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# GENERAL FUND DRAFT ADMINISTRATOR'S BUDGET

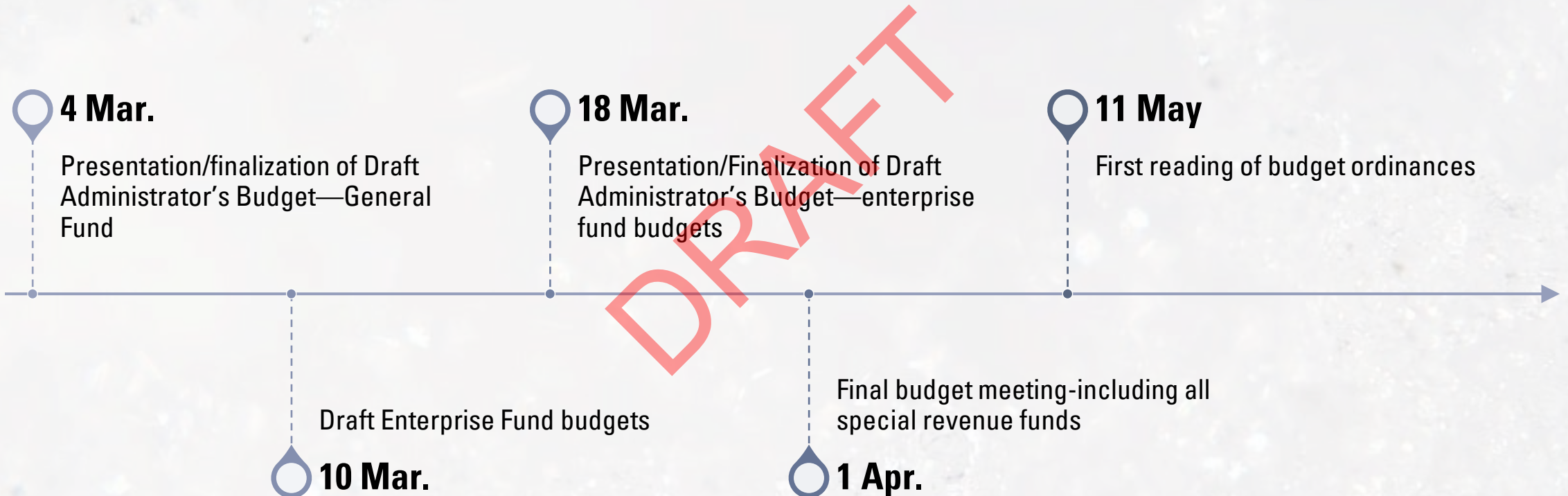
Special Budget Meeting

March 4, 2021



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# BUDGET PROCESS



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## GENERAL FUND DRAFT BUDGET

\$1.9 M DEFICIT—CORE DECISION—MOVE FORWARD WITH EXISTING LEVEL OF SERVICES IN HOPE THAT SALES TAX RECOVERS OR MAKE SIGNIFICANT CUTS NOW?



### Rely on surplus generated in current year

~1.5M surplus projected FY21

Remaining from prior year reserves (\$3.8M at end of FY20)

Possibility of stimulus funding



### Very limited capital projects

Reprioritization

Those funded through building maintenance

Growing deferred maintenance

Resources available after operations go to capital, so correspondingly, capital is the first are to be cut



### Possibility for stimulus funding

How much?

Possible uses?

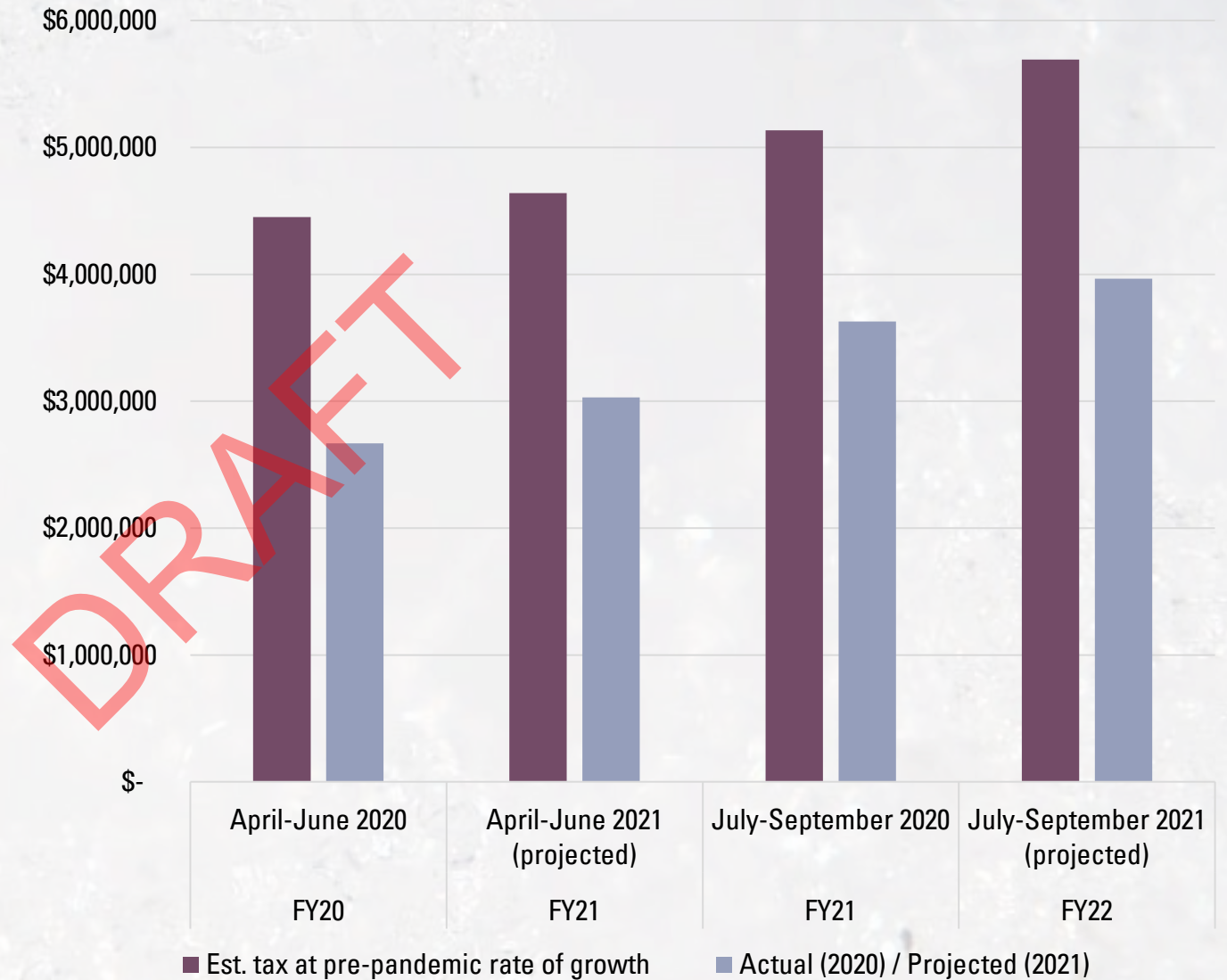
Replace reserves?

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## SALES TAX REVENUE LOSS 2020 AND 2021 TOURIST SEASON=\$6.6M

- Cuts to capital
- Cuts to operating expense
- Some expense covered by CARES

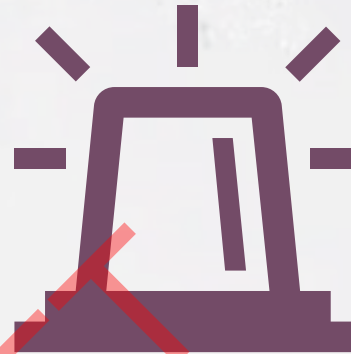


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# GENERAL FUND BUDGET

## TOTAL: **\$28,794,102**

- **CORE SERVICES \$28.2M**
- Public Education-**\$10.1M**
  - Sitka School District support (\$7.8M)
  - School bond debt (\$1.3M)
  - Library (1.1M))
- Public Safety-**\$7.6M**
  - Fire (\$1.9M), Search and Rescue (\$57K), Ambulance (\$400K)
  - Police (\$5.2M)
- Public Works-**\$4M**
  - PW engineering/management (\$1.6M), Streets (operations) (\$1.4M), grounds and recreation (\$722K), building officials (\$355K)
- Support services-**\$6.5M**
  - Planning (\$284K), Finance (\$2.4M), Assessing (\$440K), Legal (\$414K), Administration/Assembly/HR (\$1.3M), Clerks (\$465K), HCH (\$743K), City Hall (\$470K)
- Infrastructure/Debt (\$85K)



DRAFT



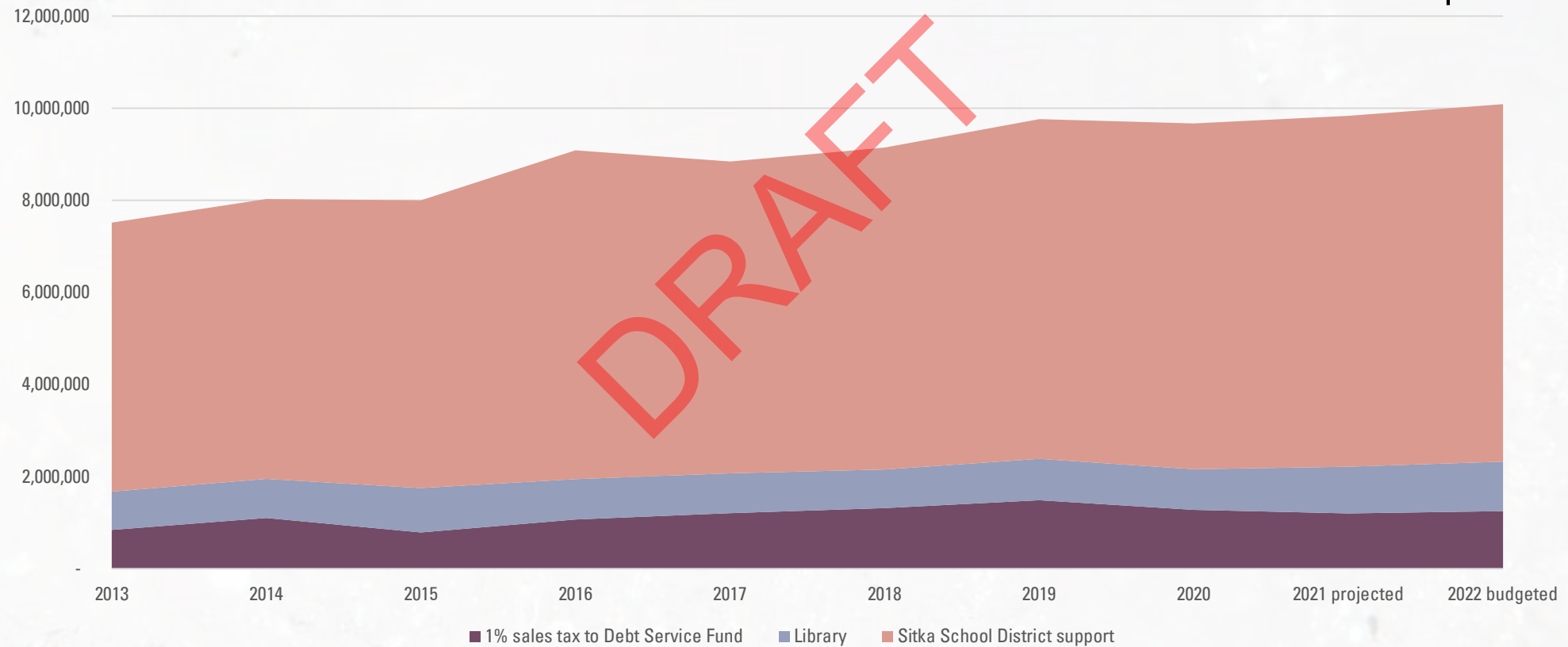
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# NON-CORE SERVICES \$483K

- Charitable (\$252K)
  - Nonprofit support (including fisheries), museum, other in-kind (\$252K)
- Economic Development (363K)
  - Chamber (subsidy very likely needed) NOT BUDGETED
  - SEDA contract (\$63K)
- Social services (\$137K)
  - Utility subsidies (\$39K)
  - Senior center (\$98K)
- OTHER
  - Fish box tax => Harbors Fund (\$31K)

# TRENDS—PUBLIC EDUCATION

## \$10.1M



# PUBLIC EDUCATION

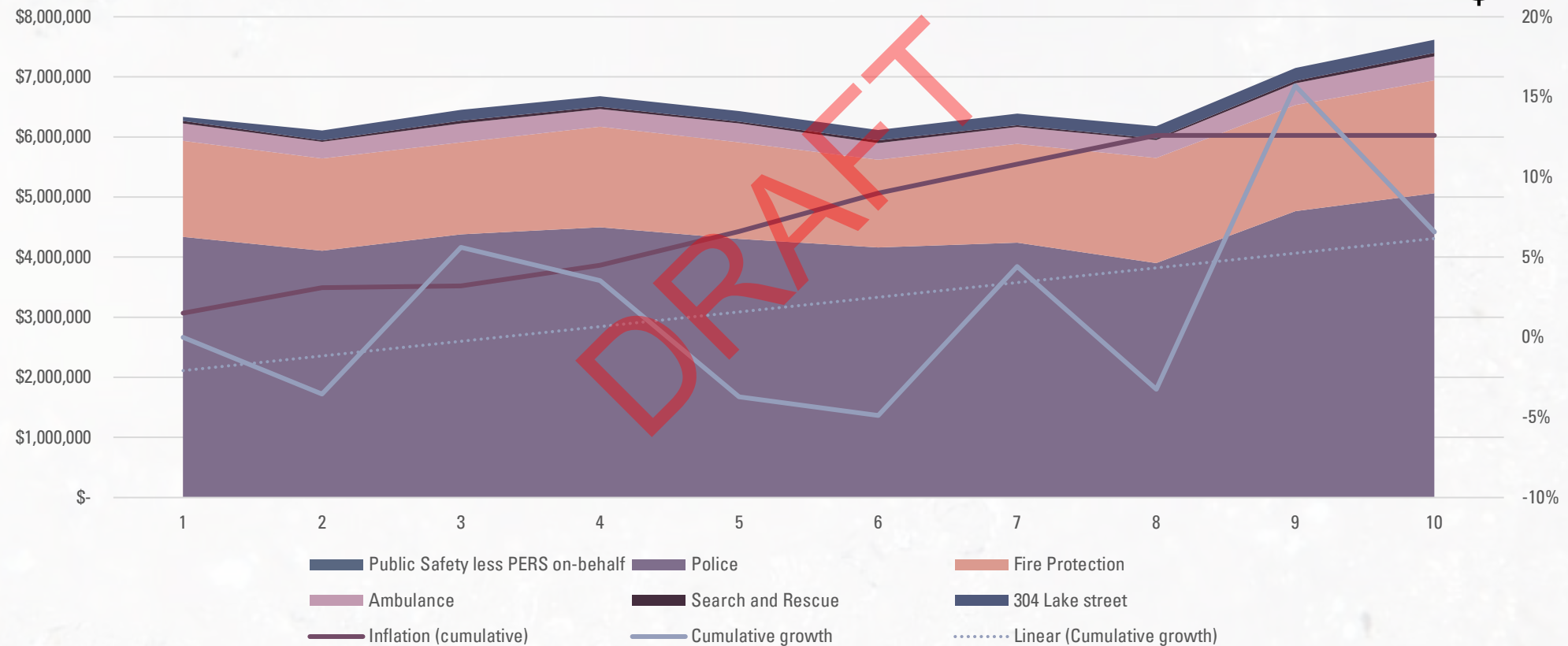
## Big picture challenges:

- School bond debt?
- 2012-2016 school funding averaged 100% of property tax
- 2017-2021 108%



# TRENDS—PUBLIC SAFETY

\$7.6M



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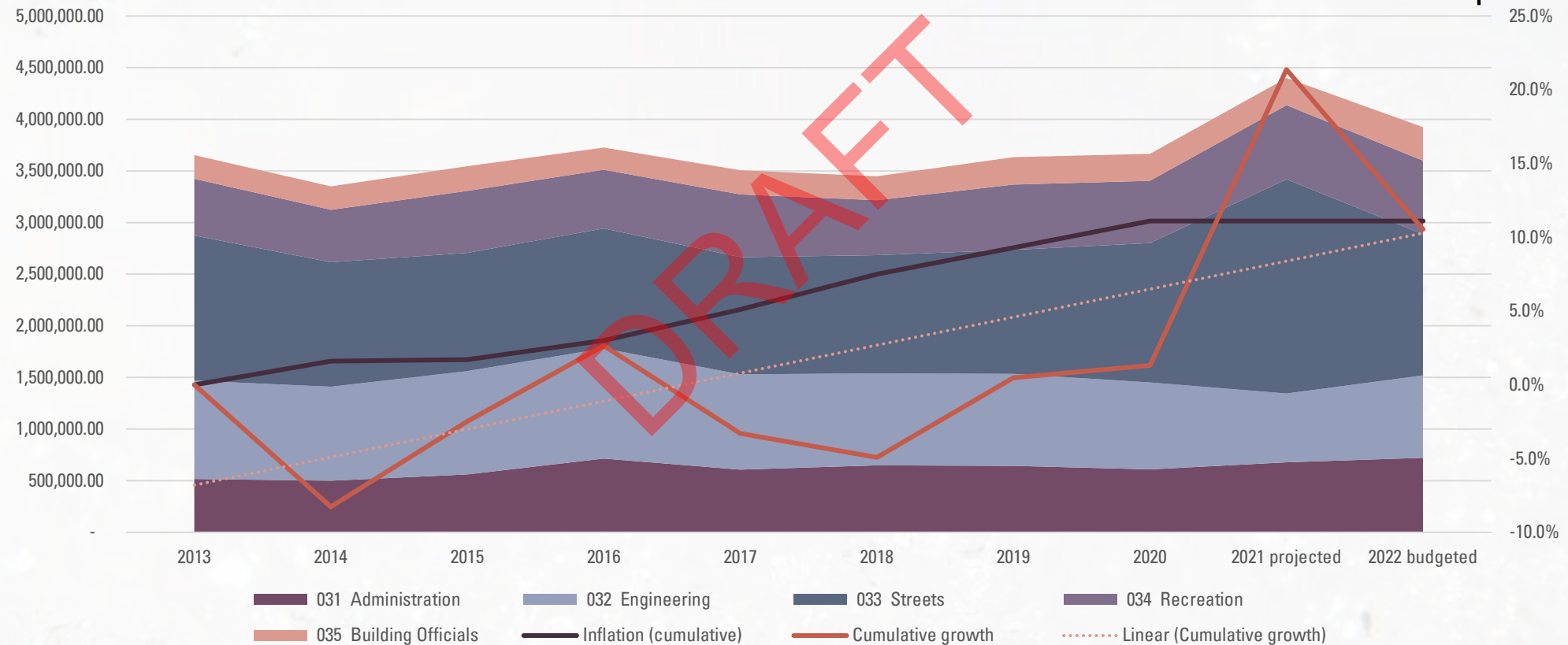
# PUBLIC SAFETY



- **Big picture challenges:**
- Staffing/recruitment
- Better in FY21, but challenges remain
- Asst. Fire Chief and additional dispatcher help with both retention as well as improved service

# TRENDS—PUBLIC WORKS

\$4.0M



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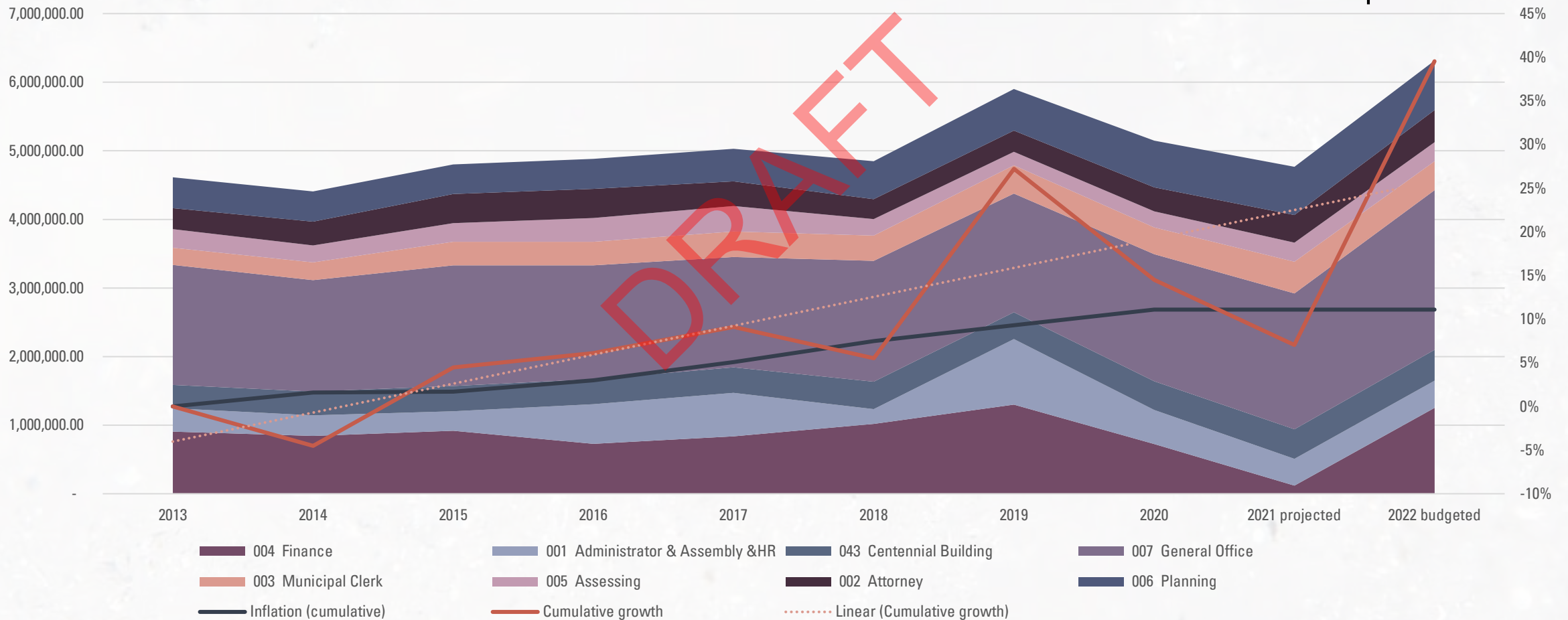
# PUBLIC WORKS



- **Big picture challenges:**
- Staffing/recruitment
- As deferred maintenance increases, so does the workload for staff (especially streets)
- Lack of engineers means higher cost consultants

# TRENDS—SUPPORT SERVICES

## \$6.5M

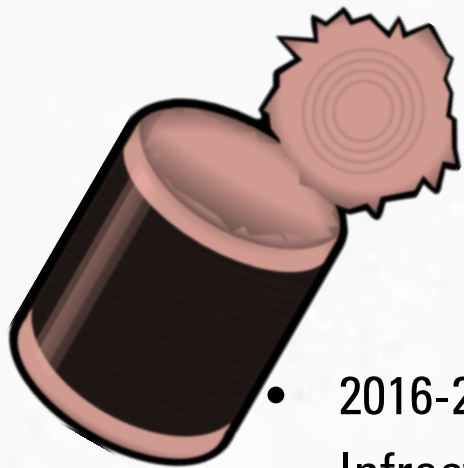


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# SUPPORT SERVICES

- **Big picture challenges:**
- Improving efficiency/efficacy
  - Move towards centralized procurement
  - Increasing complexity/outside requirements
  - Invest in seeking outside funding that benefits all areas of government



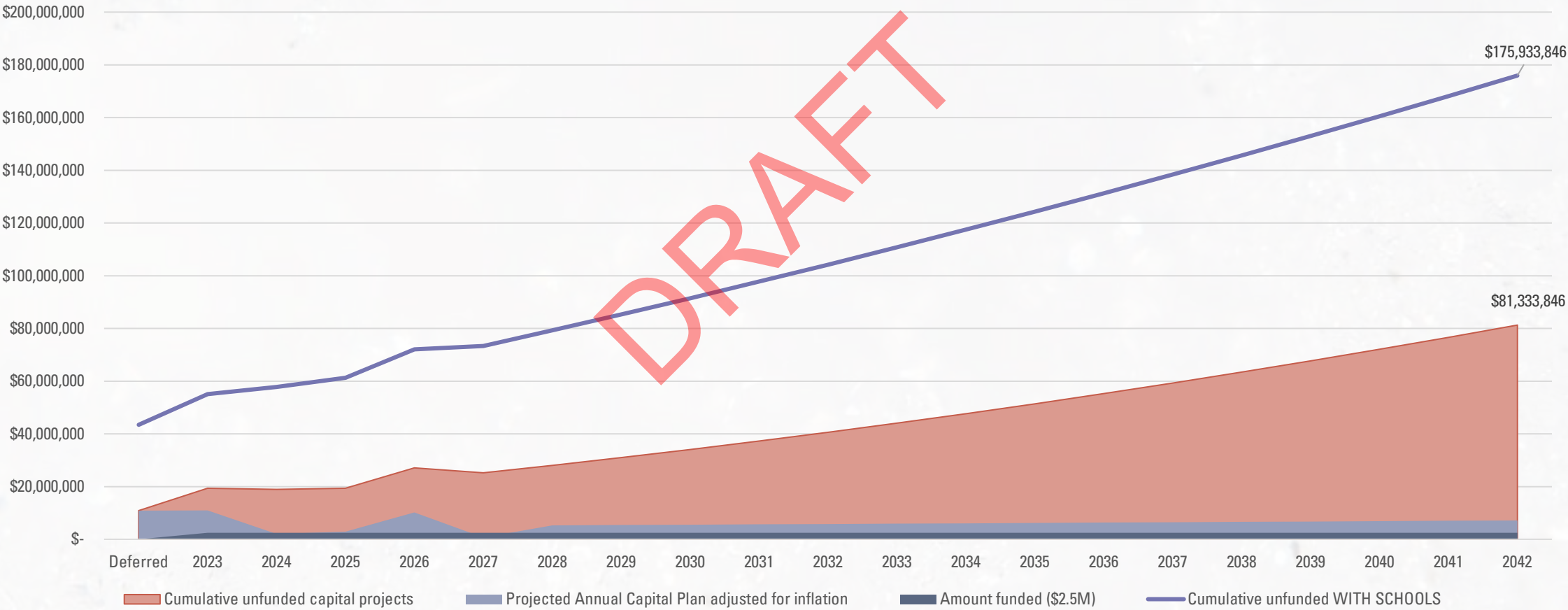


# TRENDS—CAPITAL PROJECTS

\$85K

- 2016-2020 appropriated an average of 1.8M in General Fund (including Public Infrastructure Sinking Fund) for capital projects
- Excluding schools, a level >5M (and increasing with inflation) is needed
- FY21 and FY22 no funding appropriated, some reallocation of previously appropriated funding included (close Brady-Gavan paving, fund work on CMMS/Asset management project). Appropriations included that are funded with other sources (Grants and Building Maintenance Fund)
- Still have funded projects in queue
- Deferred maintenance is increasing rapidly—need street replacement plan reevaluated

# CAPITAL PROJECTS



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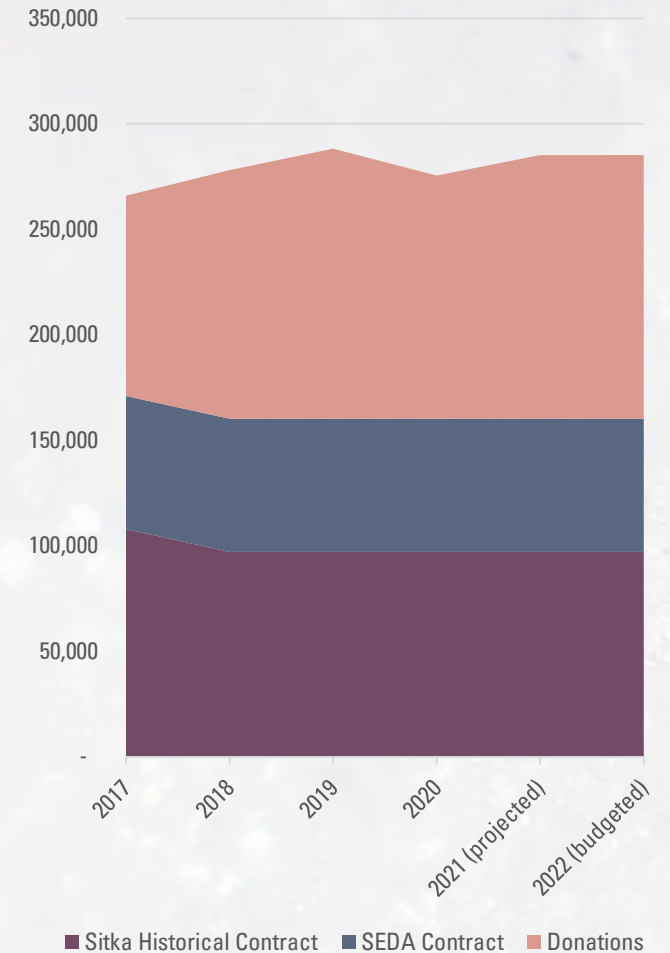
# NON-CORE SERVICES \$483K

- **Charitable/Economic Development**

- Do we maintain same levels of funding for FY22?
- Quantification of in-kind?
- Chamber (subsidy very likely needed or VEH will borrow from central treasury) NOT BUDGETED

- **Social services**

- Utility subsidies additional appropriation to increase subsidy to maximum (\$39K)
- Senior center –includes building maintenance and gas/maintenance for buses (\$98K)



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**FY2022 is a uniquely difficult budget year. The Assembly must:**

- Decide whether to or how much of reserves it is willing to use
- Balance hope for more unrestricted stimulus funding, with decisions around funding levels
- Determine the best course in terms of maintaining service levels

**The current budget:**

- Does not assume a recovery to pre-pandemic revenues, nor does assume unrestricted stimulus funding that could boost our bottom line.
- Keeps service levels steady, while maintaining momentum on initiatives that will ensure the quality of those services and create efficiencies

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# SUMMARY

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