

**\*\*Informational\*\***

Ordinance 2017-11 and meeting minutes

**CITY AND BOROUGH OF SITKA**

**ORDINANCE NO. 2017-11  
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA  
ADJUSTING THE FY17 BUDGET**

**BE IT ENACTED** by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. **CLASSIFICATION.** This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

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

3. **PURPOSE.** The purpose of this ordinance is to adjust the FY17 budgets for known changes.

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby adjusts the FY17 budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2016 and ending June 30, 2017 is hereby adjusted as follows:

<b><u>FISCAL YEAR 2017 EXPENDITURE BUDGETS</u></b>
<b>GENERAL FUND</b>
<b>Fire Department – Operations:</b> This is to recognize revenue in the amount of \$6,570 from the State of Alaska Volunteer Fire Grant to purchase two blitz fire oscillating monitors.
<b>CAPITAL PROJECTS</b>
<b>Fund 700 – Crescent Harbor Playground Project #90834:</b> To re-appropriate the budgeted amounts of \$40,000 from the Donations account and \$124,999 from the Grants pass thru account to Capital Projects for the Crescent Harbor Playground Project.
<b>SPECIAL REVENUE FUNDS</b>
<b>Fund 194- Commercial Vessel Passenger Tax – Operations:</b> This is to set a budget for the appropriation of \$50,000 from the Commercial Passenger Excise Tax (CPET) Fund for the completion of the Sitka History Museum’s interior that was approved at the April 11, 2017 Assembly Meeting.


**EXPLANATION**

Necessary revisions in the FY 2017 budget were identified. These changes involve the increase of expenditure accounts and causes decreased cash flows to the fund balance of various funds. A short explanation of each budget revision is included.

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

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska this 23rd Day of May, 2017.

**ATTEST:**

  
Matthew Hunter, Mayor  
Melissa Henshaw, CMC  
Acting Municipal Clerk

1<sup>st</sup> reading 4/25/17  
2<sup>nd</sup> reading 5/23/17

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

- F**     **ORD 17-12**     Authorizing the lease of 1000 square feet of US Survey 3377 Griffith Island also known as 725 Siginaka Way
- Mayor Hunter explained this was a lease ordinance for property at 725 Siginaka Way. Planning Director, Michael Scarcelli, spoke to the lease terms: the annual lease payment was \$6,000 (\$500/month) with a term of 5 years with the option to renew. Hunter stated this business was going to use the Eliason Harbor parking lot. He would be interested in a discussion to dedicate some or all of the revenue to the Harbor Enterprise Fund.

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

**Yes:** 5 - Guevin, Potrzuski, Hunter, Knox, and Bean

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

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

Administrator Gorman noted at the last meeting a question had been raised as to the legality of using CPET funds for the Sitka Historical Society if an admission fee was charged. Gorman stated staff had researched the issue. He reminded there were no black and white rules on the use of CPET funds but in speaking with other municipalities who had similar projects he felt the risk was low and confident in the use of CPET funds for this project.

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

**Yes:** 5 - Guevin, Potrzuski, Hunter, Knox, and Bean

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

**Additional New Business Items**

- H**     **17-081**     Discussion/Direction on Halibut Point Marine Services add-on proposal for downtown shuttle service

Mayor Hunter explained the add-on shuttle (Lincoln Street) was a topic of conversation at the last meeting when the award was made for shuttle services between Old Sitka Dock and Harrigan Centennial Hall. Administrator Gorman stated he had spoke with Chris McGraw of Old Sitka Dock and the minimum amount needed to pilot the project was \$6,000. Gorman noted Sitka Tribe of Alaska had contacted the Assembly stating they currently provide this service for a fee and would be interested in an RFP process. Gorman reminded the RFP process could take another month. He suggested the Assembly may want to delay action until the next tourist season allowing time for downtown merchants to weigh in and then issue an RFP in early 2018. Assembly members agreed and suggested a well thought out process would be better than a rushed one. Guevin offered there may be a possibility for a government to government collaboration with Sitka Tribe of Alaska.

Absent: 2 - Guevin, and Bean

**XI. UNFINISHED BUSINESS:**

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

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

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

Absent: 2 - Guevin, and Bean

**XII. NEW BUSINESS:**

New Business First Reading

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

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

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

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

Absent: 2 - Guevin, and Bean

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

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

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

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

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