



CITY AND BOROUGH OF SITKA

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

Minutes - Final

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*

Thursday, January 23, 2020

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 6 - Christianson, Eisenbeisz, Knox, Wein, Paxton, and Mosher

Telephonic: 1 - Nelson

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

[20-014](#)

Special Report: Blank Rome Government Relations, LLC

CJ Zane, Managing Principal of Blank Rome Government Relations LLC, spoke to Blank Rome's work on behalf of the City and Borough of Sitka. Areas of focus were grants, appropriations, loans, and options for refinancing current debt.

V. **PERSONS TO BE HEARD**

None.

VI. **NEW BUSINESS:**

A [20-015](#)

Review the planned budget process and dates for development of the FY21 operating and capital budgets

Interim Administrator Hugh Bevan reviewed the budget meeting schedule and discussion items for each. In addition, he spoke to the overall goals of the FY2021

process, reviewed progress to date, and told of next steps.

B [20-016](#) Review Assembly decisions from the December 23, 2019 budget meeting

Controller Melissa Haley reviewed direction that was given at the December 23 budget meeting: assume flat funding from the State per current budget, PILT funding budgeted on lower end of historical range, Secure Rural Schools funding at \$500K (split between CBS and the School District), property tax at a 1.5% increase and senior property tax exemption at a 9.9% net increase, school bond debt service reimbursement expected at 50% of original State commitment - no subsidy budgeted, assume raw fish tax at \$1,000,000 with no subsidy from the General Fund to Harbor Fund needed, total school funding including half of Secure Rural Schools budgeted at \$7,618,993 (instructional \$7,053,234, non-instructional \$358,759, maintenance \$150,000, \$57,000 Performing Arts Center), nonprofit donations budgeted at FY2020 levels (General Fund nonprofit grants \$50K, the Ride \$25K, SAFV \$50K, SEDA \$63K, Sitka Historical Society \$97.2K), for discussion include Community Affairs position in FY2021 budget with a shift in the job description to be focused on grants, \$520K from the General Fund to Public Infrastructure Sinking Fund, Electric Fund budget developed assuming a 2% minimal inflationary increase and elimination of vacant system engineer position, Water Fund budget developed with a 2% minimal inflationary increase, Wastewater Fund budget developed with a 2% minimal inflationary increase, Solid Waste budget developed with a 5.5% increase, and Harbor Fund budget developed with a 3% increase to moorage rates. Haley noted the impact of rate increases to the average utility bill would be approximately \$8.88 per month. She added that the permanent moorage cost for a 40ft vessel would raise \$13.93 per quarter for a total of \$472.22.

C [20-017](#) Review working capital balances in all funds

Controller Melissa Haley reviewed undesignated and committed working capital amounts by fund. She noted at the end of each fiscal year a review was conducted by each department to determine those capital projects that no longer needed to be committed and thus closed out.

D [20-018](#) Review debt structure in all funds including Electric Fund bonds

Controller Melissa Haley reviewed the debt totals of the General Fund and major Enterprise Funds: General Fund storm sewers/internal loans (IT projects) \$402,100; Solid Waste \$1,157,975; Water \$6,807,164; Wastewater \$8,114,373; Harbors \$11,414,666; General Fund - Schools \$15,085,000; and Electric \$119,860,182. She explained the overall debt levels in the last five years had decreased. An increase from FY2018 to FY2019 occurred with the bonding for harbors and the airport. An increase was also likely with the use of loans for the critical secondary water and wastewater treatment plant rehabilitation projects. She noted while debt levels wouldn't be growing they wouldn't be decreasing at the same rates. Wein expressed concern over the amount of total debt and the ramifications for Sitkans.

Haley reviewed the Electric Fund bonded debt through Alaska Municipal Bond Bank, outlined series of bonding, interest rates, and when bonds were callable. She noted the City received subsidies from the IRS for some of the 2010 series with higher interest rates thereby reducing the effective interest rate being paid. Assembly members wondered if USDA loans could be used for refinancing. Jay Sweeney, Chief Finance and Administrative Officer, explained that agency funds could not be used for defeasance per government regulations.

E [20-019](#) Review estimated revenue projections for FY21 - all funds

Controller Haley reviewed preliminary budgeted revenue numbers for the General Fund, Electric Fund, Water Fund, Wastewater Fund, Solid Waste Fund, and Harbors. Interim Administrator Hugh Bevan explained the revenues were estimated on proposed rate increases and known revenue - e.g. fish tax.

F [20-020](#) Discussion / Direction on new proposals to be included in FY21 budget

Controller Melissa Haley and Interim Administrator Hugh Bevan discussed new proposals for the FY2021 budget.

No formal action was taken, however, consensus of the Assembly was to include funding for: additional training for the Planning Director, homeless coalition, long-range infrastructure/financial plans, remove the requirement for an Assistant Fire Chief from Sitka General Code, Assistant Controller-succession planning and GASB 87 implementation (for FY2021 only), debt service for USDA rural development loan for phase one of Green Lake power plant renovation, and hauling of derelict boats due to closure of Halibut Point Marine. Consensus of the Assembly was not to fill the vacant System Engineer position in the Electric Department and not provide medivac insurance for employees after one year of employment.

Unresolved decision points to be addressed at a future meeting: the Community Affairs Director position, signing bonuses for police officers, not filling a vacant Engineer position in Public works, and implementation of a new Building Maintenance Fund allocation model to stop the fund balance from shrinking.

VII. PERSONS TO BE HEARD:

None.

VIII. EXECUTIVE SESSION

None.

IX. ADJOURNMENT

A motion was made by Christianson to ADJOURN. Hearing no objections, the meeting ADJOURNED at 9:06 p.m.

ATTEST: _____

**Sara Peterson, MMC
Municipal Clerk**