

GENERAL LEDGER	ACTIVITY CODE	GENERAL LEDGER CODE NAME	Balance	Target Balance	Add/ (Subtract)	Comments
PROJECTS REPURPOSING (ADD, REDUCE, CLOSE)						
350-0310-55000	1707	Senior Center Upgrades	34,410	110,000	75,590.04	Add
350-0310-55000	1804	PARK Shelter Structural Repa	121	-	(120.92)	Close
350-0310-55000	1810	SCHO HIGH Water Repl	63,276	10,000	(53,275.51)	Reduce
350-0310-55000	1816	AIRP Office Remodel	4,050	-	(4,049.50)	Close
350-0310-55000	1908	BUIL Phone System Replacement	73,483	-	(73,482.57)	Reduce
350-0310-55000	2004	BUIL City Revitalization	41,986	-	(41,986.04)	Reduce
350-0310-55000	2005	BUIL Insur Mech Repa	177,329	-	(177,328.89)	Close
350-0310-55000	2009	HRB SBH Elect Vaults	64,142	-	(64,142.23)	Reduce
350-0310-55000	2010	BUIL Council Chmbrs Upgr	285	-	(284.86)	Close
350-0310-55000	2022	PARK Robe River Playground Upgrades	1,212	-	(1,212.00)	Close
350-0310-55000	2101	WASE Robe River Booster Pump Replacement	51,260	10,000	(41,259.63)	Reduce
350-0310-55000	2104	SCHO HERM Cafeteria Floor Repl	16,025	-	(16,024.71)	Close
350-0310-55000	2105	BUIL LIBR Restroom Remodel	17,002	-	(17,002.47)	Reduce
350-0310-55000	2108	BUIL SENSI Siding	63,346	360,000	296,654.00	Add
350-0310-55000	2203	WASE Waterline Relocation Meals to Rich	(20,555)	-	20,554.77	Add
350-0310-55000	2204	SENI Sprinkler Repair	163,396	-	(163,396.13)	Close
350-0310-55000	2205	POFI Outdoor Warning System	28,985	50,000	21,015.00	Add
350-0310-55000	2206	BUIL CIVI Flood Damange Repair	3,712	775,000	771,288.00	Add
350-0310-55000	2207	PORT CONT Scale Replacement	33,465	-	(33,465.00)	Close
350-0310-55000	2208	HARB Fisherman's Dock Repairs	1,530	30,000	28,469.55	Add
350-0310-55000	2302	MUSE Museum Entry Plaza Repairs	30,417	-	(30,417.00)	Close
310-1100-58000		STRE Pavement Mgt PH I	700	-	(700.00)	Close
310-1634-58000		New Fire Station	6,971	-	(6,971.11)	Close
310-2160-58000		Alpine Woods Sewer Project	98,122	-	(98,122.30)	Reduce
310-2538-58000		WASE WATE New Well #5	613,897	-	(613,897.48)	Reduce - Use Sewer Force Main Bond Proceeds
310-3600-58000		BUIL Coast Guard city Sign	8,949	-	(8,948.75)	Reduce
310-4253-58000		MUSE New Museum	27,347	-	(27,346.90)	Close
312-6400-58200		Kelsey Dock Phase II (warehouse)	21,805	-	(21,804.64)	Close
OPERATIONAL AND ADMINISTRATIVE RESERVES						
350-0600-55000		Nuisance Abatement Program	176,372	336,911	160,539.39	Add - Landshark contaminated soil clean-up
350-1200-55000	201	Concrete/Asphalt Repairs for COV properties	32,631	50,000	17,368.53	Add - Maintain 50K Target Balance
350-5410-58200		Sr Apts - City Contribution	229,775	-	(229,775.00)	Covered Pavilion struck from project by Council
352-8300-55500		COVID19 EconRecovery Task Forc	69,181	27,715	(41,465.64)	Leftover appropriation, available to be repurposed
352-8300-55010		Emergency Preparedness	836,841	882,044	45,202.61	General emergency preparedness
352-8400-41150		Temporary Wages - Incident	45,203	-	(45,202.61)	Incident concluded, move to general preparedness
PROJECT PLANNING RESERVE						
350-0319-58000		Projects Planning Reserve			5,616,945.89	Carryforward funds to Projects Planning Reserve

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NEW PROJECTS						
350-0310-55000	2401	N. Harbor Drive Restripe	-	250,000	250,000.00	FlashVote Survey to advise on scope
350-0310-55000	2402	Rural Roads Program	-	125,000	125,000.00	Planning for Rural Roads Improvements
TRANSFERS						
350-0050-39100		Reserve Fund Transfer from General Fund			(5,616,945.89)	Carryforward from General Fund
001-0050-49140		General Fund Transfer to Reserve Fund			5,616,945.89	Carryforward to Reserve Fund
350-0050-39125		Reserve Fund Transfer from Capital Fund			(777,791.18)	Repurposed Funds from Capital Fund
310-0050-49140		Capital Fund Transfer to Reserve Fund			777,791.18	Repurposed Funds to Reserve Fund

**CITY OF VALDEZ, ALASKA
CITY COUNCIL
2015 BUDGET POLICY STATEMENT**

of the City Council. Such realities then generate the necessary debate that could ultimately change City policies, services, and/or state and federal legislative priorities, sufficient to deal with the shortfall.

Three separate long term accounts will be established to manage Major Maintenance, Major Equipment, and Capital Projects. The budget policy statement will set the 2015 target for the minimum annual revenue percentage that will be budgeted for each of these funds to support their respective requirements. Note that these are initial planning targets only and the City Council may adjust the actual levels of funding at anytime during the budget development process. These funds will carry-over from year to year to allow accumulation of funds. It will also provide a mechanism for depositing extra money during good revenue years that can help to extend the capacity of each program.

- Major Equipment Reserve – The Major Equipment Reserve provides funding for the purchase of the City's capital equipment valued at \$10,000 or higher. The City has adopted a 10-year equipment replacement plan to accommodate the equipment needs of the City into the future. The equipment replacement account should be maintained at a minimum balance of not less than \$1,000,000 at any one time. This minimum balance allows for the replacement of the catastrophic loss to the City's essential equipment. The annual contribution to this fund will be up to four percent (4%) of total projected annual General Fund revenues.
- Major Maintenance Reserve – The Major Maintenance Reserve provides funding for the repair or renovation of the City's capital infrastructure valued between \$20,000 and \$250,000. The City has adopted a 30-year life cycle maintenance plan to accommodate the preservation of the City's physical assets. The major maintenance account should be maintained at a minimum balance of not less than \$500,000 at any one time. This minimum balance will allow for initial emergency repairs to essential assets. The

annual contribution to this fund will be up to four percent (4%) of total projected annual General Fund revenues*.

- Capital Facilities Fund – The Capital Facilities Fund provides discrete accounts for specific Capital Projects that will result in new or expanded City assets valued at \$20,000 or higher; or for major maintenance projects valued at more than \$250,000; as well as for the demolition of major City assets. The City will develop a multi-year plan for establishing capital projects that will focus on providing better service delivery, community planning goals, economic expansion opportunities, and/or improved quality of life for Valdez. The annual contribution to this fund will be up to four percent (4%) of total projected annual General Fund revenues*.

* Note: To help address the annual General Fund revenue uncertainty/volatility; in 2014 the City Council began 'forward funding' Major Maintenance and Capital Projects. This was done by appropriating known resources during the annual mid-year budget adjustment to the following year's projects. Therefore during the development of the 2015 budget, any estimated funding for MM/CIP based on budget development assumptions will be set aside in a reserve account until the following year's mid-year adjustment, when we can then validate those assumptions and again determine 'known' levels of funding for 2016's projects.

PERSONNEL

The City Council recognizes that the quantity and quality of services rendered by City government is directly dependent upon the quantity and quality of personnel employed by the City. Recruiting and retaining qualified and dedicated people to provide services to the citizens is essential. The City Council therefore takes a leadership role in the community as an exemplary and model employer in terms of concern for employees, training, safety, equal opportunity, wages and fringe

funding to finish that year. However, a full year's budget totaling \$474,365 is included in this 2015 draft for the first time.

Revenue

In addition to our property tax revenues, the City also receives money from the state and federal governments. Over the past few years we have been receiving approximately \$2.7 million per year from the federal government in the form of forest receipts and PILT (Payments In lieu of Taxes). However, these programs are now only considered for authorization on a year-by-year basis, and therefore can no longer be counted upon for budget planning.

Capital Projects – Major Maintenance

In 2014 the City took a new approach to capital project and major maintenance funding. Due to the magnitude of the funding required for these projects; the fall revenue assumptions made realistic planning very difficult. Therefore the 2015 capital projects and major maintenance needs were forward funded at the 2014 mid-year budget adjustment, using actual revenue received that year. What this means for the 2015 budget draft, is that any 'soft' funding that can be allocated toward these types of projects, based on the fall revenue assumptions, will be placed in a Reserve Fund holding account until the 2015 mid-year budget adjustment. At that time this funding will be tried up against actual revenue and then used to forward fund the 2016 projects.

Personnel

Healthcare – The City has a self funded health benefit program. Therefore we do not pay 'premiums' for this coverage, rather we budget to cover our expected actual claims plus administrative charges. 2014 saw an extraordinary number of high dollar claims, which caused two mid-year cash infusions into the Health Fund. Since future payments into the fund are based on past years claims history, it is anticipated that healthcare costs will increase sharply in 2015. As a result, the 2015 budget includes a 30% increase for these expected benefit costs totaling \$543,893.

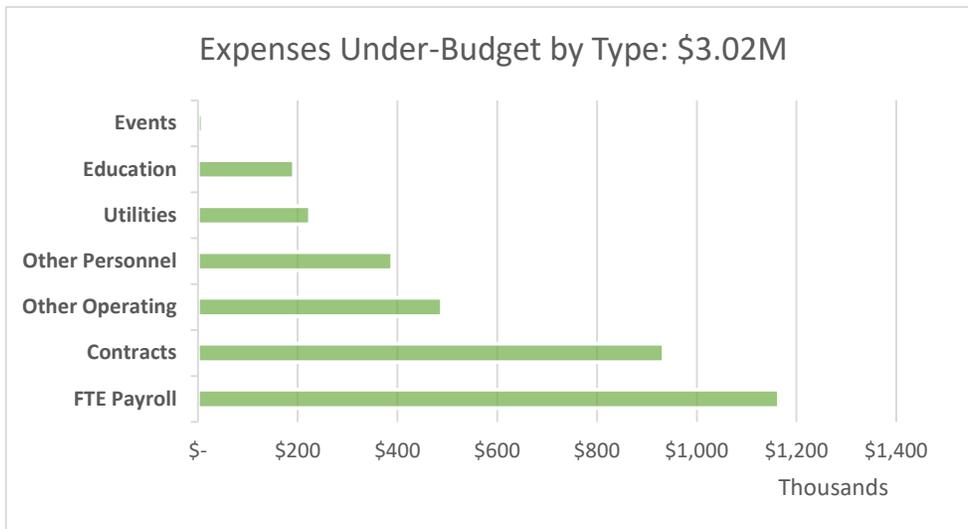
Additionally, this proposed budget includes a 2% Cost of Living Adjustment (COLA) for all regular City employees.

Bottom Line

The 2015 budget presents a status quo spending plan, except for the issues noted, which satisfies the general guidance provided in the Budget Policy Statement.

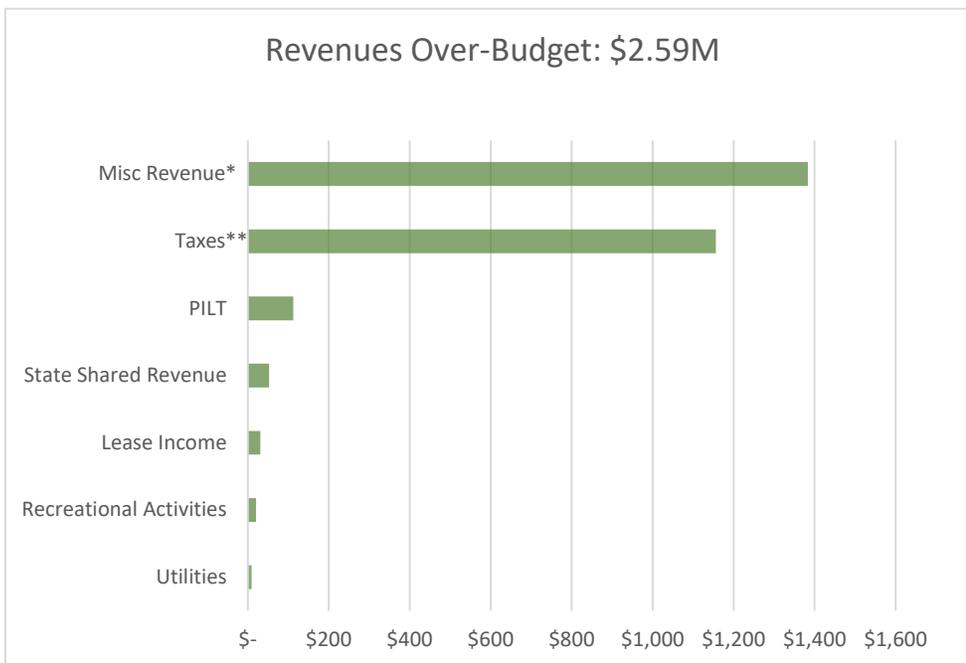
The City Council and City Administration continued to feel pressure during the development of this budget proposal. On one hand the public expects the City to provide a particular level of quality public services; which of course, required a certain level of resources. But on the other hand we could clearly see that based on reasonable revenue projections, it will probably not be possible to sustain that level of spending much longer. This is demonstrated by the fact that funding for the operational portion of this budget required reducing funds set aside for 2016 Capital Projects and Major

Carryforward Analysis



Percent of Budget Unspent in 2023 by Department

Solid Waste	25%	Park Maintenance	14%	Animal Control	3%
Civic Center	25%	Human Resources	13%	Insurance	2%
Emergency Management	24%	Police	12%	Education	2%
Engineering	24%	Community Development	12%	Streets/Shop	1%
Economic Development	24%	Building Maintenance	11%		
Parks & Recreation	20%	Administration	8%		
Library	19%	Public Safety	5%		
City Council	16%	Law Enforcement	3%		
Information Services	15%	Fire/EMS	3%		



*90% of Misc Revenue is Interest Income

**Taxes, Property Tax (988K) Hotel & Motel (120K)