available from local sources in FY17 to the Sitka School District shall be equal the amount of \$6,617,521 and an amount not to exceed \$150,000 for building repair and maintenance.

# Memo

**Thru: Mark Gorman, Administrator**

**To: Mayor McConnell and Assembly Members**

**From: Jay Sweeney, Chief Finance and Administrative Officer**

**Date: 5/2/2016**

**Re: FY17 Local Support of Schools Notification**

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AS 14.14.060 (Relationship Between Borough School District and Borough; Finances and Buildings) states in Subsection (e).....

*Except as otherwise provided by municipal ordinance, the borough school board shall submit the school budget for the following school year to the borough assembly by May 1 for approval of the total amount. Within 30 days after receipt of the budget the assembly shall determine the total amount of money to be made available from local sources for school purposes and shall furnish the school board with a statement of the sum to be made available. If the assembly does not, within 30 days, furnish the school board with a statement of the sum to be made available, the amount requested in the budget is automatically approved. Except as otherwise provided by municipal ordinance, by June 30, the assembly shall appropriate the amount to be made available from local sources from money available for the purpose.*

The Sitka School District budget was approved by the Sitka School Board on April 22, 2016 and submitted to the Municipality on April 29, 2016. In its budget, the Sitka School District has planned for direct Municipal support in the amount of \$6,617,521. The Sitka School District has also requested major maintenance reimbursement in the amount of \$150,000, in line with previous years' requests. Thus, the total funding request is \$6,767,521 (\$6,617,521 + \$150,000).

The amount requested by the Sitka School District in its FY15 budget is what is also currently contained in the Municipal budget. Accordingly, Administration recommends that the Sitka School District be provided with notification, as required by AS 14.14.060 (e), that the amount of money to be made available from local sources in FY16 shall be equal the amount of \$6,617,521 **PLUS** an amount not to exceed \$150,000 for building repair and maintenance.

If no action is taken by the Assembly on the Sitka School District budget by May 30, the budget as submitted shall be automatically approved.

# Embedded Secure Document

The file <https://sitka.legistar.com/View.ashx?M=F&ID=4430017&GUID=D83D9617-0BB7-4D18-AE09-718FE41F0A16> is a secure document that has been embedded in this document. Double click the pushpin to view.





# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-092      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 5/4/2016      In control: City and Borough Assembly

On agenda: 5/10/2016      Final action:

Title: Discussion/Direction/Decision on other Citizens' Taskforce recommendations including: a millage rate increase, vehicle registration tax and the elimination of sales tax on groceries

Sponsors:

Indexes:

Code sections:

Attachments: [Memo Item G.pdf](#)  
[CitizensTaskforceFinalReport.pdf](#)

Date	Ver.	Action By	Action	Result
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**Discussion/Direction/Decision** on other  
Citizens' Taskforce recommendations including:

- Millage rate increase
- Vehicle registration tax
- Elimination of sales tax on groceries



## Memorandum

TO: Mark Gorman, Municipal Administrator  
Assembly

FROM: Wendy Lawrence, Assessing Director  
*Wendy Lawrence*

SUBJECT: FY17 Mill Rate Primer – Assembly Discussion

DATE: May 4, 2016

---

Now that our FY16 Tax Year is coming to a close and our property taxbase is being certified, it is an appropriate time to have a basic primer on mill rate structures and how the property tax fits into our overall fiscal policy.

I'd like to present a basic mill rate primer for the Assembly at the May 10, 2016, regular meeting so that the Assembly and the community can begin thinking about the possible restructuring of our overall fiscal policy in light of unfolding economic conditions.

Although the City and Borough of Sitka has not yet felt the full impacts of state and federal revenue reductions, we are starting to see signs of change. A periodic review of our overall fiscal policy is in order, and because the property tax is the cornerstone of modern taxation systems we should open this discussion.



**Citizens' Taskforce**  
**On**  
**Revenue, Services and Fees**  
  
**Report**  
**And**  
**Recommendations**  
  
**April 2016**

Rob Allen

Dyan Bessette

Hugh Bevan

Cynthia Gibson

Alene Henning

Maxwell Rule

Lawrence SpottedBird

Sitka faces budget pressures that are unprecedented in this century. The community has not experienced financial challenges of this magnitude since the pulp mill shut down more than a generation ago. A “perfect storm” of falling contributions from the federal and state governments, stagnant local tax revenues and increasing municipal expenses due to the Blue Lake Dam project, deferred maintenance on other infrastructure, and the rising cost of public employee benefits have combined to create a gaping hole in the City’s budget. At the same time, most of Sitka’s residents and business owners face difficulties balancing their own budgets. Seniors, people with disabilities and families raising children on low incomes face severe financial hardships, and are often forced to choose between paying for housing, food, medication or utilities. All trends suggest that these financial stresses will persist, as oil prices remain low, the state shifts expenses to local governments and the cost of housing, electricity and health care continue to rise.

Despite these pressures, Sitkans want to maintain all of the elements that contribute to our high quality of life, from quality education and healthcare to public safety, recreational services and cultural facilities and programs. Unfortunately, the City simply does not have the revenue to pay for mandatory expenses and continue its current level of support for the services residents want. After a contentious budget process last year, the Assembly decided to form an ad hoc committee to take a deeper look at Sitka’s revenues and expenses and make recommendations on how to balance our community’s budget. The Citizens’ Task Force on City Services, Revenues and Fees was launched in the fall of 2015.

Seven members of the Task Force were appointed out of a pool of citizens that volunteered. Of the initial seven, two dropped out for personal reasons and were replaced. The final seven included Rob Allen, Dyan Bessette, Hugh Bevan, Cynthia Gibson, Alene Henning, Maxwell Rule and Lawrence SpottedBird. Allen was elected Chair, Rule and SpottedBird Vice-chairs. The tasks assigned to the Task Force by the Assembly included to:

- Recommend what core services the City must maintain.
- Determine what funding is required to maintain these core services, including costs for capital improvements.
- Recommend what revenue streams and fees are most equitable and sustainable in order to maintain these services into the future.
- Educate and engage citizens about the financial challenges and seek their ideas for solutions.

Task Force members spent 40 hours over 20 meetings and significant personal time learning about City revenues, expenses and services. Municipal staff did an incredible job of presenting information on the various department budgets, projects, and future plans. Committee members also shared their expectations, priorities, and values. An area of common agreement developed around responding to the needs and concerns of citizens with fixed and low incomes. There was a general desire on the part of committee members to make Sitka’s structure of taxes and fees more progressive and sustainable. In other words, the Committee agreed that its recommendations should make the City’s revenue more predictable, and ensure that the tax burden on residents is reasonably related to their ability to pay. These became guiding principles for Task Force members to apply in their deliberations as options were discussed.

Task Force members quickly realized that the municipal budget is extremely complicated, and the time available to study it and develop recommendations that would be useful and timely was short. Accordingly, members decided to focus most of their attention on the General Fund, with some analysis of School District, Community Hospital and Capital budgets. The Task Force avoided delving too deeply into the enterprise funds due to their complexity and limited time, but consideration of the Electric Fund was essential due to the financial impact of the Blue Lake Dam expansion project.

The General Fund pays for the following services:

- Assembly, Administration, City Clerk and Attorney
- Finance and Human Resources
- Police and Fire Departments
- Public Works Administration, Building Official and Engineering
- Street maintenance and Parks Department
- Centennial Hall, Sitka Public Library, and Visitors Bureau
- Financial support for Sitka School District, Sitka Community Hospital non-profit organizations.

One of the first exercises of the Task Force was to identify the “core services” paid for by the General Fund by department. Task Force members reviewed activities and services and voted to categorize them by importance as follows:

- **Core Infrastructure/Public Safety (CIPS)** – services that are essential to maintaining required infrastructure and public safety
- **Core Regulatory** – services that are required by federal or state law or local charter
- **Core Community Value** – services that have very strong support from residents.

Addendum A shows how the Task Force chose to categorize each service, including votes. The consensus of the Task Force is that Core Community Values (CCV) are important, but should be considered for reductions before cutting services identified as core infrastructure, public safety or regulatory. The Assembly can use this as a guide to rank services and budget expenses. Addendum B is the individual recommendations from Taskforce members on line items in the General Fund. This is provided for context purposes to show the wide diversity of opinion on the Taskforce. It is recommended that this file be viewed in the Excel spreadsheet available on the Taskforce website, as it is difficult to read in print.

The Task Force reached a preliminary consensus on reducing the City’s contribution to the School District by \$200,000. Members believed that this would represent a meaningful share of overall budget cuts while having a relatively minor impact of the total District budget of more than of \$20 million. After receiving strong public comment in support of municipal investment in education, the Task Force revisited its recommendation, and set a cap on the City contribution not to fall below 92% of the permitted cap (as calculated by the city’s formula). The Task Force recommends that this cap be maintained for the next three years to provide the District with some certainty while allowing the actual City financial contribution to adjust to changes in the State funding formula.

The City dedicates 100 percent of its tobacco tax revenue to the Community Hospital. It also provides annual support of \$160,000 that is earmarked for the hospital's capital projects. The Task Force is not recommending any change to hospital support.

Addendum C includes the complete list of motions approved by the Task Force as recommendations for the Assembly to pursue or investigate. It also includes the motions that failed. Addendum F is the complete set of the Task Force minutes, which includes more detail on the motions.

Task Force members reviewed the various sales tax ordinances on taxable items and exemptions and made recommendations for changes. A consensus was reached that the Assembly should establish "sunset" clauses for exemptions or changes to the sales tax ordinances or institute a policy of reviewing exemptions on a three- to five-year basis. Reasons for exemptions have a tendency to change with time, but there is currently no mechanism to review and modify them to respond to different conditions or needs. The Task Force also recommends that the city revise the cap on individual sales to index it for inflation.

After reviewing the operation of the Assessment Department, the Task Force joins the Administration in recommending that the City invest the necessary funds to update assessing software and adjust all property to full value as soon as possible. Accurate and timely valuation of residential and commercial property will help ensure that property taxes are fully and fairly collected. The Task Force also recommends that the Assembly consider adjusting the exemption threshold for personal property from the existing \$25,000 to \$50,000 or \$100,000. The amount of time that this change would free up for the Assessment Department to concentrate on updating the software and implementing it should more than make up for the loss in revenue.

The Public Works Department provided an excellent presentation to the Task Force on the Capital Budget, including a prioritized list of projects, and scenarios illustrating how the City's infrastructure would be maintained at different levels of funding. The materials provided an easy way to see how projects and priorities could be moved around to achieve the most effective spending over a number of years at different funding levels. After listening to public comment, the Task Force voted to recommend a level of spending adequate to maintain paved roads, avoiding the need for conversion to gravel. Members recommend General Fund capital spending of \$3,000,000 per year, which represents a very significant increase of \$1,500,000, or 100 percent over this year's budget.

An important element added into the discussion and outside of the normal General Fund spending was the electricity rate. There are bond covenants relating to the level of capital reserves in the Electric Utility Fund that the city is required to maintain. Raising electric rates or cutting operating costs would be the typical route to covering those covenants. For a variety of reasons, electricity usage has been falling for several years. Two mild winters have contributed to less demand, as have lower fuel costs and increasing electricity rates. Electric rates are currently budgeted to increase by five percent next year. To meet the bond covenants, the rates would need to increase by 30 percent, to \$.17 a kilowatt-hour. However, this big an increase in the rates would certainly result in continuing declines in

consumption, as residential and commercial customers would conserve electricity, and possibly switch to alternative fuels. Depending on how much electricity consumption fell in response to the increase in price, rates could continue to rise steeply—annual double-digit increases could be a necessity. This would obviously be an undesirable scenario for households, businesses and the City. As an alternative, the Task Force is recommending a transfer of funds from the General Fund to limit the rate increase to 5 percent. This subsidy will be necessary for at least the next three years. It could be as much as \$1,900,000 in year one, \$1,500,000 in year two, and \$1,000,000 in year three.

While many residents who took the time to attend Task Force meetings recommended cutting municipal expenses, pleas from citizens to maintain public services were also loud and numerous. During the review of the General Fund budget, Task Force members developed a consensus that the City could not maintain core infrastructure and public safety, meet its regulatory obligations and maintain its commitment to community values through budget cuts alone. The numbers simply do not add up. A combination of spending cuts and revenue increases is a mathematical necessity if the City is going to avoid catastrophic negative impacts on public safety, infrastructure, public education and quality of life.

Local sources of revenue are limited. Given the commitment the Task Force made to a sustainable and fair tax structure, it became apparent to members that an increase in the property tax rate would be an integral part of their ultimate recommendation. The property tax is a stable and predictable source of revenue, and Task Force members believe that it is more connected to the ability of residents and businesses to pay than the sales tax. Under the Sitka Charter, a popular vote is required to increase the property tax from the current cap of six mills, i.e., six dollars per thousand dollars of property valuation.

As the Task Force meetings progressed, the concept of a “Grand Bargain” with the citizens of Sitka evolved. Members concluded that to persuade the citizens to vote for a property tax increase, the City would need to reduce the size of local government, increase efficiency, protect core services and education, and ensure that residents with low and fixed incomes are not asked to contribute more than they can realistically afford. Thus, the Grand Bargain, which includes a combination of spending cuts, reduction in sales taxes, and an increase in property taxes to maintain the things that we believe—and residents told us—that we need to maintain our quality of life.

The details of the Grand Bargain that the Task Force is recommending to the Assembly are included in Addendum D. Members believe that it will take three years to fully implement the necessary changes to the mill rate and budget that we recommend. Elements of our Grand Bargain include:

- Eliminating the sales tax on groceries for all Sitkans. This will represent a tax cut for most households, but will be especially helpful to families raising children on low incomes, who spend a much higher percentage of their household budgets on food.
- Directing 100 % of the Fish Tax to the Harbor Fund, which will provide revenue for projects that benefit commercial fishermen, maritime businesses and recreational boaters. Currently, the General Fund retains 10 percent of the Fish Tax.

- Institute a biennial vehicle registration tax of \$200. To reduce the impact on households with fixed incomes, the City could exempt one vehicle in households with at least one member over the age of 65.
- Providing significant General Fund support for the Electric Fund to prevent unaffordable increases in electric rates. Rates will continue to rise, but at a reasonable pace with municipal support.
- Investing \$3 million from the General Fund in capital projects per year. This amount will keep our streets and infrastructure from further deterioration.
- Raising new revenues by selling City-owned undeveloped land. This action should spur housing construction and job creation in Sitka and also add new land to the property tax rolls.
- Raising new revenues by opening a new rock quarry. Our existing quarries are almost depleted. A new rock source must be found to support public and private development and construction projects in Sitka.
- Raising new revenue by asking the voters to approve an increase of 2 mills in the property tax rate.
- Reducing the City's General Fund budget by a total of \$1.7 million over the next three years.
- Reducing the City's contribution to schools by a total of \$600,000 over the next three years, with a "circuit breaker" that would require smaller cuts to prevent school funding from dropping below 92 percent of the cap according to the state funding formula.

The Grand Bargain concept developed because increasing the property tax rate will require majority support from voters. Task Force members discussed options ranging from removing the cap entirely, raising the cap several mills and letting the Assembly set the mill rate yearly, to a set increase in the rate. The Task Force spent a lot of time looking at how to make the revenue tools more progressive and less dependent on our current sales tax, which is regressive, unpredictable, and bad for local businesses, as residents increasingly try to save money by purchasing more online. The discussion thus had two components—increasing revenue for the General Fund, and trying to make sure that taxes and fees are fair and affordable for all residents. We believe that our recommendations achieve these objectives. Addendum E are the worksheets the Taskforce used to evaluate how the Grand Bargain would affect different households in Sitka.

The Grand Bargain proposed by the Task Force has many elements that combine to create the financial resources that Sitka needs to maintain infrastructure, services and quality of life. Raising the property tax rate is an absolutely essential element of the plan. **Municipal leaders, taxpayers and voters need to understand that if a ballot initiative to increase the property tax is not conducted or fails to pass, major, unaffordable increases in electric rates, and much deeper cuts in core services will be required to balance the budget.** While there are alternatives to raising the property tax, members of the Task Force believe that all of these options will be bad for Sitkans in general, and much worse for our most vulnerable residents with low and fixed incomes.

Given the high stakes and short time frame for making decisions about revenue and expenses and possibly holding a ballot initiative on the property tax in October, the Task Force recommends that the Assembly develop a public information strategy designed to educate residents about our budget and the options for balancing it. We believe that increasing the property tax rate is necessary and important for the health and continued livability of Sitka. Our high quality of life and feeling of community will require citizens coming together in support of the Grand Bargain.

A final recommendation for the Assembly is to undertake a review of the Citizen's Task Force project. An evaluation of how the Task Force, City Staff, and citizens worked together to study a difficult city problem, look at various solutions, and present recommendations for the Assembly to consider could guide future ad hoc committees. It continues to be a challenge for the city to staff its various boards and commissions with citizen volunteers. Has it been effective enough to consider developing an ad hoc committee structure to bring citizen volunteers together for a shorter, intense time with a focused agenda? The consensus from the Task Force members is that this was a valuable exercise. The individual members will be watching closely what the Assembly chooses to do with its recommendations.

Respectfully submitted:

Rob Allen

Dyan Bessette

Hugh Bevan

Cynthia Gibson

Alene Henning

Maxwell Rule

Lawrence SpottedBird

Service	Core Designation	Vote
Administrator/Assembly	CR	5
Human Resources	CR	5
Municipal Clerk	CR	5
Municipal Attorney	CR/CIPS	4/1
Finance	CR	5
Assessing	CR	5
Planning	CR/CIPS	4/1
Annual Non-Profit Grant Support	CCV	5
SEDA	CCV	5
Historical Museum	CCV	5
SAFV	CIPS/CCV	3/2
The Ride	CCV	5
Chamber Visitors Bureau	CIPS/CCV	1/4
Senior Citizens Center	CCV	5
Police Administration	CIPS	5
Police Patrol	CIPS	5
Police Jail	CIPS	5
Animal Control	CIPS/CR/CCV	2/2/1
Police Services & Other	CIPS/CCV	4/1
Fire Administration	CIPS	5
Fire Volunteers & Other	CIPS	5
Fire Station	CIPS	5
Ambulance	CIPS	5
Search and Rescue	CCV	5
Public Works Administration	CIPS/CR/CCV	2/2/1
Engineering	CIPS/CR	3/2
Streets	CIPS/CR/CCV	2/2/1
Parks & Recreation	CCV	5
Building Officials	CR	5
Library	CCV	5
Centennial Building	CIPS/CCV	1/4
Hospital Support	CIPS/CR/CCV	1/1/2

KEY	Description
Core Infrastructure/Public Safety (CIPS)	Essential to our Infrastructure and Public Safety
Core Regulatory (CR)	Required by Local, State or Federal Law
Core Community Value (CCV)	Strong Community Commitment to this Service
Contractability 0 (C0)	Cannot contract
Contractability 1 (C1)	More expensive/reduced quality
Contractability 2 (C2)	Neutral
Contractability 3 (C3)	More expensive/improved quality or less expensive/reduced quality
Contractability 4 (C4)	Less expensive/improved quality



Service	Core Designation	Vote	FY16 Budget	5% Cut	10% Cut	Task Force Recommendation	Allen	Rule	Spottedbird	Bessette	Gibson	Bevan
Administrator/Assembly	CR	5	\$ 574,272	\$ 545,558	\$ 510,845	\$ 545,558	\$ 488,000	\$ 500,000	\$ 516,845			does not support cuts
Human Resources	CR	5	\$ 290,857	\$ 276,214	\$ 261,771	\$ 276,214	\$ 268,000	\$ 282,000	\$ 261,771			does not support cuts
Municipal Clerk	CR	5	\$ 416,670	\$ 395,837	\$ 375,003	\$ 395,837	\$ 388,000	\$ 375,000	\$ 375,003			does not support cuts
Municipal Attorney	CR/CIPS	4/1	\$ 318,891	\$ 302,946	\$ 287,002	\$ 302,946	\$ 250,000	\$ 297,000	\$ 250,000			does not support cuts
Finance	CR	5	\$ 1,730,477	\$ 1,643,953	\$ 1,557,429	\$ 1,643,953	\$ 1,505,000	\$ 1,500,000	larger than 10%			does not support cuts
Assessing	CR	5	\$ 331,933	\$ 315,336	\$ 296,740	\$ 315,336	\$ 400,000	\$ 432,000	\$ 315,336			does not support cuts
Planning	CR/CIPS	4/1	\$ 331,933	\$ 315,336	\$ 296,740	\$ 315,336	\$ 309,000	\$ 298,740	\$ 315,336			does not support cuts
Annual Non-Profit Grant Support	CCV	5	\$ 340,000	\$ 323,000	\$ 306,000	\$ 300,000	\$ 272,000	\$ -	\$ 0 contributions			Revenue from museum fees
SEDA	CCV	5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0 contributions			
Historical Museum	CCV	5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0 contributions			
SAFV	CIPS/CCV	3/2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Make contribution		
The Ride	CCV	5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0 contributions			
Chamber Visitors Bureau	CIPS/CCV	1/4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	merge with Chamber?			100% bed tax
Senior Citizens Center	CCV	5	\$ 89,003	\$ 84,553	\$ 80,103	\$ 84,553	\$ 80,000	\$ 80,000	\$ 89,003			\$ 100,000
Police Administration	CIPS	5	\$ 1,030,398	\$ 978,878	\$ 927,358	\$ 978,878	\$ 875,000	\$ 900,000	\$ 927,358			does not support cuts
Police Patrol	CIPS	5	\$ 2,360,749	\$ 2,242,712	\$ 2,124,674	\$ 2,242,712	\$ 2,479,000	\$ 2,100,000	larger than 10%			does not support cuts
Police Jail	CIPS	5	\$ 528,117	\$ 501,711	\$ 475,305	\$ 501,711	\$ 475,000	\$ 475,000	\$ 528,117			does not support cuts
Animal Control	CIPS/CCV	2/2/1	\$ 161,309	\$ 153,244	\$ 145,178	\$ 153,244	\$ 145,000	\$ 145,000	\$ 161,309			does not support cuts
Police Services & Other	CIPS/CCV	4/1	\$ 542,600	\$ 515,470	\$ 488,340	\$ 515,470	\$ 489,000	\$ 489,000	\$ 542,600			does not support cuts
Fire Administration	CIPS	5	\$ 610,650	\$ 580,118	\$ 549,585	\$ 580,118	\$ 519,000	\$ 550,000	\$ 549,585			does not support cuts
Fire Volunteers & Other	CIPS	5	\$ 45,000	\$ 42,750	\$ 40,500	\$ 42,750	\$ 40,000	\$ 40,000	\$ 45,000			does not support cuts
Fire Station	CIPS	5	\$ 1,042,927	\$ 990,781	\$ 938,634	\$ 990,781	\$ 887,000	\$ 900,000	\$ 938,634			does not support cuts
Ambulance	CIPS	5	\$ 340,732	\$ 323,695	\$ 306,659	\$ 323,695	\$ 306,500	\$ 306,500	\$ 340,732			does not support cuts
Search and Rescue	CCV	5	\$ 37,270	\$ 35,407	\$ 33,543	\$ 35,407	\$ -	\$ 35,000	\$ 37,270			does not support cuts
Public Works Administration	CIPS/CR/CCV	2/2/1	\$ 544,168	\$ 516,960	\$ 489,751	\$ 516,960	\$ 463,000	\$ 480,000	\$ 489,751			does not support cuts
Engineering	CIPS/CR	3/2	\$ 1,347,725	\$ 1,280,339	\$ 1,212,953	\$ 1,280,339	\$ 1,146,000	\$ 800,000	larger than 10%			does not support cuts
Streets	CIPS/CR/CCV	2/2/1	\$ 1,409,996	\$ 1,336,496	\$ 1,222,996	\$ 1,336,496	\$ 1,336,000	\$ 1,409,000	\$ 1,409,996			does not support cuts
Parks & Recreation	CCV	5	\$ 750,250	\$ 712,738	\$ 675,225	\$ 712,738	\$ 500,000	\$ 375,000	\$ 500,000	\$ 675,225		does not support cuts
Building Officials	CR	5	\$ 257,380	\$ 244,511	\$ 231,642	\$ 244,511	\$ 244,000	\$ 230,000	\$ 231,642			does not support cuts
Library	CCV	5	\$ 882,666	\$ 838,533	\$ 794,399	\$ 838,533	\$ 707,000	\$ 700,000	30% cut			does not support cuts
Centennial Building	CIPS/CCV	1/4	\$ 487,431	\$ 463,040	\$ 438,670	\$ 463,040	\$ 300,000	\$ 200,000	contract out			does not support cuts
Hospital Support	CIPS/CR/CCV	1/1/2	\$ 156,646	\$ 146,914	\$ 139,181	\$ 146,914	\$ 155,000	\$ 135,000	\$ 139,181			\$ 200,000
School Support			\$ 7,247,521	\$ 6,885,145	\$ 6,522,769	\$ 6,885,145	\$ 6,885,000	\$ 6,885,000	fund at current level			\$7M then grow by CPI
Capital Project Funding			\$ 2,287,000	\$ 2,172,650	\$ 2,058,300	\$ 2,172,650	\$ 2,200,000	\$ 2,104,000	cut out non-essentials			2 mls property tax
			\$ 26,552,551	\$ 25,224,923	\$ 23,897,296	\$ 25,224,923	\$ 24,271,987	\$ 23,423,000	\$ 23,225,240	\$ 8,833,036	\$ 24,959,398	\$ 300,000
Difference			\$ 1,327,628	\$ 1,272,628	\$ 1,217,628	\$ 1,327,628	\$ 1,129,551	\$ 1,327,311	\$ 1,193,153	\$ 1,593,153	\$ 26,252,551	\$ -9%
Rob				-5%	-10%	-100%	-9%	-12%	-13%	0%	-6%	

KEY	Description
Core Infrastructure/Public Safety (CIPS)	Essential to our Infrastructure and Public Safety
Core Regulatory (CR)	Required by Local, State or Federal Law
Core Community Value (CCV)	Strong Community Commitment to this Service
Contractability 0 (C0)	Cannot contract
Contractability 1 (C1)	More expensive/reduced quality
Contractability 2 (C2)	Neutral
Contractability 3 (C3)	More expensive/improved quality or less expensive/reduced quality
Contractability 4 (C4)	Less expensive/improved quality

Notes:

Centennial Building RFP to provide management (Chamber, Fine Arts Camp potentials)  
 General fund 5% across the board  
 Library 25% cut  
 Parks & Rec \$250,000 cut

Notes: SpottedBird  
 + Mill Rate to 8%  
 Sales Tax 6% all year  
 Groceries Exempt  
 Keep S+ Tax Exempt  
 Purchase Property assessing software immediately  
 Increase Assessors staff capacity/cut other finance staff  
 Initiate Constr. Tax Cut Engr. Staff  
 Sell SCH to SEARHC  
 Negotiate w/Unions for lower Salaries and staff cuts  
 Open Bulk Water sales globally (Scrap Trapp)  
 Consider bulk water prices in graduated levels (5 cents/.75 cents, 1.0 cents) to entice serious bidders  
 Sell CBS Properties for Market rates  
 Stop giving it away  
 Form partnership w/ SSD and Contractor on PAC Ops and Financial support  
 Lobby w/State for Online Sales Tax  
 Use Electric Vehicles in all areas of CBS operations (+SPD)  
 Contract Pool to Private contractor  
 Contract Centennial operations  
 Sell Golf course  
 Property for Housing Development

Notes: Bessette  
 Cut 6% but let increase mls 2-3  
 sales tax 6% 7%  
 groceries exempt  
 med. Supplies exempt  
 fund capital projects by necessity only  
 no new buildings  
 or new infrastructures  
 use safety & necessity as guidelines  
 consider basing senior exemptions on fixed income and/or income levels  
 some merging of 2 hospitals it's a small town  
 close Pacific High  
 offer correspondence again, times are tough  
 & Sitka is small  
 get assessor's office working efficiently & maximize income  
 Assembly implement the cuts  
 fund capital projects by necessity only  
 no new buildings  
 or new infrastructures  
 use safety & necessity as guidelines  
 consider basing senior exemptions on fixed income and/or income levels  
 some merging of 2 hospitals it's a small town  
 close Pacific High  
 offer correspondence again, times are tough  
 & Sitka is small  
 get assessor's office working efficiently & maximize income  
 Assembly implement the cuts

**Addendum C**  
**Citizens Task Force**

**Motions**

**Motions that Passed**

4 January 2016

M–Rule/S–Gibson moved to recommend the City and Borough of Sitka Assembly evaluate and/or eliminate optional community purpose property tax exemptions, establish a criteria of such exemptions with a 3 to 5 year timeframe review of the real property exemptions and consider a payment in lieu of taxes over a certain threshold value. Motion carried unanimously.

M–Bevan/S–Rule moved to recommend to the Assembly that they review the tax exemptions in 4.09.100 of the Sitka General Code to determine if they all still apply.  
Motion carried unanimously.

M–Bevan/S–Rule moved to recommend the Assembly hold a public hearing on the elimination of the long-term rental, whole sale, senior, and government supported agencies exemptions.  
Motion carried unanimously.

M–Rule/S–Bevan moved to recommend the Assembly that they look into requiring all businesses report sales, show exemptions, and pay any tax due. Motion carried unanimously.

16 February 2016

M–Gibson/S–Bevan moved to recommend the Assembly review 14. Sales over the taxable transaction limit of \$3,000

to determine the need to increase the limit and index it for inflation. Motion passed 5-1.

M–Bevan/S–Gibson moved if legal to recommend the Assembly consider adding sales tax to telephone, telegraph, cable, internet, and wireless communication services. Motion passed unanimously.

M–Gibson/S–Bevan moved to recommend the Assembly review amount of short-term tax on vehicles and change to mirror the local sales tax rate. Motion passed unanimously.

M–SpottedBird/S–Bessette moved to recommend the Assembly eliminate 20. Long-term vehicle and equipment rentals exemption. Motion passed 5-1.

M–Gibson/S–Henning moved to recommend the Assembly review 26. Fees to attend youth camps and consider removing the exemption. Motion passed 5-1.

### 7 March 2016

M–Bevan/S–Henning moved to recommend to the Assembly to have two one mill property tax increase ballot questions. Motion passed unanimously.

### 28 March 2016

M – Bevan/S – Rule moved to recommend the City continue to pursue funding for the Blue Lake Project through our congressional delegation. Motion carried unanimously.

M – Bevan/S – Gibson moved to encourage the City to develop an electric rate structure that encourages consumption especially with regards to residential. Motion carried unanimously.

M – Bevan/S – Gibson moved to recommend leaving the \$200,000 decrease to the Sitka School District and to not go below 92% (according the City’s accounting) of the cap. Motion carried unanimously.

#### 4 April 2016

M –Bevan/S – Gibson moved to recommend a future review of the personal property tax structure for possible changes to streamline the administrative demands of taxing personal property. Motion carried unanimously.

M –Gibson/S – Henning moved to approve the draft grand bargain budget framework that was presented at the public meeting. The motion passed by the following roll call vote. Yes: Allen, SpottedBird, Bessette, Gibson, Henning, Bevan. Absent: Rule.

#### **Motions that failed**

#### 16 February 2016

M–Bessette/S–Bevan moved to recommend to the Assembly that 4. Dues and fees be removed from the exemptions.

Motion failed 2-4.

M–Gibson/S–SpottedBird moved to recommend the Assembly review 27. Long-term residential rent.

Motion failed 2-4.

M–Bevan/S–Bessette moved to recommend the Assembly review ticket sales, concert and performances as taxable.

Motion failed 3-3.

M–Bevan/S–Bessette moved to retain line item Elimination of Senior Sales Tax Exemption in the spreadsheet.

Motion failed 3-2.

## Grand Bargain Budget Framework Addendum D

Prepared by CTF Member Rule

CTF

FY 17

FY 18

FY 19

**PROJECTED FY '17 BUDGET DEFICIT**

**\$ (260,000) \$ - \$ -**

FY 17 As reported by Sweeney on 2/29 CTF meeting and includes capital funding at \$1.5 million

New Expenses and Adjustments	
No Sales Tax On Groceries for all Sitkans	\$ 1,200,000
100% of Fish tax to Harbor Fund	\$ 100,000
General Fund Subsidy To Electric Fund	\$ 1,000,000
Maintain Infrastructure at Current Levels	\$ 1,500,000
<b>Total New Expenses</b>	<b>\$ 3,800,000</b>
Possible New Revenues Streams	
Licensed Vehicle Registration Tax	\$ 500,000
Annual CBS land sales	\$ 50,000
Lease revenue from new rock quarries	\$ 20,000
Two Mill Property Tax Increase	\$ 2,334,000
<b>Total</b>	<b>\$ 2,904,000</b>
<b>Difference Between Revenues and Expenses</b>	<b>\$ (896,000)</b>
Reductions To Balance Budget	
Reduced CBS General Fund Budget	\$ 700,000
Reduced Sitka School District Funding	\$ 200,000
<b>Total</b>	<b>\$ 900,000</b>
<b>Grand Total</b>	<b>\$ 4,000</b>

Notes			
\$ -	\$ 1,200,000	\$ 1,200,000	Contingent upon voter approval of 2 mill property tax increase
\$ 100,000	\$ 100,000	\$ 100,000	From 89% to 100%
\$ 1,900,000	\$ 1,500,000	\$ 1,000,000	Low oil prices and milder winters have driver down the projected consumption in lieu of general rate increase of more than 5%
\$ 150,000	\$ 750,000	\$ 750,000	
\$ 2,150,000	\$ 3,550,000	\$ 3,050,000	
Notes			
\$ -	\$ 500,000	\$ 500,000	The tax is \$200 for every car every two years; Seniors exempt on first vehicle, dedicated for streets
\$ 50,000	\$ 50,000	\$ 50,000	Based on a million dollars of land sale
\$ 20,000	\$ 20,000	\$ 20,000	
	\$ 2,334,000	\$ 2,334,000	Two, One Mill Ballot Propositions
\$ 70,000	\$ 2,904,000	\$ 2,904,000	
\$ (2,080,000)	\$ (646,000)	\$ (146,000)	
\$ 700,000	\$ 500,000	\$ 500,000	By the end of three years the total reduction in the budget would be 1.7 million
\$ 200,000	\$ 200,000	\$ 200,000	By the end of three years the total reduction in the budget would be \$600,000
\$ 900,000	\$ 700,000	\$ 700,000	
\$ (1,180,000)	\$ 54,000	\$ 554,000	

**PROJECTED FY '17 BUDGET DEFICIT**

**\$ (1,440,000) \$ 54,000 \$ 554,000**

Cumulative

\$ (1,386,000) \$ (832,000)

## **Addendum E(1)**

### **Possible Impacts of Proposed Changes in Taxes, Fees & Electric Rates - Grand Bargain**

The attached spreadsheet helped the Citizens' Task Force develop its "grand bargain" proposal. Members used it as a tool to illustrate how the changes proposed might affect different types of households in Sitka. The spreadsheet incorporates households with a variety of demographics and assumptions to show the possible financial impact the Task Force recommendations might have on a cross section of resident households. Scenarios incorporate the following exemptions from taxes:

- Senior exemptions from sales tax (current exemption mandated by the state)
- Senior exemption of the first \$150,000 in home value from the property tax (current exemption mandated by the state)
- Exemption of all groceries from sales tax (proposed by Task Force)
- Exemption of one vehicle from vehicle registration tax for household with members over age 65 (proposed by Task Force).

For the sake of simplicity, the spreadsheet assumes that consumption of groceries and electricity would not change in response to changes in taxes or rates. In reality, consumption of goods and services usually increases or decreases in response to changes in total price, including taxes. The spreadsheet also assumes that owners of rental property would pass 100 percent of any increase in property taxes on to tenants in the form of increased rent. In reality, this might or might not be the case, depending on the demand for housing.

Finally, it is important to note that the spreadsheet provides examples for the purpose of discussion. It is not intended to accurately represent the impact of the Task Force proposals on any particular household.

There are examples in three sections: Family of four homeowners (3 examples), family of two seniors (2 examples) and two families of renters (2 examples).

Each section has a line (line 2 for example) for an estimated annual cost of groceries and the projected savings as a result of eliminating sales tax on groceries for each type of household. The tax was figured at 5.5 percent to split the difference between the regular and the seasonal sales tax rates.

The next line (line 3 for example) is the estimated value of the home for each household and the financial impact of a two mill increase.

The next line (line 4 for example) represents the additional cost of the proposed motor vehicle registration tax. The different types of households were modeled

to have between one and two cars. A household with more than two vehicles would obviously pay more.

The next line (line 5 for example) is the minimum 5 percent increase in utility rates that will be necessary if the “grand bargain” is implemented, with the increase in the property tax.

The next line (line 6 for example) is the total annual financial impact of the changes in taxes and fees proposed under the “grand bargain” for each household. The “per year” column shows the difference between the two options.

If the Assembly does not support the elements of the “grand bargain,” or if voters do not approve the proposed increase in the property tax, the Task Force projects that electric rates will need to rise by 30 percent. That “choice” is illustrated in the following (pink) line (for example, line 7). The “per year” column shows that the same percentage increase would be applied to all households, regardless of ability to pay.

In summary, the spreadsheet shows that adopting the “grand bargain” would shift the cost of balancing our budget to people who own commercial real estate, multiple homes, and higher value properties. Some of these people would probably be seasonal residents. Owners of multiple vehicles, including business vehicles, would also pay more under the Task Force proposal.

## Possible Impacts of Proposed Changes in Taxes, Fees Electric Rates - Grand Bargain

	Item cost	current tax @ 6 mills	proposed tax @ 8 mills	Annual change
1 <b>Family of 4 (homeowners)</b>				
2 Groceries @ \$15,000/yr, tax @ 5.5%	\$15,000	\$825		
3 Property Tax at 6 mills, 350,000 property value	\$350,000	\$2,100	\$2,800	
4 Motor vehicle tax, assuming two cars			\$200	
5 Electric consumption @ \$250/month, increase of 5%	\$3,000		\$150	
6 <b>Total annual cost of taxes and increase in electric rates</b>		<b>\$2,925</b>	<b>\$3,150</b>	<b>\$225</b>
7 <b>No grand bargain, 30% increase in electric rates</b>	<b>\$3,000</b>		<b>No Bargain</b>	<b>\$900</b>
8 <b>Family of 4 (homeowners)</b>				
9 Groceries @ 15,000/yr, tax @ 5.5%	\$15,000	\$825		
10 Property tax at 6 mills, \$1,000,000 property value	\$1,000,000	\$6,000	\$8,000	
11 Motor vehicle tax, assuming two cars			\$200	
12 Electric consumption @ \$300/mo, increase of 5%	\$3,600		\$180	
13 <b>Total annual cost of taxes and increase in electric rates</b>		<b>\$6,825</b>	<b>\$8,380</b>	<b>\$1,555</b>
14 <b>No grand bargain, 30% increase in electric rates</b>	<b>\$3,600</b>		<b>No bargain</b>	<b>\$1,080</b>
16 <b>Family of 4 (homeowners)</b>				
17 Groceries @ \$15,000/yr, tax @ 5.5%	\$15,000	\$825		
18 Property tax @ 6 mills, 750,000 property value	\$750,000	\$4,500	\$6,000	
19 Motor vehicle tax, assuming two cars			\$200	
20 Electric consumption @ \$350/mo, increase of 5%	\$4,200		\$210	
21 <b>Total annual cost of taxes and increase in electric rates</b>		<b>\$5,325</b>	<b>\$6,410</b>	<b>\$1,085</b>
22 <b>No grand bargain, 30% increase in electric rates</b>	<b>\$4,200</b>		<b>No bargain</b>	<b>\$1,260</b>
23 <b>Family of 2 Seniors over age 65 (homeowners)</b>				
24 Groceries @ \$8,000/yr, tax exempt	\$8,000	\$0	\$0	
25 Property tax @ 6 mills, \$450,000 property value	\$450,000	\$1,800	\$2,400	
27 Motor vehicle tax, assuming one car			\$0	
28 Electric consumption @ \$200/mo, increase of 5%	\$2,400		\$120	
29 <b>Total annual cost of taxes and increase in electric rates</b>		<b>\$1,800</b>	<b>\$2,400</b>	<b>\$600</b>
30 <b>No grand bargain, 30% increase in electric rates</b>	<b>\$2,400</b>		<b>no bargain</b>	<b>\$720</b>
31 <b>Family of 2 Seniors over age 65 (homeowners)</b>				
32 Groceries @ \$6,000/yr, tax exempt	\$6,000	\$0	\$0	
33 Property tax @ 6 mills, \$150,000 property value	\$150,000	\$0	\$0	
35 Motor vehicle tax, assuming one car			\$0	
36 Electric consumption @ \$150/mo, increase of 5%	\$1,800		\$90	
37 <b>Total annual cost of taxes and increase in electric rates</b>		<b>\$0</b>	<b>\$90</b>	<b>\$90</b>
38 <b>No grand bargain, 30% increase in electric rates</b>	<b>\$1,800</b>		<b>no bargain</b>	<b>\$540</b>
40 <b>Family of 4 (renters)</b>	Item cost	current with 6 mills	changes with 8 mills	Per Year
41 Groceries @ \$15000/yr, tax at 5.5%	\$15,000	\$825	\$0	
42 Rent of \$2,500/mo in a home of 350,000 value	\$30,000	\$0	\$700	
44 Motor vehicle tax, assuming two cars			\$200	
45 Electric consumption @ \$250/month, increase of 5%	\$3,000		\$150	
46 <b>Total annual cost of taxes and increase in electric rates</b>		<b>\$825</b>	<b>\$1,050</b>	<b>\$225</b>
47 <b>No grand bargain, 30% increase in electric rates</b>	<b>\$3,000</b>		<b>no bargain</b>	<b>\$900</b>
49 <b>Family of 2 (renters)</b>				
50 Groceries @ \$7000/yr, tax at 5.5%	\$7,000	\$385	\$0	
51 Rent of \$1,000/mo in a home of 150,000 value	\$12,000		\$300	
53 Motor vehicle tax, assuming two cars			\$200	
54 Electric consumption @ \$150/month, increase of 5%	\$1,800		\$90	
55 <b>Total annual cost of taxes and increase in electric rates</b>		<b>\$385</b>	<b>\$590</b>	<b>\$205</b>
56 <b>No grand bargain, 30% increase in electric rates</b>	<b>\$1,800</b>		<b>no bargain</b>	<b>\$540</b>



<b>Family of 4</b>	Item cost	current with 6 mills	No change	Per Year
No change in grocery sales tax	\$15,000	\$825	\$825	
No increase in Mill rate	\$350,000	\$2,100	\$2,100	
Utilities up by 30% - 250/mo	\$3,000		\$900	
<b>Total anual costs of taxes</b>		<b>\$2,925</b>	<b>\$3,825</b>	<b>\$900</b>
<b>Family of 4</b>				
No change in grocery sales tax	\$15,000	\$825	\$825	
No increase in Mill rate	\$500,000	\$3,000	\$3,000	
Utilities up by 30% - 300/mo	\$3,600		\$1,080	
<b>Total anual costs of taxes</b>		<b>\$3,825</b>	<b>\$4,905</b>	<b>\$1,080</b>
<b>Family of 4</b>				
No change in grocery sales tax	\$15,000	\$825	\$825	
House tax at 6 mills 750,000 value	\$750,000	\$4,500	\$4,500	
Utilities up by 30% - 350/mo	\$4,200		\$1,260	
<b>Total anual costs of taxes</b>		<b>\$5,325</b>	<b>\$6,585</b>	<b>\$1,260</b>
<b>Family of 2 Seniors over age 65</b>				
No change in grocery sales tax	\$8,000	\$0	\$0	
No increase in Mill rate	\$450,000	\$1,800	\$1,800	
This includes 150,000 prop tax exemption for seniors				
Utilities up by 30% - 200/mo	\$2,400		\$720	
<b>Total anual costs of taxes</b>		<b>\$1,800</b>	<b>\$2,520</b>	<b>\$720</b>
<b>Family of 2 Seniors over age 65</b>				
No change in grocery sales tax	\$6,000	\$0	\$0	
No increase in Mill rate	\$150,000	\$0	\$0	
This includes 150,000 prop tax exemption for seniors				
Utilities up by 30% - 150/mo	\$1,800		\$540	
<b>Total anual costs of taxes</b>		<b>\$0</b>	<b>\$540</b>	<b>\$540</b>
<b>Renters</b>				
<b>Family of 4</b>	Item cost	current with 6 mills	changes with 8 mills	Per Year
No change in grocery sales tax	\$15,000	\$825	\$825	
Rent of \$2,500/mo in a home of 350,000 value				
No increase in Mill rate	\$350,000	\$2,100	\$2,100	
Utilities up by 30% - 250/mo	\$3,000		\$900	
<b>Total anual costs of taxes</b>		<b>\$2,925</b>	<b>\$3,825</b>	<b>\$900</b>

<b>Renters</b>				
<b>Family of 2</b>				
No change in grocery sales tax	\$7,000	\$385	\$385	
Rent of \$1,000/mo in a home of 150,000 value				
No increase in Mill rate	\$150,000	\$900	\$900	
Utilities up by 30% \$150/mo	\$1,800		\$540	
<b>Total anual costs of taxes</b>		<b>\$1,285</b>	<b>\$1,825</b>	<b>\$540</b>



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 16-093      Version: 1      Name:  
Type: Item      Status: AGENDA READY  
File created: 5/4/2016      In control: City and Borough Assembly  
On agenda: 5/10/2016      Final action:  
Title: Municipal Attorney recruitment update - Discussion/Direction/Decision on interim legal services  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Municipal Attorney recruitment update.pdf](#)

Date	Ver.	Action By	Action	Result
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**Municipal Attorney recruitment update and  
Discussion/Direction/Decision on interim  
legal services.**

