

Step 1

Discussion / Direction / Decision
of the Municipal Administrator's annual recommended transfer to the Public Infrastructure Sinking Fund.

Step 2

I MOVE TO transfer \$2,600,000 to the Public Infrastructure Sinking Fund to be allocated to future infrastructure projects and make this transfer effective June 30, 2021.



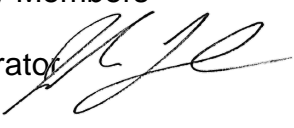
City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator 

Date: September 22, 2021

Subject: **Recommendation for Annual Transfer to the Public Infrastructure Sinking Fund**

Background

Per Sitka General Code 4.45.020, the Administrator must make a recommendation to the Assembly on an amount to transfer to the Public Infrastructure Sinking Fund for future appropriation to infrastructure projects:

Within ninety days after the start of each fiscal year, the administrator shall prepare an analysis of the general fund balance with an accompanying recommendation as to an amount of the general fund balance available for potential transfer to the public infrastructure sinking fund. This analysis shall first take into account any portions of the general fund restricted by Chapter 4.44A before recommending any further amounts for potential transfer to the public infrastructure sinking fund. (Ord. 12-30 § 4 (part), 2012.).

Analysis and Fiscal Note

June 30 of each year normally represents the cyclical period of lowest cash balances for the General Fund. For this reason, we base the recommendation for transfer to the Public Infrastructure Sinking Fund on our financial position as of June 30.

As of June 30th, 2021, the preliminary undesignated fund balance of the General Fund has improved significantly from the prior year. This is due to a number of factors, including:

- Pandemic relief funding that was able to be dedicated to either public safety efforts or revenue replacement.
- The donation from Norwegian Cruise Lines was received before 6/30/21, however the capital appropriation for Lincoln Street was not approved until FY22.
- While not back to pre-pandemic levels, sales tax revenues did improve from the beginning of the pandemic and exceeded the reduced FY2021 goals.

- The Sitka Community Hospital Dedicated Fund was able to pay back the General Fund \$1 million of the advance made to cover the Stark liability payment.
- Belt tightening and efforts diverted to pandemic relief (and thus funded) resulted in over \$2 million in savings (from budgeted amounts).

Ultimately the fact that we have carefully monitored the growth of our fund balance, while prioritizing investment in our town's infrastructure means that we have been able to maintain required liquidity while providing the core services expected of the municipality during a major economic downturn. However, doing so is at the expense of repairing our streets, buildings, and other governmental infrastructure. Fortunately, the fact that we are beginning to see an economic recovery, combined with belt-tightening, and federal relief means that we can once again begin to invest in our community's infrastructure.

Recommendation

Based on the analysis and considerations attached, I recommend transferring \$2,600,000 to the Public Infrastructure Sinking Fund to be allocated to future infrastructure projects. I further recommend that this transfer be made effective 6/30/21, differing from prior years in which the transfer was made effective around this time of year. Effecting the transfer in the fiscal year for which the analysis was done ensures that the transfer out to the Public Infrastructure Sinking Fund occurs in the year analyzed and also ensures that the transfer will not factor in the analysis of the current fiscal year when the recommendation is presented next September.

City and Borough of Sitka
Administrator's Recommendation of Assets Available For Transfer
to the Public Infrastructure Sinking Fund

Calculation of cash/equivalent required liquidity balance per SCG 4.44A.010		
	Budgeted Expenditures FY21 (less Transfers)	Divided by 4 = minimum required liquidity
Total Budgeted Expenses:	\$ 29,334,140	
Encumbrances from FY20/budget adjustments	\$ 147,288	
Less Interfund Transfers	\$ 1,376,200	
	\$ 28,105,228	\$ 7,026,307
Total General Fund analysis of adjusted net assets		Preliminary FY21
Total Assets		\$ 25,497,854
Liabilities		\$ (1,097,265)
Preliminary 6/30/2021 total Net Assets/Fund Balance		\$ 24,400,589
Fund balance committed-liquidity		\$ 7,026,307
Norwegian donation (FY22 appropriation to Lincoln St. capital project)		\$ 1,000,000
Non spendable (advances to other funds)		\$ 3,125,552
Fund balance made up of receivables		\$ 4,712,612
Restricted or non-spendable portion of fund balance		\$ 1,010,483
Fund balance committed for emergency purposes		\$ 2,000,000
Assets available for potential transfer into PISF		\$ 5,525,634
Fund Balance June 30, 2020		\$ 17,498,074
Change June 30, 2020 to June 30, 2021		\$ 6,902,515
Unassigned fund balance June 30, 2019		\$ 5,716,004
Unassigned fund balance June 30, 2020		\$ 3,827,823
Preliminary unassigned fund balance June 30, 2021 (prior to PISF transfer)		\$ 11,238,247
Other considerations:		
May need FY22 appropriation for expanded Lincoln St. project in conjunction with tourism plan	\$	2,000,000
Potential matching funds for RAISE grant	\$	1,600,000
Recommended transfer to Public Infrastructure Sinking Fund 6/30/21:	\$	2,600,000
Preliminary unassigned fund balance at 6/30/21 after transfer	\$	8,638,247