



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
330 Harbor Drive
Sitka, AK
(907)747-1811

Meeting Agenda

City and Borough Assembly

*Mayor Gary Paxton
Deputy Mayor Steven Eisenbeisz,
Vice Deputy Mayor Kevin Mosher,
Kevin Knox, Dr. Richard Wein, Valorie Nelson, Thor Christianson*

*Interim Municipal Administrator: Hugh Bevan
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Tuesday, November 26, 2019

6:00 PM

Assembly Chambers

WORK SESSION - 5:00 PM FY 21 Budget Process

[19-249](#) FY21 Budget Process

Attachments: [Memo FY21 Budget Process](#)

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

[19-250](#) Reminders, Calendars, and General Correspondence

Attachments: [Reminders and Calendars](#)

[Gibson Service Award](#)

[Sitka Community Health Council](#)

[Chamber Quarterly Report](#)

[Financial Statements](#)

V. CEREMONIAL MATTERS

[19-251](#) Proclamation - Small Business Saturday

Attachments: [Small Business Saturday Proclamation](#)

VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Municipal Departments, School District, Students and Guests (five minute time limit)

[19-252](#) Sitka Health Summit Coalition - Robert Wood Johnson Foundation 2019
RWJF Culture of Health Prize
Attachments: [Special Report Health Summit](#)

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 [19-253](#) Approve a liquor license renewal application for Bayview Pub LLC at 407 Lincoln Street, Suite 201
Attachments: [Consent, motion, and memo](#)
[Bayview Pub LLC application](#)

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

B [19-254](#) Appoint Denise Ewing to a three-year term on the Health Needs and Human Services Commission
Attachments: [Motion appointment](#)
[Ewing Application](#)

XI. UNFINISHED BUSINESS:

C [ORD 19-39](#) Amending Title 2 "Administration" of the Sitka General Code by modifying Chapter 2.38 "Gary Paxton Industrial Park" at Section 2.38.110 "Gary Paxton Industrial Park Director Designated Appointment"
Attachments: [Motion ORD 2019-39](#)
[Memo ORD 2019-39](#)
[ORD 2019-39](#)

XII. NEW BUSINESS:**New Business First Reading**

- D [ORD 19-40](#) Making supplemental appropriations for Fiscal Year 2020 (GPIP Outside Counsel) 1st reading
 Attachments: [Motion ORD 2019-40](#)
 [ORD 2019-40](#)

Additional New Business Items

- E [RES 19-26](#) Supporting the No Action Alternative in the Alaska Roadless Rulemaking Process
 Attachments: [Motion RES 2019-26](#)
 [RES 2019-26](#)
 [Sitka Fish and Game Advisory Committee resolutions](#)

XIII. PERSONS TO BE HEARD:

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

XIV. EXECUTIVE SESSION

Not anticipated.

XV. ADJOURNMENT

Note: Detailed information on these agenda items can be found on the City website at <https://sitka.legistar.com/Calendar.aspx> or by contacting the Municipal Clerk's Office at City Hall, 100 Lincoln Street or 747-1811. A hard copy of the Assembly packet is available at the Sitka Public Library. Assembly meetings are aired live on KCAW FM 104.7 and via video streaming from the City's website. To receive Assembly agenda notifications, sign up with GovDelivery on the City website.

*Melissa Henshaw, CMC, Deputy Clerk
Publish: 11/22/2019*



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-249 **Version:** 1 **Name:**
Type: Item **Status:** AGENDA READY
File created: 11/20/2019 **In control:** City and Borough Assembly
On agenda: 11/26/2019 **Final action:**
Title: FY21 Budget Process
Sponsors:
Indexes:
Code sections:
Attachments: [Memo FY21 Budget Process](#)

Date	Ver.	Action By	Action	Result
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City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members
From: Hugh Bevan, Interim Municipal Administrator *HB*
Date: November 19, 2019
Subject: FY21 Budget Process

Staff has begun collating the FY21 budget at the Department Head level. Instructions were given to maintain last year's expenditure levels as a first-step process.

Macro level direction is needed from the Assembly before staff can develop a comprehensive budget package for your review.

Below is one proposed schedule for completing the FY21 budget within the timeline identified in the Charter. This schedule assumes that we start early and finish in April when Mr. Leach arrives.

An alternate idea is to begin at the first of March and let Mr. Leach guide the majority of the process.

The schedule listed below assumes we start Assembly dialog in December.

December

One Assembly budget meeting.

Agenda: Review the FY20 budget as adopted on July 1, 2019. Seek Assembly input on what macro level changes you would like to see going into the FY21 process.

January

One Assembly meeting.

Agenda: Review the estimated end of FY20 budget year balances for all Funds.

Discuss estimated revenue projections for FY21 for all Funds

Provide high level assumptions such as the level of school funding, the expectation for fish tax receipts, and the expectation of State funding of school bond debt to staff.

Give direction to staff on utility rate increases.

February

Two Assembly meetings.

Meeting 1 – Meet with School Board and finalize decision on school funding.

Meeting 2 – Macro level overview of draft FY21 budget using decisions made at the January meeting.

Review capital projects programs and identify funding for approved projects.

March

Two Assembly meetings.

Meeting 1 – First detailed look at FY21 General Fund budget.

Make adjustments.

Meeting 2 – First detailed look at FY21 Enterprise and Internal Service Fund budgets.

Make adjustments.

April

One Assembly meeting to make final adjustments.

May

Reading of budget ordinances at two regular Assembly meetings.

The general concept with this schedule is to make macro decisions early that drive the completion of the micro details in the final budget.

With major Assembly decisions made at the onset staff can adjust their draft FY21 budgets to meet your expectations.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members

From: Hugh Bevan, Interim Municipal Administrator *HB*

Date: November 19, 2019

Subject: FY21 Budget Process – High Level Decision Points

In order to develop the budget staff needs Assembly guidance on high level assumptions that constitute the framework of the budget.

Beginning with the December budget meeting we will provide:

- FY 21 sales tax revenue estimate
- FY21 property tax revenue estimate
- Bed tax revenue estimate
- Permanent Fund contribution estimate

We will seek Assembly guidance on assumptions such as:

- School funding to the cap?
- School funding for other services such as Blatchley pool and Community Schools?
- Include fish tax from the State?
- Assume State will fund school debt reimbursement?
- Index CBS utility rates for 2% inflation?
(Note special attention is required for Solid Waste and Electric Funds)
- Maintain current levels of staffing?

These lists are not exhaustive.

The intent is to detail the macro level of information and assumptions that are necessary to finalize the FY21 budget in a timely and logical manner.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-250 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 11/20/2019 In control: City and Borough Assembly

On agenda: 11/26/2019 Final action:

Title: Reminders, Calendars, and General Correspondence

Sponsors:

Indexes:

Code sections:

Attachments: [Reminders and Calendars](#)
[Gibson Service Award](#)
[Sitka Community Health Council](#)
[Chamber Quarterly Report](#)
[Financial Statements](#)

Date	Ver.	Action By	Action	Result
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REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Tuesday, November 26	Work Session <i>FY21 Budget Process</i>	5:00 PM
Tuesday, November 26	Regular Meeting	6:00 PM
Tuesday, December 10	Work Session <i>Lincoln Street Project</i>	5:00 PM
Tuesday, December 10	Regular Meeting	6:00 PM



Assembly Calendar

2018 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2020

November 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
27 <u>Oct</u>	28	29	30	31	1 <u>Nov</u>	2
		Christianson	Christianson	Christianson	Christianson	
3	4	5	6	7	8	9
	6:00pm School Board - Liaison Mosher		Knox 6:00pm Library Commission - Liaison Christianson 7:00pm Planning Commission - Liaison Mosher	Knox 1:00pm Health Needs & Human Services - Liaison Wein 3:00pm Investment Committee - Liaison Christianson	Knox	Knox
10	11	12	13	14	15	16
Knox	Knox HOLIDAY	Knox Eisenbeisz 12:00pm Parks & Rec - Liaison Knox 6:00pm Regular Assembly Mtg	Knox 6:00pm Historic Preservation - Liaison Mosher 6:00pm Port & Harbors Commission - Liaison Knox	Knox 12:00pm LEPC - Liaison Nelson	Knox	Knox
17	18	19	20	21	22	23
Knox Christianson	Knox Christianson Paxton	Knox Christianson Paxton 12:00pm Tree & Landscape - Liaison Wein	Christianson Paxton Knox 7:00pm Planning Commission - Liaison Mosher	Christianson Paxton Knox	Christianson Paxton Knox	
24	25	26	27	28	29	30 <u>Dec</u>
		Nelson 5:00pm Work Session: FY21 Budget Process 6:00pm Regular Assembly Mtg	6:00pm Police and Fire - Liaison Nelson	HOLIDAY		

Assembly Calendar

2018 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2020

December 2019

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<u>1</u> Dec	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>
			6:00pm Library Commission - Liaison Christianson 6:00pm School Board - Liaison Mosher	1:30pm Health Needs & Human Services - Liaison Wein		
<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>14</u>
		12:00pm Parks & Rec - Liaison Knox 5:00pm Work Session: Lincoln Street Project 6:00pm Regular Assembly Mtg	6:00pm Historic Preservation - Liaison Mosher 6:00pm Port & Harbors Commission - Liaison Knox	12:00pm LEPC - Liaison Nelson		
<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>	<u>20</u>	<u>21</u>
		12:00pm Tree & Landscape - Liaison Wein	6:00pm School Board Work Session - Liaison Mosher 7:00pm Planning Commission - Liaison Mosher			
<u>22</u>	<u>23</u>	<u>24</u>	<u>25</u>	<u>26</u>	<u>27</u>	<u>28</u>
	6:00pm Regular Assembly Mtg		HOLIDAY 6:00pm Police and Fire - Liaison Nelson			
<u>29</u>	<u>30</u>	<u>31</u>	<u>1</u> Jan	<u>2</u>	<u>3</u>	<u>4</u>
			6:00pm Library Commission - Liaison Christianson HOLIDAY 7:00pm Planning Commission - Liaison Mosher			



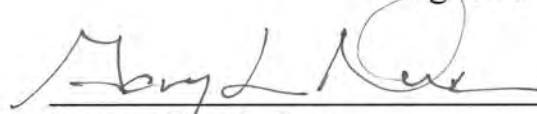

Service Award

On behalf of the City and Borough of Sitka is hereby awarded to

Vera Gibson

*this expression of grateful acknowledgment for your two years of
valued service rendered in the public interest while serving on the
Health Needs and Human Services Commission. Thank you!*

Signed and sealed this 26th day of November, 2019



Mayor, Gary L. Paxton



ATTEST: Municipal Clerk, Sara Peterson





Sitka Community Health Council

November 13, 2019

Sitka, Alaska

The Talking Points provided below cover information shared in the meeting.

- SEARHC VP/Chief Legal Officer, Michael Douglas, began the meeting with an overview of the council charter. The purpose of the council is to advise SEARHC and provide input from the community of Sitka. It is appropriate that Council Members receive and report back input from the community. Annually, the Council shall provide a written report to the SEARHC Accreditation Governing Body (AGB) and a report to the public.
- Dr. Elliot Bruhl, SEARHC VP/CMO, was nominated and unanimously voted in favor to be the Sitka Community Health Council Chair. As Chair, Bruhl will be responsible for coordinating and overseeing the council meetings.
- Dr. Bruhl provided an overview of SEARHC, highlighting the mission, vision and values. The SEARHC strategic plan, set by the Board of Directors, includes becoming the healthcare provider of choice and the employer of choice.
- Dr. Bruhl reported on Integration Activities related to the SEARHC/ Sitka Community Hospital merger. 136 employees from Sitka Community Hospital transitioned to SEARHC. Bruhl described service line and specialty care expansion.
- The council focused on patient access to care. After a review of service lines provided by SEARHC, input from the council was received. Council members offered input on signage, communicating specialty care referral process, and new service lines. SEARHC began offering infusion services after the integration and will continue providing community services per the APA.
- Patient Experience data was reviewed, and an overview of Sitka patient complaints and compliments was presented by Dr. Bruhl. Trends will be presented at future Council meetings.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Gary Paxton and Assembly Members

From: Hugh Bevan, Interim Municipal Administrator *HB*

Date: November 8, 2019

Subject:

Attached is the quarterly report from the Chamber of Commerce regarding their use of the Funds the City contributed in the FY20 for marketing Sitka.

Also attached are two articles that showcase Sitka: one in the Alaska Airlines Magazine and the other in Saturday Evening Post



Financial Update: FY2020- Q1

The Profit and Loss statement covers the first three quarters of the 2019 calendar year and is in the new format requested in the new contract executed January 1, 2019 and does not include revenues outside of Convention & Visitors Services Contract. The Greater Sitka Chamber of Commerce utilized bookkeeping services from Balance Accounting Solutions. The Chamber operates on a calendar year with budgets and financials reviewed and approved by the Finance Committee and the Board of Directors.

Attachment: The Greater Sitka Chamber of Commerce, Inc.

Visit Sitka Profit & Loss Statement, January 1, 2019 through September 30, 2019.

Income Update: 7/1-9/30

The Profit & Loss Statement reflects income from the CBS Contract in the amount of \$308,072. This amount reflects \$233,072 for the last two quarters of FY19 and one payment of \$75,000 for FY20-Q1. The first payment of FY20 was short \$50,050 as the finance department had not made corrections based on the supplemental budget allocations made by the Assembly in April. The Sitka Chamber raises revenues outside the contract through marketing partnerships and sales. Partners of Visit Sitka, which include tourism businesses and non-profits, contributed \$38,084 towards the marketing programs in 2019. These efforts help to maintain account funds to protect the program when contract funding delays arise, enabling continued operations.

Expense Updates: 7/1-9/30

In the expense portion of the report, you will see direct (marketing, promotion, staffing) and indirect (office and insurance) expenses. The overall spending to date is on-track with the budgeted amounts based on the funding allocated and once the obligated funding is sent to the Chamber, the Profit & Loss statement will reflect a \$3,808 variance with one quarter remaining in 2019's calendar year.

Visit Sitka Operation Update

General Overview of Sitka Travel Industry – Outlook to 2020

The 2020 "Draft" cruise ship calendar has been released by Cruise Line Agencies of Alaska. The draft includes most of the ships on the schedule but does not include some of the smaller cruise companies such as Alaskan Dream Cruises and UnCruise Adventures. The draft also does not include berth assignments as these decisions will be made later in the scheduling process. At this time the first scheduled call will be on May 6 and the final call on October 9, 2020. The schedule is reflecting

fewer ship port calls, but over-all the passenger counts will remain flat as the large cruise lines will be switching out smaller berth count ships for larger berth count ships assigned to Sitka.

There is still a lot of uncertainty around 2020 ferry travel. At this time, one AMH Ferry will call in Sitka arriving Sunday morning and departing again 4 to 5 hours later that day. This schedule will continue through the winter until April 2020. At this time there are no ferry calls posted for May 2020. Efforts continue to support reform of the system to create a sustainable marine highway system.

Marketing & Promotion Updates: 7/1-9/30

Visit Sitka (VS) renewed a contract with Element Agency to provide marketing support for 2019-2020. Element will be working with VS staff to create new and updated content for VisitSitka.org and the printed Visit Sitka Magazine, provide new photography and videography, and assist with social media management. In this quarter VS and Element worked on content and layout for the 2019-20 magazine and ad sales for the publication will begin in October.

In this quarter VS hosted or assisted with on-site support for 14 journalists/travel writers who visited Sitka. The writers represented domestic and international publications such as The Daily Telegraph-London, Parade.com, Outdoors, HuffPost, Backpacker and The Food Network. We made 25 PR contacts via email and phone that ranged from providing fact-checking to photos. Sitka was highlighted onboard Alaska Airlines flights in the July issue of Alaska Beyond Magazine (see article [here](#)), as well as the September/October issue of Saturday Evening Post. Both of these articles were a direct result of VS participation in 2018 Alaska Media Roadshow. VS will be sending a representative to the 2019 Alaska Media Roadshow in October.

In this quarter the Visit Sitka website visitsitka.org had 27,515 visits with 73,980 page-views and 22,463 unique visitors. This is an increase of almost 25% more traffic over this same quarter in 2018. We attribute this to the newly designed website, which was launched in 2017, ease of use, improved content and more complete partner information. The website also was expanded to include the Sitka Wayfinding map, the Sitka Shopping & Dining Pocket Guide and a Directory of Visitor Related Businesses & Services.

Meeting & Conventions (M&E) Update: 7/1-9/30

During this quarter Sitka hosted Sitka Fine Arts Camp sessions, Alpine Adventure Run, Alaska Board of Fish, Alaska Seafood Marketing Institute Customer Advisory Panel, Alaska Association of Homes for Children (AAHC), Sitka Seafood Festival, Sitka Mermaid Festival, Change Your Latitude- Open Water Swim, Mudball Classic Tourney, New Archangel Dancers 50th Anniversary Reunion, Southeast Conference Annual Meeting, and Loyal Order of Moose Alaska Hawaii Annual Convention. Meetings & conventions expected in 2019: Alaska Day Festival & Sitka Whale Festival.

VS began working with Element Agency to gather information to create a new collateral program for the meetings & convention program, to include a dedicated M&E planner guide and information sheets to be added to delegate bags. New welcome signs have been designed and are currently being distributed in town to welcome M&E attendees to Sitka. Other new items incorporating the

new VS brand have been produced including vinyl stickers, note pads, thank you note cards and cell phone wallets. These items can also be used at events attended outside Sitka such as Alaska Municipal League, the Alaska Travel Industry Association, and Alaska Chamber Fall Forum, to create interest and awareness about Sitka.

With Southeast Conference, VS kicked off a new "Show Your Badge Discount" Program. Twenty-six (26) local businesses including tour operators, retailers, and restaurants offered special discounts to conference attendees who showed their badge at check-out. VS plans to continue this successful program for future conferences.

Visitor Services Update: 7/1-9/30

For the 4th year in a row, Sitka was awarded the Cruise Critic, Cruiser's Choice Top 5 Alaska Cruise Destinations Award. This award includes top-rated cruise destinations and lines around the globe according to cruisers, based on member review ratings for trips taken in the last year.

VS team members offered visitor information guidance at the Visit Sitka Information Center (104 Lake Street), Old Sitka Dock Information Booth (4513 Halibut Point Road) and during downtown "walk around" events. VS staff provided 679 hours of support while VS volunteers provided 85 hours of additional support. VS team members directly interacted with almost 6,000 visitors at the Lake Street and HPR locations. Approximately 18,000 downtown walking maps were distributed at various locations, 15,000 printed Visit Sitka Magazines were distributed by mail, locally and throughout the state including new distribution racks at Westmark Hotel Sitka and 2 racks at the Airport, as well as almost 10,000 shopping & dining pocket guides.

Respectfully,

Rachel Roy, Executive Director
Greater Sitka Chamber of Commerce | Visit Sitka

Visit Sitka
Profit & Loss Statement
September 30, 2019

	Actuals YTD
REVENUE	
Income	
CBS contract revenue	\$ 308,072
Total Income	\$ 308,072
Direct Expense	
Planner Printing	\$ 15,700
Planner Graphic Design	\$ 40
Planner Photo Usage	\$ 800
Fundraising Expense	\$ -
Salaries	\$ 130,446
Special events expense	\$ -
Advertising	\$ 56,338
Alaska Co-op Marketing	\$ 5,000
Website/Digital Media	\$ 18,000
Webpage (2018 Brand Voice)	\$ 8,062
Postage & freight (Planner)	\$ 10,980
Office Technology	\$ 3,622
Rent	\$ 16,748
Leasehold improvements	\$ 3,189
Payroll tax expense	\$ 11,447
Professional Development/Training	\$ 1,919
Promotion: Cruise	\$ 11,431
Promotion: Conventions	\$ 13,124
Promotion: Tourism	\$ 25,768
Travel Writers & FAM Tours	\$ 3,204
Travel/Training	\$ 3,975
Membership/Volunteer Events	\$ 512
Membership/Volunteer Training: CVS	\$ 593
Total Direct Expenses	\$ 340,898
Indirect Expenses	
Utilities	\$ 3,915
Insurance: Liability	\$ 3,752
Insurance: worker's comp	\$ -
Bank online fees	\$ 2,150
Dues & Subscriptions	\$ 710
Accounting Services	\$ 2,688
Professional Services	\$ 1,245
Office supplies	\$ 2,432
Office Equipment	\$ 84
Telephone & internet	\$ 4,055
Misc Expense	\$ -
Total Indirect Expenses	\$ 21,032
Total Expenses	\$ 361,930
TOTAL NET INCOME (LOSS)	\$ (53,858)

Alaska. BEYOND >>

JULY 2019

LYLE LOVETT

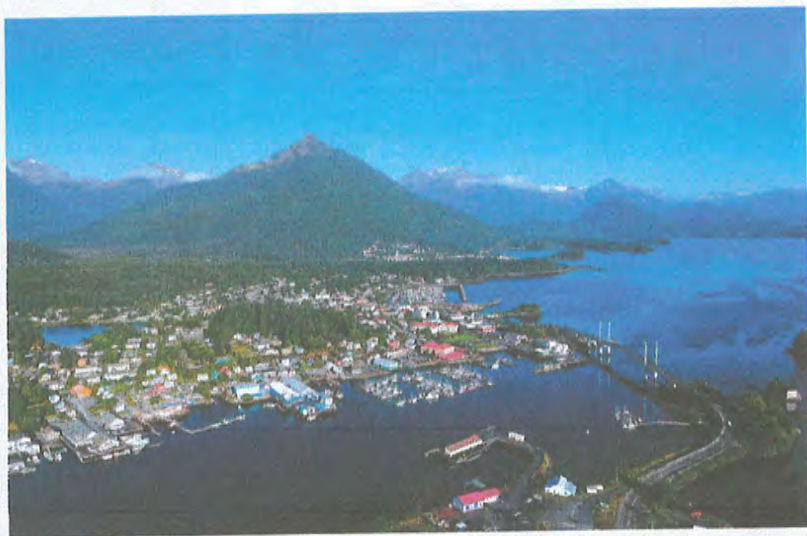
AUTHENTIC TEXAS ON STAGE AND OFF

#1
IN CUSTOMER
SATISFACTION

GRATEFUL
BY THE DOZEN



AMONG TRADITIONAL CARRIERS IN NORTH AMERICA



SEASIDE IN SITKA

By Eric Lucas

» Few places embrace as broad an expanse of history and culture in a half-day walk as Sitka, which was Alaska's Russian capital from 1808 to 1867. The sights here reflect three disparate cultures—Tlingit, Russian and American—and thousands of years of human civilization.

Start at the so-called Castle Hill (Baranof Castle State Historic Site), a 60-foot-tall rise with vistas of Sitka Sound, the city of Sitka, the 3,354-foot-tall summit of Mount Verstovia east of the city and—to the northwest—the iconic dormant volcanic cone of Mount Edgecumbe. This Castle Hill vantage historically held Tlingit and then Russian fortifications, and it was where the United States officially took possession of Alaska in October 1867, after the U.S. agreed to purchase the land from Russia earlier that year.

Just a few blocks east of Castle Hill is St. Michael's Orthodox Cathedral, a green-domed Russian Orthodox church in the center of a downtown traffic island. The cathedral holds one of the Western Hemisphere's finest sets of 19th century Russian Orthodox icons—paintings adorned with gold and silver—including the famed work known as the "Sitka Madonna" (sometimes out on tour) and depictions of the archangels Michael and Gabriel.

A couple of blocks farther along is the Russian Bishop's House, built between 1841 and 1843 and now part of Sitka National Historical Park. The cheery-yellow clapboard structure is built with hand-shaped spruce logs—a cutaway wall inside reveals artful construction. Historically a center of cultural and educational activities, the house is now a museum.



» Clockwise from top left: An aerial view of Sitka. St. Michael's Orthodox Cathedral. Sitka National Historical Park's distinctive totem trail.

Continuing east on Lincoln Street brings you to a pair of standout local attractions. The Sheldon Jackson Museum occupies an octagonal concrete building that holds a priceless collection of historical artifacts from Indigenous Alaskan cul-

tures, gathered by the building's namesake, a late-1800s Presbyterian minister. Nearby, the compact Sitka Sound Science Center offers a chance to learn about the area's rich maritime ecosystem. See and feel organisms such as anemones and urchins in the touch tank.

Another few hundred yards down Lincoln Street is the Sitka National Historical Park Visitor Center, which provides a brief introduction to a nearby wonder: a winding woodland path whose spruces, hemlocks and cedars shelter historical as well as modern Tlingit and Haida totem poles. Originally established more than 100 years ago (and modified over time), the totem collection is one of the most memorable in the United States.

The park also contains the outflow of the Indian River—known for its summertime salmon runs. When the river surges with pink salmon, there is no better place to marvel at the bounty of Sitka Sound and at the cultures that have thrived beside it for thousands of years. ✈

■ Fly Alaska Airlines to Sitka (SIT) from Seattle (SEA), Juneau (JNU) and Ketchikan (KTN). Visit alaskaair.com to learn more and book tickets.



A boardwalk section of the Forest and Muskeg Trail.

A WILD ALASKA WALK

By Eric Lucas

» **Tongass National Forest**, the largest national forest in the United States, encompasses most of Southeast Alaska's Panhandle. The part of this great maritime rainforest that borders life-rich Sitka Sound is a particularly exquisite area for observing wildlife and marveling at the breadth and diversity of nature.

At Starrigavan Recreation Area, located within the forest and 7 miles north of Sitka, you'll find excellent paths to experience woods, bogs and wetlands. Start on the quarter-mile-long Estuary Life Trail, a boardwalk path whose first stop is a bird-viewing shelter made of local timbers. The site affords a vantage of the sedge and hair grass tidal shores where migratory waterfowl and other avian species flock. Watch for ducks, geese, eagles, blue herons, scoters, kingfishers, ravens and gulls galore.

Continuing on the trail, look for coastal wildflowers that bloom here in late spring and summer, such as chocolate lily, wild geranium,

yarrow and yellow paintbrush. At the end of the boardwalk, cross a footbridge over Starrigavan Creek to the Forest and Muskeg Trail, a gravel path heading uphill. This moderately steep three-quarter-mile trail climbs 150 feet through western hemlocks before emerging at another boardwalk that crosses a level area of muskeg. One of Southeast Alaska's quintessential landscape types, muskeg is a bogland characterized in Starrigavan by deep moss, stunted lodgepole pines, and shrubs such as Labrador tea and bog laurel.



Carnivorous sundews.

Observant hikers may find crowberry and cloudberry plants here, as well as impressive carnivorous sundews. Shooting stars, bog orchids and pond lilies add more color to the scene.

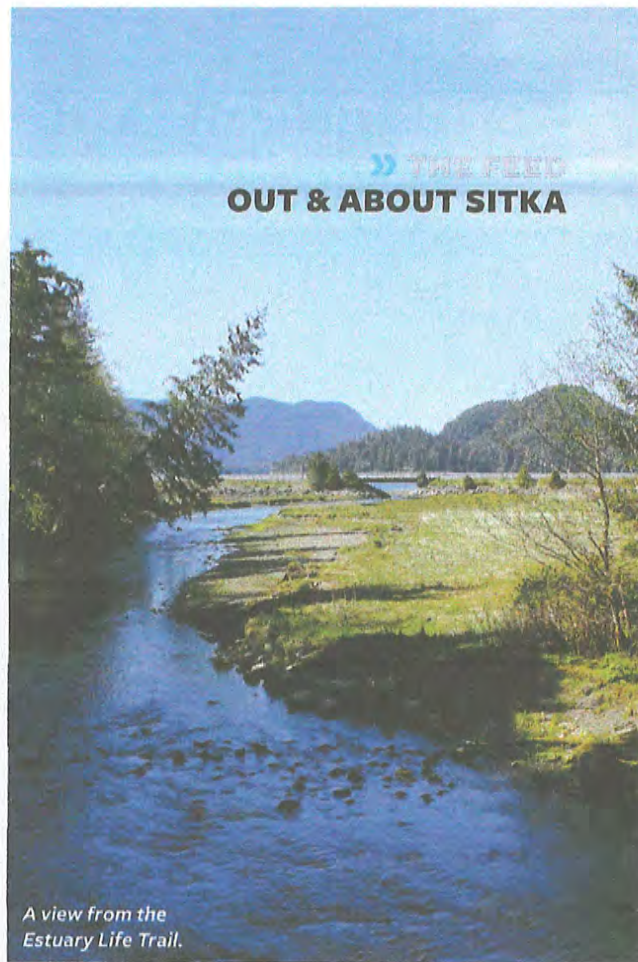
Hikers should stay on the boardwalk—not only is the landscape delicate; bog holes can be treacherous. The trail heads downhill on the return to Halibut Point Road. You'll cross Starrigavan Creek on a bridge that offers a great opportunity to look for whales, otters and sea lions in

Sitka Sound, plus eagles and coastal brown bears feeding on the creek's salmon in late summer (visit the national forest's website for tips about staying safe in bear country).

"Starrigavan" is derived from the Russian for "old harbor"—a nod to Russian settlers' past use of the area. Although the center of human activity shifted to Sitka long ago, the cove still shelters an amazing array of plant and animal life—as evidenced on this coastal hike. **A**

MORE OUTDOORS IN THE AREA

- **Kayaking in Sitka Sound** provides access to sheltered inlets and coves.
- **Sightseeing boat tours** depart Sitka by the dozen on some summer days. Whales are common (mostly humpbacks, with the occasional grays or orcas); other wildlife includes sea otters, harbor seals, Steller's sea lions, bald eagles, marbled murrelets and puffins.
- **Bicycling in Sitka** is pleasant, in part due to fairly light traffic. Ask at the Sitka Visitor Information Center for information on bike tours and rentals. —E.L.



A view from the Estuary Life Trail.

THE SATURDAY EVENING POST

Celebrating
America,
Past, Present,
and Future



SEPTEMBER/OCTOBER 2019 \$5.99
SATURDAYEVENINGPOST.COM

Robin Moline



TOUCHING ALASKA

On the big ships, you get a good look
at the state's magnificent wilderness.
On a small ship, you step into it

BY STEVEN SLON

When you're in grizzly country, it's a good idea to give the hosts a heads-up when paying a visit. Don't want any awkward moments. So, after our two eight-person skiffs make land, before we even get to the woods, our guides are already shouting "Whoop-whoop!" I join in with "Hey, bears!" feeling the need to make the callout a bit less threatening. After all, it is their territory.

Bushwhacking (rugged hiking without a trail through mud and dense undergrowth, as we're doing now) is one of several options for passengers on an UnCruise Adventure. There are also plenty of moderate activities, such as

kayaking, paddle-boarding, and touring the coastline in small crafts. UnCruise, with its fleet of small (76- to 90-passenger) ships, prides itself on being an alternative to the mega-cruisers that ply the waters of Southeast Alaska. On the big ships, you get an overview of the state's magnificent wilderness. On the UnCruise, you step into it.

Our voyage began in Sitka, on remote Baranof Island in Southeast Alaska, and would conclude in Juneau. Partly to acclimate to the time zone and partly just to spend a little time on dry land before shipping out, my wife Estelle and I hunkered down on Sitka four days prior to our departure. That's highly recommended, since Sitka, in its own way, gives you a feel for the remoteness and beauty of Alaska (see sidebar, page 56).



Bear witness: A grizzly patrols the shoreline.

UNCruise

Thanks to all the shouting, we seem to be alone on the shore, but signs of animal activity abound. We stop to study tracks left by deer, wolves, bears. "Still warm!" says our guide excitedly as she hovers her hand inches above some bear scat.

At first it seems impossible to find a way into the woods from the beach thanks to the thick undergrowth at the forest's edge. But after several false starts, slogging through mud in our knee-high rubber boots, we find a suitable opening, punching through alder and gently pushing aside thorny devil's club. This leads us first into a cathedral-like conifer forest of Sitka spruce, mountain hemlock, and yellow cedar. There are mosses and lichens underfoot, and thickets of blueberry.

We press on. Suddenly a small, black, cat-like creature pops up in front of us. It's a marten (of the weasel family). It's not clear who's more startled, us or the marten. It freezes, does a double take, then zing! Off it darts, disappearing into the undergrowth.

I wonder if we might surprise a bear in the same way — wishing (just a little) that we will. As the joke goes, you don't have to run fast if you come across a bear in the wild. Just faster than the next person.

Deeper we go into the dark forest, climbing over fallen logs, pulling ourselves up steep embankments using tree branches for support, when suddenly we come to a large clearing of dense grasses and wildflowers. This, expedition guide Bobby DeMarinis explains, is a musk egg marsh, which forms in low flat areas with poor water drainage. "The water collects and saturates the soil," he says. "Then oxygen levels decrease in the soil, which also becomes very acidic as needles from conifer trees decompose."

Spruces and hemlocks tend to die off in these areas, and the result is what looks like a meadow in the middle of the woods. But it's not like any meadow you've ever known. The ground is spongy, the grass thick and deep. DeMarinis identifies the wildflowers as we walk among them — labrador tea, round leaf sundew (a small, delicate flycatcher), shooting stars (featuring beautiful backward-facing petals), and more.

Our ship spends much of each day at anchor. In the evening and at night, it moves along, the gentle rocking ensuring good sleep. Late one afternoon, Estelle and I push off in a kayak from the portable dock lashed to the back of the ship. We paddle softly through placid black water, bald eagles soaring above us, mountains in the distance. For a while, we stop in the middle of the bay,



Making a splash: A humpback whale dances on the water. The ship frequently stops or changes course for animal sightings.

listening to the wind, the birdsong. Suddenly a harbor seal pops up alongside, giving us the once over. Just as suddenly, it disappears.

Between the day's many options for activities, there are lectures on wildlife, on Alaskan history, on early explorers to the region. But the schedule frequently changes and the ship will stop or change course for sightings of humpback whales, killer whales, seals sunbathing on rocky outcroppings, wild goats, and birds of all kinds. It's all very freewheeling, and one becomes accustomed to changes in plans.

One morning as we drop anchor, a bear is spotted in the high grasses along the shore. Everyone reaches for binoculars, but a few minutes later, the decision is made to pull up anchor and find a different landing point — too dangerous to land near a bear patrolling its territory. All the day's planned activities are pushed back as we find another anchorage about an hour away.

That flexibility is typical of the UnCruise experience. As Tim Voss, the captain of our ship, the *SS Legacy*,

explains, "We may not cover a lot of ground, but we take our time and focus on the wilderness and on shore. We'll stop to study a plant or an animal on the beach. It's what we do, and we're passionate about allowing passengers to really feel the places they visit. We want them to say, 'I came to Alaska but I actually put my boots in the mud. I smelled the forest and walked in it.'"

Several days in, while sailing through Glacier Bay, the highlight of many Alaskan cruises, we anchor near the majestic Margerie Glacier. There, not more than 100 yards from the ice, some of us participate in "the polar plunge," a dive off the aft deck into 40-degree water, followed in my case by an extremely fast exit.

Later in the day, a small group debarks for a hike up a steep rocky outcropping alongside the glacier. From our vantage point, sitting on rocks amid lovely blue and white wildflowers, we spot a pod of three killer whales — two parents and a juvenile — on the hunt. Soon, a large cruise ship pulls into the bay and circles past the glacier. As it departs, we wave at the crowds lining the deck high above the water, capturing the stunning vistas on their phones and video cameras. And we feel privileged that for a short while we've been more than just observers of

Thrills and chills: Passengers work up their nerve for the "polar plunge" into 40-degree water.



Alaska's wildest and most beautiful places — we've actually touched and experienced them.

If you go: The per-person cost for a one-week UnCruise Adventure ranges from \$3,000 to about \$7,500. The fee includes delicious food and beverages, including alcohol. (Cocktail hour is a pleasant respite after a day of outdoor activities.) Discounts are available on some trips booked by mid-December. Two other excellent small-ship options with similar amenities and routes are Alaskan Dream Cruises and Lindblad Expeditions.

Steven Slon is the Post's editorial director.

BEAUTIFUL, REMOTE SITKA

Our Delta airliner curls around the Tongass Mountains and plunges sharply into tiny Sitka Airport — ranked as one of the top 10 scariest in the U.S. The landing is smooth, and sighs are audible as dozens of fingers unclench armrests.

Sitka is a lovely little town with a deep history. The native Tlingit settled here 10,000 years ago. The Russians arrived in 1799 to establish a colonial trading company. In 1876,

the U.S. bought Alaska from cash-strapped Russia (for about two cents per acre), but some Russians stayed. Today, there's an interesting mélange of cultures, including North Americans fleeing big-city life, a Filipino community that first came to work in the canneries, and the indigenous Tlingit. Through it all, the Russian influence persists, says Sherry Aitken, Sitka's Director of Tourism. Indeed, the major landmark in the center of

town is St. Michael's Russian Orthodox Cathedral, built in 1848.

The town's economy is based largely on commercial and sport fishing as well as tourism. Being just a bit out of the way of the standard Alaskan cruise-line routes, Sitka mainly caters to the smaller cruise ships and manages to maintain its identity with 200,000 visitors per year. "We don't want to get overwhelmed," says Aitken. (By comparison, Skagway, a smaller town, gets a million visitors per year — and on days when two enormous ships dock there, Skagway feels like a giant

WHAT TO DO IN SITKA ACTIVITIES

Fortress of the Bear: The nonprofit facility, established by Les and Evy Kinnear, just a short way out of town, takes in orphaned bear cubs and eventually releases them into the wild. We watch as Les tosses a large sofa cushion down to Toby, a mature female grizzly with a ton of personality who joyfully rips the cushion to shreds, then stands up on her hind legs and puts her giant paws together in a gesture that means "food, please!" From a viewing area above the large compound, we watch cubs climbing in trees and two adult males cavorting in water, playing on swings, and knocking over large barrels. For those on a cruise, a \$3 shuttle service to the attraction is offered from the dock (\$10 adults, \$5 kids 7-18).

Alaska Raptor Center: A rescue facility, it claims a 70 percent success rate in healing wounded birds. Go there to see bald eagles, peregrine falcons, large and tiny owls, red-tailed hawks, and more (\$13 adults, \$6 kids 6-12).

Native Culture: Visit the Sheet'ka Kwaan Naa Kahidi Tribal Community House to experience a half-hour performance of songs handed down through the generations. Afterward, meet the cast and pose for selfies



An American bald eagle at Alaska Raptor Center

with them in their traditional garb (\$10 adults, \$5 kids).

Ghost Tour: This one-hour walk through the back alleys and passageways of the town is led by a guide dressed in 1867 period costume and makes for a pleasant evening activity. Along the way, you'll "meet" the spirits of children who died in the hardscrabble early days of the town. The tour concludes with a visit to the old Russian cemetery, which is wild and overgrown and beautiful (\$30).

Sea Otter and Wildlife Quest: Take this 3-hour boat ride to see humpback whales, puffins, cormorants, and thousands of black-headed murrelets nesting in caves on the otherwise uninhabited Lazaria Island. A highlight:

packs of super-cute sea otters floating together intertwined in what's known as a "raft" (\$130 adults, \$84 kids 3-12).

DINE

The Beak: Fresh-caught fish, informal atmosphere — popular with locals. Reasonable prices. Great food and service, and here's something you don't expect: a no-tipping policy.

Longliner Lodge and Suites:

Excellent food, fresh fish. Ask for a table on the deck for great harbor views. (Rooms \$230 and up.)

STAY

Ann's Gavan Hill Bed & Breakfast:

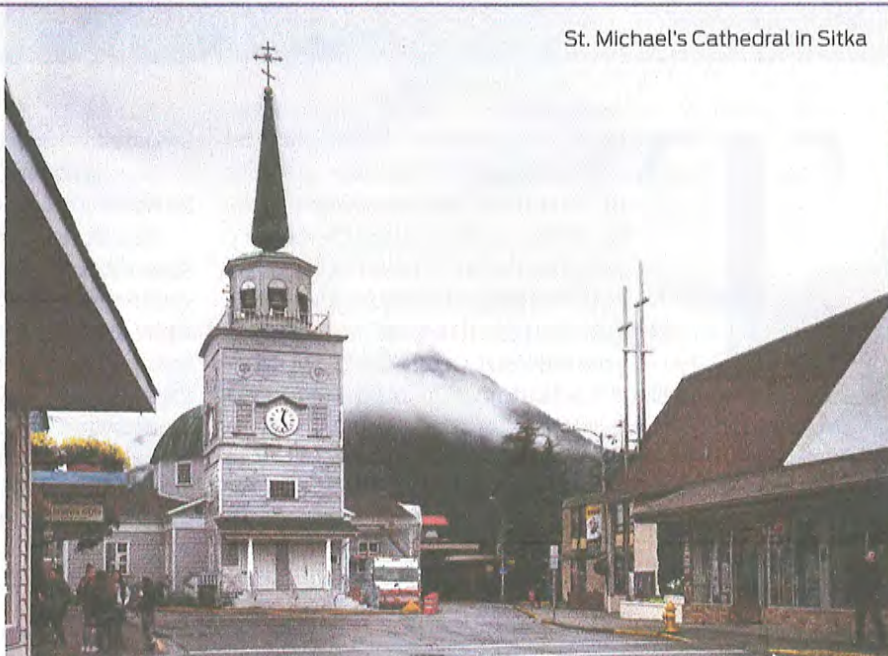
Consider this very comfortable and homey B&B, where the morning meal is an over-the-top production with delicious coffee cooked up and served by Ann herself (\$105/night double occupancy).

HIKE

Gavan Hill: Active types should consider a half-day hike up Gavan Hill, the trailhead for which is a few blocks from the center of town. In the steepest sections, you get a little help from steps carved out of timber. The old-growth forest is lovely, and there's a small lookout platform at the top to reward hikers with fabulous views of the town below and the mountains and sea beyond.

Alaska-themed shopping mall.)

A pleasant stroll up Lincoln Street takes you to the cathedral. On the way, stop in at Old Harbor Books, a very well-stocked independent bookstore. Diagonally across the street, you'll find an old-fashioned Ben Franklin five-and-dime where you can stock up on necessities for your cruise. (If planning to tramp through the woods, Xtratuf boots are the locals' galoshes of choice.) There are also several Native American craft stores selling beautiful wood carvings, jewelry, weavings, and more.



St. Michael's Cathedral in Sitka

City and Borough of Sitka

Financial Review **June 30, 2019**

Results as of June 30, 2019 (All Funds)

City and Borough of Sitka

Financial Review

FY2019 General Fund Budget Execution

June 30, 2019

Original Surplus Per Budget Ordinance:	506,780
Budget Adjustments	<u>(1,936,177)</u>
Budgeted Deficit As Of 6/30	(1,429,396)
Revenues Thru 6/30	31,213,698
Expenditures Thru 6/30	<u>30,515,552</u>
Surplus Achieved:	\$697,718
Surplus Achieved:	697,718
Budgeted Deficit as of 6/30	<u>(1,429,396)</u>
Difference From Budget:	\$2,127,144

City and Borough of Sitka




Financial Review

FY2019 General Fund

Budget Adjustments

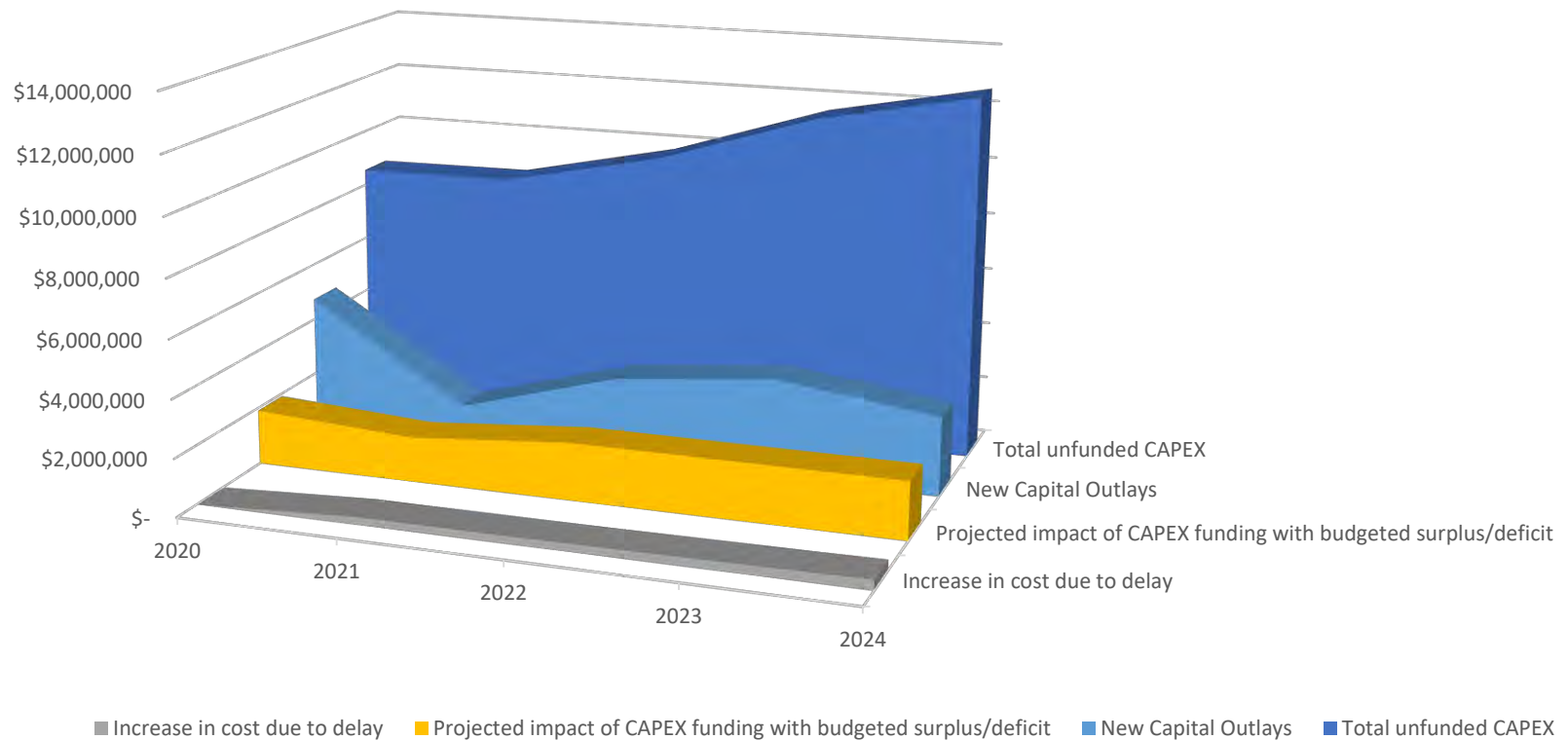
Ordinance 2018-37 (Revenue Offset \$25,000) Reappropriate FY2017	242,735
Ordinance 2018-30 E911 System	285,000
Ordinance 2018-48 SCH RFP	150,000
Ordinance 2018-44 Legal Fees	110,000
Ordinance 2018-49 Seaplane Base	50,000
Ordinance 2018-51 (Grant Revenue Offset (\$426,160) Grants	0
Ordinance 2018-53 Legal and Consulting Fees SCH Sale	150,000
Ordinance 2018-54 Customer Service Counter Improvements	8,500
Ordinance 2018-55 Senior Citizen Van Match	8,000
Ordinance 2019-01 HCH Staffing & Video Monitoring	50,000
Ordinance 2019-02 (Revenue Offset (\$356,000) PERS On-Behalf	0
Ordinance 2019-10 Police Department Investigation	35,000
Ordinance 2019-13 Legal Fees Shepard Vs. CBS	50,000
Ordinance 2019-27 Legal and Consulting Fees SCH Sale	422,000
Encumbrances to 2020	(438,376)
Public Infrastructure Sinking Fund Transfer	679,320
Encumbrances from FY2018	<u>133,988</u>
Total Net Budget Adjustments	<u>1,936,177</u>

City and Borough of Sitka
Financial Review
General Fund Balance
June 30, 2019 versus June 30, 2018

Indicator	Amount	Compared To Last Year	Big Picture 
Assigned (Designated) Fund Balance (Includes balance restricted by SGC and other external restrictions such as E-911, liquidity restriction, emergency response, etc)	10,120,793	10,379,647	
Unassigned and Available Fund Balance (Portion of fund balance not committed for above/other purposes)	5,637,097	4,680,525	Surpluses may be transferred into Infrastructure Sinking Fund, while deficits reduce amount of unassigned fund balance. Fine for now, but need to monitor.
Total General Fund Balance	15,757,890	15,060,172	

Implications of Financial Status of General Fund as of June 30,2019

Impact of projected (surplus/deficit) on deferred infrastructure projects (assumes any surplus directed to Public Infrastructure Sinking Fund) FY19 impacts FY21



City and Borough of Sitka
Financial Review
Fund Net Income and Working Capital
FY2019 Results Through June 30, 2019

<u>Fund</u>	Accrual Basis Net <u>Income / (Loss)</u>	Unspent Working Capital Appropriated For <u>CAPEX</u>	Unappropriated <u>Working Capital</u>	Total <u>Working Capital</u>
Electric Fund	(2,552,118)	7,681,726	1,139,241	8,820,967
Water Fund	288,197	997,435	2,123,364	3,120,799
Wastewater Fund	642,949	2,652,785	4,984,228	7,637,013
Solid Waste Fund	(78,336)	807,342	(1,744,439)	(937,097)
Harbor Fund	691,711	9,176,948	7,421,067	16,598,015
Airport Terminal Fund	319,156	4,276,278	814,942	5,091,220
Marine Service Center Fund	69,778	54,245	1,963,467	2,017,712
Gary Paxton Industrial Park Fund	(530,405)	219,896	506,809	726,705
IT Fund	254,383	471,078	(9,576)	461,502
Central Garage Fund	974,200	312,951	3,855,169	4,168,120
Building Maintenance Fund	(93,234)	-	1,362,366	1,362,366
CPET Fund	(37,550)	-	569,593	569,593
Permanent Fund	(255,740)	-	23,923,467	23,923,467

Financial Statements

- You will find attached financial statements for the various significant funds of the City and Borough of Sitka. Information is presented through June 30, 2019.
- Financial reporting is shown in the custom reporting format designed by the Finance Department, which combines significant elements of the income statement, balance sheet, and cash flow statement into one single page report. At times, reporting formats may be amended to better represent the financial health of a fund, however those changes will be noted.

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 enterprise funds; these plans seek to identify long-term infrastructure needs and determine the correct level of user fees necessary to finance the plan. A long-term capital improvement plan has been developed for the General Fund; however, due to lack of dedicated revenue streams, funding has not been identified to finance the plan.
- The long-term infrastructure plan for the Electric Department is being reviewed. A revised plan is expected in 2020.

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 appropriated for capital expenditures but unspent is called appropriated but unspent working capital; the remainder is unappropriated 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. Fund balances for governmental-type funds are classified in one of 5 classifications: non-spendable, restricted, committed, assigned, and unassigned and available. Fund balances for enterprise and internal service funds are classified as either restricted or unrestricted.

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 Fiscal Year Ending, June 30, 2019**

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	31,213,270	 Increased	 Met Plan	 State and Federal funding continue to decrease from previous levels
Appropriated Outlays vs. Actual Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	1,636,383	 Increased	 Under budget	As many staff positions are vacant savings are realized, but this may result in either less revenue or higher expenses in the future
Surplus (Shortfall) of Revenues Over Outlays	697,718	 Increased	 More surplus than Planned	General Fund is generating a surplus for future infrastructure repair/replacement, but not enough
Capital Expenditure Outlays (The General Fund's depreciable assets decrease in value for FY18 is \$7.4 million (including schools), which could be a benchmark for setting aside funds for future asset replacement)	1,938,406	 Decreased	 Met Plan	Not enough is being set aside to replace assets in the future if lack of grant funding continues.
Assigned (Designated) Fund Balance (Includes balance restricted by SGC and other external restrictions such as E-911, liquidity restriction, emergency response, etc)	5,367,097	 Increased by 2.6%	 Met Plan	
Unassigned and Available Fund Balance (Portion of fund balance not committed for above/other purposes)	5,637,097	 Increased	 Exceeded Plan	Surpluses may be transferred into Infrastructure Sinking Fund, while deficits reduce amount of unassigned fund balance. Fine for now, but need to watch decline.
Total General Fund Balance	15,757,890	 Increased	 Exceeded Plan	Fund balance increased due to surplus for the

The General Fund's financial performance for FY2019 improved over FY2018 and exceeded planned levels in every metric except for capital expenditure outlays. The General Fund's expenditures were less than budgeted appropriations and revenue was slightly above plan, creating a surplus of \$697,718. This surplus was 21.3% lower than the surplus in FY2018, but

was still higher than planned. This due to higher revenue than last fiscal year and expenses that are under budget.

The increase in financial position, as reflected in the increase in the unassigned fund balance, should be viewed as temporary, as, per code, any increases in unassigned fund balances are considered for eligible transfer into the Public Infrastructure Sinking Fund in September. Hence, any increase will ultimately be utilized for capital expenditures unless the Assembly decides and directs otherwise.

Management's overriding concern for the General Fund continues to be the inadequate size of its unassigned fund balance compared with known deferred maintenance amounts, and, the small amount of the annual surplus when compared to potential future general obligation bond debt service. The condition of general governmental infrastructure (school buildings, streets, city hall, the police station, etc.) continues to deteriorate each year as the facilities age.

School buildings are of particular concern as the State's school bond debt service reimbursement program no longer exists for new debt for building or repairing schools. In addition, the general fund will have to bear more of the burden of paying for existing school bond debt as the state backs away from its original commitment to reimburse debt service. This is an expense that has not been contemplated beyond the 1% seasonal sales tax that will be insufficient to cover debt service should the state continue to reduce the rate of reimbursement. The youngest school building, Keet Gooshi Heen Elementary School, is 32 years old, having been initially constructed in 1986. The oldest building, Baranof Elementary School, is 64 years old, having been constructed in 1954. The other two major school builds are in between. Albeit, major renovations have taken place over the intervening years, but the buildings are getting old. The Police Department facility has aged to the point of being almost insufficient to meet basic law enforcement needs.

The challenge we face is that there is no sinking fund set aside for major renovation of existing buildings or construction of new ones. The unassigned General Fund balance is all that is currently available. Thus, unless the General Fund balance increases substantially in the near future, or significant grant opportunities arise (which is unlikely as the CBS does not have any staff dedicated to seeking grant funding), the issuance of general obligation bonds for schools and a Police Department facility is the most likely funding source the Municipality will turn to.

Issuance of additional general obligation bonds in the future will be complicated by two aspects: the doubtfulness of school bond debt reimbursement by the State of Alaska, and, the inability to levy additional property taxes necessary to meet additional debt service, due to the Charter property tax cap.

The take-away for the General Fund, and particularly for general governmental infrastructure, is that Sitka's general government and school funding situation will continue to worsen. Unfortunately, there are no easy or painless solutions. The challenges in general government

funding can't be solved by expense cutting alone unless municipal services are significantly reduced.

As is happening Statewide, our citizens and Assembly must start engaging in a blunt conversation as to what services citizens are willing to pay for in Sitka. The current level of general government services/infrastructure can't be maintained without additional tax revenue, and, proposals to increase taxes in the past have been unpopular and soundly defeated.

City and Borough of Sitka
General Fund
Financial Statements
For The Twelve-Month Period From July 1, 2018 to June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.0%)	Variance To FY2019 Plan
Property Taxes	6,687,596	34,203	8,480	47,346	6,777,625	6,647,375	130,250	6,866,000	(88,375)
Sales Taxes	5,082,865	2,059,030	1,824,201	4,343,109	13,309,205	12,088,127	1,221,079	12,780,000	529,205
Bed Taxes	-	-	-	-	-	-	-	-	-
State Assistance	716,610	171,416	193,534	(63,508)	1,018,052	875,828	142,224	1,304,222	(286,170)
Federal Assistance	36,839	16,855	36,857	1,247,226	1,337,777	1,908,951	(571,174)	1,528,970	(191,193)
Transfer From Permanent Fund, etc.	232,448	1,921,260	7,892	536,774	2,698,374	1,607,903	1,090,471	2,883,097	(184,723)
Interfund Billings	673,862	673,862	673,862	673,862	2,695,448	2,855,203	(159,755)	2,697,736	(2,288)
Other Operating Revenue	691,582	629,876	835,865	1,219,465	3,376,788	2,659,578	717,210	2,840,000	536,788
	14,121,802	5,506,502	3,580,692	8,004,274	31,213,270	28,642,965	2,570,305	30,900,025	313,245
Administrator	287,486	295,890	297,980	446,813	1,328,169	1,029,605	(298,564)	1,295,995	(32,174)
Attorney	105,083	168,988	193,361	502,505	969,937	223,922	(746,015)	917,890	(52,047)
Clerk	98,051	105,863	107,556	92,813	404,283	403,605	(678)	413,553	9,270
Finance	409,940	455,096	491,405	442,522	1,798,963	1,791,702	(7,261)	1,931,743	132,780
Assessing	87,075	103,623	133,184	103,746	427,628	374,903	(52,725)	456,966	29,338
Planning	43,945	33,771	91,982	35,223	204,921	245,257	40,336	259,376	54,455
General/Shared Expenses	306,591	190,534	143,849	169,392	810,366	788,092	(22,274)	822,236	11,870
Police	1,064,182	1,015,464	1,238,782	1,028,339	4,346,767	4,316,704	(30,063)	4,681,587	334,820
Fire	530,239	463,852	498,858	507,532	2,000,481	1,846,478	(154,003)	2,125,430	124,949
Public Works	840,073	851,048	1,029,638	1,006,898	3,727,657	3,489,951	(237,706)	4,307,350	579,693
Library	217,341	205,672	258,820	215,103	896,936	840,141	(56,795)	936,635	39,699
Centennial Building	136,217	133,881	173,556	177,394	621,048	560,055	(60,993)	624,192	3,144
SR Citizen Center	15,962	31,241	33,060	15,351	95,614	78,113	(17,501)	97,764	2,150
Contingency	-	-	-	-	-	(4,097)	(4,097)	-	-
Debt Service	11,394	-	15,477	4,814	31,685	33,222	1,537	90,741	59,056
School Support	1,744,573	1,744,573	1,849,431	2,035,631	7,374,208	6,987,151	(387,057)	7,374,208	0
Hospital Support	-	-	30,585	120,086	150,671	306,863	156,192	150,671	0
Fixed Asset Acquisition	-	5,653	248,089	7,329	261,071	13,999	(247,072)	532,454	271,383
Transfers To Other Funds	3,292,787	58,500	30,000	1,683,861	5,065,148	4,430,278	(634,870)	5,133,145	67,997
Total Outlays:	9,190,939	5,863,649	6,865,612	8,595,352	30,515,552	27,755,945	(2,759,607)	32,151,936	1,636,383
Surplus/(Shortfall)/Total Revenue	4,930,863	(357,147)	(3,284,920)	(591,078)	697,718	887,021	(189,303)	(1,251,911)	1,949,628
Controllable Costs (Outlays Less Transfers)					17,632,769	15,984,431	(1,648,338)	18,870,717	1,237,948

City and Borough of Sitka
General Fund
Financial Statements
For The Twelve-Month Period From July 1, 2018 to June 30, 2019
(Unaudited)

















<u>General Fund Balance</u>					YTD Balance	FY2018 YTD	Variance To FY2018 YTD
Beginning Total General Fund Balance :	15,060,172	19,991,033	19,633,883	16,348,969	15,060,172	14,173,149	887,023
Surplus/(Shortfall) of Revenues Over Outlays:	4,930,863	(357,147)	(3,284,920)	(591,078)	697,718	887,021	(189,303)
Other balance sheet changes:	(2)	(3)	7	(1)	1	2	(1)
Ending Total General Fund Balance:	19,991,033	19,633,883	16,348,969	15,757,890	15,757,890	15,060,172	697,719
<u>As of</u>	<u>9/30/2018</u>	<u>12/31/2018</u>	<u>3/31/2019</u>	<u>6/30/2019</u>	<u>3/31/2019</u>	<u>3/31/2018</u>	
General Fund Balance:							
Total Assets:	21,099,669	20,266,115	17,942,343	17,333,608	17,333,608	16,762,776	570,832
Total Liabilities:	(1,108,636)	(632,232)	(1,593,374)	(1,575,718)	(1,575,718)	(1,702,604)	126,886
General Fund Balance:	19,991,033	19,633,883	16,348,969	15,757,890	15,757,890	15,060,172	697,718
General Fund Balance Detail:							
Non-Spendable Fund Balance	57,679	-	260,657	117,381	117,381	117,381	-
Restricted Fund Balance	-	-	-	-	-	-	-
Committed Fund Balance	-	-	-	-	-	-	-
Assigned (Designated) Fund Balance							
Advances to Other Funds	503,154	372,494	150,000	100,000	100,000	1,206,637	(1,106,637)
911 Surcharges	527,614	527,614	527,614	612,773	612,773	527,614	85,159
SRS Title III	512,663	512,663	512,663	512,663	512,663	512,663	-
Liquidity	5,831,416	5,831,416	5,831,416	6,362,600	6,362,600	6,015,352	347,248
Emergency Response	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	415,376	415,376	-	415,376
Unassigned and Available Fund Balance	10,428,507	10,259,696	6,936,619	5,637,097	5,637,097	4,680,525	956,572
Total General Fund Balance:	19,991,033	19,633,883	16,348,969	15,757,890	15,757,890	15,060,172	697,718







	FY2019 Working Capital	Grant and Loan	adjustments/ closed	State Grant	Federal Grant	Other	Construction In Progress	Supplies	Contracted & Purchased Services	Tools	Interdepartment Services
Unspent Capital Project Working Capital Appropriations	Appropriations	\$ Paid	projects	Cash	A/R	A/R	A/R	6/30/2017	Expense	Expenses	Expenses
90583 - City State Building Major Maintenance	-	-	-	42,331.96	-	-	-	-	-	-	-
90679 - Baranof Warm Springs Trail & Stairway	-	-	-	-	-	-	-	-	-	-	-
90690 - City/State Troubleshoot Air Control System	-	-	-	16,000.00	-	-	-	-	-	-	-
90692 - Centennial Hall Reconstruction	-	-	-	26,786.51	-	-	-	-	24,926.45	-	5,215.95
90713 - Crescent & Landfill Lift Station Replacement	-	-	-	-	-	-	-	-	-	-	-
90739 - Sitka Library Expansion	-	-	-	122,404.53	-	-	-	-	444.00	31,575.00	218.01
90740 - Nelson Logging Road	-	570,275.30	-	(5,682.35)	5,682.35	-	-	-	881,250.07	-	68,367.09
90741 - Baranof Warm Springs Dock	-	-	(1,280.96)	-	-	-	-	-	-	-	-
90789 - Justice Center	-	-	-	13,165.34	-	-	-	-	34,256.99	-	12,598.80
90790 - East DeGroff St. Utilites and Street Improvement	-	-	20,763.06	58,014.22	-	-	-	-	-	-	-
90801 - Lincoln Street (Jeff Davis to Metlakatla)	-	-	-	352,408.18	-	-	-	-	(22,801.16)	-	(27,437.42)
90812 - Storm Drain Improvements	-	-	-	100,000.00	-	-	-	-	-	-	-
90814 - Cross Trail Multi-Modal Pathway Phase 6	50,000.00	41,737.63	-	45,734.79	-	4,791.84	-	-	49,508.98	-	13,649.85
90819 - South Lake & West Degroff Improvements	-	-	(20,763.06)	20,763.06	-	-	-	-	104.98	-	-
90820 - Davidoff Storm Sewers	150,000.00	-	(100,000.00)	361,804.47	-	-	-	-	18,022.50	-	6,862.61
90831 - Wayfaring Signage	-	-	-	-	-	-	-	-	99,545.38	-	7,426.24
90832 - CAMAS Software	-	-	-	4,000.00	-	-	-	-	32,000.00	-	-
90834 - Crescent Harbor Playground	-	-	(2,452.81)	-	-	-	-	108.76	-	-	3,645.48
90838 - Lincoln St. Paving (Harbor Way to Harbor Drive)	1,405,000.00	-	(490,000.00)	1,469,293.23	-	-	-	-	174,948.06	-	39,804.92
90844 - Lincoln St Paving (Jeff Davis to Harbor Drive)	-	-	730,586.00	730,586.00	-	-	-	-	-	-	-
90855 - Seawalk Part II	158,060.00	-	-	156,895.09	-	-	-	-	-	-	1,164.91
90859 - Landslide Study Project	-	-	-	2,153.02	-	-	-	-	37,400.50	-	670.21
90861 - Resource Management & GIS Implementation	40,000.00	-	-	40,000.00	-	-	-	-	-	-	-
90866 - City Hall HVAC & Controls Replacement	500,000.00	-	-	500,000.00	-	-	-	-	-	-	-
90867 - Police Department RMS	360,000.00	-	-	360,000.00	-	-	-	-	-	-	-
90876 - Animal Shelter	120,000.00	-	-	56,434.13	-	-	-	-	63,565.87	-	-
90877 - Brady and Gavan St Paving	-	-	-	432,236.49	-	-	-	-	955.22	-	6,808.29
90878 - Katlian Ave Paving	-	-	-	544,416.29	-	-	-	-	94,110.33	-	41,955.38
90879 - Seaplane Base Project	50,000.00	-	-	16,943.01	-	-	-	-	6,321.25	-	31,459.14
90880 - Utility Office Security	8,500.00	-	-	5,739.96	-	-	-	31.83	2,135.04	210.49	382.68
90881 - Peterson Storm Sewers	-	-	100,000.00	73,482.59	-	31,087.41	-	-	27,011.74	-	4,075.67
90882 - Security Monitoring Video Equipment (HCH)	30,000.00	-	-	-	-	-	-	14,104.30	11,800.00	-	895.25
Closed Project Funding Transferred in January 2017	-	-	-	-	-	-	-	-	-	-	-
2.3 Pending allocation FY19	-	-	(241,061.75)	-	-	-	-	-	-	-	-
2.2 - No Job	-	-	4,209.52	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Totals:	2,871,560.00	612,012.93	(0.00)	5,545,910.52	5,682.35	35,879.25	-	14,688.89	1,566,637.20	210.49	217,763.06

		Other & ADJ Mixed Project	Total	Construction In Progress	Total	Accounts	Retainage	Total	Fund Balance/ Working
Unspent Capital Project Working Capital Appropriations	<u>Advertising</u>	<u>Expense</u>	<u>Expenses</u>	<u>6/30/2018</u>	<u>Assets</u>	<u>Payable</u>	<u>Payable</u>	<u>Liabilities</u>	<u>Capital</u>
90583 - City State Building Major Maintenance		-	-	-	42,331.96	-	-	-	42,331.96
90679 - Baranof Warm Springs Trail & Stairway		-	-	-	-	-	-	-	-
90690 - City/State Troubleshoot Air Control System		-	-	-	16,000.00	-	-	-	16,000.00
90692 - Centennial Hall Reconstruction		-	30,142.40	-	26,786.51	-	-	-	26,786.51
90713 - Crescent & Landfill Lift Station Replacement		-	-	-	-	-	-	-	-
90739 - Sitka Library Expansion		-	32,237.01	-	122,404.53	-	-	-	122,404.53
90740 - Nelson Logging Road		-	949,617.16	-	-	336,721.56	60,377.39	397,098.95	(397,098.95)
90741 - Baranof Warm Springs Dock		-	-	-	-	-	-	-	-
90789 - Justice Center		-	46,855.79	-	13,165.34	196.00	-	196.00	12,969.34
90790 - East DeGroff St. Utilities and Street Improvement		138,652.27	138,652.27	-	58,014.22	-	-	-	58,014.22
90801 - Lincoln Street (Jeff Davis to Metlakatla)		-	(50,238.58)	-	352,408.18	-	51,573.23	51,573.23	300,834.95
90812 - Storm Drain Improvements		-	-	-	100,000.00	-	-	-	100,000.00
90814 - Cross Trail Multi-Modal Pathway Phase 6		-	63,158.83	-	50,526.63	4,791.84	-	4,791.84	45,734.79
90819 - South Lake & West Degroff Improvements		140.30	245.28	-	20,763.06	-	-	-	20,763.06
90820 - Davidoff Storm Sewers	314.65	-	25,199.76	-	361,804.47	12,862.50	637.50	13,500.00	348,304.47
90831 - Wayfaring Signage		-	106,971.62	-	-	-	-	-	-
90832 - CAMAS Software		-	32,000.00	-	4,000.00	-	-	-	4,000.00
90834 - Crescent Harbor Playground		-	3,754.24	-	-	-	-	-	-
90838 - Lincoln St. Paving (Harbor Way to Harbor Drive)		-	214,752.98	-	1,469,293.23	32,857.50	-	32,857.50	1,436,435.73
90844 - Lincoln St Paving (Jeff Davis to Harbor Drive)		-	-	-	730,586.00	-	-	-	730,586.00
90855 - Seawalk Part II		-	1,164.91	-	156,895.09	-	-	-	156,895.09
90859 - Landslide Study Project		-	38,070.71	-	2,153.02	272.00	-	272.00	1,881.02
90861 - Resource Management & GIS Implementation		-	-	-	40,000.00	-	-	-	40,000.00
90866 - City Hall HVAC & Controls Replacement		-	-	-	500,000.00	-	-	-	500,000.00
90867 - Police Department RMS		-	-	-	360,000.00	-	-	-	360,000.00
90876 - Animal Shelter		-	63,565.87	-	56,434.13	-	-	-	56,434.13
90877 - Brady and Gavan St Paving		-	7,763.51	-	432,236.49	-	-	-	432,236.49
90878 - Katlian Ave Paving		-	136,065.71	-	544,416.29	13,000.00	-	13,000.00	531,416.29
90879 - Seaplane Base Project		-	37,780.39	-	16,943.01	4,723.40	-	4,723.40	12,219.61
90880 - Utility Office Security		-	2,760.04	-	5,739.96	-	-	-	5,739.96
90881 - Peterson Storm Sewers		-	31,087.41	-	104,570.00	4,570.00	-	-	104,570.00
90882 - Security Monitoring Video Equipment (HCH)		-	26,799.55	-	-	-	-	-	-
Closed Project Funding Transferred in January 2017		-	-	-	-	-	-	-	-
2.3 Pending allocation FY19		-	-	-	-	-	-	-	-
2.2 - No Job		-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Totals:	314.65	138,792.57	1,938,406.86	-	5,587,472.12	409,994.80	112,588.12	518,012.92	5,069,459.20

Electric Fund
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2019

KPI Dashboard

Indicator	Amount	Compared To Last Yr	Compared To Plan	Big Picture
Revenue	17,475,651	 Declined 0.3% From Last Year	 Lower Than Planned	 The Electric Fund generated enough revenue in FY2019 to generate the cash flow necessary to meet bond covenants. Yellow light warranted over of not setting aside enough cash for capital investment in the future
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	1,442,967	n/a	Under Budget 	n/a
Earnings Before Interest & Depreciation ("EBIDA" = Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	9,126,311	 Increased by 0.8% Over Last Year	 \$195K Under Plan	Electricity sales not reaching planned levels is the reason that EBIDA did not meet plan. Expense control measures helped to offset revenue shortfalls by more than \$946K
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	(2,552,118)	 Net Loss Decreased by 1,280K	 Smaller Loss Than Planned	Mark-to-market Adjustment Accounted for A Substantial Portion of the Reduced Loss
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (as estimated by how much our assets are decreasing in value annually))	(5,195,126)	 Deficit Decreased by \$1,085K	 Smaller Deficit than Planned	Not setting aside sufficient capital for future asset replacement
Total Working Capital (What total resources are available in the fund)	8,820,967	 Decreased From Prior Year	 Better than Planned	Decline in total working capital due to capital expenditures outpacing cash flow generation
Working Capital Appropriated For Projects (and Unspent Bond Proceeds) (Of the fund's total resources, how much has been already appropriated for CAPEX)	7,681,726	 Declined by 33.8% From Last Year	 Met Plan	Working capital appropriated for projects but unspent is declining due to significant capital spending
Undesignated Working Capital (How much of the fund's resources are available?)	1,139,241	 Balance Has Finally Turned Positive	 Exceeded Plan by 7.3% Plan	Very little available for either capital investment or emergency

Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	202.1	 Less Than Last Year	 Met Plan	Watch trend 
Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	32.26	 Balance Has Finally Turned Positive	 Less Than Plan	Not unexpected, but watch trend 

Electricity consumption as compared to the prior fiscal year decreased by about 3,878,850 kWh, a decrease of 3.6% compared to FY2018 consumption. However, due to implementation of the seasonal rates, revenue stayed roughly flat, decreasing \$110K from FY2018.

The major, and ongoing, concern that management has is the looming infrastructure needs of the electric utility and our ability to fund them. There are substantial infrastructure needs beyond 5 years (one significant one, described below, is the Green Lake Hydroelectric Facility overhaul. By not saving now, the fund will be required to take on additional debt to complete those projects. The take-away remains that the condition of the electric system, especially the transmission and distribution grid, is aging and requires substantial ongoing capital investments to maintain it.

Examining cash flow, the essential cash flow of the Electric Fund for FY2018 was \$2.019M before capital spending. Capital spending was \$2,560M in FY 2018; hence, all cash generated in FY2018 was essentially consumed immediately to fund capital spending, as reflected in the decline in total working capital (which declined to \$8,821M). As total working capital continues to be drawn down, the risk of having an unforeseen emergency capital expenditure which can't be paid for grows.

An element of revenue, and assets, which needs to be pointed out and explained is the mark-to-market adjustment for investments, as it can't be spent and should not be included in financial forecasting and decision making. Generally accepted accounting principals require that investments be "marked to market", meaning that the value of investment assets is increased on the balance sheet to market value, and the unrealized gain on this increase is recorded as investment income. This unrealized gain can only be converted to cash, however, if the investments are liquidated prior to maturity and spent. As the City and Borough of Sitka normally holds investments to maturity, however, and the value at maturity is face value, liquidation prior to maturity rarely occurs. Thus, to get a conservative sense of what working capital is truly available to spend, a large mark-to-market adjustment should be factored out. The mark-to-market adjustment for the Electric Fund in FY2019 was \$635K, which was significant. The amounts of working capital discussed in this financial analysis conservatively factor out the Electric Fund's mark-to-market adjustment.

Looming in the mid-term future (5-10 years) is the first phase of a major overhaul of the Green Lake Hydroelectric Facility. The facility has not had a major overhaul since it was built in the 1980s. The ability to meet Sitka's electricity needs without diesel generation depends on the Green Lake facility, and, postponing a major overhaul puts the facility at increased risk of a

serious breakdown which impacts electricity generation. The full cost of a Green Lake major overhaul is not currently fully factored into the long-range fiscal plan for the Electric Fund, further definition of the full cost is expected to be generating during the first phase.

The Electric Fund remains in a very weak financial condition due to a combination of an insufficient amount of working capital, and, a large backlog of deferred maintenance due to aging infrastructure. The financial condition may slowly improve over time, but the weak condition places the utility at heightened risk of not having enough working capital to respond to unplanned infrastructure failures. Active efforts to increase consumption along with managing rates can lead to further improvement. The sooner positive changes are realized, the better for the long-term health of the fund.

City and Borough of Sitka
Electric Fund
Financial Statements
For The Twelve-Month Period From July 1, 2018 to June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100.0%)	Variance To FY2019 Plan
Income Statement									
Revenue:									
Electricity Sales	4,469,040	3,620,358	4,257,864	4,629,431	16,976,693	17,086,367	(109,674)	18,555,555	(1,578,862)
Jobbing	169,150	6,710	47,398	51,167	274,425	181,911	92,514	169,150	105,275
Other Operating Revenue	104,506	77,980	146,879	(104,832)	224,533	266,469	(41,936)	426,800	(202,267)
Total Revenue:	4,742,696	3,705,048	4,452,141	4,575,766	17,475,651	17,534,747	(59,096)	19,151,505	(1,675,854)
Cost of Sales:									
Green Lake	158,298	158,449	302,655	210,103	829,505	685,066	(144,439)	1,035,866	206,361
Blue Lake	522,688	468,615	588,057	520,412	2,099,772	2,163,820	64,048	1,949,018	(150,754)
Diesels	125,367	122,090	139,142	282,919	669,518	619,413	(50,105)	986,750	317,232
Switchyard	1,764	3,582	3,615	14	8,975	31,605	22,630	20,000	11,025
Line Maintenance	2,217	65,005	59,961	88,067	215,250	152,845	(62,405)	233,134	17,884
Substation Maintenance	2,433	4,287	2,666	646	10,032	9,259	(773)	18,000	7,968
Distribution	544,547	541,930	584,554	629,032	2,300,063	2,157,020	(143,043)	2,162,380	(137,683)
Metering	104,042	93,830	104,382	103,735	405,989	430,905	24,916	477,090	71,101
Jobbing	28,955	43,646	26,805	7,765	107,171	99,570	(7,601)	100,000	(7,171)
Stores	47,260	51,929	55,115	47,795	202,099	195,467	(6,632)	197,911	(4,188)
Depreciation	1,952,782	1,952,783	1,952,782	1,990,847	7,849,194	7,811,130	(38,064)	7,811,128	(38,066)
Total Cost of Sales:	3,490,353	3,506,146	3,819,734	3,881,335	14,697,568	14,356,099	(341,469)	14,991,277	293,709
Gross Margin:	1,252,343	198,902	632,407	694,431	2,778,083	3,178,648	(400,565)	4,160,228	(1,382,145)
<i>Gross Margin: Operating Revenue</i>	<i>26.41%</i>	<i>5.37%</i>	<i>14.20%</i>	<i>15.18%</i>	<i>15.90%</i>	<i>18.13%</i>	<i>-2.23%</i>	<i>21.72%</i>	<i>-5.83%</i>
Selling and Administrative Expenses	511,525	475,225	509,328	4,888	1,500,966	1,936,468	435,502	2,650,224	1,149,258
Earnings Before Interest (EBI):	740,818	(276,323)	123,079	689,543	1,277,117	1,242,181	34,936	1,510,004	(232,887)
<i>EBI: Operating Revenue</i>	<i>15.62%</i>	<i>-7.46%</i>	<i>2.76%</i>	<i>15.07%</i>	<i>7.31%</i>	<i>7.08%</i>	<i>0.22%</i>	<i>7.88%</i>	<i>-0.58%</i>
Non-operating Revenue and Expense:									
					(5,998,895)				
Operating Subsidy	-	-	-	-	-	-	-	-	-
Bond Interest Subsidy	144,365	144,572	144,570	144,571	578,078	575,663	2,415	574,020	4,058
Misc./Non-Operating Revenue/(Expense)	-	-	-	-	-	134,491	(134,491)	-	-
Enterprise Fund Interest	108,049	122,348	118,674	717,640	1,066,711	(19,836)	1,086,547	250,000	816,711
Bond Fund Interest	15,165	14,081	5,945	55,847	91,038	40,165	50,873	110,000	(18,962)
Grant Revenue	5,007	11,899	3,113	374,386	394,405	178,140	216,265	394,405	-
Transfers in	-	-	-	39,428	39,428	100,000	(60,572)	39,428	-
Bonded Interest Expense:	(1,445,866)	(1,445,866)	(1,445,866)	(1,410,581)	(5,748,179)	(5,800,663)	52,484	(5,783,465)	35,286
Subordinated Interest expense	(62,679)	(62,679)	(62,679)	(62,679)	(250,716)	(281,904)	31,188	(250,715)	(1)
Total Non-operating Revenue & Expense:	(1,235,959)	(1,215,645)	(1,236,243)	(141,388)	(3,829,235)	(5,073,944)	1,244,710	(4,666,327)	837,092
Net Income:	(495,141)	(1,491,968)	(1,113,164)	548,155	(2,552,118)	(3,831,764)	1,279,646	(3,156,323)	604,205
<i>Net Income: Operating Revenue</i>	<i>-10.44%</i>	<i>-40.27%</i>	<i>-25.00%</i>	<i>11.98%</i>	<i>-14.60%</i>	<i>-21.85%</i>	<i>7.25%</i>	<i>-16.48%</i>	
EBIDA (Earnings before interest, depreciation, amortization)	2,693,600	1,676,460	2,075,861	2,680,390	9,126,311	9,053,311	73,001	9,321,132	(194,821)
	<i>56.79%</i>	<i>45.25%</i>	<i>46.63%</i>	<i>58.58%</i>	<i>52.22%</i>	<i>51.63%</i>	<i>0.59%</i>	<i>48.67%</i>	<i>3.55%</i>

City and Borough of Sitka
Electric Fund
Financial Statements
For The Twelve-Month Period From July 1, 2018 to June 30, 2019
(Unaudited)
























	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100.0%)	Variance To FY2019 Plan
Key Indicators									
<u>Bond Covenant Ratio (> 1.25 for fiscal year)</u>	1.53	0.98	1.19	1.91	1.40	1.24	0	1.3110	
<u>Total kWh Sold</u>	23,848,800	26,280,800	30,765,750	23,422,250	104,317,600	108,196,450	(3,878,850)	105,421,500	(1,103,900)
<u>Revenue per Kwh Sold</u>	0.1874	0.1378	0.1384	0.1977	0.1627	0.6404	(0.4777)	0.1760	(0.0133)
<u>Cost of Sales per Kwh Sold</u>	0.1464	0.1334	0.1242	0.1657	0.1409	0.5375	0.3966	0.1422	0.0013
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	1,457,641	460,815	839,618	2,539,002	5,297,076	3,979,366	1,317,710	4,654,805	642,271
Bonded Debt Principal	543,750	543,750	543,750	543,750	2,175,000	2,115,000	(60,000)	2,175,000	-
Subordinated Debt Principal	117,002	117,002	117,002	117,002	468,008	332,364	(135,644)	468,007	(1)
Debt Principal Coverage Surplus/Deficit	<u>796,889</u>	<u>(199,937)</u>	<u>178,866</u>	<u>1,878,250</u>	<u>2,654,068</u>	<u>1,532,002</u>	<u>1,122,066</u>	<u>2,011,798</u>	<u>642,270</u>
Debt Principal Coverage Percentage	221%	70%	127%		200%	163%	38%	176%	24%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	796,889	(199,937)	178,866	1,878,250	2,654,068	1,532,002	1,122,066	2,011,798	642,270
Depreciation	1,952,782	1,952,783	1,952,782	1,990,847	7,849,194	7,811,130	(38,064)	7,811,128	(38,066)
Cash Accumulated For/(Taken From) Asset Replacement	<u>(1,155,893)</u>	<u>(2,152,720)</u>	<u>(1,773,916)</u>	<u>(112,597)</u>	<u>(5,195,126)</u>	<u>(6,279,128)</u>	<u>(1,084,002)</u>	<u>(5,799,330)</u>	<u>604,204</u>
Working Capital/Balance Sheet									
Cash Flow:									
Net Income + Depreciation Less Principal	796,889	(199,937)	178,866	1,878,250	2,654,068	1,532,002	1,122,066	2,011,798	642,270
CapEx, Accruals, and other Balance Sheet Changes	<u>(1,075,228)</u>	<u>(684,734)</u>	<u>(429,015)</u>	<u>(1,860,436)</u>	<u>(4,049,413)</u>	<u>(1,826,756)</u>	<u>(2,222,657)</u>	<u>(4,049,413)</u>	<u>-</u>
Increase in (Decrease in) Working Capital	(278,339)	(884,671)	(250,149)	17,814	(1,395,345)	(294,754)	(1,100,591)	(2,037,615)	642,270
Plus Beginning Total Working Capital	<u>10,801,103</u>	<u>10,522,764</u>	<u>9,638,093</u>	<u>9,387,944</u>	<u>10,801,103</u>	<u>11,095,857</u>	<u>(294,754)</u>	<u>10,801,103</u>	<u>-</u>
Ending Total Working Capital:	<u>10,522,764</u>	<u>9,638,093</u>	<u>9,387,944</u>	<u>9,405,758</u>	<u>9,405,758</u>	<u>10,801,103</u>	<u>(1,395,345)</u>	<u>8,763,488</u>	<u>642,270</u>
Working Capital Detail:									
Repair Reserve (0.1% of PPE):	<u>295,936</u>	<u>295,936</u>	<u>295,936</u>	<u>295,936</u>	<u>295,936</u>				
Working Capital Designated for CapEx									
Capital Projects Fund	10,118,463	8,752,614	8,300,600	6,706,403	6,706,403				
Unspent Bond Proceeds	<u>999,450</u>	<u>1,013,531</u>	<u>1,062,011</u>	<u>975,323</u>	<u>975,323</u>				
Total Working Capital Designated for CapEx	<u>11,117,913</u>	<u>9,766,145</u>	<u>9,362,611</u>	<u>7,681,726</u>	<u>7,681,726</u>				
Undesignated Working Capital	<u>(891,085)</u>	<u>(423,988)</u>	<u>(270,603)</u>	<u>1,428,096</u>	<u>1,428,096</u>				
Total Working Capital:	<u>10,522,764</u>	<u>9,638,093</u>	<u>9,387,944</u>	<u>9,405,758</u>	<u>9,405,758</u>				
Days on Hand Annual Cash Outlays:									
Total Working Capital (WC)	227.62	209.50	188.46	213.00	202.05				
Total WC Less Repair Reserve:	221.22	203.07	182.52	206.30	195.69				
Undesignated WC:	(19.28)	(9.22)	(5.43)	32.34	30.68				
Working Capital Calculation:									
Current Assets	14,892,905	15,908,613	14,890,206	17,225,437	17,225,437				
Current Liabilities	<u>(1,280,171)</u>	<u>(2,705,491)</u>	<u>(1,282,292)</u>	<u>(3,124,650)</u>	<u>(3,124,650)</u>				
Next Debt Principal Payment Accrual	(466,608)	(941,667)	(1,596,608)	(2,071,667)	(2,071,667)				
One Year's Debt Principal	<u>(2,623,362)</u>	<u>(2,623,362)</u>	<u>(2,623,362)</u>	<u>(2,623,362)</u>	<u>(2,623,362)</u>				
Total Working Capital	<u>10,522,764</u>	<u>9,638,093</u>	<u>9,387,944</u>	<u>9,405,758</u>	<u>9,405,758</u>				




Fund 710 Capital Projects					A								
Detail By Project Number	2019	Investment In		A/R	A/R	Construction In Progress 7/1/2018	FY2019	Repairs &	Contracted	Interdepartment	Tools & Small	Equipment	Other
	Appropriations/P roject closure	Central Treasury	Misc.				Supplies Expenses	Maintenance Expenses	Services Expenses	Services Expenses	Equipment Expenses	Rental Expenses	
63010 - Green Lake FERC Compliance	\$ -	\$ 62,711.19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
80003 - Feeder Improvements	\$ 200,000.00	\$ 31,012.68	\$ -	\$ -	\$ -	\$ -	\$ 66,486.48	\$ -	\$ 162,635.80	\$ -	\$ -	\$ -	\$ -
80381 - Island Transmission Line Route Study	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
80040 - AMR Construction-Closed	\$ (30,611.60)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90261 - Island Improvements	\$ 25,000.00	\$ 83,630.41	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90410 - SCADA	\$ -	\$ 250,254.94	\$ -	\$ -	\$ -	\$ -	\$ 30,635.96	\$ -	\$ 19,439.60	\$ -	\$ 35.00	\$ -	\$ -
90562 - Green Lake Powerplant	\$ 50,000.00	\$ 187,236.95	\$ -	\$ -	\$ 4,234.72	\$ 4,227.94	\$ -	\$ -	\$ 64,021.16	\$ 17,138.60	\$ -	\$ 257.40	\$ -
90594 - Blue Lake Dam	\$ (469,270.92)	\$ -	\$ -	\$ -	\$ -	\$ 26,336.96	\$ -	\$ -	\$ 99,042.79	\$ 293.91	\$ -	\$ 378.43	\$ -
90610 - Blue Lake FERC Compliance	\$ -	\$ 231,749.34	\$ -	\$ -	\$ 1,758.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90614 - Takatz	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90648 - Transmission & 1220 Upgrade-Closed	\$ (7,464.81)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90672 - Medvejie Transformer	\$ -	\$ 103,507.29	\$ -	\$ -	\$ -	\$ 21,963.67	\$ -	\$ -	\$ 363.83	\$ -	\$ -	\$ -	\$ -
90717 - Jarvis Street Improvements	\$ -	\$ 17,192.34	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90718 -Marine Street Substation	\$ 20,000.00	\$ 40,956.82	\$ -	\$ -	\$ 56.97	\$ 12,797.16	\$ -	\$ -	\$ 64,244.75	\$ -	\$ -	\$ -	\$ -
90776 - Electric Storage & Shop Building	\$ (815,486.60)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90777 - Meter Replacement	\$ 95,000.00	\$ 17,010.93	\$ -	\$ -	\$ -	\$ 98,659.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90794 - Jarvis Bulk Tank Improvement - Closed	\$ (10,686.40)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90804 - Old Powerhouse Conversion	\$ 150,000.00	\$ 300,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90821 - Capital For Fuel Conversions	\$ 600,000.00	\$ 950,096.80	\$ -	\$ -	\$ -	\$ 24,342.55	\$ -	\$ -	\$ 62,875.50	\$ -	\$ -	\$ -	\$ -
90823 - Marine Street N-1 Design	\$ -	\$ 2,731,806.38	\$ -	\$ -	\$ -	\$ 589,907.12	\$ -	\$ -	\$ 401,261.83	\$ -	\$ -	\$ -	\$ -
90824 - Safety Arc Flash Training-Closed	\$ 10,000.00	\$ -	\$ -	\$ -	\$ 4,139.71	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90828 - Asset Management-Closed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90829 - Harbor Meters	\$ 75,000.00	\$ 156,212.80	\$ -	\$ -	\$ -	\$ 2,349.27	\$ -	\$ -	\$ 12,953.75	\$ -	\$ -	\$ -	\$ -
90839 - Green Lake PP 35-Year Overhaul	\$ -	\$ 70,661.99	\$ -	\$ -	\$ -	\$ -	\$ 47,582.60	\$ -	\$ 81,603.21	\$ -	\$ 152.20	\$ -	\$ -
90840 - Green Lake PP 35-Year Overhaul Inspection	\$ -	\$ 269,147.47	\$ -	\$ -	\$ 84,316.18	\$ 1,618.89	\$ -	\$ -	\$ 137,668.83	\$ -	\$ 523.30	\$ -	\$ -
90841 - Jarvis Fuel System Repairs	\$ 500,000.00	\$ 1,115,541.58	\$ -	\$ -	\$ 201,105.57	\$ 3,621.90	\$ -	\$ -	\$ 74,313.25	\$ -	\$ 5,417.70	\$ -	\$ -
90857 - Raw Water Infrastructure Enhancement	\$ -	\$ 570.09	\$ -	\$ -	\$ 9,034.50	\$ -	\$ -	\$ -	\$ 90,395.41	\$ -	\$ -	\$ -	\$ -
90860 - Cellular Service Enhancement Project	\$ -	\$ (12,977.82)	\$ -	\$ -	\$ -	\$ 46,043.27	\$ -	\$ -	\$ 261,734.55	\$ -	\$ -	\$ -	\$ 200.00
90884 - Blue Lake Completion	\$ -	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,363.75	\$ -	\$ -	\$ -	\$ -
90869 - Blue Lake Autostart Backup Diesel	\$ 70,000.00	\$ 70,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90868 - Thimbleberry Bypass	\$ 20,000.00	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.2 No Job	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals:	\$ 481,479.67	\$ 6,946,322.18	\$ -	\$ -	\$ 304,646.40	\$ 928,990.17	\$ 47,582.60	\$ 1,534,918.01	\$ 17,432.51	\$ 6,128.20	\$ 635.83	\$ 200.00	

Fund 710 Capital Projects	B	D (=B)	E	F (=A+D+E)					
Detail By Project Number	FY2019 Total Expenses	Expenses Reclassified To CIP	CIP/Expense Reclass to Parent Fund	Construction In Progress 6/30/2018	Total Assets	Accounts Payable	Retainage Payable	Total Liabilities	12/31/2018 Working Capital
63010 - Green Lake FERC Compliance	\$ -	\$ -	\$ -	\$ -	\$ 62,711.19		\$ -	\$ -	\$ 62,711.19
80003 - Feeder Improvements	\$ 229,122.28	\$ (229,122.28)	\$ 229,122.28	\$ -	\$ 31,012.68	\$ 9,616.80	\$ -	\$ 9,616.80	\$ 21,395.88
80381 - Island Transmission Line Route Study	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
80040 - AMR Construction-Closed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90261 - Island Improvements	\$ -	\$ -	\$ -	\$ -	\$ 83,630.41	\$ -	\$ -	\$ -	\$ 83,630.41
90410 - SCADA	\$ 50,110.56	\$ (50,110.56)	\$ 50,110.56	\$ -	\$ 250,254.94	\$ 1,350.00	\$ -	\$ 1,350.00	\$ 248,904.94
90562 - Green Lake Powerplant	\$ 85,645.10	\$ (85,645.10)	\$ -	\$ 89,879.82	\$ 277,116.77	\$ 60,188.16	\$ -	\$ 60,188.16	\$ 127,048.79
90594 - Blue Lake Dam	\$ 126,052.09	\$ (126,052.09)	\$ 126,052.09	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90610 - Blue Lake FERC Compliance	\$ -	\$ -	\$ -	\$ 1,758.75	\$ 233,508.09	\$ -	\$ -	\$ -	\$ 231,749.34
90614 - Takatz	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90648 - Transmission & 1220 Upgrade-Closed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90672 - Medvejie Transformer	\$ 22,327.50	\$ (22,327.50)	\$ 22,327.50	\$ -	\$ 103,507.29	\$ -	\$ -	\$ -	\$ 103,507.29
90717 - Jarvis Street Improvements	\$ -	\$ -	\$ -	\$ -	\$ 17,192.34	\$ -	\$ -	\$ -	\$ 17,192.34
90718 - Marine Street Substation	\$ 77,041.91	\$ (77,041.91)	\$ -	\$ 77,098.88	\$ 118,055.70	\$ -	\$ -	\$ -	\$ 40,956.82
90776 - Electric Storage & Shop Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90777 - Meter Replacement	\$ 98,659.00	\$ (98,659.00)	\$ 98,659.00	\$ -	\$ 17,010.93	\$ -	\$ -	\$ -	\$ 17,010.93
90794 - Jarvis Bulk Tank Improvement - Closed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90804 - Old Powerhouse Conversion	\$ -	\$ -	\$ -	\$ -	\$ 300,000.00	\$ -	\$ -	\$ -	\$ 300,000.00
90821 - Capital For Fuel Conversions	\$ 87,218.05	\$ (87,218.05)	\$ 87,218.05	\$ -	\$ 950,096.80	\$ -	\$ -	\$ -	\$ 950,096.80
90823 - Marine Street N-1 Design	\$ 991,168.95	\$ (991,168.95)	\$ 991,168.95	\$ -	\$ 2,731,806.38	\$ 53,125.90	\$ -	\$ 53,125.90	\$ 2,678,680.48
90824 - Safety Arc Flash Training-Closed	\$ -	\$ -	\$ 4,139.71	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90828 - Asset Management-Closed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90829 - Harbor Meters	\$ 15,303.02	\$ (15,303.02)	\$ 15,303.02	\$ -	\$ 156,212.80	\$ -	\$ -	\$ -	\$ 156,212.80
90839 - Green Lake PP 35-Year Overhaul	\$ 129,338.01	\$ (129,338.01)	\$ -	\$ 129,338.01	\$ 200,000.00	\$ -	\$ -	\$ -	\$ 70,661.99
90840 - Green Lake PP 35-Year Overhaul Inspection	\$ 139,811.02	\$ (139,811.02)	\$ -	\$ 224,127.20	\$ 493,274.67	\$ 113,274.67	\$ -	\$ 113,274.67	\$ 155,872.80
90841 - Jarvis Fuel System Repairs	\$ 83,352.85	\$ (83,352.85)	\$ -	\$ 284,458.42	\$ 1,400,000.00	\$ -	\$ -	\$ -	\$ 1,115,541.58
90857 - Raw Water Infrastructure Enhancement	\$ 90,395.41	\$ (90,395.41)	\$ 99,429.91	\$ -	\$ 570.09	\$ -	\$ -	\$ -	\$ 570.09
90860 - Cellular Service Enhancement Project	\$ 307,977.82	\$ (307,977.82)	\$ 307,977.82	\$ -	\$ (12,977.82)	\$ -	\$ -	\$ -	\$ (12,977.82)
90884 - Blue Lake Completion	\$ 2,363.75	\$ (2,363.75)	\$ 2,363.75	\$ -	\$ 250,000.00	\$ 2,363.75	\$ -	\$ 2,363.75	\$ 247,636.25
90869 - Blue Lake Autostart Backup Diesel	\$ -	\$ -	\$ -	\$ -	\$ 70,000.00	\$ -	\$ -	\$ -	\$ 70,000.00
90868 - Thimbleberry Bypass	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00	\$ -	\$ -	\$ -	\$ 20,000.00
2.2 No Job	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals:	\$ 2,535,887.32	\$ (2,535,887.32)	\$ 2,033,872.64	\$ 806,661.08	\$ 7,752,983.26	\$ 239,919.28	\$ -	\$ 239,919.28	\$ 6,706,402.90

Water Utility
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	2,874,635	 Increased From Last year	 Did Not Meet Plan	Watch trend 
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	221,790	n/a	Under budget 	n/a
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays— indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	96,149	 Increased From Last year	 Did Not Meet Plan	Ability to finance future water distribution infrastructure major repairs problematic
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	288,197	 Increased Over Last Year	 Did Not Meet Plan	Lower than planned water sales led to lower thn planned net income
Asset Replacement (Net income minus debt principal repayment — gives an indication of whether or not we are setting aside enough money to cover asset replacement (<i>as estimated by how much our assets are decreasing in value annually</i>))	(145,167)	 Improved Over Last Year	 Did Not Meet Plan	Impacted by lower thn planned water sales 
Total Working Capital (What total resources are available in the fund)	3,120,799	 Increased From Last Year	 Did Not Meet Plan	Watch trend 
Working Capital Appropriated For Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	997,435	 Decreased From Last Year	 Met Plan	Watch trend 
Undesignated Working Capital (How much of the fund's resources are available?)	2,123,364	 Greater Than Last Year	 Did Not Meet Plan	Not much available for either capital investment or emergency 
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	642.9	 Not Materially Different	 Did Not Meet Plan	Watch trend 

Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	348.5	 Greater Than Last Year	 Did Not Meet Plan	Watch trend 
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In FY2019, the Water Fund recorded improved results over FY2018 in most metrics, but, did not achieve planned results. The main reason behind not achieving planned results were water sales, which were \$521K under planned levels. The water user fee increase that was enacted helped improve results over FY2018 even though planned water sales were not achieved. Net income improved by \$90.3K over FY2019 to \$288,197. The absence of State grant income muted the effect of the water user fee increase on net income.

Earnings before Interest and Depreciation (EBID), a surrogate for cash flow from operations, substantially increased over FY2018, up \$630K, but fell short of plan. In FY2019, water user fees were substantially increased in order to provide for increased cash flow to pay for the new debt the Municipality must take on to finance the alternative water supply capital improvement. As construction outlays for that project have not ramped up, the additional cash flow has increased undesignated working capital. At the same time, while EBID has increased in year-over-year comparison, it fell (\$343.4K) short of plan, due to water user fees not meeting planned levels.

An element of revenue, and assets, which needs to be pointed out and explained is the mark-to-market adjustment for investments, as it can't be spent and should not be included in financial forecasting and decision making. Generally accepted accounting principals require that investments be "marked to market", meaning that the value of investment assets is increased on the balance sheet to market value, and the unrealized gain on this increase is recorded as investment income. This unrealized gain can only be converted to cash, however, if the investments are liquidated prior to maturity and spent. As the City and Borough of Sitka normally holds investments to maturity, however, and the value at maturity is face value, liquidation prior to maturity rarely occurs. Thus, to get a conservative sense of what working capital is truly available to spend, a large mark-to-market adjustment should be factored out. The mark-to-market adjustment for the Water Fund in FY2019 was \$47K. The amounts of working capital discussed in this financial analysis conservatively factor out the Water Fund's mark-to-market adjustment.

Even with the increase in undesignated working capital, we will have to continue to use debt to finance our capital needs. This is because the increases in undesignated working capital are far exceeded by the estimated cost of necessary future capital improvements. Key future capital improvements which must be continuously addressed are ongoing replacements of water distribution mains. Many of the original water mains installed in Sitka are now reaching the end of their useful lives and are wearing out. The Municipality has replaced mains in the oldest parts of Sitka, but mains installed in the 1970s are now requiring replacement. This ongoing replacement of water mains will continue to require either working capital or new debt as financing sources. The alternative is to risk water main failure or breakage if older mains are not replaced, causing service disruptions to citizens.

City and Borough of Sitka
Water Utility
Financial Statements (Unaudited)
For The Twelve-Month Period Ending June 30, 2019

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100.00%)	Variance To FY2019 Plan
Income Statement									
Revenue:									
Water Sales	737,863	705,773	690,251	699,255	2,833,142	2,328,784	504,358	3,332,700	(499,558)
Jobbing	4,080	8,858	5,922	5,395	24,255	35,633	(11,378)	23,000	1,255
Other Operating Revenue	<u>8,533</u>	<u>8,339</u>	<u>7,923</u>	<u>(7,557)</u>	<u>17,238</u>	<u>27,421</u>	<u>(10,183)</u>	<u>40,400</u>	<u>(23,162)</u>
Total Revenue:	750,476	722,970	704,096	697,093	2,874,635	2,391,838	482,797	3,396,100	(521,465)
Cost of Sales:									
Distribution	75,513	87,223	118,368	123,683	404,787	435,535	30,748	688,493	283,706
Treatment	75,658	75,283	91,693	70,327	312,961	304,284	(8,677)	209,968	(102,993)
Jobbing	-	-	-	-	-	-	-	-	-
Depreciation	<u>320,861</u>	<u>320,861</u>	<u>320,861</u>	<u>364,616</u>	<u>1,327,199</u>	<u>1,283,444</u>	<u>(43,755)</u>	<u>1,283,444</u>	<u>(43,755)</u>
Total Cost of Sales:	472,032	483,367	530,922	558,626	2,044,947	2,023,263	(21,684)	2,181,905	136,958
Gross Margin:	278,444	239,603	173,174	138,467	829,688	368,576	461,113	1,214,195	(384,507)
	37.10%	33.14%	24.60%	19.86%	28.86%	15.41%	13.45%	35.75%	-6.89%
Selling and Administrative Expenses	136,623	143,773	156,175	116,808	553,379	678,424	125,045	638,211	84,832
Earnings Before Interest (EBI):	141,821	95,830	16,999	21,659	276,309	(309,848)	586,158	575,984	(299,675)
	18.90%	13.26%	2.41%	3.11%	9.61%	-12.95%	22.57%	16.96%	-7.35%
Non-operating Revenue and Expense:									
Non-operating revenue:	12,483	14,946	16,874	61,526	105,829	20,101	85,728	98,000	7,829
Grant Revenue	35	(35)	-	-	-	581,959	(581,959)	-	-
Interest Expense:	<u>(35,429)</u>	<u>(35,429)</u>	<u>(35,429)</u>	<u>12,346</u>	<u>(93,941)</u>	<u>(94,383)</u>	<u>442</u>	<u>(132,552)</u>	<u>38,611</u>
Total Non-operating Revenue & Expense:	(22,911)	(20,518)	(18,555)	73,872	11,888	507,677	(495,789)	(34,552)	46,440
Net Income:	118,910	75,312	(1,556)	95,531	288,197	197,828	90,369	541,432	(253,235)
	15.84%	10.42%	-0.22%		10.03%	8.27%	18.72%	15.94%	-5.92%
Earnings Before Interest and Depreciation (EBID):	462,682	416,691	337,860	386,275	1,603,508	973,596	629,913	1,859,428	(343,430)
	61.65%	57.64%	47.98%	55.41%	55.78%	40.70%	15.08%	54.75%	1.03%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	439,771	396,173	319,305	460,147	1,615,396	1,481,272	134,124	1,824,876	(209,480)
Debt Principal	<u>112,942</u>	<u>112,942</u>	<u>112,942</u>	<u>94,538</u>	<u>433,364</u>	<u>411,046</u>	<u>(22,318)</u>	<u>225,885</u>	<u>207,480</u>
Debt Principal Coverage Surplus/Deficit	326,829	283,231	206,363	365,609	1,182,032	1,070,226	111,806	1,598,992	(416,959)
Debt Principal Coverage Percentage	389%				372.76%	360.37%	12.39%	807.88%	-435.12%

City and Borough of Sitka
Water Utility
Financial Statements (Unaudited)
For The Twelve-Month Period Ending June 30, 2019

























	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100.00%)	Variance To FY2019 Plan
<u>Simple Asset Replacement Coverage</u>									
Debt Principal Coverage Surplus/Deficit (from above)	326,829	283,231	206,363	365,609	1,182,032	1,070,226	111,806	1,598,992	(416,959)
Depreciation	320,861	320,861	320,861	364,616	1,327,199	1,283,444	(43,755)	1,327,199	-
Cash Accumulated For/(Taken From) Asset Replacement	5,968	(37,630)	(114,498)	993	(145,167)	(213,218)	68,051	271,793	(416,959)
<u>Working Capital/Balance Sheet</u>									
Cash Flow:									
Net Income Plus Depreciation Less Principal	326,829	283,231	206,363	365,609	1,182,032	1,070,226	111,806	1,598,992	(416,959)
CapEx, Accruals, and other Balance Sheet Changes	251,554	(195,502)	(285,363)	146,281	(83,030)	(1,037,075)	954,045	(83,030)	-
Increase in (Decrease in) Working Capital	578,383	87,729	(79,000)	511,890	1,099,002	33,151	1,065,851	1,515,962	(416,959)
Plus Beginning Total Working Capital	2,068,822	2,647,205	2,734,934	2,655,934	2,068,822	2,035,671	33,151	2,068,822	-
Equals Ending Total Working Capital:	2,647,205	2,734,934	2,655,934	3,167,824	3,167,824	2,068,822	1,099,002	3,584,784	(416,959)
Working Capital Detail:									
Repair Reserve (1% of PPE):	452,798	452,798	452,798	453,206	453,206				
Working Capital Designated for CapEx	1,322,870	980,681	664,447	997,435	997,435				
Undesignated Working Capital	871,537	1,301,455	1,538,689	1,717,183	1,717,183				
Total Working Capital:	2,647,205	2,734,934	2,655,934	3,167,824	3,167,824				
Days On Hand Annual Cash Outlays:									
Total Working Capital:	553.82	548.91	470.95	735.51	642.92				
Less Repair Reserve:	478.64	476.78	407.22	652.07	569.99				
Undesignated Working Capital	182.33	261.21	272.84	398.70	348.51				
Working Capital Calculation:									
Current Assets	3,150,704	3,238,433	3,159,433	3,691,226	3,691,226				
Current Liabilities	(51,730)	(51,730)	(51,730)	(89,437)	(89,437)				
CPLTD	(451,769)	(451,769)	(451,769)	(433,965)	(433,965)				
Total Working Capital	2,647,205	2,734,934	2,655,934	3,167,824	3,167,824				




	FY2019 Adjustments/ Appropriations	FY2019 Payments-Loan Grant & Other	FY2019 Beginning Cash	Ending Cash	Federal Loan A/R	State Grant A/R	Loan A/R	Construction In Progress 7/1/2018	FY2019 Supplies Expenses	FY2019 Contracted Services Expenses	FY2019 Interdepartme Services Expenses	FY2019 Transportation & Vehicles Expenses	Other & ADJ for Mixed Project Expense
Unspent Capital Project Working Capital Appropriations													
80238 - Japonski Island Water Design	\$ (20,000)	\$ -	\$ 70,000.00	\$ 50,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90531 - Monastery St (DeGroff to Arrowhead) and Kinkead Utility & Street Improvements	\$ 50,000	\$ -	\$ -	\$ 50,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90652 - UV Disinfection Facility	\$ (380,000)	\$ -	\$ 381,747.52	\$ 1,747.52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90790 - DeGroff Street Utilities and Street Improvements	\$ -	\$ 666,944.59	\$ (115,677.67)	\$ (29,396.58)	\$ (0.00)	\$ -	\$ 145,548.17	\$ 406,552.81	\$ -	\$ -	\$ -	\$ -	\$ 580,663.50
90796 - Brady Street Water/Wastewater (HPR to Gavan)	\$ -	\$ -	\$ 10,000.00	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90801 - Sitka FY17 Paving	\$ (20,000)	\$ -	\$ 31,826.51	\$ 11,826.51	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90819 - South Lake / West Degroff Improvements	\$ -	\$ 197,235.93	\$ (196,841.18)	\$ (0.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 394.75
90826 - SMC Water Tank Planning Site Selection & Survey	\$ (250,000)	\$ -	\$ 250,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90833 - Critical Secondary Water Line	\$ 455,000	\$ -	\$ 24,922.50	\$ 321,506.76	\$ 149,712.39	\$ -	\$ 75,527.41	\$ 85,326.67	\$ -	\$ 122,790.77	\$ 17,512.33	\$ -	\$ -
90838 - Lincoln Street Paving (Harbor Way to Harbor Drive)	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90843 - Lake Street (DeGroff to Arrowhead & Hirst)	\$ -	\$ -	\$ 75,000.00	\$ 75,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
80859 - Landslide Study	\$ 20,000	\$ -	\$ -	\$ 11,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,000.00	\$ -	\$ -	\$ -
90844 - Lincoln Street Utilities (Jeff Davis to Harbor Drive)	\$ (65,000)	\$ -	\$ 75,000.00	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90870 - Water Master Plan	\$ 100,000	\$ -	\$ -	\$ 100,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90877 - Sitka Paving 2017-Brady and Gavan St Paving	\$ 5,000	\$ -	\$ -	\$ 5,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90878 - Sitka Paving 2017 Katlian	\$ 15,000	\$ -	\$ -	\$ 15,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90883 - SMC Water Transmission Main Repair	\$ -	\$ -	\$ -	\$ (7,900.24)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,010.00	\$ 6,890.24	\$ -	\$ -
Unidentified Balancing Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total:	\$ (90,000.00)	\$ 864,180.52	\$ 625,977.68	\$ 643,783.97	\$ 149,712.39	\$ -	\$ 221,075.58	\$ 491,879.48	\$ -	\$ 132,800.77	\$ 24,402.57	\$ -	\$ 581,058.25

Unspent Capital Project Working Capital Appropriations	FY2019 Total Expenses	Total Assets	Change in Accounts Payable	Change in Retainage Payable	Ending Accounts Payable	Ending Retainage Payable	Total Liabilities	Working Capital
80238 - Japonski Island Water Design	\$ -	\$ 50,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000.00
90531 - Monastery St (DeGroff to Arrowhead) and Kinhead Utility & Street Improvements	\$ -	\$ 50,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000.00
90652 - UV Disinfection Facility	\$ -	\$ 1,747.52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,747.52
90790 - DeGroff Street Utilities and Street Improvements	\$ 580,663.50	\$ 522,704.40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,151.59
90796 - Brady Street Water/Wastewater (HPR to Gavan)	\$ -	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000.00
90801 - Sitka FY17 Paving	\$ -	\$ 11,826.51	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,826.51
90819 - South Lake / West Degroff Improvements	\$ 394.75	\$ (0.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.00)
90826 - SMC Water Tank Planning Site Selection & Survey	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90833 - Critical Secondary Water Line	\$ 140,303.10	\$ 632,073.23	\$ (18,112.64)	\$ -	\$ 17,136.53	\$ -	\$ 17,136.53	\$ 529,610.03
90838 - Lincoln Street Paving (Harbor Way to Harbor Drive)	\$ -	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00
90843 - Lake Street (DeGroff to Arrowhead & Hirst)	\$ -	\$ 75,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000.00
80859 - Landslide Study	\$ 9,000.00	\$ 11,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,000.00
90844 - Lincoln Street Utilities (Jeff Davis to Harbor Drive)	\$ -	\$ 10,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000.00
90870 - Water Master Plan	\$ -	\$ 100,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000.00
90877 - Sitka Paving 2017-Brady and Gavan St Paving	\$ -	\$ 5,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000.00
90878 - Sitka Paving 2017 Katlian	\$ -	\$ 15,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000.00
90883 - SMC Water Transmission Main Repair	\$ 7,900.24	\$ (7,900.24)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,900.24)
Unidentified Balancing Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -			\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total:	\$ 738,261.59	\$ 1,506,451.42			\$ 17,136.53	\$ -	\$ 17,136.53	\$ 997,435.41

Wastewater Utility
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	3,349,807	 3.6% Greater Than Previous Year	 3.0% Under Plan	 
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	729,294	n/a	Under budget 	n/a
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays— indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	1,321,716	 Greater Than Previous Year	 Exceeded Plan	Continue to Monitor 
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	642,949	 Greater than Prior Year	 Exceeded Plan	Continue to Monitor 
Asset Replacement (Net income minus debt principal repayment— gives an indication of whether or not we are setting aside enough money to cover asset replacement (<i>as estimated by how much our assets are decreasing in value annually</i>))	390,418	 Greater than Prior Year	 Met Plan	Continue to Monitor 
Total Working Capital (What total resources are available in the fund)	7,637,013	 Increased Over Prior Year	 Exceeded Plan	Not sufficient to fully fund capital improvements without new debt
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	2,652,785	 More than Prior Year	 Met Plan	Watch trend 
Undesignated Working Capital (How much of the fund's resources are available?)	4,984,228	 More Than Prior Year	 Exceeded Plan	Not sufficient to fully fund capital improvements without new debt
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	1,191.9	 Not Significantly Different	 Met Plan	Watch trend 

Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	698.7	 Not Significantly Different	 Met Plan	Watch trend 
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The financial performance of the Wastewater Fund over the fiscal year met or exceeded all aspects of the annual financial plan, and, was improved over FY2018 in all metrics. As with the Water Fund, year-over-year comparisons were impacted by a significant drop in grant revenue; in the case of the Wastewater Fund, grant revenue declined by \$406K from FY2018.

The fund's working capital grew, however, due to the combined effect of increased revenue and reduced operating expenses. Total working capital increased by \$783K, to \$7,637,013. While the Wastewater Fund's working capital is greater than most other CBS enterprise funds, its situation is similar in that there is significant need now and in the near future beyond available working capital for capital investments to maintain infrastructure.

An element of revenue, and assets, which needs to be pointed out and explained is the mark-to-market adjustment for investments, as it can't be spent and should not be included in financial forecasting and decision making. Generally accepted accounting principals require that investments be "marked to market", meaning that the value of investment assets is increased on the balance sheet to market value, and the unrealized gain on this increase is recorded as investment income. This unrealized gain can only be converted to cash, however, if the investments are liquidated prior to maturity and spent. As the City and Borough of Sitka normally holds investments to maturity, however, and the value at maturity is face value, liquidation prior to maturity rarely occurs. Thus, to get a conservative sense of what working capital is truly available to spend, a large mark-to-market adjustment should be factored out. The mark-to-market adjustment for the Wastewater Fund in FY2019 was \$153.7K. The amounts of working capital discussed in this financial analysis conservatively factor out the Wastewater Fund's mark-to-market adjustment.

Major elements of Municipal wastewater treatment infrastructure are rapidly reaching the end of their useful life and are in danger of failing. The Municipality has already experienced multiple leaks in the sewer force main which connects the main commercial and residential areas with the treatment plant on Japonski Island. The leaks are due to a combination of age and corrosion, and, full replacement of the aging main will be an expensive proposition. In addition, elements of the waste water treatment plant are in excess of forty years old, their useful life, and are failing. There is insufficient working capital within the wastewater fund to accomplish either of these significant repairs without taking on additional debt.

City and Borough of Sitka
Wastewater Utility
Financial Statements (Unaudited)
For The Twelve-Month Period Ending June 30, 2019

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100%)	Variance To FY2019 Plan
Revenue:									
Wastewater Fees	789,156	786,338	779,173	788,766	3,143,433	2,966,276	177,157	3,156,000	(12,567)
Jobbing	32,873	45,077	38,076	55,634	171,660	222,199	(50,539)	247,000	(75,340)
Other Operating Revenue	4,436	29,691	29,928	(29,341)	34,714	44,288	(9,574)	51,200	(16,486)
Total Revenue:	826,465	861,106	847,177	815,059	3,349,807	3,232,763	117,044	3,454,200	(104,393)
Cost of Sales:									
Collections	254,736	271,366	250,383	146,843	923,328	1,048,019	124,691	1,545,449	622,121
Treatment	105,973	125,839	171,375	75,483	478,670	503,543	24,873	214,296	(264,374)
Fixed assets	8,283	14,775	17,509	(40,567)	-	(0)	(0)	50,279	50,279
Depreciation	218,157	218,158	218,157	240,757	895,229	872,630	(22,599)	872,630	(22,599)
Total Cost of Sales:	587,149	630,138	657,424	422,516	2,297,227	2,424,191	126,964	2,682,654	385,427
Gross Margin:	239,316	230,968	189,753	392,543	1,052,580	808,572	244,008	771,546	281,034
	28.96%	26.82%	22.40%	48.16%	31.42%	25.01%	6.41%	22.34%	9.09%
Selling and Administrative Expenses	179,725	194,717	204,736	46,915	626,093	741,664	115,571	969,960	343,867
Earnings Before Interest (EBI):	59,591	36,251	(14,983)	345,628	426,487	66,908	359,579	(198,414)	624,901
	7.21%	4.21%	-1.77%	42.41%	12.73%	2.07%	10.66%	-5.74%	18.48%
Non-operating Revenue and Expense:									
Non-operating revenue:	38,396	37,776	37,456	190,931	304,559	12,261	292,298	113,000	191,559
Grant Revenue	35	1,717	15,387	-	17,139	423,636	(406,497)	17,139	-
Interest Expense:	(35,429)	(35,429)	(35,429)	1,051	(105,236)	(92,781)	(12,456)	(141,716)	36,480
Total Non-operating Revenue & Expense:	3,002	4,064	17,414	191,982	216,462	343,116	(126,654)	(11,577)	228,039
Net Income:	62,593	40,315	2,431	537,610	642,949	410,025	232,924	(209,991)	852,940
	7.57%	4.68%	0.29%	65.96%	19.19%	12.68%	199.01%	-6.08%	25.27%
Earnings Before Interest and Depreciation (EBIDA):	277,748	254,409	203,174	586,385	1,321,716	939,538	382,178	674,216	602,302
	33.61%	29.54%	23.98%	71.94%	39.46%	29.06%	10.39%	19.52%	19.94%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	280,750	258,473	220,588	778,367	1,538,178	1,282,654	255,524	662,639	875,539
Debt Principal	84,177	84,177	84,177	-	252,531	310,718	58,187	336,707	(84,176)
Debt Principal Coverage Surplus/Deficit	196,573	174,296	136,411	778,367	1,285,647	971,936	313,711	325,932	959,715
Debt Principal Coverage Percentage	334%				609.10%	412.80%	196.30%	196.80%	412.30%

City and Borough of Sitka
Wastewater Utility
Financial Statements (Unaudited)
For The Twelve-Month Period Ending June 30, 2019

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100%)	Variance To FY2019 Plan
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	196,573	174,296	136,411	778,367	1,285,647	971,936	313,711	325,932	959,715
Depreciation	218,157	218,158	218,157	240,757	895,229	872,630	(22,599)	872,630	22,599
Cash Accumulated For/(Taken From) Asset Replacement	(21,584)	(43,862)	(81,746)	537,610	390,418	99,307	291,111	(546,698)	937,116
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	196,573	174,296	136,411	778,367	1,285,647	971,936	313,711	325,932	959,715
CapEx, Accruals, and other Balance Sheet Changes	(52,070)	(527,891)	249,636	(18,131)	(348,456)	(814,607)	466,151	(348,456)	-
Increase in (Decrease in) Working Capital	144,503	(353,595)	386,047	760,236	937,191	157,330	779,861	(22,524)	959,715
Plus Beginning Total Working Capital	6,853,575	6,998,078	6,644,483	7,030,530	6,853,575	6,696,245	157,330	6,959,020	(105,445)
Equals Ending Total Working Capital:	6,998,078	6,644,483	7,030,530	7,790,766	7,790,766	6,853,575	937,191	6,936,496	854,270
Repair Reserve (1% of PPE):	570,632	570,632	570,632	571,089	571,089				
Working Capital Designated for CapEx	2,828,793	2,736,255	3,144,699	2,652,785	2,652,785				
Undesignated Working Capital	3,598,652	3,337,596	3,315,199	4,566,891	4,566,891				
Total Working Capital:	6,998,078	6,644,483	7,030,530	7,790,766	7,790,766				
Days On Hand Annual Cash Outlays in Total Working Capital:	955.49	834.79	840.14	3,123.18	1,191.87				
Days On Hand Annual Cash Outlays in Total Working Capital Less Repair Reserve:	877.58	763.10	771.95	2,894.24	1,104.50				
Days On Hand Annual Cash Outlays in Undesignated Working Capital	491.34	419.32	396.16	1,830.79	698.66				
Working Current Assets	7,547,731	7,732,425	8,217,852	8,730,601	8,730,601				
Current Liabilities	(154,735)	(186,138)	(186,138)	(606,193)	(606,193)				
CPLTD	(336,707)	(336,707)	(336,707)	(333,642)	(333,642)				
Total Working Capital	7,056,289	7,209,580	7,695,007	7,790,766	7,790,766				

[illegible]

















<u>Interdepartment Services Expenses</u>	<u>Other & Mixed Project Expense</u>	<u>Total Expenses</u>	<u>Expenses Reclassified To CIP</u>	<u>CIP/Expense Reclass to Parent Fund</u>	<u>Construction In Progress 6/30/2019</u>	<u>Total Assets</u>	<u>Accounts Payable</u>	<u>Retainage Payable</u>	<u>Total Liabilities</u>	<u>Working Capital</u>
\$ -	\$ -	\$ 67,915.70	\$ -	\$ -	\$ 82,513.17	\$ 139,462.50	\$ 39,462.50	\$ -	\$ 39,462.50	\$ 17,486.83
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000.00	\$ -	\$ -	\$ -	\$ 30,000.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,768.32	\$ 85,000.00	\$ -	\$ -	\$ -	\$ 58,231.68
\$ 47,684.48	\$ -	\$ 579,605.47	\$ -	\$ -	\$ 694,665.79	\$ 1,024,677.88	\$ 47,394.68	\$ -	\$ 47,394.68	\$ 282,617.41
\$ 970.49	\$ -	\$ 9,877.10	\$ -	\$ -	\$ 9,877.10	\$ 173,906.61	\$ 8,906.61	\$ -	\$ 8,906.61	\$ 155,122.90
\$ 141.07	\$ -	\$ 141.07	\$ -	\$ -	\$ 141.07	\$ 582,165.87	\$ -	\$ -	\$ -	\$ 582,024.80
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,994.60	\$ 24,994.60	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 59,148.00	\$ -	\$ -	\$ 59,148.00	\$ 236,000.00	\$ -	\$ -	\$ -	\$ 176,852.00
\$ -	\$ -	\$ 35,670.13	\$ -	\$ -	\$ 73,721.52	\$ 90,000.00	\$ -	\$ -	\$ -	\$ 16,278.48
\$ 112,224.50	\$ (719,315.77)	\$ 579,759.31	\$ -	\$ -	\$ 912,264.96	\$ 1,242,685.98	\$ 221,696.88	\$ 89,437.91	\$ 311,134.79	\$ 19,286.23
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,000.00	\$ -	\$ -	\$ -	\$ 24,000.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,491.08	\$ -	\$ -	\$ -	\$ 30,491.08
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000.00	\$ -	\$ -	\$ -	\$ 100,000.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,647.84	\$ -	\$ 6,652.84	\$ -	\$ -	\$ 6,791.26	\$ 104,005.00	\$ 4,005.00	\$ -	\$ 4,005.00	\$ 93,208.74
\$ 865.39	\$ (535.05)	\$ 506.23	\$ -	\$ (506.23)	\$ -	\$ 33,813.57	\$ -	\$ -	\$ -	\$ 33,813.57
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00	\$ -	\$ -	\$ -	\$ 20,000.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,221.93	\$ 75,000.00	\$ -	\$ -	\$ -	\$ 53,778.07
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000.00	\$ -	\$ -	\$ -	\$ 10,000.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,000.00	\$ -	\$ -	\$ -	\$ 90,000.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000.00	\$ -	\$ -	\$ -	\$ 100,000.00
\$ -	\$ -	\$ 103,291.50	\$ -	\$ -	\$ 103,291.50	\$ 374,034.00	\$ 24,034.00	\$ -	\$ 24,034.00	\$ 246,708.50
\$ 1,199.18	\$ -	\$ 18,934.18	\$ -	\$ -	\$ 19,192.80	\$ 239,192.80	\$ 1,795.00	\$ -	\$ 1,795.00	\$ 218,205.00
\$ 317.45	\$ -	\$ 317.45	\$ -	\$ -	\$ 317.45	\$ 250,000.00	\$ -	\$ -	\$ -	\$ 249,682.55
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000.00	\$ -	\$ -	\$ -	\$ 5,000.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000.00	\$ -	\$ -	\$ -	\$ 40,000.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 166,050.40	\$ (719,850.82)	\$ 1,461,818.98	\$ -	\$ (506.23)	\$ 2,034,909.47	\$ 5,124,429.89	\$ 347,294.67	\$ 89,437.91	\$ 436,732.58	\$ 2,652,787.84







Solid Waste Disposal Utility

Financial Analysis

As Of, And For the Fiscal Year Ending, June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	4,537,247	 Increased Over Last year	 Did Not Meet Plan	 Annual Annual user fee increases necessitated by annual contract CPI adjustments
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	153,873	n/a	Under Budget 	Contractual costs are greatly affected by solid waste volumes which are difficult to predict
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays— indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	96,149	 Positive EBIDA Compared to Negative EBIDA in FY2018	 Did Not Meet Plan	Cash flow from operations is being generated, but not at planned levels
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	(78,336)	 Smaller Net Loss Than FY2018	 Did Not Meet Plan	Contractual costs exceeding estimated amounts were the reason plan was not met
Asset Replacement (Net income minus debt principal repayment— gives an indication of whether or not we are setting aside enough money to cover asset replacement (<i>as estimated by how much our assets are decreasing in value annually</i>))	(194,134)	 Smaller Asset Coverage Deficit Than In FY2018	 Did Not Meet Plan	While asset replacement coverage deficit is smaller, it still does not provide for future replacement of assets
Total Working Capital (What total resources are available in the fund)	(937,097)	 Larger Deficit Than Last Year	 Did Not Meet Plan	Negative working capital means Fund borrows from Central Treasury
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	807,342	 More than Prior Year	 Met Plan	Capital project funding has been approved, but there is no working capital to set aside for it.
Undesignated Working Capital (How much of the fund's resources are available?)	(1,744,439)	 Larger Deficit Than Last Year	 Did Not Meet Plan	Needed for infrastructure improvement and emergency repairs

Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	(74.5)	 Less Than Last Year	 Did Not Meet Plan	Watch trend 
Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	(144.8)	 Less Than Last Year	 Did Not Meet Plan	Watch trend 

The Solid Waste Fund's financial condition slightly improved in FY2019. The Fund moved toward stabilizing itself, as losses diminished and the Fund generated a modest amount of positive cash flow from operations. Though somewhat stabilized, the financial condition of the Solid Waste Fund is still extremely weak. The Fund has no reserves, as total working capital is (\$989K) and the modest amount of positive cash flow being generated is consumed by capital infrastructure funding needs. If the weak financial condition does not improve, or improves very slowly, the Assembly may need to consider a one-time transfer from the General Fund to improve the Fund's condition.

The effect of the mark-to-market adjustment for the Solid waste Fund was \$3,763, which is not significant.

What is difficult to tell is whether the slight improvement of the financial condition is permanent, boding a turn-around, or temporary due to the seasonality of commercial activity in Sitka. Off-island transportation and disposal costs are directly related to the volume of solid waste disposed of in Sitka. Annual budgets and user fees are based on an estimate of the average amount of solid waste disposed of by each customer annually, and, on transportation costs. When the actual amount of solid waste disposed of, or the costs of transporting in (by barge) vary from plan, the Municipality has no current method of recouping the costs overruns from its customers.

Static basic collection revenue remains a concern. As the financial performance of the fund is largely driven by solid waste collection contracts with built-in annual CPI adjustment clauses, pressure to continue to increase user fees annually will continue to occur unless the overall off-island waste stream is decreased. The only area in which citizens can significantly impact the garbage fees they must pay is by disposing of less solid waste, composting all green waste, and removing glass from the waste stream. This perspective has been spoken to before in financial reports but bears repeating. Efforts in this capacity will reduce the tonnage of solid waste shipped off-island, which will improve cash flow and working capital by reducing operating expenses.

City and Borough of Sitka
Solid Waste Utility
Financial Statements
For The Twelve-Month Period Ending June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L = 100.00%)	Variance To FY2019 Plan
Revenue:									
Solid Waste Disposal Services	1,133,496	1,030,700	992,203	1,072,174	4,228,573	3,839,937	388,636	4,869,600	(641,027)
Jobbing	-	-	-	2,043	2,043	1,336	707	-	707
Other Operating Revenue	<u>72,125</u>	<u>77,367</u>	<u>77,388</u>	<u>79,751</u>	<u>306,631</u>	<u>219,157</u>	<u>87,474</u>	<u>219,700</u>	<u>86,931</u>
Total Revenue:	1,205,621	1,108,067	1,069,591	1,153,968	4,537,247	4,060,430	476,817	5,089,300	(553,389)
Cost of Sales:					613,042				
Contract Waste Hauling	289,997	245,133	266,610	259,611	1,061,351	1,020,439	(40,912)	1,055,725	(5,626)
Transfer Station	586,650	413,357	277,215	629,749	1,906,971	2,005,885	98,914	1,901,500	(5,471)
Landfill	113,302	130,494	103,558	139,028	486,382	573,384	87,002	547,703	61,321
Scrapyard & Recycling	140,321	177,377	115,330	180,014	613,042	628,869	15,827	669,447	56,405
Jobbing	-	-	-	-	-	-	-	-	-
Depreciation	<u>45,470</u>	<u>45,471</u>	<u>45,470</u>	<u>32,281</u>	<u>168,692</u>	<u>174,302</u>	<u>5,610</u>	<u>168,692</u>	<u>-</u>
Total Cost of Sales:	1,175,740	1,011,832	808,183	1,240,683	4,236,438	4,402,879	166,441	4,343,067	106,629
Gross Margin:	29,881 2.48%	96,235 8.68%	261,408	(86,715)	300,809 6.63%	(342,449) -8.43%	643,258 15.06%	746,233 14.66%	(445,424) 0.40%
Selling and Administrative Expenses	<u>100,926</u>	<u>98,371</u>	<u>47,914</u>	<u>126,141</u>	<u>373,352</u>	<u>521,049</u>	<u>147,697</u>	<u>420,596</u>	<u>47,244</u>
Earnings Before Interest (EBI):	(71,045) -5.89%	(2,136) -0.19%	213,494 19.96%	(212,856) -18.45%	(72,543) -1.60%	(863,498) -21.27%	790,955 19.67%	325,637 6.40%	(398,180) 13.27%
Non-operating Revenue and Expense:									
Non-operating revenue:	345	3,663	2,787	6,543	13,338	2,892	10,446	6,100	7,238
Interest Expense:	<u>(4,785)</u>	<u>(4,785)</u>	<u>(4,785)</u>	<u>(4,776)</u>	<u>(19,131)</u>	<u>(15,633)</u>	<u>(3,498)</u>	<u>(19,131)</u>	<u>-</u>
Total Non-operating Revenue & Expense:	<u>(4,440)</u>	<u>(1,122)</u>	<u>(1,998)</u>	<u>1,767</u>	<u>(5,793)</u>	<u>(12,741)</u>	<u>6,948</u>	<u>(13,031)</u>	<u>19,979</u>
Net Income:	<u>(75,485)</u> -6.26%	<u>(3,258)</u> -0.29%	<u>211,496</u> 19.77%	<u>(211,089)</u> -18.29%	<u>(78,336)</u> -1.73%	<u>(876,239)</u> -21.58%	<u>797,903</u> 167.34%	<u>312,606</u> 6.14%	<u>(390,942)</u> 70.65%
Earnings Before Interest and Depreciation (EBIDA):	(25,575) -2.12%	43,335 3.91%	258,964 24.21%	(180,575) -15.65%	96,149 2.12%	(689,196) -16.97%	785,345 19.09%	494,329 9.71%	(398,180) 9.38%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(30,015)	42,213	256,966	(178,808)	90,356	(707,169)	797,525	481,298	(390,942)
Debt Principal	<u>28,948</u>	<u>28,948</u>	<u>28,948</u>	<u>28,954</u>	<u>115,798</u>	<u>115,798</u>	<u>-</u>	<u>115,798</u>	<u>-</u>
Debt Principal Coverage Surplus/Deficit	<u>(58,963)</u>	<u>13,265</u>	<u>228,018</u>	<u>(207,762)</u>	<u>(25,442)</u>	<u>(822,967)</u>	<u>797,525</u>	<u>365,500</u>	<u>(390,942)</u>
Debt Principal Coverage Percentage	-103.69%	146%	888%	-618%	78.03%	-610.69%	688.72%	415.64%	-337.61%

Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019
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FY2019 YTD

FY2018 YTD	Variance To FY2018 YTD
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FY2019 Plan (S/L = 100.00%)	Variance To FY2019 Plan
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Simple Asset Replacement Coverage

Debt Principal Coverage Surplus/Deficit (From Above)	(58,963)	13,265	228,018	(207,762)
Depreciation	45,470	45,471	45,470	32,281
Cash For/(Taken From) Asset Replacement	(104,433)	(32,206)	182,548	(240,043)

(25,442)
168,692
(194,134)

(822,967)	797,525
174,302	5,610
(997,269)	803,135

365,500	(390,942)
168,692	-
196,808	(390,942)

Working Capital

Cash Flow:

Net Income Plus Depreciation Less Principal	(58,963)	13,265	228,018	(207,762)
CapEx, Accruals, and other Balance Sheet Changes	17,576	21,905	(72,086)	(88,631)
Increase in (Decrease in) Working Capital	(41,387)	35,170	155,932	(296,393)

(25,442)
(121,236)
(146,678)

(822,967)	797,525
332,566	(453,802)
(490,401)	343,723

365,500	(390,942)
-	(121,236)
365,500	(512,178)

Plus Beginning Total Working Capital	(762,293)	(803,680)	(768,510)	(612,578)
Equals Ending Total Working Capital:	(803,680)	(768,510)	(612,578)	(908,971)

(762,293)
(908,971)

(271,892)	(490,401)
(762,293)	(146,678)

(762,293)	-
(396,793)	(512,178)

Working Capital Detail:

Repair Reserve (1% of PPE):	73,804	73,804	73,804	74,776
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74,776

Working Capital Designated for CapEx	899,996	888,177	828,090	807,342
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807,342

Undesignated Working Capital	(1,777,480)	(1,730,492)	(1,514,473)	(1,815,452)
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(1,815,452)

Total Working Capital:	(803,680)	(768,510)	(612,578)	(933,334)
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(933,334)

Days On Hand Annual Cash Outlays in Total Working	(57.98)	(63.84)	(66.20)	(62.24)
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(74.45)

Days On Hand Annual Cash Outlays in Total Working Capital

Less Repair Reserve:	(68.64)	(76.12)	(82.18)	(72.17)
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(86.31)

Days On Hand Annual Cash Outlays in Undesignated	(128.22)	(143.75)	(163.67)	(121.07)
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(144.81)

Working Capital Calculation:

Current Assets	690,986	556,096	830,823	988,490
Current Liabilities	(1,378,868)	(1,208,808)	(1,327,603)	(1,806,026)
CPLTD	(115,798)	(115,798)	(115,798)	(115,798)

988,490
(1,806,026)
(115,798)

Total Working Capital	(803,680)	(768,510)	(612,578)	(933,334)
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(933,334)








Project	FY2019 Appropriations	Cash	A/R	Construction In Progress 6/30/2018	Supplies Expense	Contracted & Purchased Services Expenses	Interdepartment Services Expenses	Total Expenses	Mixed Project Expenses Reclassified
90847 - Expand Biosolids Area	\$ -	\$ 464,610.91	\$ -	\$ 20,512.13	\$ -	\$ 14,138.64	\$ 5,516.21	\$ 19,654.85	\$ -
90871 - Kimsham Landfill Drainage Cc	\$ 100,000.00	\$ 100,000.00						\$ -	
90863 - Scrapyard Water Line	\$ 60,000.00	\$ 889.94				\$ 46,595.00	\$ 12,515.06	\$ 59,110.06	
90864 - Transfer Station Scale	\$ 95,000.00	\$ 94,285.15				\$ 150.50	\$ 1,551.83	\$ 1,702.33	
90865 - Transfer Station Building	\$ 170,000.00	\$ 152,334.04			\$ 11,535.58	\$ 4,363.84	\$ 779.06	\$ 16,678.48	
Unidentified Balancing Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 425,000.00	\$ 812,120.04	\$ -	\$ 20,512.13	\$ 11,535.58	\$ 65,247.98	\$ 20,362.16	\$ 97,145.72	\$ -

Project	Expenses Reclassified To CIP	CIP/Expense Reclass to Parent Fund	Construction In Progress <u>6/30/2019</u>	Total Assets	Accounts Payable	Retainage Payable	Total Liabilities	Working Capital
90847 - Expand Biosolids Area	\$ 19,654.85	\$ -	\$ 40,166.98	\$ 504,777.89	\$ 4,777.89	\$ -	\$ 4,777.89	\$ 459,833.02
90871 - Kimsham Landfill Drainage Co			\$ -	\$ 100,000.00	\$ -	\$ -	\$ -	\$ 100,000.00
90863 - Scrapyard Water Line	\$ -	\$ 59,110.06	\$ -	\$ 889.94	\$ -	\$ -	\$ -	\$ 889.94
90864 - Transfer Station Scale	\$ 1,702.33		\$ 1,702.33	\$ 95,987.48	\$ -	\$ -	\$ -	\$ 94,285.15
90865 - Transfer Station Building	\$ 16,678.48		\$ 16,678.48	\$ 169,012.52	\$ -	\$ -	\$ -	\$ 152,334.04
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unidentified Balancing Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 38,035.66	\$ 59,110.06	\$ 58,547.79	\$ 870,667.83	\$ 4,777.89	\$ -	\$ 4,777.89	\$ 807,342.15

Harbor System
Financial Analysis
As Of, And For the Fiscal Year Ending, June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	2,617,055	 Greater Than Last year	 Met Plan	 Annual moorage increases necessary to finance capital improvements
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	269,471	n/a	Under budget 	n/a
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays— indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	603,312	 More Than Last year	 Exceeded Plan	Cash flow from operations is adequate and exceeding plan but EBIDA is inconsistent ; watch trend
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	691,711	 More Than Last Year	 Exceeded Plan	Net income is exceeding plan; watch trend
Asset Replacement (Net income minus debt principal repayment— gives an indication of whether or not we are setting aside enough money to cover asset replacement (<i>as estimated by how much our assets are decreasing in value annually</i>))	261,362	 More Than Prior Year	 Exceeded Plan	Asset replacement is adequate ; however, ability to finance replacement of large infrastructure assets depends on future moorage increases
Total Working Capital (What total resources are available in the fund)	16,598,015	 More Than Prior Year	 Exceeded Plan	Working capital is adequate and in line with plan
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	9,176,948	 More than Prior Year	 Met Plan	Capital project funding adequately addresses current infrastructure needs

Undesignated Working Capital (How much of the fund's resources are available?)	7,421,067	 More Than Last Year	 Exceeded Plan	Undesignated working capital is adequate for the present; however, ability to finance replacement of large infrastructure depends on sustained future moorage increases
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	2,499.1	 More Than Last year	 Exceeded Plan	Working capital is adequate and in line with plan
Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	1,072.6	 More Than Last Year	 Exceeded Plan	Watch Trend 

The financial performance of the Harbor Fund over the fiscal year met or exceeded all aspects of the annual financial plan, and, was improved over FY2018 in all metrics. Earnings before interest and depreciation (EBID) was \$227K greater than plan and \$378K greater than FY2018; net income was \$642K greater than plan and \$605K greater than FY2018.

An element of revenue, and assets, which needs to be pointed out and explained is the mark-to-market adjustment for investments, as it can't be spent and should not be included in financial forecasting and decision making. Generally accepted accounting principals require that investments be "marked to market", meaning that the value of investment assets is increased on the balance sheet to market value, and the unrealized gain on this increase is recorded as investment income. This unrealized gain can only be converted to cash, however, if the investments are liquidated prior to maturity and spent. As the City and Borough of Sitka normally holds investments to maturity, however, and the value at maturity is face value, liquidation prior to maturity rarely occurs. Thus, to get a conservative sense of what working capital is truly available to spend, a large mark-to-market adjustment should be factored out. The mark-to-market adjustment for the Harbor Fund in FY2019 was \$187,194. The amounts of working capital discussed in this financial analysis conservatively factor out the Harbor Fund's mark-to-market adjustment.

As first reported in previous Financial Analyses, results for the fiscal year reflect the issuance of \$8,025,000 in harbor revenue bonds in November, 2018. The proceeds from this bond issuance is being used to pay for the costs of Phase 1 of the Crescent Harbor Replacement project. Unspent proceeds are reflected in the balance of working capital dedicated for capital projects.

For several years, the Harbor Fund Has continued to follow a fiscal plan designed to ultimately provide the necessary capital to renovate Eliason harbor in the 2030s, with sustained annual moorage increases in the range of 6%. Several developments at the State and local level, however, are poised to disrupt this plan and will require the Municipality to rethink the level of harbor infrastructure it can afford to operate and maintain.

At the State level, the Governor Dunleavy vetoed appropriations for the Municipal Harbor Matching Grant program for FY2020. Unless the Governor and Legislature change course, it is becoming increasingly unlikely that this program will be funded in the future. If the Municipal Harbor Matching Grant program is not funded in the future, it will significantly impact the ability of the Municipality to maintain its harbor system in its current configuration and will force hard decisions regarding abandonment of facilities.

The reason for this conclusion is that the strategic fiscal plan for the harbor system has been built around the assumption that a \$5 million grant will be obtained to assist with the renovation of each of the 5 major harbors. If grants are not obtained for the eventual renovation of Sealing Cove Harbor, Thompson Harbor and Eliason Harbor, the combined loss of \$15 million in future grant funding would make the moorage rate increases required to self-fund the renovations untenable.

It is highly likely that a combination of events and circumstances will combine, causing pressure to mount to scale back the size and scope of the infrastructure in the harbor system by both condemning and demolishing some of our harbors at the end of their useful lives, or, by selling and privatizing harbors and associated uplands.

City and Borough of Sitka
Harbor Fund
Financial Statements
For The Twelve-Month Period Ending June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L -100.00%)	Variance To FY2019 Plan
Revenue:									
Permanent Moorage	543,406	455,099	446,249	508,749	1,953,503	1,877,478	76,025	1,982,591	(29,088)
Transient Moorage	232,898	45,331	71,020	105,050	454,299	400,302	53,997	434,498	19,801
Lightering Fees	-	-	-	-	-	12,022	(12,022)	20,000	(20,000)
Other Operating Revenue	<u>43,049</u>	<u>49,006</u>	<u>39,376</u>	<u>77,822</u>	<u>209,253</u>	<u>168,410</u>	<u>40,843</u>	<u>175,460</u>	<u>33,793</u>
Total Revenue:	819,353	549,436	556,645	691,621	2,617,055	2,458,212	158,843	2,612,549	4,506
Cost of Sales:									
Operations	349,267	361,555	349,650	429,524	1,489,996	1,546,680	56,684	1,532,511	42,515
Jobbing	-	-	-	-	-	-	-	-	-
Depreciation	<u>343,056</u>	<u>343,057</u>	<u>343,056</u>	<u>346,599</u>	<u>1,375,768</u>	<u>1,372,226</u>	<u>(3,542)</u>	<u>1,372,226</u>	<u>3,542</u>
Total Cost of Sales:	692,323	704,612	692,706	776,123	2,865,764	2,918,906	53,142	2,904,737	46,057
Gross Margin:	127,030	(155,176)	(136,061)	(84,502)	(248,709)	(460,694)	211,985	(292,188)	43,479
	15.50%	-28.24%	-24.44%	-12.22%	-9.50%	-18.74%	9.24%	-11.18%	20.42%
Selling and Administrative Expenses	<u>167,056</u>	<u>148,925</u>	<u>163,292</u>	<u>44,474</u>	<u>523,747</u>	<u>686,679</u>	<u>162,932</u>	<u>703,682</u>	<u>179,935</u>
Earnings (Loss) Before Interest (EBI):	(40,026)	(304,101)	(299,353)	(128,976)	(772,456)	(1,147,373)	374,917	(995,870)	223,414
	-4.89%	-55.35%	-53.78%		-29.52%	-46.68%	17.16%	-38.12%	55.28%
Non-operating Revenue and Expense:									
Raw Fish Tax	243,098	243,098	243,098	459,428	1,188,722	900,000	288,722	972,390	216,332
Other Non-Operating Revenue/(Expense):	48,439	52,637	(79,604)	328,458	349,930	90,583	259,347	265,000	84,930
Grant Revenue	-	64,947	80,449	(80,449)	64,947	368,509	(303,562)	84,947	(20,000)
Bond Fund Interest Revenue:	-	9,958	30,565	47,150	87,673	-	87,673	50,000	37,673
Interest Expense Bonds:	(79,729)	(79,729)	(79,729)	19,566	(219,621)	(117,069)	(102,552)	(318,916)	99,295
Interest Expense Loans:	<u>(1,871)</u>	<u>(1,871)</u>	<u>(1,871)</u>	<u>(1,871)</u>	<u>(7,484)</u>	<u>(8,164)</u>	<u>680</u>	<u>(7,482)</u>	<u>(2)</u>
Total Non-operating Revenue & Expense:	209,937	289,040	192,908	772,282	1,464,167	1,233,859	230,308	1,045,939	418,228
Net Income:	169,911	(15,061)	(106,445)	643,306	691,711	86,486	605,225	50,069	641,642
	20.74%	-2.74%	-19.12%	93.01%	26.43%	3.52%	381.02%	1.92%	14239.72%
Earnings Before Interest and Depreciation (EBIDA):	303,030	38,956	43,703	217,623	603,312	224,853	378,459	376,356	226,956
	36.98%	7.09%	7.85%	31.47%	23.05%	9.15%	13.91%	14.41%	-0.50%
Bond Covenant Ratio	4.58	2.65	2.45	4.35	3.43	3.89	(0.46)	2.22	1.21

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L -100.00%)	Variance To FY2019 Plan
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	512,967	327,996	236,611	989,905	2,067,479	1,458,712	608,767	1,422,295	645,184
Debt Principal	50,087	50,087	50,087	280,088	430,349	195,348	(235,001)	430,349	-
Debt Principal Coverage Surplus/Deficit	<u>462,880</u>	<u>277,909</u>	<u>186,524</u>	<u>709,817</u>	<u>1,637,130</u>	<u>1,263,364</u>	<u>373,766</u>	<u>991,946</u>	<u>645,184</u>
Debt Principal Coverage Percentage	1024.15%	654.85%	472.40%	353.43%	480.42%	746.72%	-266.31%	330.50%	149.92%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	462,880	277,909	186,524	709,817	1,637,130	1,263,364	373,766	991,946	645,184
Depreciation	343,056	343,057	343,056	346,599	1,375,768	1,372,226	(3,542)	1,375,768	-
Cash Accumulated For/(Taken From) Asset Replacement	<u>119,824</u>	<u>(65,148)</u>	<u>(156,532)</u>	<u>363,218</u>	<u>261,362</u>	<u>(108,862)</u>	<u>370,224</u>	<u>(383,822)</u>	<u>645,184</u>
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	462,880	277,909	186,524	709,817	1,637,130	1,263,364	373,766	991,946	645,184
CapEx, Accruals, and other Balance Sheet Changes	358,655	7,789,007	(268,662)	(563,974)	7,315,026	(459,936)	7,774,962	7,315,026	-
Increase in (Decrease in) Working Capital	<u>821,535</u>	<u>8,066,916</u>	<u>(82,138)</u>	<u>145,843</u>	<u>8,952,156</u>	<u>803,428</u>	<u>8,148,728</u>	<u>8,306,972</u>	<u>645,184</u>
Plus Beginning Total Working Capital	<u>7,919,988</u>	<u>8,741,523</u>	<u>16,808,439</u>	<u>16,726,301</u>	<u>7,919,988</u>	<u>7,116,560</u>	<u>803,428</u>	<u>7,919,988</u>	<u>-</u>
Equals Ending Total Working Capital:	<u>8,741,523</u>	<u>16,808,439</u>	<u>16,726,301</u>	<u>16,872,144</u>	<u>16,872,144</u>	<u>7,919,988</u>	<u>8,952,156</u>	<u>16,226,960</u>	<u>645,184</u>
Working Capital Detail:									
Repair Reserve (1% of PPE):	<u>386,339</u>	<u>386,339</u>	<u>386,339</u>	<u>386,526</u>	<u>386,526</u>				
Working Capital Designated for CapEx	<u>1,797,860</u>	<u>9,812,313</u>	<u>9,858,889</u>	<u>9,176,948</u>	<u>9,176,948</u>				
Working Capital Designated for Baranof Warm Springs	<u>13,079</u>	<u>13,588</u>	<u>13,588</u>	<u>17,229</u>	<u>17,229</u>				
Undesignated Working Capital	<u>6,544,245</u>	<u>6,596,199</u>	<u>6,467,485</u>	<u>7,204,506</u>	<u>7,204,506</u>				
Total Working Capital:	<u>8,741,523</u>	<u>16,808,439</u>	<u>16,726,301</u>	<u>16,785,209</u>	<u>16,785,209</u>				
Days On Hand Annual Cash Outlays in:									
Total Working Capital:	<u>1,403.64</u>	<u>2,727.00</u>	<u>2,701.85</u>	<u>2,026.11</u>	<u>2,499.05</u>				
Total Working Capital Less Repair Reserve:	<u>1,341.61</u>	<u>2,664.32</u>	<u>2,639.44</u>	<u>1,979.45</u>	<u>2,441.50</u>				
Undesignated Working Capital	<u>1,050.82</u>	<u>1,070.17</u>	<u>1,044.71</u>	<u>869.64</u>	<u>1,072.63</u>				
Working Capital Calculation:									
Current Assets	8,897,830	16,891,377	16,525,486	18,049,687	18,049,687				
Accrued Raw Fish Tax Receivable	243,098	486,196	729,294	-	-				
Current Liabilities	(148,970)	(138,787)	(128,131)	(854,130)	(854,130)				
CPLTD	<u>(200,348)</u>	<u>(430,348)</u>	<u>(400,348)</u>	<u>(410,348)</u>	<u>(410,348)</u>				
Total Working Capital	<u>8,791,610</u>	<u>16,808,439</u>	<u>16,726,301</u>	<u>16,785,209</u>	<u>16,785,209</u>				

Project	FY2019 Bond Proceeds	FY2019 Appropriations	Bond Fund Cash	Cash	State Grant A/R	State Loan A/R	Federal Loan A/R	Construction In Progress 6/30/2018	Supplies Expense	Contracted & Purchased Services Expenses	Interdepartment Services Expenses	Capitalized Interest	Total Expenses
80242 - Seplane Base Planning Study	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
90741 - Baranoff Warm Springs Dock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
90751 - Crescent Harbor Water Line Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
90757 - Transient Float	\$ -	\$ -	\$ -	\$ 262,457.44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,189.00	\$ -		\$ 1,189.00
90768 - Eliason 5/6 Float replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
90798 - Eliason Electrical Upgrades	\$ -	\$ -	\$ -	\$ 14,231.34	\$ -	\$ -	\$ -	\$ 707.73	\$ -	\$ -	\$ 60.93		\$ 60.93
90799 - Eliason Flotation Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
90810 - Sealing Cove Maintenance	\$ -	\$ -	\$ -	\$ 15,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
90818 - Float Plane Dock	\$ -	\$ -	\$ -	\$ (0.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
90848 - Crescent Harbor Flotation Upgrades	\$ -	\$ -	\$ -	\$ 49,843.92	\$ -	\$ -	\$ -	\$ 156.08	\$ -	\$ -	\$ -		\$ -
90849 - Crescent Harbor Phase 1 Design	\$ -	\$ -	\$ 7,996,889.41	\$ 850,656.33	\$ -	\$ -	\$ -	\$ 819.73	\$ -	\$ 136,025.33	\$ 63,660.38	\$ 115,735.33	\$ 315,421.04
90850 - O'Connell Lightering Facility Repair	\$ -	\$ -	\$ -	\$ 517,317.89	\$ -	\$ -	\$ -	\$ 42,625.77	\$ -	\$ 501,699.82	\$ 9,516.34	\$ -	\$ 511,216.16
Totals:	\$ -	\$ -	\$ 7,996,889.41	\$ 1,709,506.92	\$ -	\$ -	\$ -	\$ 44,309.31	\$ -	\$ 638,914.15	\$ 73,237.65	\$ 115,735.33	\$ 827,887.13















Project	Mixed Project Expenses Reclassified	Expenses Reclassified To CIP	CIP/Expense Reclass to Parent Fund	Construction In Progress <u>6/30/2019</u>	Total <u>Assets</u>	Accounts Payable	Retainage Payable	Total <u>Liabilities</u>	Working <u>Capital</u>
80242 - Seplane Base Planning Study	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90741 - Baranoff Warm Springs Dock	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90751 - Crescent Harbor Water Line Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90757 - Transient Float	\$ -	\$ 1,189.00	\$ -	\$ 1,189.00	\$ 262,457.44	\$ -	\$ -	\$ -	\$ 262,457.44
90768 - Eliason 5/6 Float replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90798 - Eliason Electrical Upgrades	\$ -	\$ 60.93	\$ -	\$ 768.66	\$ 14,939.07	\$ -	\$ -	\$ -	\$ 14,939.07
90799 - Eliason Flotation Upgrades	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90810 - Sealing Cove Maintenance	\$ -	\$ -	\$ -	\$ -	\$ 15,000.00	\$ -	\$ -	\$ -	\$ 15,000.00
90818 - Float Plane Dock	\$ -	\$ -	\$ -	\$ -	\$ (0.00)	\$ -	\$ -	\$ -	\$ (0.00)
90848 - Crescent Harbor Flotation Upgrades	\$ -	\$ -	\$ -	\$ 156.08	\$ 50,000.00	\$ -	\$ -	\$ -	\$ 50,000.00
90849 - Crescent Harbor Phase 1 Design	\$ -	\$ 315,421.04	\$ -	\$ 316,240.77	\$ 8,848,365.47	\$ 72,597.74	\$ -	\$ 72,597.74	\$ 8,775,767.73
90850 - O'Connell Lightering Facility Repair	\$ -	\$ 511,216.16	\$ -	\$ 553,841.93	\$ 559,943.66	\$ 476,969.82	\$ 24,190.00	\$ 501,159.82	\$ 58,783.84
Totals:	\$ -	\$ 827,887.13	\$ -	\$ 872,196.44	\$ 9,750,705.64	\$ 549,567.56	\$ 24,190.00	\$ 573,757.56	\$ 9,176,948.08









Airport Terminal Fund

Financial Analysis

As Of, And For the Fiscal Year Ending, June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	805,441	 Greater Than Last year	 Exceeded Plan	 Revenue is meeting current needs but not enough to finance a new facility eventually
Appropriated Operating Outlays vs. Actual Operating Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	8,845	n/a	Under budget 	n/a
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays— indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	430,602	 More Than Last year	 Exceeded Plan	Cash flow from operations is adequate and exceeding but long-term build up of working capital will not finance a new facility
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	319,156	 More Than Last Year	 Exceeded Plan	Net income is exceeding plan
Asset Replacement (Net income minus debt principal repayment— gives an indication of whether or not we are setting aside enough money to cover asset replacement (<i>as estimated by how much our assets are decreasing in value annually</i>))	319,156	 Less Than Prior Year	 Exceeded Plan	Asset replacement is adequate for now; however, once depreciation of new renovations begins, asset replacement will turn negative
Total Working Capital (What total resources are available in the fund)	5,091,220	 More Than Prior Year	 Exceeded Plan	Working capital is adequate and in line with plan
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	4,276,278	 More than Prior Year	 Met Plan	Capital project funding adequately addresses current infrastructure needs

Undesignated Working Capital (How much of the fund's resources are available?)	814,942	 More Than Prior Year	 Exceeded Plan	Undesignated working capital is adequate for the present; however, ability to unplanned significant repairs is problematic
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	4,979.4	 More Than Prior year	 Exceeded Plan	Watch trend 
Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	764.6	 Less Than Last Year	 Met Plan	Watch Trend 

The financial performance of the Airport Terminal Fund over the fiscal year met or exceeded all aspects of the annual financial plan, and, was improved over FY2018 in all metrics. Earnings before interest and depreciation (EBID) were \$103K greater than plan and \$349K greater than FY2018; net income was \$162K greater than plan and \$346K greater than FY2018. The primary reason for the positive variances from plan and prior year were passenger facility charges (PFCs), which exceeded planned amounts by \$55K.

An element of revenue, and assets, which needs to be pointed out and explained is the mark-to-market adjustment for investments, as it can't be spent and should not be included in financial forecasting and decision making. Generally accepted accounting principals require that investments be "marked to market", meaning that the value of investment assets is increased on the balance sheet to market value, and the unrealized gain on this increase is recorded as investment income. This unrealized gain can only be converted to cash, however, if the investments are liquidated prior to maturity and spent. As the City and Borough of Sitka normally holds investments to maturity, however, and the value at maturity is face value, liquidation prior to maturity rarely occurs. Thus, to get a conservative sense of what working capital is truly available to spend, a large mark-to-market adjustment should be factored out. The mark-to-market adjustment for the Airport Terminal Fund in FY2019 was \$22,381. The amounts of working capital discussed in this financial analysis conservatively factor out the Airport Terminal Fund's mark-to-market adjustment.

The capital project to renovate the jetways and passenger waiting facility is proceeding according to plan. Passenger facility charges (PFCs) are being collected at the level anticipated and are sufficient to finance debt service payments on the Airport Terminal revenue bonds.

The major challenge that the Airport Terminal faces is similar to other elements of Municipal infrastructure – the facility is aging and maintenance and repair of basic mechanical systems – plumbing, HVAC, and electrical – is increasing in frequency and cost. The building is starting to reach the end of its useful life and insufficient working capital has been accumulated to finance the cost of major structural repairs.

City and Borough of Sitka
Airport Terminal Fund
Financial Statements (Unaudited)
For The Twelve-Month Period Ending June 30, 2019

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100%)	Variance To FY2019 Plan
Revenue:									
Leases	142,205	102,647	102,648	116,661	464,161	398,977	65,184	424,000	40,161
Other Operating Revenue	<u>89,853</u>	<u>108,693</u>	<u>48,365</u>	<u>94,369</u>	<u>341,280</u>	<u>62,008</u>	<u>279,272</u>	<u>287,000</u>	<u>54,280</u>
						-			
Total Revenue:	232,058	211,340	151,013	211,030	805,441	460,985	344,456	711,000	94,441
Cost of Sales:									
Operations	74,368	92,231	98,167	110,073	374,839	379,441	4,602	383,684	8,845
Depreciation	<u>42,575</u>	<u>42,575</u>	<u>42,575</u>	<u>42,575</u>	<u>170,300</u>	<u>170,300</u>	<u>(0)</u>	<u>170,300</u>	<u>-</u>
Total Cost of Sales:	<u>116,943</u>	<u>134,806</u>	<u>140,742</u>	<u>152,648</u>	<u>545,139</u>	<u>549,740</u>	<u>4,601</u>	<u>553,984</u>	<u>8,845</u>
Gross Margin:	115,115	76,534	10,271	58,382	260,302	(88,755)	339,854	157,016	103,286
	49.61%	36.21%	6.80%	27.67%	32.32%	-19.25%	98.66%	22.08%	10.23%
Selling and Administrative Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings Before Interest (EBI):	115,115	76,534	10,271	58,382	260,302	(88,755)	349,057	157,016	103,286
	49.61%	36.21%	6.80%		32.32%	-19.25%	101.34%	22.08%	10.23%
Non-operating Revenue and Expense:									
Non-Operating Revenue and Expenses:	5,395	6,138	(22,494)	69,815	58,854	18,265	40,589	19,000	39,854
Bond Fund Interest		4,980	15,283	23,577	43,840	-	-	25,000	18,840
Interest Expense:	<u>-</u>	<u>(20,583)</u>	<u>(20,583)</u>	<u>(2,674)</u>	<u>(43,840)</u>	<u>-</u>	<u>(43,840)</u>	<u>(43,840)</u>	<u>-</u>
Total Non-operating Revenue & Expense:	<u>5,395</u>	<u>(9,465)</u>	<u>(27,794)</u>	<u>90,718</u>	<u>58,854</u>	<u>18,265</u>	<u>(3,251)</u>	<u>160</u>	<u>58,694</u>
Net Income:	120,510	67,069	(17,523)	149,100	319,156	(70,490)	345,806	157,176	161,980
	51.93%	31.74%	-11.60%	70.65%	39.63%	-15.29%	100.39%	22.11%	17.52%
Earnings Before Interest and Depreciation (EBIDA):	157,690	119,109	52,846	100,957	430,602	81,544	349,057	327,316	103,286
	67.95%	56.36%	34.99%	47.84%	53.46%	17.69%	101.34%	46.04%	7.43%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	163,085	109,644	25,052	191,675	489,456	99,810	389,647	327,476	161,980
Debt Principal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Principal Coverage Surplus/Deficit	<u>163,085</u>	<u>109,644</u>	<u>25,052</u>	<u>191,675</u>	<u>489,456</u>	<u>99,810</u>	<u>389,647</u>	<u>327,476</u>	<u>161,980</u>
Debt Principal Coverage Percentage	100.00%	100.00%			100.00%	100.00%	100.00%	100.00%	0.00%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	163,085	109,644	25,052	191,675	489,456	99,810	389,647	327,476	161,980
Depreciation	<u>42,575</u>	<u>42,575</u>	<u>42,575</u>	<u>42,575</u>	<u>170,300</u>	<u>170,300</u>	<u>0</u>	<u>170,300</u>	<u>-</u>
Cash Accumulated For/(Taken From) Asset Replacement	<u>120,510</u>	<u>67,069</u>	<u>(17,523)</u>	<u>149,100</u>	<u>319,156</u>	<u>(70,490)</u>	<u>389,646</u>	<u>157,176</u>	<u>161,980</u>

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100%)	Variance To FY2019 Plan
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	163,085	109,644	25,052	191,675	489,456	99,810	389,647	327,476	161,980
CapEx, Accruals, and other Balance Sheet Changes	(8,889)	3,989,080	(197,065)	(88,568)	3,694,558	(75,583)	3,770,141	3,694,558	-
Increase in (Decrease in) Working Capital	154,196	4,098,724	(172,013)	103,107	4,184,014	24,227	4,159,788	4,022,034	161,980
Plus Beginning Total Working Capital	929,587	1,083,783	5,182,507	5,010,494	929,587	905,360	24,227	929,587	-
Equals Ending Total Working Capital:	1,083,783	5,182,507	5,010,494	5,113,601	5,113,601	929,587	4,184,014	4,951,621	161,980
Working Capital Detail:									
Repair Reserve (1% of PPE):	52,070	52,070	52,070	52,070	52,070				
Working Capital Designated for CapEx	349,769	4,526,713	4,471,641	4,276,278	4,276,278				
Undesignated Working Capital	681,943	603,724	486,783	785,253	785,253				
Total Working Capital:	1,083,783	5,182,507	5,010,494	5,113,601	5,113,601				
Days On Hand Annual Cash Outlays in:									
Total Working Capital:	1,329.81	5,127.38	4,657.45	4,239.15	4,979.38				
Days On Hand Annual Cash Outlays in Total Working Capital									
Total Working Capital Less Repair Reserve:	1,265.92	5,075.87	4,609.05	4,195.99	4,928.67				
Undesignated Working Capital	836.75	597.30	452.48	650.97	764.64				
Working Capital Calculation:									
Current Assets	1,083,783	5,203,090	5,179,202	5,339,520	5,339,520				
Current Liabilities	-	(20,583)	(33,708)	(90,919)	(90,919)				
CPLTD	-	-	(135,000)	(135,000)	(135,000)				
Total Working Capital	1,083,783	5,182,507	5,010,494	5,113,601	5,113,601				

Project	FY2019		<u>Cash</u>	State Grant <u>A/R</u>	Federal Grant <u>A/R</u>	Federal Loan <u>A/R</u>	Construction In Progress <u>6/30/2018</u>	Advertising Expense	Contracted & Purchased Services Expenses	Interdepartment Services Expenses	Capitalized Interest Expenses
	Transfer In Bond Proceeds	FY2019 Appropriations									
90736 - Airport Baggage and TSA Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,723.91	\$ -	\$ -	\$ -	\$ -
90835 - Sitka Airport Terminal Improvements	\$ 82,490.54	\$ -	\$ 166,763.77	\$ -	\$ 16,835.40	\$ -	\$ 105,051.44	\$ -	\$ 100,244.56	\$ 22,513.54	\$ 60,169.56
90872 - Airport Air Taxi ADA Ramp & Door	\$ -	\$ 100,000.00	\$ 100,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90873 - Airport Heat Pumps For Hold Room	\$ -	\$ 36,000.00	\$ 36,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.2 No Job	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals:	\$ 82,490.54	\$ 136,000.00	\$ 302,763.77	\$ -	\$ 16,835.40	\$ -	\$ 287,775.35	\$ -	\$ 100,244.56	\$ 22,513.54	\$ 60,169.56



















Project	Total Expenses	Construction In Progress 6/30/2019	Total Assets	Accounts Payable	Retainage Payable	Total Liabilities	Working Capital
90736 - Airport Baggage and TSA Improvements	\$ -	\$ 182,723.91	\$ 182,723.91	\$ -	\$ -	\$ -	\$ -
90835 - Sitka Airport Terminal Improvements	\$ 182,927.66	\$ 287,979.10	\$ 471,578.27	\$ 6,648.30	\$ -	\$ 6,648.30	\$ 176,950.87
90872 - Airport Air Taxi ADA Ramp & Door	\$ -	\$ -	\$ 100,000.00	\$ -	\$ -	\$ -	\$ 100,000.00
90873 - Airport Heat Pumps For Hold Room	\$ -	\$ -	\$ 36,000.00	\$ -	\$ -	\$ -	\$ 36,000.00
2.2 No Job	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals:	\$ 182,927.66	\$ 470,703.01	\$ 790,302.18	\$ 6,648.30	\$ -	\$ 6,648.30	\$ 312,950.87




Marine Service Center

Financial Analysis

As Of, And For the Fiscal Year Ending June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	167,224	 Lower Than Last Year	 Exceeded Plan	One of two major leases terminated on 6/30/18 but resumed on a month-to-month basis, causing revenue to decline
Appropriated Outlays vs. Actual Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	22,537	n/a	Under budget 	n/a
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays— indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	13,909	 Lower Than Last year	 Exceeded Plan	Cash flow was reduced due to the partial-year loss of a major tenant
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	69,778	 Lower Than Last year	 Exceeded Plan	Net income was reduced due to the partial-year loss of a major tenant
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (as estimated by how much our assets are decreasing in value annually))	69,778	 Lower Than Last Year	 Exceeded Plan	Asset replacement was reduced due to the partial-year loss of a major tenant
Total Working Capital (What total resources are available in the fund)	2,017,712	 Not Meaningfully Different	 Exceeded Plan	Working capital is adequate and in line with plan
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	54,245	 More Than Prior Year	 Met Plan	Capital project funding adequately addresses current infrastructure needs
Undesignated Working Capital (How much of the fund's resources are available?)	1,963,467	 Not Meaningfully Different	 Exceeded Plan	Undesignated working capital is adequate for the present; it is not sufficient to fully pay for asset replacement or major renovation
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	4,914.3	 Not Meaningfully Different	 Exceeded Plan	Monitor 

Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	4,785.2	 Not Meaningfully Different	 Exceeded Plan	Monitor 
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The Marine Service Center exceeded planned performance for FY2019. Financial results had negative variances to the prior fiscal year, however, due to the partial-year loss of one of the two major tenants in the building. That tenant departed for several months, then returned on a month-to-month basis.

The mark-to-market adjustment for the Marine Service Center's investment in the Central Treasury increased by \$43,505. This amount has been deducted from the level of working capital reported above.

Although conversations with new and existing tenants has taken place, no new long-term leases have been signed (a month-to-month lease was negotiated). Furthermore, the Municipality has the ability to now sell the facility, as grant stipulations prohibiting sale have now expired. The replacement of the departing tenant, negotiations of new leases, and deliberations concerning sale of the facility will have a large impact on the future financial condition and performance of this fund.

City and Borough of Sitka
Marine Service Center
Financial Statements
For The Twelve-Month Period Ended June 30, 2019
(Unaudited)

	Jul-Sep <u>2018</u>	Oct-Dec <u>2018</u>	Jan-Mar <u>2019</u>	Apr-Jun <u>2019</u>	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Revenue:									
Leases	31,883	30,474	30,473	74,394	167,224	243,789	(76,565)	124,632	42,592
Other Operating Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue:	31,883	30,474	30,473	74,394	167,224	243,789	(76,565)	124,632	42,592
Cost of Sales:									
Operations	26,221	60,600	43,707	22,787	153,315	63,598	(89,717)	175,506	22,191
Depreciation	<u>7,977</u>	<u>7,976</u>	<u>7,977</u>	<u>7,630</u>	<u>31,560</u>	<u>31,906</u>	<u>346</u>	<u>31,906</u>	<u>346</u>
Total Cost of Sales:	<u>34,198</u>	<u>68,576</u>	<u>51,684</u>	<u>30,417</u>	<u>184,875</u>	<u>95,504</u>	<u>(89,371)</u>	<u>207,412</u>	<u>22,537</u>
Gross Margin:	(2,315) -7.26%	(38,102) -125.03%	(21,211) -69.61%	43,977 59.11%	(17,651) -10.56%	148,285 60.83%	(165,936) -71.38%	(82,780) -66.42%	65,129 55.86%
Selling and Administrative Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings Before Interest (EBI):	(2,315) -7.26%	(38,102) -125.03%	(21,211) -69.61%	43,977 59.11%	(17,651) -10.56%	148,285 60.83%	(165,936) -71.38%	(82,780) -66.42%	65,129 55.86%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	10,637	10,969	11,095	54,728	87,429	5,830	81,599	35,000	52,429
Interest Expense:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-operating Revenue & Expense:	<u>10,637</u>	<u>10,969</u>	<u>11,095</u>	<u>54,728</u>	<u>87,429</u>	<u>5,830</u>	<u>81,599</u>	<u>35,000</u>	<u>52,429</u>
Net Income:	<u>8,322</u> 26.10%	<u>(27,133)</u> -89.04%	<u>(10,116)</u> -33.20%	<u>98,705</u> 132.68%	<u>69,778</u> 41.73%	<u>154,115</u> 63.22%	<u>(84,337)</u> 110.15%	<u>(47,780)</u> -38.34%	<u>117,558</u> 80.06%
Earnings Before Interest and Depreciation (EBIDA):	5,662 17.76%	(30,126) -98.86%	(13,234) -43.43%	51,607 69.37%	13,909 8.32%	180,191 73.91%	(166,282) -65.60%	(50,874) -40.82%	65,475 49.14%
<u>Debt Principal Coverage</u>									
Simple Cash Flow (Net Income Plus Depreciation)	16,299	(19,157)	(2,139)	106,335	101,338	186,021	(84,683)	(15,874)	117,212
Debt Principal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Principal Coverage Surplus/Deficit	<u>16,299</u>	<u>(19,157)</u>	<u>(2,139)</u>	<u>106,335</u>	<u>101,338</u>	<u>186,021</u>	<u>(84,683)</u>	<u>(15,874)</u>	<u>117,212</u>
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%	100%	100%	100%	0%
<u>Simple Asset Replacement Coverage</u>									
Debt Principal Coverage Surplus/Deficit (From Above)	16,299	(19,157)	(2,139)	106,335	101,338	186,021	(84,683)	(15,874)	117,212
Depreciation	<u>7,977</u>	<u>7,976</u>	<u>7,977</u>	<u>7,630</u>	<u>31,560</u>	<u>31,906</u>	<u>(346)</u>	<u>31,560</u>	<u>-</u>
Cash Accumulated For/(Taken From) Asset Replacemen	<u>8,322</u>	<u>(27,133)</u>	<u>(10,116)</u>	<u>98,705</u>	<u>69,778</u>	<u>154,115</u>	<u>(84,337)</u>	<u>(47,434)</u>	<u>117,212</u>

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	16,299	(19,157)	(2,139)	106,335	101,338	186,021	(84,683)	(15,874)	117,212
CapEx, Accruals, and other Balance Sheet Changes	-	-	(8,311)	(7,445)	(15,756)	-	(15,756)	(15,756)	-
Increase in (Decrease in) Working Capital	16,299	(19,157)	(10,450)	98,890	85,582	186,021	(100,439)	(31,630)	117,212
Plus Beginning Total Working Capital	1,978,635	1,994,934	1,975,777	1,965,327	1,978,635	1,792,614	186,021	1,978,635	-
Equals Ending Total Working Capital:	1,994,934	1,975,777	1,965,327	2,064,217	2,064,217	1,978,635	85,582	1,947,005	117,212
Working Capital Detail:									
Repair Reserve (1% of PPE):	-	-	-	-	-				
Working Capital Designated for CapEx	70,000	70,000	61,688	54,245	54,245				
Undesignated Working Capital	1,924,934	1,905,777	1,903,639	2,009,972	2,009,972				
Total Working Capital:	1,994,934	1,975,777	1,965,327	2,064,217	2,064,217				
Days On Hand Annual Cash Outlays in:									
Total Working Capital	6,942.44	2,975.08	4,103.14	8,266.11	4,914.32				
Working Capital Less Repair Reserve:	6,942.44	2,975.08	4,103.14	8,266.11	4,914.32				
Undesignated Working Capital	6,698.84	2,869.67	3,974.35	8,048.89	4,785.18				
Working Capital Calculation:									
Current Assets	1,994,934	1,975,777	1,965,327	2,064,217	2,064,217				
Current Liabilities									
CPLTD	-	-	-	-	-				
Total Working Capital	1,994,934	1,975,777	1,965,327	2,064,217	2,064,217				

Project		FY2019 <u>Appropriations</u>	<u>Cash</u>	State Grant <u>A/R</u>	Federal Grant <u>A/R</u>	Federal Loan <u>A/R</u>	Construction In Progress <u>6/30/2018</u>	Advertising <u>Expense</u>	Contracted & Purchased Services <u>Expenses</u>	Interdepartment Services <u>Expenses</u>	Total <u>Expenses</u>
90874 - MSC Roof Condenser Replacement		\$ 70,000.00	\$ 54,245.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,755.00	\$ -	\$ 15,755.00
2.2 No Job		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals:		\$ 70,000.00	\$ 54,245.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,755.00	\$ -	\$ 15,755.00


























Project	Construction In Progress <u>6/30/2019</u>	Total <u>Assets</u>	Accounts <u>Payable</u>	Retainage <u>Payable</u>	Total <u>Liabilities</u>	Working <u>Capital</u>
90874 - MSC Roof Condenser Replacement	\$ -	\$ 54,245.00	\$ -	\$ -	\$ -	\$ 54,245.00
2.2 No Job	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals:	\$ -	\$ 54,245.00	\$ -	\$ -	\$ -	\$ 54,245.00



Gary Paxton Industrial Park

Financial Analysis

As Of, And For the Fiscal Year Ending June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	136,427	 Not Meaningfully Different	 Did Not Meet Plan	 Reduced lease revenue cash flows will impact future ability to maintain the new dock
Appropriated Outlays vs. Actual Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	10,404	n/a	Under budget 	n/a
Earnings (Loss) Before Interest and Depreciation (Operating inflows minus operating outlays—indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	(138,221)	 Larger EBID Loss Than Last year	 Did Not Meet Plan	 Cash flow from operations is negative; rent and tariff revenue is not covering operating costs
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	(530,405)	 Larger Loss Than Last Year Due Depreciation of New Dock	 Met Plan	 Ongoing operations not profitable
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (as estimated by how much our assets are decreasing in value annually))	(580,189)	 Larger Deficit Than Last Year Due To Addition of New Dock	 Met Plan	 Asset replacement is inadequate; unless dock revenue markedly increases, no working capital for asset replacement will be accumulated
Total Working Capital (What total resources are available in the fund)	726,705	 Not Significantly Different	 Met Plan	 Working capital is inadequate
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for CAPEX)	219,896	 Not Significantly Different	 Met Plan	 Capital project funding adequately addresses current infrastructure needs
Undesignated Working Capital (How much of the fund's resources are available?)	506,809	 Not Significantly Different	 Met Plan	 Adequate for the present; it is not sufficient to fully pay for asset replacement or major renovation
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	840.1	 Not Significantly Different	 Met Plan	 Monitor; adequate for present

Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	417.6	 Not Significantly Different	 Met Plan	Monitor, adequate for present
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As the Big Picture column illustrates, the Gary Paxton Industrial Park Fund is consuming working capital and is not covering costs of operations with revenue. Earnings before Interest and Depreciation, a surrogate for cash flow from operations, was (\$138.2K), compared with (\$67,203 in FY2018 and FY2019 plan of (\$123.1).

The mark-to-market adjustment for the Gary Paxton Industrial Park Fund's investment in the Central Treasury increased by \$31,185. This amount has been deducted from the level of working capital reported above.

As the opportunities for leasing have diminished, the hope for improving the financial performance and position rests with the dock and the ability to generate significant moorage and wharfage tariff revenue through it.

To date, however, tariff revenue has continued to not meet expectations. Total tariff-related revenue for fiscal year 2019 was \$14,745, (\$25.8K) below annual plan. If profitability and positive cash flow can't be achieved, the Municipality may eventually need to seriously consider merging the Park into the General Fund, creating a Department similar to Harrigan Centennial Hall which is subsidized by tax revenues.

City and Borough of Sitka
Gary Paxton Industrial Park Fund
Financial Statements
For The Twelve-Month Period Ending June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Revenue:									
Leases	28,404	27,255	31,673	33,341	120,673	118,962	1,711	121,500	(827)
Other Operating Revenue	<u>3,605</u>	<u>483</u>	<u>2,515</u>	<u>9,151</u>	<u>15,754</u>	<u>1,599</u>	<u>14,155</u>	<u>40,500</u>	<u>(24,746)</u>
Total Revenue:	32,009	27,738	34,188	42,492	136,427	120,561	15,866	162,000	(25,573)
Cost of Sales:									
Operations	52,858	60,365	69,386	92,039	274,648	187,764	(86,884)	285,052	10,404
Depreciation	<u>115,186</u>	<u>115,186</u>	<u>115,186</u>	<u>87,108</u>	<u>432,666</u>	<u>333,798</u>	<u>(98,868)</u>	<u>432,666</u>	<u>-</u>
Total Cost of Sales:	168,044	175,551	184,572	179,147	707,314	521,562	(185,752)	717,718	10,404
Gross Margin:	(136,035)	(147,813)	(150,384)	(136,655)	(570,887)	(401,001)	(169,886)	(555,718)	(15,169)
	-424.99%	-532.89%	-439.87%	-321.60%	-418.46%	-332.61%	-85.84%	-343.04%	-75.42%
Selling and Administrative Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings Before Interest (EBI):	(136,035)	(147,813)	(150,384)	(136,655)	(570,887)	(401,001)	(169,886)	(555,718)	(15,169)
	-424.99%	-532.89%			-418.46%	-332.61%	-85.84%	-343.04%	-75.42%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	8,950	5,633	5,599	34,582	54,764	(3,799)	58,563	70,000	(15,236)
Grant Revenue:	-	-	-	-	-	3,117,049	(3,117,049)	-	-
CAPEX related to grant revenue*	-	-	-	-	-	(3,197,224)	3,197,224	-	-
Loss on Impairment	-	-	-	-	-	(1,492,379.00)	1,492,379	-	-
Transfers From SMC Contingency Fund	3,235	3,426	3,495	3,545	13,701	11,574	2,127	-	13,701
Transfers to Other Funds	-	-	-	(23,129)	(23,129)	(29,268)	6,139	(23,129)	-
Interest Expense:	<u>(1,214)</u>	<u>(1,214)</u>	<u>(1,214)</u>	<u>(1,212)</u>	<u>(4,854)</u>	<u>(6,472)</u>	<u>1,618</u>	<u>(4,854)</u>	<u>-</u>
Total Non-operating Revenue & Expense:	10,971	7,845	7,880	13,786	40,482	(1,600,519)	1,641,001	42,017	(1,535)
Net Income:	(125,064)	(139,968)	(142,504)	(122,869)	(530,405)	(2,001,520)	1,471,115	(513,701)	(16,704)
	-390.72%	-504.61%	-416.82%	-289.16%	-388.78%	-1660.17%	1271.39%	-317.10%	1588.49%
Earnings Before Interest and Depreciation (EBID):	(20,849)	(32,627)	(35,198)	(49,547)	(138,221)	(67,203)	(268,754)	(123,052)	(15,169)
	-65.13%	-117.63%	-102.95%	-116.60%	-101.31%	-55.74%	-45.57%	-75.96%	-25.36%

*Note that these financial statements are on a modified accrual basis and CAPEX expenditures related to grant revenue have been included to better illustrate the funds financial position.

Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation excluding capital grants)	(9,878)	(24,782)	(27,318)	(35,761)	(97,739)	(95,168)	(2,571)	(81,035)	(16,704)
Debt Principal	<u>12,446</u>	<u>12,446</u>	<u>12,446</u>	<u>12,446</u>	<u>49,784</u>	<u>49,783</u>	<u>1</u>	<u>49,784</u>	<u>-</u>
Debt Principal Coverage Surplus/Deficit	(22,324)	(37,228)	(39,764)	(48,207)	(147,523)	(144,951)	(2,572)	(130,819)	(16,704)
Debt Principal Coverage Percentage	-79.37%	-199.12%	-219.49%	-287.33%	-196.33%	905.93%	-1102.25%	-162.77%	-939.48%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	(22,324)	(37,228)	(39,764)	(48,207)	(147,523)	(144,951)	(2,572)	(130,819)	(16,704)
Depreciation	<u>115,186</u>	<u>115,186</u>	<u>115,186</u>	<u>87,108</u>	<u>432,666</u>	<u>333,798</u>	<u>98,868</u>	<u>432,666</u>	<u>-</u>
Cash Accumulated For/(Taken From) Asset Replacement	(137,510)	(152,414)	(154,950)	(135,315)	(580,189)	(478,749)	(101,440)	(563,485)	(16,704)



















	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	(22,324)	(37,228)	(39,764)	(48,207)	(147,523)	(144,951)	(2,572)	(130,819)	(16,704)
CapEx, Accruals, and other Balance Sheet Changes	163,755	11,265	2,959	23,922	201,901	(145,948)	347,849	201,901	-
Increase in (Decrease in) Working Capital	141,431	(25,963)	(36,805)	(24,285)	54,378	(290,899)	345,277	71,082	(16,704)
Plus Beginning Total Working Capital	703,512	844,943	818,980	782,175	703,512	994,411	(290,899)	703,512	-
Equals Ending Total Working Capital:	844,943	818,980	782,175	757,890	757,890	703,512	54,378	774,594	(16,704)
Working Capital Detail:									
Repair Reserve (1% of PPE):	161,122	161,122	161,122	161,283	161,283				
Working Capital Designated for CapEx	234,342	232,402	224,261	219,896	219,896				
Undesignated Working Capital	449,479	425,456	396,792	376,711	376,711				
Total Working Capital:	844,943	818,980	782,175	757,890	757,890				
Days On Hand Annual Cash Outlays in:									
Total Working Capital	1,159.10	1,009.55	859.44	654.30	840.09				
Total Working Capital Less Repair Reserve	938.07	810.94	682.41	515.06	661.31				
Undesignated Working Capital	616.60	524.46	435.99	325.22	417.57				
Working Capital Calculation:									
Current Assets	1,044,083	1,018,110	981,305	916,113	916,113				
Current Liabilities	(149,346)	(149,346)	(149,346)	(108,439)	(108,439)				
CPLTD	(49,784)	(49,784)	(49,784)	(49,784)	(49,784)				
Total Working Capital	844,953	818,980	782,175	757,890	757,890				



GPIP Fund Capital Project Detail												
Project	FY2019 Appropriations	FY2019 Loan Grant & Other	Cash	State Grant A/R	State Loan A/R	Federal Loan A/R	Construction In Progress 6/30/2018	Supplies Expense	Contracted & Purchased Services Expenses	Interdepartment Services Expenses	Transfer Out	Total Expenses
90748 - GPIP Dock	\$ -	\$ -	\$ 172,879.83	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 772.50	\$ 1,768.38	\$ -	\$ 2,540.88
90836 - GPIP Shoreline Stabilization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90837 - GPIP Dock Access Ramp Design	\$ 22,000.00	\$ -	\$ 30,436.43	\$ -	\$ -	\$ -	\$ 8,131.30	\$ -	\$ 19,768.39	\$ 7,083.88	\$ -	\$ 26,852.27
90854 - GPIP Site Cleanup	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,109.93	\$ -	\$ -	\$ -	\$ 18,890.07	\$ -
90875 - GPIP Wash Down Pad	\$ 20,000.00	\$ -	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals:	\$ 42,000.00	\$ -	\$ 223,316.26	\$ -	\$ -	\$ -	\$ 24,241.23	\$ -	\$ 20,540.89	\$ 8,852.26	\$ 18,890.07	\$ 29,393.15

GPIP Fund Capital Project Detail									
Project	Mixed Project	Expenses	CIP/Expense	Construction					
	Expenses	Reclassified	Reclass to	In Progress	Total	Accounts	Retainage	Total	Working
	Reclassified	To CIP	Parent Fund	6/30/2019	Assets	Payable	Payable	Liabilities	Capital
90748 - GPIP Dock	\$ -	\$ 2,540.88	\$ -	\$ 2,540.88	\$ 175,420.71	\$ -	\$ -	\$ -	\$ 172,879.83
90836 - GPIP Shoreline Stabilization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90837 - GPIP Dock Access Ramp Design	\$ -	\$ 26,852.27	\$ -	\$ 34,983.57	\$ 65,420.00	\$ 3,420.00	\$ -	\$ 3,420.00	\$ 27,016.43
90854 - GPIP Site Cleanup	\$ -	\$ (16,109.93)	\$ 16,109.93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
90875 - GPIP Wash Down Pad	\$ -	\$ -	\$ -	\$ -	\$ 20,000.00	\$ -	\$ -	\$ -	\$ 20,000.00
Totals:	\$ -	\$ 13,283.22	\$ 16,109.93	\$ 37,524.45	\$ 260,840.71	\$ 3,420.00	\$ -	\$ 3,420.00	\$ 219,896.26

Information Technology Fund
Financial Analysis
As Of, And For the Fiscal Year Ending June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	1,847,594	 Greater Than Last year	 Met Plan	 Achieving plan, but need continue to increase revenue in future to cover asset replacement
Appropriated Outlays vs. Actual Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	92,681	n/a	Under Budget 	n/a
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays— indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	815,464	 More than Prior Year	 Exceeded Plan	Positive EBID is due to transfers for CapEx; otherwise EBID is breakeven
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	254,383	 More Than Prior Year	 More Than Planned	Net Income is due to transfers for CapEx; otherwise Net Income is breakeven
Asset Replacement (Net income minus debt principal repayment—gives an indication of whether or not we are setting aside enough money to cover asset replacement (<i>as estimated by how much our assets are decreasing in value annually</i>))	136,614	 Greater Than Prior Year	 More Than planned	In this fund, asset replacement is especially important as technology quickly becomes obsolete
Total Working Capital (What total resources are available in the fund)	461,502	 Greater Than Prior Year	 Exceeded Plan	Working capital temporarily increased due to transfers for project funding
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for vehicle acquisition)	471,078	 Greater Than Prior Year	 Greater Than Planned	Working capital temporarily increased due to transfers for project funding
Undesignated Working Capital (How much of the fund's resources are available?)	(9,576)	 Improved Over Prior Year	 Better Than planned	Working capital deficit is slowly shrinking
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	108.2	 Improved Over Prior Year	 Exceeded Plan	Working capital temporarily increased due to transfers for project funding

Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	(0.6)	 Improved Over Prior Year	 Better Than planned	Fund must borrow from central treasury
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The IT Fund's financial results for FY2019 are skewed by funding for two major IT projects, the E911 system replacement and the public safety records management system.

The mark-to-market adjustment for the IT Fund's investment in the Central Treasury increased by \$7,128. This amount has been deducted from the level of working capital reported above.

Full funding for the E911 system replacement was transferred in from the General Fund E911 designated fund balance in the first quarter, creating the large positive variance in revenue and EBID. On the other hand, funding for the records management system will be through a loan from the Southeast Alaska Economic Development Fund, but, the fixed asset will be a general governmental asset. The cost of the fixed asset will be recouped over time through IT charges to the General Fund (Police Department).

The focus of the IT Fund has been to begin generating cash flow from its operations in order to address its negative working capital position. Progress towards this goal resumed in the third fiscal quarter, however, as the negative balance in working capital balance decreased significantly. Again, funding transfers for capital projects have skewed results, but IT management has believed that heavier spending in the first half of the fiscal year was the root cause, though, and lighter spending in the second half of the fiscal year should result in a small reduction in the negative working capital balance by fiscal year's end.

City and Borough of Sitka
MIS Fund
Financial Statements
For The Twelve-Month Period Ended June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Revenue:									
Data Processing Charges	309,670	309,670	309,669	309,670	1,238,679	1,175,598	63,081	1,238,679	(0)
Other Operating Revenue	<u>285,000</u>	<u>13,200</u>	<u>324,060</u>	<u>(12,985)</u>	<u>609,275</u>	<u>13,591</u>	<u>595,684</u>	<u>626,694</u>	<u>(17,419)</u>
Total Revenue:	594,670	322,870	633,729	296,685	1,847,954	1,189,189	658,765	1,865,373	(17,419)
Cost of Sales:									
Operations	390,219	240,388	226,098	175,785	1,032,490	1,060,316	27,826	1,125,171	92,681
Depreciation	<u>49,614</u>	<u>49,615</u>	<u>49,614</u>	<u>46,303</u>	<u>195,146</u>	<u>198,457</u>	<u>3,311</u>	<u>195,146</u>	<u>-</u>
Total Cost of Sales:	<u>439,833</u>	<u>290,003</u>	<u>275,712</u>	<u>222,088</u>	<u>1,227,636</u>	<u>1,258,772</u>	<u>31,136</u>	<u>1,320,317</u>	<u>92,681</u>
Gross Margin:	154,837 26.04%	32,867 10.18%	358,017 56.49%	74,597 25.14%	620,318 33.57%	(69,584) -5.85%	689,902 39.42%	545,056 29.22%	75,262 4.35%
Selling and Administrative Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings Before Interest (EBI):	154,837 26.04%	32,867 10.18%	358,017 56.49%	74,597 25.14%	620,318 33.57%	(69,584) -5.85%	689,902 39.42%	545,056 29.22%	75,262 4.35%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	(479)	(751)	66	9,361	8,197	(1,986)	10,183	3,000	5,197
Transfer s out/Interest expense	<u>(360,000)</u>	<u>-</u>	<u>-</u>	<u>(14,132)</u>	<u>(374,132)</u>	<u>(1,798)</u>	<u>(372,334)</u>	<u>(360,000)</u>	<u>(14,132)</u>
Total Non-operating Revenue & Expense	<u>(360,479)</u>	<u>(751)</u>	<u>66</u>	<u>(4,771)</u>	<u>(365,935)</u>	<u>(3,784)</u>	<u>(362,151)</u>	<u>(357,000)</u>	<u>(8,935)</u>
Net Income:	<u><u>(205,642)</u></u> -34.58%	<u><u>32,116</u></u> 9.95%	<u><u>358,083</u></u> 56.50%	<u><u>69,826</u></u> 23.54%	<u><u>254,383</u></u> 13.77%	<u><u>(73,368)</u></u> -6.17%	<u><u>327,751</u></u> 49.75%	<u><u>188,056</u></u> 10.08%	<u><u>66,327</u></u> 3.68%
Earnings Before Interest and Depreciation (EBIDA):	204,451 34.38%	82,482 25.55%	407,631 64.32%	120,900 40.75%	815,464 44.13%	128,873 10.84%	686,591 33.29%	740,202 39.68%	75,262 4.45%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(156,028)	81,731	407,697	116,129	449,529	125,088	324,440	383,202	66,327
Debt Principal	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,769</u>	<u>117,769</u>	<u>51,353</u>	<u>66,416</u>	<u>117,769</u>	<u>-</u>
Debt Principal Coverage Surplus/Deficit	<u><u>(156,028)</u></u>	<u><u>81,731</u></u>	<u><u>407,697</u></u>	<u><u>(1,640)</u></u>	<u><u>331,760</u></u>	<u><u>73,735</u></u>	<u><u>258,024</u></u>	<u><u>265,433</u></u>	<u><u>66,327</u></u>
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	(156,028)	81,731	407,697	(1,640)	331,760	73,735	258,024	265,433	66,327
Depreciation	<u>49,614</u>	<u>49,615</u>	<u>49,614</u>	<u>46,303</u>	<u>195,146</u>	<u>198,457</u>	<u>(3,311)</u>	<u>195,146</u>	<u>-</u>
Cash Accumulated For/(Taken From) Asset Replace	<u><u>(205,642)</u></u>	<u><u>32,116</u></u>	<u><u>358,083</u></u>	<u><u>(47,943)</u></u>	<u><u>136,614</u></u>	<u><u>(124,721)</u></u>	<u><u>261,335</u></u>	<u><u>70,287</u></u>	<u><u>66,327</u></u>



















	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	(156,028)	81,731	407,697	(1,640)	331,760	73,735	258,024	265,433	66,327
CapEx, Accruals, and other Balance Sheet Changes	(175,767)	(94,520)	376,862	94,214	200,789	30,158	170,631	200,789	-
Increase in (Decrease in) Working Capital	(331,795)	(12,789)	784,559	92,574	532,549	103,893	428,655	466,222	66,327
Plus Beginning Total Working Capital	(17,165)	(348,960)	(361,749)	422,810	(17,165)	(121,058)	103,893	(17,165)	-
Equals Ending Total Working Capital:	(348,960)	(361,749)	422,810	515,384	515,384	(17,165)	532,549	449,057	66,327
Working Capital Detail:									
Repair Reserve (1% of PPE):	-	-	-		-				
Working Capital Designated for CapEx	-	-	471,078	471,078	471,078				
Undesignated Working Capital	(348,960)	(361,749)	(48,268)	(2,448)	44,306				
Total Working Capital:	(348,960)	(361,749)	422,810	468,630	515,384				
Days On Hand Annual Cash Outlays in:									
Total Working Capital	(42.44)	(137.32)	170.64	138.98	123.40				
Total Working Capital Less Repair Reserve	(42.44)	(137.32)	170.64	138.98	123.40				
Undesignated Working Capital	(42.44)	(137.32)	(19.48)	(0.73)	10.61				
Working Capital Calculation:									
Current Assets	(279,700)	(292,968)	585,807	963,105	963,105				
Current Liabilities	(68,781)	(68,781)	(68,781)	(376,706)	(376,706)				
CPLTD	-	-	(94,216)	(117,769)	(117,769)				
Total Working Capital	(348,481)	(361,749)	422,810	468,630	468,630				



Central Garage Fund

Financial Analysis

As Of, And For the Fiscal Year Ending, June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	1,807,597	 Greater Than Last Year	 Did Not Meet Plan	 Vehicle charges must cover operating costs and meet sinking fund requirements
Appropriated Outlays vs. Actual Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	117,136	n/a	Under budget 	n/a
Earnings Before Interest and Depreciation (Operating inflows minus operating outlays— indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	1,055,675	 Greater Than Last year	 Met Plan	Cash flow from operations must meet sinking fund requirements
Net Income (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	974,200	 Greater Than Last Year	 Exceeded Plan	Impacted by Cash Flow from Operations; must meet sinking fund requirements
Asset Replacement (Net income minus debt principal repayment— gives an indication of whether or not we are setting aside enough money to cover asset replacement (<i>as estimated by how much our assets are decreasing in value annually</i>))	924,200	 Greater Than Last year	 Exceeded Plan	Asset replacement is adequate; however, ability to finance future vehicle replacements depends on future vehicle charges
Total Working Capital (What total resources are available in the fund)	4,168,120	 More Than Prior Year	 Met Plan	Working capital is adequate and in line with plan
Working Capital For Vehicle Replacement (Of the fund's total resources, how much has been already appropriated for vehicle acquisition)	4,068,120	 More than Prior Year	 Met Plan	Vehicle replacement funding adequately addresses vehicle replacement needs
Undesignated Working Capital (How much of the fund's resources are available?)	100,000	 Not significantly different	 Met Plan	Undesignated working capital is adequate for the present
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	1,438.8	 More Than Prior Year	 Met Plan	Cash on hand is adequate for the present

Days Cash on Hand, Undesignated Working Capital (How many days of operations would the fund's fairly liquid assets cover?)	33.8	 Not significantly different	 Met Plan	Cash on hand is adequate for the present replacement
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The financial health of the Central Garage Fund and its working capital is adequate to meet current vehicle replacement needs, but vehicle charges must be continually adjusted in order to ensure the sinking fund is healthy. Keeping vehicle charges static in a time of rising inflation will cause the working capital of the Fund to decline.

The mark-to-market adjustment for the IT Fund's investment in the Central Treasury increased by \$85,100. This amount has been deducted from the level of working capital reported above.

City and Borough of Sitka
Central Garage Fund
Financial Statements
For The Twelve-Month Period Ended June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Revenue:									
Vehicle Billings	375,099	375,099	375,099	375,099	1,500,396	1,037,832	462,564	1,666,901	(166,505)
Other Operating Revenue	<u>70,032</u>	<u>83,432</u>	<u>59,007</u>	<u>94,730</u>	<u>307,201</u>	<u>448,695</u>	<u>(141,494)</u>	<u>286,518</u>	<u>20,683</u>
Total Revenue:	445,131	458,531	434,106	469,829	1,807,597	1,486,527	321,070	1,953,419	(145,822)
Cost of Sales:									
Operations	88,555	138,327	114,222	135,873	476,977	437,491	(39,486)	526,688	49,711
Depreciation	<u>126,205</u>	<u>126,205</u>	<u>126,205</u>	<u>107,466</u>	<u>486,081</u>	<u>504,820</u>	<u>18,739</u>	<u>504,820</u>	<u>18,739</u>
Total Cost of Sales:	<u>214,760</u>	<u>264,532</u>	<u>240,427</u>	<u>243,339</u>	<u>963,058</u>	<u>942,311</u>	<u>(20,747)</u>	<u>1,031,508</u>	<u>68,450</u>
Gross Margin:	230,371 51.75%	193,999 42.31%	193,679 44.62%	226,490 48.21%	844,539 46.72%	544,216 36.61%	300,323 10.11%	921,911 47.19%	(77,372) -0.47%
Selling and Administrative Expenses	<u>71,713</u>	<u>80,100</u>	<u>79,329</u>	<u>43,803</u>	<u>274,945</u>	<u>307,692</u>	<u>32,747.00</u>	<u>323,631</u>	<u>48,686</u>
Earnings Before Interest (EBI):	158,658 35.64%	113,899 24.84%	114,350	182,687	569,594 31.51%	236,524 15.91%	333,070 15.60%	598,280 30.63%	(28,686) 0.88%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	244,013	19,416	23,351	125,326	412,106	92,267	319,839	291,067	121,039
Interest Expense:	<u>(1,875)</u>	<u>(1,875)</u>	<u>(1,875)</u>	<u>(1,875)</u>	<u>(7,500)</u>	<u>(10,000)</u>	<u>2,500</u>	<u>(7,500)</u>	<u>-</u>
Total Non-operating Revenue & Expense:	<u>242,138</u>	<u>17,541</u>	<u>21,476</u>	<u>123,451</u>	<u>404,606</u>	<u>82,267</u>	<u>322,339</u>	<u>283,567</u>	<u>121,039</u>
Net Income:	<u>400,796</u> 90.04%	<u>131,440</u> 28.67%	<u>135,826</u> 31.29%	<u>306,138</u> 65.16%	<u>974,200</u> 53.89%	<u>318,791</u> 21.45%	<u>655,409</u> 204.13%	<u>881,847</u> 45.14%	<u>92,353</u> 8.75%
Earnings Before Interest and Depreciation (EBIDA):	284,863 64.00%	240,104 52.36%	240,555 55.41%	290,153 61.76%	1,055,675 58.40%	741,344 49.87%	314,331 8.53%	1,103,100 56.47%	(9,947) 1.93%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	527,001	257,645	262,031	413,604	1,460,281	823,611	636,670	1,386,667	73,614
Debt Principal	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>12,500</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Debt Principal Coverage Surplus/Deficit	<u>514,501</u>	<u>245,145</u>	<u>249,531</u>	<u>401,104</u>	<u>1,410,281</u>	<u>773,611</u>	<u>636,670</u>	<u>1,336,667</u>	<u>73,614</u>
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	514,501	245,145	249,531	401,104	1,410,281	773,611	636,670	1,336,667	73,614
Depreciation	<u>126,205</u>	<u>126,205</u>	<u>126,205</u>	<u>107,466</u>	<u>486,081</u>	<u>504,820</u>	<u>(18,739)</u>	<u>486,081</u>	<u>-</u>
Cash Accumulated For/(Taken From) Asset Replacemen	<u>388,296</u>	<u>118,940</u>	<u>123,326</u>	<u>293,638</u>	<u>924,200</u>	<u>268,791</u>	<u>655,409</u>	<u>850,586</u>	<u>73,614</u>






















	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	514,501	245,145	249,531	401,104	1,410,281	773,611	636,670	1,336,667	73,614
CapEx, Accruals, and other Balance Sheet Changes	(45,831)	(26,914)	(426,193)	(147,767)	(646,705)	(283,946)	(362,759)	(646,705)	-
Increase in (Decrease in) Working Capital	468,670	218,231	(176,662)	253,337	763,576	489,665	273,911	689,962	73,614
Plus Beginning Total Working Capital	3,489,644	3,958,314	4,176,545	3,999,883	3,489,644	2,999,979	489,665	3,489,644	-
Equals Ending Total Working Capital:	3,958,314	4,176,545	3,999,883	4,253,220	4,253,220	3,489,644	763,576	4,179,606	73,614
Working Capital Detail:									
Repair Reserve (1% of PPE):	2,909,991	3,182,110	3,459,005	3,826,016	3,826,016				
Working Capital Designated for CapEx	948,323	894,435	440,878	327,204	327,204				
Undesignated Working Capital	100,000	100,000	100,000	100,000	100,000				
Total Working Capital:	3,958,314	4,176,545	3,999,883	4,253,220	4,253,220				
Days On Hand Annual Cash Outlays in:									
Total Working Capital	2,068.20	1,637.06	1,755.38	2,000.02	1,438.82				
Total Working Capital Less Repair Reserve:	547.74	389.78	237.37	200.89	144.52				
Undesignated Working Capital	52.25	39.20	43.89	47.02	33.83				
Working Capital Calculation:									
Current Assets	4,035,638	4,241,369	4,064,707	4,332,374	4,332,374				
Current Liabilities	(14,824)	(14,824)	(14,824)	(29,154)	(29,154)				
CPLTD	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)				
Total Working Capital	3,970,814	4,176,545	3,999,883	4,253,220	4,253,220				

Building Maintenance Fund

Financial Analysis

As Of, And For the Fiscal Year Ending, June 30, 2019

Key Performance Indicators (KPI) Dashboard

Indicator	Amount	Compared To Last Year	Compared To Plan	Big Picture
Revenue	508,046	 Greater Than Last Year	 Did Not Meet Plan	 Revenue from operations not covering cost of operations
Appropriated Outlays vs. Actual Outlays (Budgeted for period minus actual expenditures. Indicates spending levels as compared to approved budget (over budget)/under budget)	413,133	n/a	Under budget 	
Earnings (Loss) Before Interest and Depreciation (Operating inflows minus operating outlays— indicates how much cash flow is being generated from operations to pay for things like interest expense, principal payments, and infrastructure investment)	(175,175)	 Smaller Loss Than Prior Year	 Better than Plan	 Cash flows from operations are not covering operating expenses
Net Income (Loss) (Incorporates non-operating revenue/expense and depreciation—indicates how much the fund has generated after paying for interest expense and factoring in depreciation of assets)	(93,234)	 Smaller Loss Than Last Year	 Better than Plan	 Losses continue to reduce fund balance, even if they are smaller than planned
Asset Replacement (Net income minus debt principal repayment— gives an indication of whether or not we are setting aside enough money to cover asset replacement (<i>as estimated by how much our assets are decreasing in value annually</i>))	(93,234)	 Smaller Deficit Than Last Year	 Better than Plan	 There are few assets held by this fund, thus this metric is of less concern.
Total Working Capital (What total resources are available in the fund)	1,362,366	 Less than Prior Year	 Better Than Plan	 Working Capital continues to decrease
Working Capital For Capital Projects (Of the fund's total resources, how much has been already appropriated for vehicle acquisition)	n/a			 Most projects held in parent capital project fund
Undesignated Working Capital (How much of the fund's resources are available?)	100,000			 Most working capital in fund designated for repairs
Days Cash on Hand, Total Working Capital (How many days of operations would be covered by our total working capital if no more revenue were generated)	697.0	 Less than Prior Year	 Better Than Plan	

The Building Maintenance Fund continues to show negative cash flow from operations. Earnings before interest and depreciation (EBID), a surrogate for cash flow from operations, was (175,175), indicating a loss and negative cash flow. This loss before interest and depreciation did less, however, in comparison with FY2018 (181,985) and was less than planned (263,882). While the decrease in working capital has slowed from last year, should the current rate at which working capital is decreasing continue, the fund's working capital will eventually become negative.

Ultimately, management must work to develop clear goals for the fund as well as a plan to achieve those goals. Questions that must be answered include:

- What level of working capital should the fund seek to maintain?
- What structure should be used for paying for the services provided by the fund? Do we keep the current structure, but increase the rate? Or, do we move more towards a structure similar to how the admin fee is calculated, but with a focus facilities (and their age)?
- Should a sinking fund for repairs be established? If so, how should it operate?
- Staff are working to implement a new structure for FY2021

It is critical to point out, for the Assembly and Administrator, that any plan which will improve the financial health of the Building Maintenance Fund will also impact the financial health of other funds. This is because the primary source of revenue for the Building Maintenance Fund is the charges it levies to other funds.

Improving the financial position of the Building Maintenance Fund must, therefore, involve increasing internal user fees, as additional cost saving expenditure reduction measures will be very difficult to achieve.

City and Borough of Sitka
Building Maintenance Fund
Financial Statements
For The Twelve-Month Period Ended June 30, 2019
(Unaudited)

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Revenue:									
Building Maintenance Charges	88,071	141,208	117,713	156,207	503,199	460,566	42,633	639,920	(136,721)
Other Operating Revenue	-	9,500	4,750	(9,403)	4,847	10,282	(5,435)	49,000	(44,153)
Total Revenue:	88,071	150,708	122,463	146,804	508,046	470,848	37,198	688,920	(180,874)
Cost of Sales:									
Operations	73,948	141,129	120,528	138,881	474,486	529,380	54,894	837,312	362,826
Depreciation	220	220	220	220	880	880	-	880	-
Total Cost of Sales:	74,168	141,349	120,748	139,101	475,366	530,260	54,894	838,192	362,826
Gross Margin:	13,903 15.79%	9,359 6.21%	1,715 1.40%	7,703 5.25%	32,680 6.43%	(59,412) -12.62%	92,092 19.05%	(149,272) -21.67%	181,952 28.10%
Selling and Administrative Expenses	59,534	63,444	74,462	11,295	208,735	168,493	(40,242)	259,042	50,307
Earnings (Loss) Before Interest (EBI):	(45,631) -51.81%	(54,085) -35.89%	(72,747) -59.40%	(3,592) -2.45%	(176,055) -34.65%	(227,905) -48.40%	51,850 13.75%	(408,314) -59.27%	232,259 24.62%
Non-operating Revenue and Expense:									
Interest and Non-Operating Revenue:	15,852	24,350	20,414	52,405	113,021	45,920	67,101	174,632	(61,611)
Interest Expense and Transfers Out:	(30,200)	-	-	-	(30,200)	-	(30,200)	(30,200)	-
Total Non-operating Revenue & Expense:	(14,348)	24,350	20,414	52,405	82,821	45,920	36,901	144,432	(61,611)
Net Income (Loss):	(59,979) -68.10%	(29,735) -19.73%	(52,333) -42.73%	48,813 33.25%	(93,234) -18.35%	(181,985) -38.65%	88,751 238.59%	(263,882) -38.30%	170,648 19.95%
Earnings (Loss) Before Interest and Depreciation (EBIDA)	(45,411) -51.56%	(53,865) -35.74%	(72,527) -59.22%	(3,372) -2.30%	(175,175) -34.48%	(227,025) -48.22%	51,850 13.74%	(407,434) -59.14%	232,259 24.66%
Debt Principal Coverage									
Simple Cash Flow (Net Income Plus Depreciation)	(59,759)	(29,515)	(52,113)	49,033	(92,354)	(181,105)	88,751	(263,002)	170,648
Debt Principal	-	-	-	-	-	-	-	-	-
Debt Principal Coverage Surplus/Deficit	(59,759)	(29,515)	(52,113)	49,033	(92,354)	(181,105)	88,751	(263,002)	170,648
Debt Principal Coverage Percentage	0.00%	0.00%	0.00%	0.00%	100%	100%	100%	100%	0%
Simple Asset Replacement Coverage									
Debt Principal Coverage Surplus/Deficit (From Above)	(59,759)	(29,515)	(52,113)	49,033	(92,354)	(181,105)	88,751	(263,002)	170,648
Depreciation	220	220	220	220	880	880	-	880	-
Cash Accumulated For/(Taken From) Asset Replacemen	(59,979)	(29,735)	(52,333)	48,813	(93,234)	(181,985)	88,751	(263,882)	170,648

	Jul-Sep 2018	Oct-Dec 2018	Jan-Mar 2019	Apr-Jun 2019	FY2019 YTD	FY2018 YTD	Variance To FY2018 YTD	FY2019 Plan (S/L - 100.00%)	Variance To FY2019 Plan
Working Capital									
Cash Flow:									
Net Income Plus Depreciation Less Principal	(59,759)	(29,515)	(52,113)	49,033	(92,354)	(181,105)	88,751	(263,002)	170,648
CapEx, Accruals, and other Balance Sheet Changes	-	(1)	1	(38,285)	(38,285)	(77,610)	39,325	(38,285)	-
Increase in (Decrease in) Working Capital	(59,759)	(29,516)	(52,112)	10,748	(130,639)	(258,715)	128,076	(301,287)	170,648
Plus Beginning Total Working Capital	1,493,005	1,433,246	1,403,730	1,351,618	1,493,005	1,751,720	(258,715)	1,493,005	-
Equals Ending Total Working Capital:	1,433,246	1,403,730	1,351,618	1,362,366	1,362,366	1,493,005	(130,639)	1,191,718	170,648
Working Capital Detail:									
Sinking Fund & Repair Reserve	1,333,246	1,303,730	1,251,618	1,262,366	1,262,366				
Working Capital Designated for CapEx	-	-	-	-	-				
Undesignated Working Capital	100,000	100,000	100,000	100,000	100,000				
Total Working Capital:	1,433,246	1,403,730	1,351,618	1,362,366	1,362,366				
Days On Hand Annual Cash Outlays in:									
Total Working Capital	799.01	626.14	632.52	827.80	697.01				
Total Working Capital Less Repair Reserve:	55.75	44.61	46.80	60.76	51.16				
Undesignated Working Capital	55.75	44.61	46.80	60.76	51.16				
Working Capital Calculation:									
Current Assets	1,455,736	1,426,220	1,374,108	1,396,335	1,396,335				
Current Liabilities	(22,490)	(22,490)	(22,490)	(33,969)	(33,969)				
CPLTD	-	-	-	-	-				
Total Working Capital	1,433,246	1,403,730	1,351,618	1,362,366	1,362,366				



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-251 Version: 1 Name:
Type: Item Status: AGENDA READY
File created: 11/20/2019 In control: City and Borough Assembly
On agenda: 11/26/2019 Final action:
Title: Proclamation - Small Business Saturday
Sponsors:
Indexes:
Code sections:
Attachments: [Small Business Saturday Proclamation](#)

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

Proclamation

WHEREAS, the City and Borough of Sitka, Alaska, celebrates our local small businesses and the contributions they make to our local economy and community; according to the United States Small Business Administration, there are 30.7 million small businesses in the United States, they represent 99.7 percent of all firms with paid employees in the United States, and are responsible for 64.9 percent of net new jobs created from 2000 to 2018; and

WHEREAS, small businesses employ 47.3 percent of the employees in the private sector in the United States; and

WHEREAS, 94 percent of consumers in the United States value the contributions small businesses make in their community; and

WHEREAS, 96 percent of consumers who plan to shop on Small Business Saturday said the day inspires them to go to small, independently-owned retailers or restaurants that they have not been to before, or would not have otherwise tried; and

WHEREAS, 92 percent of companies planning promotions on Small Business Saturday said the day helps their business stand out during the busy holiday shopping season; and

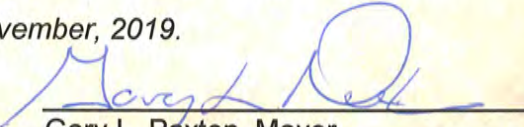
WHEREAS, 59 percent of small business owners said Small Business Saturday contributes significantly to their holiday sales each year; and

WHEREAS, the City and Borough of Sitka supports our local businesses that create jobs, boost our local economy and preserve our communities; and

WHEREAS, advocacy groups, as well as public and private organizations across the country have endorsed the Saturday after Thanksgiving as Small Business Saturday.

NOW, THEREFORE, the Assembly of the City and Borough of Sitka, Alaska does hereby proclaim, November 30, 2019, as **SMALL BUSINESS SATURDAY** and urges the residents of Sitka, and communities across the country, to support small businesses and merchants on Small Business Saturday and throughout the year.

Signed and sealed on this 26th day of November, 2019.


Gary L. Paxton, Mayor

ATTEST:


Sara Peterson, MMC, Municipal Clerk





CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-252 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 11/20/2019 In control: City and Borough Assembly

On agenda: 11/26/2019 Final action:

Title: Sitka Health Summit Coalition - Robert Wood Johnson Foundation 2019 RWJF Culture of Health Prize

Sponsors:

Indexes:

Code sections:

Attachments: [Special Report Health Summit](#)

Date	Ver.	Action By	Action	Result
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Special Report

Sitka Health Summit – Robert Wood Johnson Foundation 2019 RWJF Culture of Health Prize





CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-253 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 11/20/2019 In control: City and Borough Assembly

On agenda: 11/26/2019 Final action:

Title: Approve a liquor license renewal application for Bayview Pub LLC at 407 Lincoln Street, Suite 201

Sponsors:

Indexes:

Code sections:

Attachments: [Consent, motion, and memo](#)
[Bayview Pub LLC application](#)

Date	Ver.	Action By	Action	Result
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CONSENT AGENDA

POSSIBLE MOTION

I MOVE TO APPROVE THE CONSENT AGENDA
CONSISTING OF ITEM A

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 a liquor license renewal application for Bayview Pub LLC at 407 Lincoln Street, Suite 201 and forward this approval to the Alcoholic Beverage Control Board without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members
Hugh Bevan, Interim Municipal Administrator

From: Sara Peterson, Municipal Clerk

Date: November 13, 2019

Subject: Approve a liquor license renewal application for the Bayview Pub LLC

Our office has received notification of the following liquor license renewal application:

Lic #: 268
DBA: Bayview Pub LLC
License Type: Beverage Dispensary
Licensee: Bayview Pub LLC
Premises Address: 407 Lincoln Street, Suite 201

A memo was circulated to the various departments who may have a reason to protest the renewal of this license. No departmental objections were received.

For clarification, a name change has been approved by AMCO from dba Bayview Restaurant to Bayview Pub LLC.

Recommendation:

Approve the liquor license renewal application for Bayview Pub LLC and forward this approval to the Alcoholic Beverage Control Board without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Utility Billing Clerk – Diana
Collections - Carolyn
Municipal Billings – Lindsey
Sales Tax/Property Tax – Justin
Fire Department
Police Department
Building Official

From: Sara Peterson, Municipal Clerk

Date: November 8, 2019

Subject: Liquor License Renewal Application – Bayview Pub LLC

The Municipal Clerk's Office has been notified by the Alcohol and Marijuana Control Office of the following liquor license renewal application submitted by:

Lic #: 268
DBA: Bayview Pub LLC
License Type: Beverage Dispensary
Licensee: Bayview Pub LLC
Premises Address: 407 Lincoln Street, Suite 201

Please notify by noon on Wednesday, November 27 of any reason to protest this renewal request. This request is scheduled to go before the Assembly on December 10, 2019.

Thank you.



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

**Department of Commerce, Community,
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West 7th Avenue, Suite 1600

Anchorage, AK 99501

Main: 907.269.0350

November 7, 2019

City & Borough of Sitka

Via Email: sara.peterson@cityofsitka.org ; melissa.henshaw@cityofsitka.org

Re: Notice of 2020/2021 Liquor License Renewal Application

License Type:	Beverage Dispensary	License Number:	268
Licensee:	Bayview Restaurant		
Doing Business As:	Bayview Restaurant		

We have received a completed renewal application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under AS 04.11.480.

A local governing body may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of receipt of this notice, and by allowing the applicant a reasonable opportunity to defend the application before a meeting of the local governing body, as required by 3 AAC 304.145(d). If a protest is filed, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable.

To protest the application referenced above, please submit your written protest within 60 days, and show proof of service upon the applicant and proof that the applicant has had a reasonable opportunity to defend the application before a meeting of the local governing body.

Sincerely,

A handwritten signature in cursive script that reads "Erika McConnell".

Erika McConnell, Director

amco.localgovernmentonly@alaska.gov



Alaska Alcoholic Beverage Control Board

Form AB-17: 2020/2021 Renewal License Application**What is this form?**

This renewal license application form is required for all individuals or entities seeking to apply for renewal of an existing liquor license that are due to renew by December 31, 2019. All fields of this form must be complete and correct, or the application will be returned to you in the manner in which it was received, per AS 04.11.270 and 3 AAC 304.105. The Community Council field only should be verified/completed by licensees whose establishments are located within the Municipality of Anchorage or outside of city limits within the Matanuska-Susitna Borough.

This form must be completed and submitted to AMCO's main office before any license renewal application will be reviewed. Receipt and/or processing of renewal payments by AMCO staff neither indicates nor guarantees that an application will be considered complete, or that a license will be renewed.

Section 1 – Establishment and Contact Information

Enter information for the business seeking to have its license renewed. If any populated information is incorrect, please contact AMCO.

Licensee:	Bayview Pub, LLC	License #:	268
License Type:	Beverage Dispensary		
Doing Business As:	Bayview Restaurant		
Premises Address:	407 Lincoln Street, Suite 201		
Local Governing Body:	City & Borough of Sitka		
Community Council:	None		
Mailing Address:	407 LINCOLN ST, SUITE 201		
City:	SITKA	State:	AK
		ZIP:	99835

Enter information for the individual who will be designated as the primary point of contact regarding this application. This individual **must be a licensee** who is required to be listed in and authorized to sign this application.

Contact Licensee:	ANTHONY N. BUAK	Contact Phone:	907-747-5500
Contact Email:	tongbe@nwl.net		

Optional: If you wish for AMCO staff to communicate with an individual who is not a licensee named on this form (eg: legal counsel) about this application and other matters pertaining to the license, please provide that person's contact information in the fields below.

Name of Contact:	NICOLE BUAK	Contact Phone:	509-881-0119
Contact Email:	NICOLEBUAK@NWL.NET		



Alaska Alcoholic Beverage Control Board

Form AB-17: 2020/2021 Renewal License Application**Section 2 – Entity or Community Ownership Information**

Licensees who directly hold a license as an individual or individuals should skip to Section 3. General partnerships and local governments should skip to the second half of this page. All licensees that are corporations or LLCs must complete this section. Corporations and LLCs are required to be in good standing with the Alaska Division of Corporations, Business & Professional Licensing (CBPL). The CBPL Entity # below is neither your EIN/tax ID number, nor your business license number. You may view your entity's status or find your CBPL entity number by visiting the following site: <https://www.commerce.alaska.gov/cbp/main/search/entities>

Alaska CBPL Entity #:

10032438

You must ensure that you are able to certify the following statement before signing your initials in the box to the right: Initials

I certify that this entity is in good standing with CBPL and that all current entity officials and stakeholders (listed below) are also currently and accurately listed with CBPL.

A.A

This subsection must be completed by any community or entity, including a corporation, limited liability company, partnership, or limited partnership, that is applying for renewal. If more space is needed, please attach additional completed copies of this page.

- If the applicant is a corporation, the following information must be completed for each shareholder who owns 10% or more of the stock in the corporation, and for each president, vice-president, secretary, and managing officer.
- If the applicant is a limited liability organization, the following information must be completed for each member with an ownership interest of 10% or more, and for each manager.
- If the applicant is a partnership, including a limited partnership, the following information must be completed for each partner with an interest of 10% or more, and for each general partner.

Important Note: The information provided in the below fields (including spelling of names, specific titles, and percentages held) must match that which is listed with CBPL. If one individual holds multiple titles mentioned in the bullets above, all titles must be listed for that individual on this application and with CBPL. Failure to list all required titles constitutes an incomplete application. You must list **ALL** of your qualifying officials, additional copies of this page or a separate sheet of paper may be submitted if necessary.

Name of Official:	ANTHONY N. BLAK 10219		
Title(s):	MEMBER	Phone:	907-744-5300 % Owned: 100%
Mailing Address:	407 LINCOLN ST, SUITE 201		
City:	SITKA	State:	AK ZIP: 99805

Name of Official:	PATRICIA BLAK		
Title(s):	AFFILIATE	Phone:	907-744-5300 % Owned: 0%
Mailing Address:	407 LINCOLN ST, SUITE 201		
City:	SITKA	State:	AK ZIP: 99805

Name of Official:			
Title(s):		Phone:	% Owned:
Mailing Address:			
City:		State:	ZIP:

[Form AB-17] (rev 09/17/2019)

License # 268 DBA Bayview Restaurant

AMCO

OCT 09 2019





Alaska Alcoholic Beverage Control Board

Form AB-17: 2020/2021 Renewal License Application

Section 3 – Sole Proprietor Ownership Information

Entities, such as corporations or LLCs, should skip this section. This section must be completed by any licensee who directly holds the license as an **individual or multiple individuals** and is applying for license renewal. If more space is needed, please attach a separate sheet that includes all of the required information.

The following information must be completed for each licensee and each affiliate.

This individual is an: ☐ applicant ☐ affiliate

Name:				Contact Phone:	
Mailing Address:					
City:		State:		ZIP:	
Email:					

This individual is an: ☐ applicant ☐ affiliate

Name:				Contact Phone:	
Mailing Address:					
City:		State:		ZIP:	
Email:					

Section 4 – Alcohol Server Education

This section must be completed only by the holder of a **beverage dispensary, club, or pub** license or **conditional contractor's permit**. The holders of all other license types should skip to Section 5.

Read the line below, and then sign your initials in the box to the right of the statement:

Initials

I certify that all licensees, agents, and employees who sell or serve alcoholic beverages or check identification of a patron have completed an alcohol server education course approved by the ABC Board and keep current, valid copies of their course completion cards on the licensed premises during all working hours, as set forth in AS 04.21.025 and 3 AAC 304.465.

A.B.

Section 5 – License Operation

Check a **single box** for each calendar year that best describes how this liquor license was operated:

2018 2019

The license was regularly operated continuously throughout each year.

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
-------------------------------------	-------------------------------------

The license was regularly operated during a specific season each year.

<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------

The license was only operated to meet the minimum requirement of 240 total hours each calendar year.

If this box is checked, a complete copy of Form AB-30: Proof of Minimum Operation Checklist, and all necessary documentation must be provided with this application.

<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------

The license was not operated at all or was not operated for at least the minimum requirement of 240 total hours each year, during one or both of the calendar years.

If this box is checked, a complete copy of Form AB-29: Waiver of Operation Application and corresponding fees must be submitted with this application for each calendar year during which the license was not operated for at least the minimum requirement, unless a complete copy of the form (including fees) has already been submitted for that year.

<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------



Alaska Alcoholic Beverage Control Board

Form AB-17: 2020/2021 Renewal License Application

Section 6 – Violations and Convictions

Applicant violations and convictions in calendar years 2018 and 2019:

Yes No

Have any notices of violation (NOVs) been issued for this license in the calendar years 2018 or 2019?

☐ Yes ☒ No

Has any person or entity named in this application been convicted of a violation of Title 04, of 3 AAC 304, or a local ordinance adopted under AS 04.21.010 in the calendar years 2018 or 2019?

☐ Yes ☒ No

If "Yes" to either of the previous two questions, attach a separate page to this application listing all NOVs and/or convictions.

Section 7 – Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that all current licensees (as defined in AS 04.11.260) and affiliates have been listed on this application, and that in accordance with AS 04.11.450, no one other than the licensee(s) has a direct or indirect financial interest in the licensed business.

☐ Yes ☒ No

I certify that I have not altered the functional floor plan or reduced or expanded the area of the licensed premises, and I have not changed the business name or the ownership (including officers, managers, general partners, or stakeholders) from what is currently approved and on file with the Alcoholic Beverage Control Board.

☐ Yes ☒ No

I certify on behalf of myself or of the organized entity that I understand that providing a false statement on this form or any other form provided by AMCO is grounds for rejection or denial of this application or revocation of any license issued.

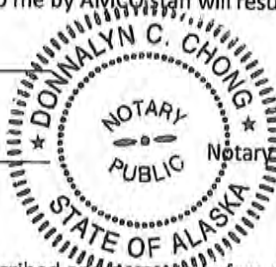
☐ Yes ☒ No

As an applicant for a liquor license renewal, I declare under penalty of perjury that I have read and am familiar with AS 04 and 3 AAC 304, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Alcoholic Beverage Control Board or AMCO staff in support of this application and understand that failure to do so by any deadline given to me by AMCO staff will result in this application being returned to me as incomplete.

Signature of licensee

Printed name of licensee

ANTHONY N. BIAK



Signature of Notary Public

Notary Public in and for the State of ALASKA

My commission expires: 12-08-2020

Subscribed and sworn to before me this 5th day of October, 20 19.

Seasonal License? ☐ Yes ☒ No

If "Yes", write your six-month operating period: _____

License Fee:	\$ 2500.00	Application Fee:	\$ 300.00	TOTAL:	\$ 2800.00
Miscellaneous Fees:					
GRAND TOTAL (if different than TOTAL):					



Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
Alcohol.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

Form AB-13: Business Name Change

What is this form?

This business name change form is required for any licensee seeking to change the business name of the licensee's licensed premises when the name change is not part of a transfer of ownership or location, per 3 AAC 304.185(c). The required \$250 business name change fee may be made by check, cashier's check, money order, or credit card (VISA, MasterCard, or Discover).

This form must be completed and submitted to AMCO's main office prior to changing any business name. A new State of Alaska business license must be obtained prior to completing this form. Forms and contact information may be found on the Corporations, Business & Professional Licensing website at <https://www.commerce.alaska.gov/web/cbpl/BusinessLicensing.aspx>.

Please note that licensees seeking approval of a business name change for more than one liquor license must submit a separate completed copy of this form and pay a separate fee for each license.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	Bayview Pub LLC.	License Number:	268
License Type:	Beverage Dispensary		
Current DBA:	Bayview Restaurant		
Premises Address:	407 Lincoln Street, Suite 201		
City:	Sitka	State:	AK
		ZIP:	99835

Section 2 – New Business Name

Enter information for the new State of Alaska business license and name.

Business License #:	1026665
Doing Business As:	Bayview Pub LLC

As a liquor licensee, I declare under penalty of perjury that this form, including all attachments, is true, correct, and complete.

Signature of licensee

Printed name of licensee

ANTHONY N. BURAK



Notary Public in and for the State of Washington

My commission expires May 12, 2021

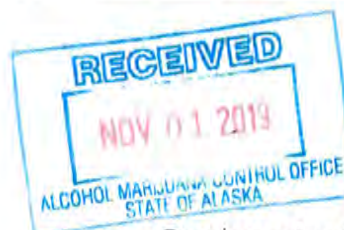
Subscribed and sworn to before me this 1 day of NOV, 2019.

OFFICE USE ONLY	
Issue Date:	11/7/19
Transaction #:	1124814

[Form AB-13] (rev 02/10/2017)

Page 1 of 1

Approved Extra McCune
11/7/19



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CITY AND BOROUGH OF SITKA

Legislation Details

File #: 19-254 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 11/20/2019 In control: City and Borough Assembly

On agenda: 11/26/2019 Final action:

Title: Appoint Denise Ewing to a three-year term on the Health Needs and Human Services Commission

Sponsors:

Indexes:

Code sections:

Attachments: [Motion appointment](#)
[Ewing Application](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO appoint Denise Ewing to a three-year term on the Health Needs and Human Services Commission.



Application for Appointment to Boards, Committees, and Commissions
City and Borough of Sitka

Board/Commission/Committee: Health Needs and Human Services Commission
Name: Denise Ewing Preferred Phone: Cell # [Redacted]
Address: [Redacted] Alternate Phone: Work [Redacted]
Email Address: [Redacted] Fax Number: [Redacted]
Length of Residence in Sitka: 2 months Registered to vote in Sitka? Yes No
Employer: Sitka Public Health Center - State of Alaska
Organizations you belong to or participate in:

SART
Woochen

Explain your main reason for applying:

Community Collaboration for Sitka around HealthCare

What background, experience or credentials will you bring to the board, commission, or committee membership?

20 Years Nursing experience, Community Health & Benefit background
Working with Communities regarding barriers to Health Care Serving on several boards over the years.
Please disclose any potential conflicts of interest that may arise from your appointment. These may include but are not limited to:

- A substantial financial interest of \$1000 annually that could be influenced by your appointment.
- An immediate family member employed within the scope of this appointment.

No Conflicts

Please attach a letter of interest, outline, or resume which includes your education, work, and volunteer experience that will enhance your membership.

→ (To be considered, your application must be complete AND be accompanied by one of the above supporting documents.)

Date: 11/9/19 Signature: Denise D. Ewing

Your complete application and resume should be returned to the Municipal Clerk's Office by noon on the Wednesday prior to an advertised Assembly meeting.

Please note: all information submitted will be made public and published online. Appointments are normally made during open session of an Assembly meeting, however, Assembly members may vote to discuss applicant(s) in closed executive session. In this case, do you wish to be present when your application is discussed? ___ Yes X No

Return to:

Melissa Henshaw, Deputy Clerk/Records Specialist, 100 Lincoln Street
Fax: 907-747-7403 Email: melissa.henshaw@cityofsitka.org

← DENISE EWING Resume 2019.

DENISE D. EWING, RN, BSN



SUMMARY

Seasoned nursing leader and educator with over 17 years of experience. Expertise in team-building, clinical skills, clear verbal and written communication, and sound judgment, developed in various fields of medicine over the years. I have experience in Ambulatory, Acute, Inpatient/Hospital, Community Health, Hospice, SPED, and Nursing Education. I systematically build strong teams, manage daily care with a decisive approach and strong multitasking. I Efficiently coordinate with healthcare professionals to advance patient care and demonstrate success in enhancing team performance to boost patient care satisfaction. Work well with a diverse patient population, in diverse settings and foster trusting relationships to improve health outcomes.

EDUCATION

University of Colorado

2013 - 2014

MSN Masters of Science in Nursing

Northwest Nazarene University

2006 - 2008

MAR Masters of Arts in Religion ♦ Magna Cum Ladue ♦ GPA 3.8

Walla Walla University

2000 - 2002

BSN Bachelors of Science in Nursing ♦ Deans List ♦ GPA 3.7 ♦ Cum Laude

Mt Hood Community College

1999 - 2000

AA Associates of Arts ♦ Phi Theta Kappa

SKILLS

- Director
- Manager
- Nursing Supervisor Busy Family Medicine/Urgent Care/Internal Medicine
- Triage Nurse Supervisor
- Staff direction and support
- Strong Clinical Judgement
- Change Leadership- Resiliency

- Crisis Intervention

← DENISE EWING Resume 2019.

EMPLOYMENT

Saint Alphonsus Medical Group (SAMG)

2018 - PRESENT

MERIDIAN, ID

Nursing Supervisor

- Nursing Supervisor Busy Family Medicine/Urgent Care/Internal Medicine
- Supervisor 20+ Medical Staff- RN/MA
- Triage Nurse and Supervisor
- Urgent Care Nurse and Supervisor

College Western Idaho (CWI)

2018 - 2019

BOISE, ID

College Instructor Medical Workforce Development

Part-time Adjunct Professor Medical Assistants Classroom Didactics/Labs/Online BlackBoard
20 College Students.

Saint Alphonsus Medical Group (SAMG)

2017 - 2018

BOISE, ID

Director of Mission Integration Community Benefit

Director over 75 Medical Clinics through SAMG- Idaho & Ontario Oregon Region Senior Leadership-Director Level, Physician Retention & Resiliency Change Leadership. Lead Instructor Community Benefit and Wellbeing in Boise.

- Promotion from within Saint Alphonsus Regional Health System
- Board Member Idaho Anti-Human Trafficking Coalition

Saint Alphonsus Health Systems

2014 - 2017

ONTARIO, OR

Director of Mission Integration Community Benefit

Missions- Chaplains, Ethics Board, Ministry, Director of Community Benefit - Western Treasure Valley Area. Director of Volunteers- Hospital, Ontario & Ontario/Fruitland Health Plaza. SANE- Sexual Assault Nurse Examiner- Forensic Nursing. Saint Alphonsus Boards: Hospital, Foundation, Ethics Chair, Project Dove Executive Board VP, Community Clubs/Organizations: Chamber Commerce, KIWANIS, Crisis Intervention Team, SART (Sexual Assault Responder Team).

Garden City Medical Clinic

2010 - 2014

GARDEN CITY, ID

Medical Clinic Manager

← **DENISE EWING Resume 2019.**
 RN Medical Clinic Manager for a non-profit organization for the uninsured of Ada county RN and MA Clinic Preceptor for BSU, ISU, NNU, Carrington, CWI, Steven Henagar Developer of medical professional training programs for staff and volunteers Consult for ISU Community Health Screening Referrals Direct Supervisor over medical paid staff & approximately 100 volunteers. Direct Supervisor over Masters level mental health/social work/ counseling students from BSU, ISU, NNU, Methodist & volunteers. Fundraising, Grants & Marketing Creating new policies & procedures for medical and mental health Measure of statistical outcomes analysis and reporting for medical and pharmaceutical Creating and maintaining all medical, mental health and pharmaceutical department budgets.

Nazarene World Missions

2009 - 2010

TONGATAPU, TONGA

Medical Mission Clinic/Pharmacy Manager

RN Medical Missions Clinic Manager for two Tonga village clinics, pharmacy, wound clinic. Educator and Health Coordinator for local nurses through the Ministry of Health Direct. Supervisor over staff, volunteers and rotating medical students. Direct Supervisor over naturopathic and cosmetic health care Spiritual Crisis Center Coordinator Medical and Spiritual Coordinator for Nazarene Ministries Mango Tree Respite Center Author of "Get Healthy Tonga" weekly publications for Tonga Chronicle newspaper. The developer of health programs for medical outposts Fundraising/Grants & Marketing for medical clinics and pharmacies Medical and educational networking community collaborative with Tongatapu hospital Medical relief coordinator with Australian, New Zealand and China Aid.

Harrison School District II

2006 - 2009

Colorado Springs, CO

SPED RN

SPED (Special Education)RN.SPED care team RN with social work, counseling, case managers. Integrating medically fragile children into the public school system. Worked with children at risk/ poverty and gifted and talented groups.

Evercare Hospice

2005 - 2006

Colorado Springs, CO

Hospice Admissions RN

Hospice Admissions, Initial qualifying assessment, Care team coordinator for new hospice clients, Case Manager.

Adventist Medical Center

2002 - 2005

Portland, OR

Medical- Surgical RN

Medical/Surgical/Ortho/Tele floors, and Float Nurse

References upon Request



Health Needs and Human Services Commission

NAME	CONTACT NUMBERS	TERM STARTS	EXPIRES	CATEGORY
CHARLIE WOODCOCK PO Box 115	747-2910 606-224-9958 charlie.woodcock@sitkayouth.org	9/25/18 8/27/19	9/13/19 8/27/22	CHAIR
LOYD PLATSON 805 Charles Street	747-3636 x226 w 623-7560 c lplatson@scpsak.org	8/25/15	10/28/17 11/7/20	VICE CHAIR
DOUG OSBORNE 222 Tongass Drive	966-8674 douglaso@searhc.org	1/27/15	10/14/17 10/24/20	
JEFF ARNDT 207 Cedar Heights	738-2025 queenmab@gci.net	11/11/15	11/11/18 10/23/21	
BARBARA KENDALL 206 Park Street	738-1808 bekendall40@yahoo.com	8/23/16	8/23/19	
VERA GIBSON 107 Rudolph Walton Circle	747-3636 x224 w 738-0812 c vgibson@scpsak.org	10/24/17	11/22/19	<i>Treas term</i>
HOLLY MARBAN 705 Sawmill Creek Road	966-8938 907-713-5311 hmarban@searhc.org	1/8/19	1/8/22	
Melissa Henshaw Deputy Clerk/Records Specialist	747-1826 melissa.henshaw@cityofsitka.org			Secretary
Richard Wein PO Box 2424	738-0577 assemblywein@cityofsitka.org			Assembly Liaison
Kevin Knox PO Box 6415	738-4664 assemblyknox@cityofsitka.org			Alternate Assembly Liaison

Established by Ordinance 2013-23

7 members, 3-year terms. A vacancy on the commission shall be filled by appointment by the Assembly for any remainder of an unexpired term.

Meeting schedule: 2nd Thursday of the month; 1:30 p.m. at Harrigan Centennial Hall, 330 Harbor Drive
– Meetings are to be held no less than four times per year.

Revised: October 9, 2019



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 19-39 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 11/5/2019 In control: City and Borough Assembly

On agenda: 11/12/2019 Final action:

Title: Amending Title 2 "Administration" of the Sitka General Code by modifying Chapter 2.38 "Gary Paxton Industrial Park" at Section 2.38.110 "Gary Paxton Industrial Park Director Designated Appointment"

Sponsors:

Indexes:

Code sections:

Attachments: [Motion ORD 2019-39](#)
[Memo ORD 2019-39](#)
[ORD 2019-39](#)

Date	Ver.	Action By	Action	Result
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Possible Motion

I MOVE TO approve Ordinance 2019-39
on second and final reading.



329 Harbor Drive, Suite 212
Sitka, AK 99835
Phone: 907-747-2660

Thursday, October 31, 2019

MEMORANDUM

To: Hugh Bevan, Interim CBS Administrator

From: Garry White, GPIIP Director

Subject: Proposed adjustment to Sitka General Code (SGC) 2.38

Introduction

The Gary Paxton Industrial Park (GPIP) Board of Directors met on October 21st, 2019 and approved the following motion.

MOTION: M/S Stevens/Morrison motion to recommend that the Assembly modify section 2.38.110 of the Sitka General Code as outlined in the Proposed Revised October Changes presented by Mr. White.

ACTION: Motion PASSED 4/0 in a voice vote.

The proposed revisions to SGC 2.38.110 are as follows, shown in yellow highlight:

2.38.110 Gary Paxton industrial park director designated appointment.

- A. The director of the Gary Paxton industrial park shall be the director appointed by the assembly upon the affirmative recommendation of a majority of the entire board. The board shall interview and recommend candidates to assembly for final approval. The director serves at the pleasure of the board. For purposes of Title [2](#), the director shall have the status of a department head as defined in Chapter [2.08](#). The assembly shall establish the compensation and benefits to be provided to the director.
- B. The assembly may alternatively elect to enter into a services contract with another entity to perform contractual specific duties related to the management of the of the Gary Paxton Industrial Park, all other duties and functions of the director of the Gary Paxton industrial park as described in Section [2.38.120](#) not covered by the services contract will the responsibility of the CBS Administrator and/or designee.

The proposed changes help define management responsibilities of the GPIIP property.

Action

- Assembly approval of the proposed changes to SGC 2.38.110.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2019-39

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 2
“ADMINISTRATION” OF THE SITKA GENERAL CODE BY MODIFYING CHAPTER 2.38
“GARY PAXTON INDUSTRIAL PARK” AT SECTION 2.38.110 “GARY PAXTON
INDUSTRIAL PARK DIRECTOR DESIGNATED APPOINTMENT”**

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 modify Section 2.38.110(B) of the “Gary Paxton Industrial Park” code, which provides that the assembly may enter into a services contract with another entity to perform all the duties of the director described in code, such that the assembly may enter into a services contract with another entity to perform only some of the duties of the director described in code, leaving the municipal administrator responsible of any duties not covered by the services contract. This modification formalizes past practices necessitated by insufficient funding and staffing for the Gary Paxton industrial park.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 2, entitled “Administration” be amended by modifying chapter 2, entitled “Gary Paxton Industrial Park”, at section 2.38.110, entitled “Gary Paxton Industrial Park Director Designated Appointment”, to read as follows (deleted language stricken, new language underlined):

**Title 2
ADMINISTRATION**

* * *

Chapter:

2.38 Gary Paxton Industrial Park

* * *

**Chapter 2.38
GARY PAXTON INDUSTRIAL PARK**

Sections:

- 2.38.010 Designation.
- 2.38.020 Gary Paxton industrial park board of directors.
- 2.38.030 Board of directors organization.
- 2.38.040 Vacancies.
- 2.38.050 Meetings.
- 2.38.060 Coordination.
- 2.38.070 Membership in associations.

- 2.38.080 General powers.
- 2.38.090 Leasing powers.
- 2.38.100 Adoption of regulations.
- 2.38.110 Gary Paxton industrial park director designated appointment.
- 2.38.120 Director duties and responsibilities.
- 2.38.130 Schedule of fees and charges.
- 2.38.140 Industrial park fees.
- 2.38.150 Preparation and submission of a budget.
- 2.38.160 Other fiscal matters.
- 2.38.170 Employee relations.
- 2.38.180 Definitions.

* * *

2.38.110 Gary Paxton industrial park director designated appointment.

A. The director of the Gary Paxton industrial park shall be the director appointed by the assembly upon the affirmative recommendation of a majority of the entire board. The board shall interview and recommend candidates to assembly for final approval. The director serves at the pleasure of the board. For purposes of Title 2, the director shall have the status of a department head as defined in Chapter 2.08. The assembly shall establish the compensation and benefits to be provided to the director.

B. The assembly may alternatively elect to enter into a services contract with another entity to perform all-certain specified duties and functions of the director of the Gary Paxton industrial park as from those described in Section 2.38.120. Any duties and functions described in Section 2.38.120 not provided for in the services contract shall be the responsibility of the municipal administrator or his or her designee.

* * *

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 26th day of November, 2019.

Gary L. Paxton, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st reading 11/12/19
2nd reading 11/26/19



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 19-40 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 11/20/2019 In control: City and Borough Assembly

On agenda: 11/26/2019 Final action:

Title: Making supplemental appropriations for Fiscal Year 2020 (GPIP Outside Counsel) 1st reading

Sponsors:

Indexes:

Code sections:

Attachments: [Motion ORD 2019-40](#)
[ORD 2019-40](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve Ordinance 2019-40 on
first reading.

Sponsor: Interim Administrator

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2019-40
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA MAKING SUPPLEMENTAL
APPROPRIATIONS FOR FISCAL YEAR 2020
(GPIP Outside Counsel)

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 make a supplemental operating appropriation for FY2020.

4. **ENACTMENT.** In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriation for the budget period beginning July 1, 2019 and ending June 30, 2020.

:

<u>FISCAL YEAR 2020 EXPENDITURE BUDGETS</u>
ENTERPRISE AND INTERNAL SERVICE FUND
Gary Paxton Industrial Park – Operations: Increase appropriations in the amount of \$15,500 for legal fees involving the completion of the purchase and sale agreement regarding the GPIP Utility Dock. These funds will come from the Gary Paxton Industrial Park working Capital.

EXPLANATION

The Gary Paxton Industrial Park Board approved additional changes to the purchase and sale agreement for the GPIP Utility Dock. These changes, along with creation of a term sheet prior to purchase agreement, have increased outside legal counsel expenses.

Total supplemental appropriations to date for the Gary Paxton Industrial Park Fund in FY20 totals \$14,724, not including this supplemental appropriation.

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 10th Day of December 2019.

Gary L. Paxton, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st reading 11/26/19

2nd reading 12/10/19

Sponsor: Interim Administrator



CITY AND BOROUGH OF SITKA

Legislation Details

File #: RES 19-26 Version: 1 Name:

Type: Resolution Status: AGENDA READY

File created: 11/20/2019 In control: City and Borough Assembly

On agenda: 11/26/2019 Final action:

Title: Supporting the No Action Alternative in the Alaska Roadless Rulemaking Process

Sponsors:

Indexes:

Code sections:

Attachments: [Motion RES 2019-26](#)
[RES 2019-26](#)
[Sitka Fish and Game Advisory Committee resolutions](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve Resolution 2019-26 on first
and final reading.

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2019-26

**A RESOLUTION BY THE CITY AND BOROUGH OF SITKA SUPPORTING THE NO ACTION
ALTERNATIVE IN THE ALASKA ROADLESS RULEMAKING PROCESS**

WHEREAS, the City and Borough of Sitka expands across Baranof Island and a portion of West Chichagof Island and contains extensive local use areas on Northern Baranof Island, Hoonah Sound, Kruzof Island, and islands throughout Sitka Sound; and,

WHEREAS, the sustainability of the future of Sitka's economy, the livelihoods of our citizens, the visitor industry and the commercial fishing industry are highly dependent on a pristine and productive natural setting throughout Southeast Alaska; and,

WHEREAS, salmon populations are facing increased challenges from changing ocean conditions, climate change, ocean acidification, rising water temperatures in streams, and ocean warming events in the Pacific Ocean, and freshwater habitat development in the contiguous United States; and,

WHEREAS, the approximate combined economic value of Southeast Alaska's ports, including commercial fishing, tourism, recreation, scientific research, fisheries enhancement and community subsistence totals over \$2 billion annually; and,

WHEREAS, Southeast Alaska is the most visited region in Alaska, with two-thirds of all visitors to the State coming to this region and therefore acting as a significant contribution to the local and regional economy; and,

WHEREAS, the Roadless Rule, first adopted in 2001, was widely supported then, and now overwhelmingly supported throughout Southeast Alaska, to protect 58 million acres of our nation's most essential and intact roadless areas in the National Forest system; and,

WHEREAS, the Sitka Fish and Game Advisory Committee opposed the Roadless exemption by supporting the no action alternative 1 without opposition at its November 13, 2019 meeting; and

WHEREAS, at a recent public comment session in Sitka with over 100 in attendance and 41 given testimony's, 100% in favor of supporting a no action alternative 1; and

WHEREAS, roadless areas on the Tongass are essential to Southeast Alaska's way of life and represent some of the most spectacular and unique roadless areas anywhere in the National Forest System that support hunting, fishing, customary and traditional uses, unparalleled outdoor recreation opportunities, and opportunities for businesses; and,

WHEREAS, the amount of carbon stored in the intact old growth forests and soils of the Tongass National Forest represent one of the highest carbon stores in the world, and the conservation of intact roadless areas and old growth forests on the Tongass are essential for maintaining local and national climate resilience and slowing down climate change throughout the world; and,

WHEREAS, increased logging of old growth forests in existing roadless areas would incur a significant cost to taxpayers, as new reports estimate that the subsidization of logging on the Tongass has cost taxpayers over \$600 million over the past twenty years, and the State of Alaska's own economic analysis states Tongass timber will be fundamentally uncompetitive on the world market; and,

WHEREAS, the City and Borough of Sitka has passed multiple resolutions in support of the the aforementioned Transition and revised Tongass Land Management Plan, including Resolution 2010-18, in Support of the USDA Transition Framework, and Resolution 2013-10, a Resolution of the City and Borough of Sitka Supporting Amendments to the U.S. Forest Service (USFS) 2008 Land and Resource Management Plan (Forest Plan) to Facilitate the Development of Adequate and Reliable Sources of Renewable Energy for Sitka and Southeast Alaska; and,

WHEREAS, the City and Borough of Sitka believes that the resources and time of the Forest Service is better spent improving and streamlining existing permitting process for projects in inventoried roadless areas without pursuing a wholesale exemption;

NOW, THEREFORE, BE IT RESOLVED, the City and Borough of Sitka strongly supports lasting protection for all inventoried roadless areas on the Tongass National Forest as provided for in the 2001 Roadless Rule; and

BE IT FURTHER RESOLVED, that the economic livelihoods of Sitka residents would be irreparably harmed by the effects of a full exemption from the Roadless Rule on the Tongass, which would lead to increased climate change, increased threats to fish habitat, and development occurring in pristine natural areas that showcase the tourism potential and natural beauty of the Tongass National Forest; and,

BE IT FINALLY RESOLVED, that the City and Borough of Sitka encourages the USFS to invest in programs, workforce development, and employment opportunities for Southeast Alaskan residents to restore the health and productivity of the Tongass National Forest's degraded watersheds and streams, as a means of supporting vital ecosystem services and economic opportunities such as carbon sequestration, small-scale timber production, fish and wildlife populations, natural vistas, visitor amenities, subsistence, hydrological resources, and more.

PASSED, APPROVED AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on this 26th day of November 2019.

Gary L. Paxton, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st reading 11/26/2019
Sponsor: Knox/Eisenbeisz

SITKA FISH & GAME ADVISORY COMMITTEE

RESOLUTION NO. 2010-1

A DECLARATION FOR CLIMATE CHANGE STATE OF EMERGENCY IN SITKA AREA

WHEREAS, the Sitka Fish & Game Advisory Committee (SFGAC) are 17 publicly elected representatives of Fish, Wildlife, Conservation, and Subsistence interests in the Sitka area; and

WHEREAS, the responsibility of the SFGAC is to recognize and comment on issues affecting the conservation, sustainability, and sharing of wildlife resources in the Sitka Area; and

WHEREAS, members of the SFGAC and the constituents they represent are noticing dramatic changes in the Sitka environment, including but not limited to, melting of local ice fields, much warmer ocean water temperatures, ocean acidification, disappearance of fish such as sand lance and capelin, sea star wasting disease, depleted sea bird populations, pink salmon collapse in much of northern SE Alaska, and greatly increased hungry brown bear activity in Sitka; severe weather events from droughts, floods, intensive storms, landslides, and generally more severe weather patterns which cause impacts to our local wildlife; and

WHEREAS, the SFGAC is aware of climate science reports, recent Alaska Federation of Natives declaration of "a state of emergency on climate change", and our responsibility to advise the Board of Fisheries (BOF) and Board of Game (BOG), Sitka, and others on our perspective; and

WHEREAS, the SFGAC has a long history of leadership in recognizing local problems and providing leadership in proposing solutions that often are adopted regionally and statewide; and

WHEREAS, the traditional, experiential, and scientific information and observations already presented to the SFGAC over the past year clearly tell the story of unprecedented ecological problems associated with climate change; and

WHEREAS, the SFGAC recognizes its responsibility to share its learning with the BOF and BOG, our community, and local, state, and national leaders and ask them to take action; and

WHEREAS, the Mt. Edgecumbe and Sitka High Environmental Clubs, who represent over 15 communities and at least 4 different tribal groups across the State of Alaska who are facing hardships directly correlated with Climate Change, such as changing ocean conditions and precipitation patterns that adversely impacts the fisheries and ecosystems for which they rely on for culture, subsistence and economy, our ability to generate hydroelectricity, the occurrence of algae blooms and paralytic shellfish poisoning, coastal erosion, the integrity of our infrastructure, and the health and safety of our people have asked the SFGAC to support their resolution declaring a climate change emergency (attached).

THEREFORE, BE IT RESOLVED that the SFGAC declares a "CLIMATE CHANGE EMERGENCY" in the Sitka area and requests the Sitka Assembly, Sitka Tribe of Alaska, local, regional, state, and national groups, the BOF and BOG, the Alaska Legislature, Governor Dunleavy, and our congressional delegation to join us to recognize and to take effective action needed to address this emergency.

CERTIFICATION:

PASSED and APPROVED by the Sitka Fish and Game Advisory Committee this 13th day of November, 2019.



Jon Martin, Chair, Sitka Fish & Game Advisory Committee 16-Nov-2019
Date

ATTESTED:





11/16/19
Date

SITKA FISH & GAME ADVISORY COMMITTEE

RESOLUTION NO. 2019-2

**A RESOLUTION IN SUPPORT OF THE 2001 ROADLESS RULE / IN SUPPORT OF
ALTERNATIVE 1 IN THE ALASKA ROADLESS RULE-MAKING PROCESS**

WHEREAS, the local Advisory Committees were established to promote and protect the common interest of Alaska's fishery and wildlife resources, which is a vital component of Alaska's social, economic, and ecological well-being; and

WHEREAS, the Sitka Advisory Committee represents the voices of fish and wildlife users based in Sitka and is made up of representatives from the following stakeholder groups: hand trollers, subsistence resource users, hunting, seining, longliners, power trollers, conservation, trapping, charter guides, resident sport fishermen, processors, hunting guides, and shellfish fishermen; and

WHEREAS, the inventoried Roadless areas on the Tongass National Forest conserve natural diversity, serve as a bulwark against the spread of invasive species, protect healthy watersheds, provide climate change resilience, and help ensure the continued production of native species of fish and wildlife that rural communities and tribal citizens rely on for food, economic livelihood, and cultural identity; and

WHEREAS, the community of Sitka and the various stakeholder groups on the Sitka Fish and Game Advisory Committee benefit greatly from fish and wildlife populations that are supported by the inventoried Roadless areas on the Tongass National Forest; and

WHEREAS, many Sitka residents obtain their livelihoods from economic activities including tourism and commercial fishing, which are highly dependent on a pristine and productive natural setting; and

WHEREAS, the local use area of Sitkans for fish and wildlife harvesting and guiding include the inventoried Roadless areas of Middle Kruzof Island, Chichagof Island lands bordering Hoonah Sound, Poison Cove and Ushk Bay, Salmon Lake, Kizuchia Creek, Nakwasina Sound, Fish Bay, Lake Eva, and Hanus Bay, which would all lose their Roadless protections under the proposed full exemption alternative; and

WHEREAS, salmon and other marine resource populations are facing increased challenges from changing ocean conditions, climate change, ocean acidification, rising water temperatures in streams, and ocean warming events in the Pacific Ocean, and freshwater habitat development in the contiguous United States; and

WHEREAS, Sitka black-tail deer populations are an important subsistence resource for community members that depend on the intact, old-growth forests and the large canopy they support for winter habitat; and

WHEREAS, inventoried Roadless areas support healthy fish and wildlife habitat and protect some of Sitka's highly productive streams and original intact forest areas that were not logged by the pulp mills; and

WHEREAS, Roadless areas on the Tongass are essential to Southeast Alaska's way of life and represent some of the most spectacular and unique Roadless areas anywhere in the National Forest System and support hunting, fishing, customary and traditional uses, unparalleled outdoor recreation opportunities, and opportunities for businesses; and

WHEREAS, the amount of carbon stored in the intact old-growth forests and soils of the Tongass National Forest represent one of the highest carbon stores in the world, and the conservation of intact Roadless areas and old growth forests on the Tongass are essential for maintaining local and national climate resilience and slowing down climate change throughout the world; and

WHEREAS, the Tongass provides a wide range of ecosystem services beyond carbon sequestration to residents and visitors alike on a 24/7 basis naturally and at no cost to the taxpayer; and

WHEREAS, increased logging of old-growth forests in the existing Roadless areas of the Tongass would seriously impact the ability of the forest to provide these vital ecosystem services, such as clean water, clean air, stream temperature regulation, and healthy salmon and wildlife habitat; and

WHEREAS, the commercial fishing industry and visitor industries that provide the economic backbone of Southeast Alaska depend on pristine, scenic vistas and healthy, productive watersheds; and

WHEREAS, opening up Roadless areas for future development industrial-scale logging will actively work against the Tongass Transition and the 2016 Tongass Land Management Plan Amendment, which was created after years of collaborative work between a diverse group of stakeholders; and

WHEREAS, during the scoping process for the Alaska Specific Roadless Rulemaking process that was initiated by the Secretary of Agriculture in August 2018, Sitka and other communities throughout Southeast Alaska spoke out in strong support of the 2001 Roadless Rule, along with over 90% of the official scoping comments received strongly in support of maintaining the 2001 Roadless Rule on the Tongass National Forest; and

WHEREAS, the State of Alaska invested time, staff, and money to convene a stakeholder-led Citizen Advisory Committee in 2018 that provided recommendations and perspectives from different interest groups in Southeast Alaska on what a workable compromise for an Alaska Roadless Rule could look like; and

WHEREAS, the proposed alternative of the Forest Service for a full exemption from the 2001 Roadless Rule goes contrary to public opinion, the recommendations put forward by the Citizen Advisory Committee, the input from tribal governments, and input from local commercial fishermen and guides; and

WHEREAS, the draft environmental impact statement does not sufficiently analyze the potential impacts to fish and wildlife populations or reductions in carbon sequestration and increased occurrence of climate change-driven events that would result from increased ground disturbance activities that would become possible following a full exemption from the 2001 Roadless Rule.

THEREFORE, BE IT RESOLVED that given long-lasting, fiscally irresponsible, and environmentally damaging impacts of any reduction in current Roadless Rule protections on the Tongass, the Sitka Fish and Game Advisory Committee strongly supports lasting protection for all inventoried Roadless areas on the Tongass National Forest as provided for in the 2001 Roadless Rule; and


THEREFORE, BE IT FURTHER RESOLVED that the economic livelihoods and subsistence harvesting of Sitka residents would be irreparably harmed by the effects of a full exemption from the Roadless Rule on the Tongass, which would lead to increased climate change, increased threats to fish habitat, and development occurring in pristine natural areas that contribute to the tourism potential and natural beauty of the Tongass National Forest; and

THEREFORE, BE IT FURTHER RESOLVED that the Sitka Fish and Game Advisory Committee encourages the USFS to invest in programs, workforce development, and employment opportunities for Southeast Alaskan residents to restore the health and productivity of the Tongass National Forest's degraded watersheds and streams, as a means of supporting vital ecosystem services and economic opportunities such as carbon sequestration, small-scale selective timber harvest, fish and wildlife populations, natural vistas, visitor amenities, subsistence, hydrological resources, and more; and

BE IT FINALLY RESOLVED, the Sitka Fish and Game Advisory Committee asks that the Forest Service and Secretary of Agriculture adopt Alternative 1 – the NO ACTION ALTERNATIVE--and keep the 2001 Roadless Rule in place on the Tongass National Forest.

CERTIFICATION:

PASSED and APPROVED by the Sitka Fish and Game Advisory Committee this 13th day of November, 2019.



Jon Martin, Chair, Sitka Fish & Game Advisory Committee 16-Nov-2019
Date

ATTESTED:





11/16/19
Date