



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## MEMORANDUM

**To:** Mayor Hunter and Assembly Members

**From:** Keith Brady, Municipal Administrator

**Date:** 4/5/18

**Subject:** \$1 Million Non-Operational Decrements

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Non-operational decrements include fixed assets, capital projects, and donations given by the city to various organizations. Below you'll see the cost and ramifications of the possible decrementing from the FY19 budget.

Decrement	Cost	Ramifications
Suburban Fire Pumper	\$150,000	We would have another year or two to pay into the vehicle sinking fund, We risk not having adequate fire trucks to respond to emergencies. This truck is already overdue for replacement. At a maximum it should not extend over 2 more years.
Lincoln Street Paving	\$910,000	By resurfacing the asphalt we significantly reduce the cost of an overall repair of the road.
Lincoln Street Building HVAC	\$500,000	This project has been cut out of the budget for the last seven years, putting us at a continued higher risk of failure than we should be at. Parts for the system are no longer being produced and are continuingly harder to find. Failure of the system would result in lack of air flow in the building and possible heater use in the winter, dramatically increasing our electricity usage.
Crescent Park Bathrooms	\$150,000	Total for the project is \$300,000, 50% of the project being budgeted from the CPET fund. There is a possibility of bathroom closure if maintenance became dire. We are continuing to work out the justification of CPET funds for projects.
Financing Police CAD/RMS & Phone System	\$316,724	This can be made into an internal loan at 3% for 5 years. Due to interest the projects with ultimately cost more. Though the interest will be transferred to the building maintenance fund and

		thus still utilized for CBS purposes. Parts for the phone system are no longer being produced and are continually harder to find.
SCH Capital Contribution	\$150,671	Reduction in support to the hospital. Hospital is projecting a positive cash flow of \$1.8M. May be eliminated in future years.
Sitka Historical Society	\$97,200	Reduced support to local non-profits that regularly receive these donations. Possible that they may lack funding for grant opportunities. However, grant and grant matching can be looked at on a case by case basis. May be eliminated in future years.
The Ride	\$25,000	Although not in the budget, it has been requested.
Senior Center/Buses	\$97,764	This would probably result in a lack of senior programs and transportation for seniors.
SAFV, Other Non-Profit Donations	\$100,000	Reduced support to local non-profits that regularly receive these donations. Possible that they may lack funding for grant opportunities. However, grant and grant matching can be looked at on a case by case basis. May be eliminated in future years.

Revenue minus operations leaves about \$800k in the budget for capital improvements every year. Fortunately, wise budgeting has left a surplus in years past that can then be transferred to the Public Infrastructure Sinking Fund to be used later. FY19 capital projects are budgeted at \$2.1M. To be on target and meet our infrastructure needs to maintain our current level of service we should have about \$4M for capital projects each year. The citizens' task force recommended we have \$3M. Without the state or federal funding coming in as it used to, there is a real and serious need for more revenue to stay current with our infrastructure needs.