

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2015-04

A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING THE
COUNCIL'S GOALS FOR THE FY16 BUDGET

WHEREAS, budget guidelines help to ensure that the budget is prepared in a manner consistent with City Council desires; and

WHEREAS, the City Council has discussed and selected the attached set of budget goals for FY16; and

WHEREAS, management will utilize the adopted goals as guidelines when developing the FY16 budget;

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council adopts the attached goals as a guideline for developing the FY16 budget.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY UNALASKA THIS 27TH DAY OF JANUARY 2015.

MAYOR

ATTEST:

CITY CLERK

City Council Goals for the FY16 Budget Year

Personnel Goals

The number of full-time equivalent (FTE) employees will not increase. If revenue declines, consideration will be given to a reduction in work force. The number of employee positions approved by Council is 149 full-time and 33 part-time positions (9.96 FTE) resulting in a total FTE of 158.96.

There are 149 full time positions and 33 part time positions budgeted for FY16- for a total of 182 employees.

General Fund Surplus Deficit

The General Fund operations will be budgeted without a deficit. The Council may appropriate additional funds from surplus to cover costs of capital projects.

Enterprise Self Funding

Staff will continue to seek ways to balance budgets in the following enterprise funds: Electric, Water, Wastewater and Ports.

Operating Expenses

The City Manager's proposed FY16 budget shall not increase for non-personnel expenditures

The total amount available to fund the Community Support Program grants will continue to follow the formula of 3.4642 percent of the five-year average revenue for the General Fund and Bed Tax Fund for the most recent complete years for a total of \$1,094,966. (Revenues do not include Other Financing Sources. The most complete years are FY09 through FY14.)

City management shall continue to examine ways to reduce expenditures without significantly impacting the level and quality of services to the public.

City management shall continue to examine ways to reduce inventory without significantly impacting the level and quality of services to the public.

Capital Projects

New capital assets or maintenance of capital assets will be limited to projects already in the CMMP, projects that are mandated or new projects that address life safety issues.

The replacement and maintenance plans for all existing capital assets will be reviewed annually.

Vehicle and heavy equipment fleet will be reduced where appropriate without significantly impacting services provided to the public.

Revenues

Enterprise Fund rate studies will be completed every three years and presented to Council.

Yearly revenue projections will be conducted five years out, utilizing the model prepared by Northern Economics.

The mil rate will be reviewed annually to establish an appropriate mil rate to maintain infrastructure and operations.

Debt Service

The City will not incur new debt without appropriate analysis to show impacts to rates or taxpayers, and will not incur new debt unless the capital asset is eligible for a debt reimbursement program; is mandated by State or Federal government; or is needed to address life safety issues.

The City may incur debt for one or more of the three major capital projects: Landfill and Water projects.

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: CHRIS HLADICK, CITY MANAGER
DATE: JANUARY 28, 2015
RE: BUDGET GOALS FOR FY16

SUMMARY: This memo outlines my recommendations for FY16 Budget Goals. The Directors have submitted their budgets with the idea that non-personnel increases are limited to 0% unless they show proper justification. This memo will also outline some initiatives that I recommend for the coming year.

PREVIOUS COUNCIL ACTION: The City Council has reviewed budget goals at the beginning of each budget cycle since about 2002.

BACKGROUND: The outside influences on our finances can be summed up in three letters: EPA. The Leachate Tank project is complete and the Wastewater Treatment Plant project is well underway. Construction of the New Water Treatment Facility is underway and on schedule. Shell has been delayed, once again they are planning an Arctic Drilling Program for the summer of 2015. It is all about the permits. They should know by the end of March whether the drilling will happen.

DISCUSSION: The City Council Goals for the FY15 Budget Year are attached.

Community Support: We have updated the amount of money available for Community Support under Operating Expenses to reflect the formula we have been using for many years.

Debt Service: As Council knows, we will be incurring debt for the Wastewater Treatment Plant Construction Project. And we will also incur debt for the Landfill Expansion Project and the Water Treatment Facility.

Arctic Issues: We have been given a reprieve since Shell has delayed drilling for another year. As of this date Shell is planning to drill in the Summer of 2015. The final decision on permitting is expected the end of March. I know that Shell is trying to work with the Alaska Marine Pilots and our Staff to improve relations in the community.

Branding/Public Relations: We have been working with a PR firm in Anchorage on a proposal to provide new educational materials for the city. A short film and a package of introductory written documents are being contemplated. From these products advertisements can be developed for publications such as the business monthly. Once we get a scope of services nailed down we will share with the council.

Planning: The Planning Department requested and the City received notification that assistance would be provided to the City from the American Planning Association. The Planning team was here this past year for a site visit. We have received a rough draft of the report they have written. As soon as the document is finalized we will distribute copies to the council. This planning was done in response to Shell basing out of Unalaska and the impacts there would be from oil and gas exploration in the Arctic. The Comp Plan could be amended based on their recommendations.

Cargo over the Pole: Tshudi Shipping is still interested in carrying fish from Unalaska over the Pole on the Northern Sea Route (NSR). Unfortunately current sanctions have put a damper on carrying cargo over the pole as it requires a Russian Ice Breaker as an escort. Sanctions are expected to be lifted by this summer.

Captains Bay Road: The Public Works Department has specifications that are used on every project.

City Housing: The lack of housing in Unalaska is well documented. Currently staff is working on possible solutions for the community. Planning is preparing a land development 101 presentation so council can better understand how land is developed under our code of ordinances. City Clerk Cat Hazen has done the research on LID's that have been done in the past and we will also discuss how the law works with regard to delaying taxation of developed land. The City will rent housing off the market when there is a dire need for key positions and we are revamping the way employees get on the housing list (a prioritization).

Marijuana: I just returned from a conference in Colorado on Marijuana. There were 500 attendees from 33 states and 6 countries. It was an eye opener. Brooks Chandler has been working on this issue with the Alaska Association of Police Chiefs and will be in Unalaska sometime the month of February to discuss directly with council. I am working on a memo to city employees with regard to our no drug tolerance policy and we will be updating our housing leases with city employees to comply with the law. I understand that a bill is before the legislature to ban or delay the legality of edibles and concentrates. Both of these areas are problematic in my eyes. We are all learning but we will provide the council with the best guidance available. I understand the Governor of Colorado came out today and stated they wished Colorado had never legalized Marijuana.

Request for Proposals for Preferred Use Agreement at UMC: Staff has been working with Brooks Chandler in the development of an RFP process for a Preferred Use Agreement. Several shipping companies have requested a PUA from us. The City wants to finance a \$40 million dollar improvement project to positions 3 and 4. Our concept is preserve that fact that this is a Public Facility with multiple users but provide assurances to our container carriers of berthing space when they need it. We need guaranteed revenues for the project as well. Rather than spend several pages explaining we will have a workshop shortly that lays out the entire process. My concept of financing includes bonding which will require the guaranteed minimum for payments in order to gain approval to go to market. Right now we are in the process of planning the project with all the required steps for financing, the RFP process, engineering and design etc. Once that is done we will be coming to council for your blessing to put the RFP on the street.

Dredging the Bar: Jim Richardson, from ResourceEcon, is performing the Corps of Engineers required economic analysis for the dredging project, as we speak. The project has to provide benefits to the Nation before we go too much further down the road. Interestingly enough Jim worked on the same project for the City in 1985. He is sending a copy of that study for our review. It must be in Archives somewhere but I could not find it. The next step will be scoping and getting the geotechnical/environmental review completed. This project could cost up to \$20 million dollars with a 50% match from the City, or \$10 million dollars. I think you will find the work that Jim is doing will be beneficial not only to this project but will aid in attempting to get grant funding for UMC.

LNG/Methanol: Delta Western will be here the second meeting in February to discuss Methanol. I have been working with Sterling Gallagher in the Governor's Office with regard to shipping LNG to Rural Alaska.

ALTERNATIVES: Various alternatives exist, some of which I have not thought of at this point.

FINANCIAL IMPLICATIONS: The Financial implications will be brought forward during the budget presentations.

LEGAL: None.

STAFF RECOMMENDATION: Approve the attached Resolution.