

**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION 2017-19

A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING THE COUNCIL'S GOALS FOR THE FY18 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 FY18; and

WHEREAS, management will utilize the adopted goals as guidelines when developing the FY18 budget;

NOW THEREFORE, BE IT RESOLVED, that the Unalaska City Council adopts the attached goals as a guideline for developing the FY18 budget.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY UNALASKA THIS 28th DAY OF FEBRUARY 2017.



HON FRANK KELTY
Mayor

ATTEST:



CAT HAZEN
City Clerk



CITY COUNCIL GOALS FOR THE FY18 BUDGET YEAR

Personnel Goals

The number of full-time equivalent (FTE) employee authorizations will increase by 3 positions, two Police Officers and one Senior Fire Captain (convert volunteer to paid position). The number of employee positions approved by council is 156 full-time and 33 part-time (10.74 FTE) positions resulting in a total FTE of 166.74.

Additionally, 1 new position of Building Inspector will be created but not funded until council is satisfied with a job description, position responsibilities, the department overseeing the position, and the required funding. This will not impact the FTE until the position is budgeted for through a budget amendment in FY18 or future Fiscal Years.

There are 156 full-time positions and 33 part-time positions budgeted for FY18, for a total of 190 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.

Proprietary Funding

Staff will continue to seek ways to balance budgets in the following proprietary funds: Electric, Water, Wastewater, Solid Waste and Ports. City owned housing is used as an incentive for recruitment and retention, therefore, while we conservatively budget operations and renovations, a gap in funding will continue. In addition, the cost to operate the Airport continues to increase faster than the revenue gains. The General Fund will continue to cover the gap for Housing and the Airport when necessary.

Operating Expenses

The City Manager's proposed FY18 budget shall increase by no more than three percent for non-personnel expenditures with a goal to maintain as close to "zero" growth as possible. All non-personnel increases will continue to be highly scrutinized and staff must show proper justification not only of the added requirement but why they cannot absorb the cost in their existing baseline.

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.

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 existing capital assets will be limited to projects approved by Council in the CMMP, which will include projects that are mandated, and new projects that address life, safety and health issues.

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

The vehicle and heavy equipment fleet requirements will be reviewed annually and reduced where appropriate without significantly impacting services provided to the public.

Alternative Energy

In an effort to methodically proceed with alternative energy we will follow the Department of Energy's recommended process. We will first accomplish the wind study in FY18 to determine whether there is an adequate wind source in a reasonable location to pursue. The study will take 12-15 months from award of a contract if all goes smoothly. In subsequent FYs we will need to study our system to determine whether there are any necessary infrastructure upgrades required. The last step is to design a project to determine the affordability of wind power in Unalaska.

Revenues

Proprietary Fund rate studies will be completed every three years and presented to council.

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 or health issues.

The City may incur debt for its Proprietary Funds provided there is a documented plan to pay the debt through rate adjustments.

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: DAVID MARTINSON, CITY MANAGER
ERIN REINDERS, ASSISTANT CITY MANAGER
DATE: FEBRUARY 28, 2017
RE: BUDGET GOALS FOR FY18

SUMMARY: This memo outlines recommended FY18 Budget Goals. The Directors have prepared their proposed budgets understanding any non-personnel increases will be highly scrutinized and they must show proper justification not only of the added requirement but why they cannot absorb the cost in their existing baseline. The manpower goal has been revised as a result of previous council action.

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

City Council discussed the budget goals and manpower at the January 10, 2017 work session. Council voted on Resolution 2017-08 adopting the budget goals as discussed for FY18 on January 24, 2017, however that was vetoed at the February 14, 2017 meeting.

BACKGROUND: Many of the legislatively driven requirements for the City of Unalaska are either complete and we continue to work to resolve change order cost disagreements with the contractors. We continue to work to get the UMC project financing completed with the hope we can begin construction sometime in summer 2017.

DISCUSSION: The City Council Goals for the FY18 Budget Year are attached, and the City Manager's comments on various issues impacting the budget are as follows:

1. **Manpower:** The personnel goals have been revised to fund 3 new full time employees – two Police Officers and one Senior Fire Captain (convert volunteer to paid position). In addition to the creation of 1 new but unfunded position – one Building Inspector – pending additional research and information regarding the operational role and funding required for the posting. This is in accordance with previous council decisions and the Mayor's recommendation in his veto of Resolution 2017-08.
2. **Community Support:** We will continue to use the formula we have been using for many years to determine the amount of funding available for Community Support under Operating Expenses.

3. **Debt Service:** While our major projects for utilities are in the final stages we will incur debt in the Ports fund to reconstruct positions 3 and 4.
4. **Planning:** In FY17 the Planning Director left the City and we are working to hire a replacement. We were also less than successful in hiring a GIS employee in planning. We hope to hire into both positions so we can move forward with populating our GIS as soon in an effort to develop a strategic plan for the City. We anticipate the need to hire a consultant to help us navigate the waters as we move to integrate all existing plans into a single City-wide strategic plan. The budget requirement for this support is within the City Manager's budget and will only be used if necessary. In an effort to be as transparent as possible we will ensure Council knows if we choose to use external assistance.
5. **Captains Bay Road:** We continue to highlight to the State the need for Captains Bay Road and utility improvements. It is unlikely the State will provide any capital funds given the condition of the State's budget.
6. **Fiber Optic Cable:** We continue to highlight our need for a fiber optic cable connection to Unalaska. Unalaska and our Aleutian Island neighbors are stuck with "analog" speeds in a high speed digital and video world. High speed internet will improve services at our clinic with the ability to connect with medical professionals off island. This has the potential to reduce medical costs which now include expensive flights to access health care in Anchorage or the Lower 48. Our schools cannot meet some of the needs of our students due to slow Internet speeds. The State is driving more services to the Internet, like testing, which is problematic or inaccessible with slow Internet. Our community's ability to seek post-secondary education is also difficult. Our schools, the city and local businesses are unable to perform some required functions and have to provide data to third party companies to input into web based systems. This increases the opportunity for errors in critical areas. We are unable to use cloud based systems to improve efficiencies and effectiveness in personnel and business processes. Our Public Safety Department cannot use Internet systems while responding to critical incidents. This deficit places our public safety officers and community members at risk during man-made and natural disasters. Finally, across all of our community, one of the main reasons for difficulties in employee recruiting and retention of quality people is the lack of connectivity with family and friends off the island. We need financial assistance to get our community connected to the digital world and working more efficiently and effectively
7. **Alternative Energy:** In an effort to methodically proceed with alternative energy we will follow the Department of Energy's recommended process. We will first accomplish the wind study in FY18 to determine whether there is an adequate wind source in a reasonable location to pursue. The study will take 12-15 months from award of a contract if all goes smoothly. In subsequent FYs we will need to study our system to determine whether there are any necessary infrastructure upgrades required. The last step is to design a project to determine the affordability of wind power in Unalaska.
8. **Housing:** The lack of housing in Unalaska is extremely tough to nail down. Currently staff is working on identifying the requirements for housing across the community. Once we

understand the requirement we will engage with OC and other potential developers to determine the best approach to solving the housing issue. City Clerk Cat Hazen has done a tremendous job identifying ways to incentivize land owners to place lots on the market. We believe these tax reliefs can potentially open the avenue for lots to be sold to increase the housing market. The City will continue to rent housing off the market for city employees when it is advantageous to do so.

9. **UMC:** We are nearing 100% design and have begun to seek financing for this project. A \$45 million project is feasible given the assumptions made and the current operating revenues and expenses. We hope to have construction begin in summer of 2017.
10. **Dredging the Bar:** We were successful in getting the study for dredging the entrance channel started. The maximum cost for the City is \$1.5 million. We have included the remainder of the funding requirement in this budget, \$1.0M. The cost of dredging, should the study determine it is feasible, is still to be determined. There will be a cost share with the Federal Government but to place a number today is premature.

ALTERNATIVES: Various alternatives exist. It is impossible to recite them all, but as Staff traverses the budget process we will seek ways to perform our work more efficiently in an effort to reduce costs.

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

LEGAL: None.

STAFF RECOMMENDATION: Approve the attached resolution.

MEMORANDUM

To: Unalaska City Council

From: Frank V. Kelty, Mayor 

Date: February 9, 2017

Re: Formal Notification to the Unalaska City Council of the Mayor's Veto of Resolution 2017-08 Approving Councils Budget Goals for the FY18 Budget

Reason for Veto: I feel strongly that the Council should have included the position of Building Inspector in their Budget Goals for FY18. I believe that this position is needed in the community. Unalaska is a growing community of almost 5,000 residents, and we are seeing new residential construction, both single and multi-family units, remodels of existing residential units, and to a lesser extent, new commercial buildings and industrial remodels.

I feel that having a building inspector on staff would provide for better enforcement of City building codes. Also, and more importantly, a building inspector could work with individuals and businesses to alleviate problems and to understand the City building codes. I think this kind of one-on-one contact would be a great asset to the City and the community. I also believe that at the direction of the City Manager, this position could assist with nuisance code violations in the community, which is a growing problem that needs to be addressed.

Recommendation: I understand the Council's concerns regarding the increased funding required by adding positions to the City budget. I share those concerns. My recommendation, if my veto is upheld by the Council, is to create the position but not fund it until the Council is satisfied with a job description, position responsibilities, the department overseeing the position, and the required funding. This may or may not happen in the FY18 budget cycle. I hope the Council gives my recommendation serious consideration.

Action by Council on Mayor Veto: The Council has to make a motion to override the Mayor veto. To override my veto you need 75% of the body in support of the motion (4 votes). If that is achieved the veto will be overridden and I will sign Resolution 2017-08 adopted by the Council on January 24, 2017. If the motion to override the veto fails, we will bring Resolution 2017-08 back to the Council for further discussion, possible amendments and adoption.

**CITY OF UNALASKA
UNALASKA, ALASKA**

RESOLUTION 2017-08

A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING THE COUNCIL'S GOALS FOR THE FY18 BUDGET

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WHEREAS, the City Council has discussed and selected the attached set of budget goals for FY18; and

WHEREAS, management will utilize the adopted goals as guidelines when developing the FY18 budget;

NOW THEREFORE, BE IT RESOLVED, that the Unalaska City Council adopts the attached goals as a guideline for developing the FY18 budget.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL OF THE CITY UNALASKA THIS 24th DAY OF JANUARY 2017.

HON FRANK KELTY
Mayor

ATTEST:

ROXANNA WINTERS
Acting City Clerk

CITY COUNCIL GOALS FOR THE FY18 BUDGET YEAR

Personnel Goals

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

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MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: DAVID MARTINSON, CITY MANAGER
DATE: JANUARY 24, 2017
RE: BUDGET GOALS FOR FY18

SUMMARY: This memo outlines recommended FY18 Budget Goals. The Directors will prepare their proposed budgets understanding any non-personnel increases will be highly scrutinized and they must show proper justification not only of the added requirement but why they cannot absorb the cost in their existing baseline.

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

BACKGROUND: Many of the legislatively driven requirements for the City of Unalaska are either complete and we continue to work to resolve change order cost disagreements with the contractors. We continue to work to get the UMC project financing completed with the hope we can begin construction sometime in summer 2017.

DISCUSSION: The City Council Goals for the FY18 Budget Year are attached, and my comments on various issues impacting the budget are as follows:

1. **Manpower:** As discussed during the work session at the January 10, 2016 Council Meeting it is proposed to increase the number of full time employees by 4 – one Police Officer, one Building inspector, one Senior Fire Captain (convert volunteer to paid position) and one grants writer.
2. **Community Support:** We will continue to use the formula we have been using for many years to determine the amount of funding available for Community Support under Operating Expenses.
3. **Debt Service:** While our major projects for utilities are in the final stages we will incur debt in the Ports fund to reconstruct positions 3 and 4.
4. **Planning:** In FY17 the Planning Director left the City and we are working to hire a replacement. We were also less than successful in hiring a GIS employee in planning. We hope to hire into both positions so we can move forward with populating our GIS as soon in an effort to develop a strategic plan for the City. We anticipate the need to hire a consultant to help us navigate the waters as we move to integrate all existing plans into a single City-wide strategic plan. The budget requirement for this support is within the City Manager's

budget and will only be used if necessary. In an effort to be as transparent as possible we will ensure Council knows if we choose to use external assistance.

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and expenses. We hope to have construction begin in summer of 2017.

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ALTERNATIVES: Various alternatives exist. It is impossible to recite them all, but as Staff traverses the budget process we will seek ways to perform our work more efficiently in an effort to reduce costs.

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

LEGAL: None.

STAFF RECOMMENDATION: Approve the attached resolution.