



City of Valdez

212 Chenega Ave.
Valdez, AK 99686

Meeting Agenda

City Council

Tuesday, August 5, 2025

6:00 PM

Council Chambers

Work Session - Budget Parameters Resolution Discussion

WORK SESSION AGENDA - 6:00 pm

Transcribed minutes are not taken for Work Sessions. Audio is available upon request.

[Budget Parameters](#)



Legislation Text

File #: 25-0337, **Version:** 1

ITEM TITLE:

Budget Parameters

SUBMITTED BY: Jordan Nelson, Finance Director

FISCAL NOTES:

Expenditure Required: none

Unencumbered Balance: n/a

Funding Source: n/a

RECOMMENDATION:

Review and provide direction to City Management

SUMMARY STATEMENT:

City Council expressed a desire to draft the 2026 Budget Parameters Resolution prior to adoption by resolution. At the end of this work session staff will edit the document according to council consensus and bring for approval on August 19th

The attachments explained

- Powerpoint slides - the slides are the agenda for the meeting to guide the conversation
- 2026 Budget Parameters (draft) - This document is made available for council edits and suggestions, and will be the basis for the entire conversation
- 2024 and 2025 Budget Parameters - These documents are for reference



Budget Parameters

2026 Budget

Background

- A Budget is...
 - Policy Document
 - Financial Plan
 - Operations Guide
 - Communication Device
- Annually, the City Council adopts by resolution “Budget Parameters” to inform staff as they draft respective department budgets

Budget Parameters Resolution

- Objective
 - Complete a draft 2026 Budget Parameters Resolution
 - 2024 and 2025 BPRs included in packet for reference
- Tactic
 - Review Draft 2026 BPR submitted in packet
 1. Revenues <10 min>
 2. Expenses <25 min>
 3. Transfers (Projects, Reserves) <10 min>
 4. Intro/Summary/Conclusion <10 min>

Revenues <10 min>

- Revenues
 - Property Tax
 - Mill Rate
 - Permanent Fund
 - 1.5% Permanent Fund Appropriation
- Other Revenue
 - Special Revenue Funds
 - Utility, Ports and Harbor
 - Other rates and fees
 - Recreation
 - Dumpsters
 - Leases
 - Bed tax
 - etc

Expenses <25 min>

- Personnel
 - Cost of Living Adjustment
- Other Expenses
 - Other Personnel
 - Other Operating
 - Contracts
 - Utilities
 - City Events
- Education
 - Valdez City Schools
 - Prince William Sound College
- Legal
- Community Service Organizations (CSOs)
 - Sponsored Events

Transfers <10 min>

- Capital Projects (CIP, Major Maintenance)
- Reserve Funds

Intro/Summary/Conclusion <10 min>

- Broad-based direction from City Council to stakeholders

Attachment A: Council Priorities for the 2026 Operating Budget

INTRODUCTION

Valdez City Council held its annual strategic planning retreat June 20-21st, 2025 to discuss organizational strengths, weaknesses, opportunities, and threats as well as a review and status update of previous priorities, and forward-looking top priorities. The top priorities of the City Council are as follows:

- Housing
 - Increase housing stock by Fall 2027, utilizing the housing needs survey
- Childcare
 - Complete an operating, active, licensed childcare facility by Fall 2026
- Maintenance
 - Annually appropriate funds toward deferred maintenance on critical infrastructure
- Expand: Outdoor Recreation, Tourism, Maritime & Community
 - Annually modernize aging infrastructure, while leveraging natural and transportation assets, to expand: Outdoor recreation, Tourism, Maritime & Community

Further, a public workshop was held by the City Council on August 5th to further develop this document which represents preliminary Council direction, summarized below, for development of the 2026 Operating and Capital Budget.

SUMMARY

Management has presented the City Council with written Department Operations Reports for all staffed departments. The Council requested additional information from specific departments to consider before making final appropriations in the 2026 Budgets, all other staffed departments were instructed to abide by the parameters set forth in this document. Revenues that allow the City of Valdez to provide services to residents are primarily driven by Property Tax revenue, and the 2025 Budget and current fiscal year reflect the end of a multi-party agreement on TAPS valuation. As the City Council continues to evaluate its legal strategy around taxation of oil & gas property, guidance in this document may be subject to change especially as it relates to the 2026 Budget.

REVENUES

Property Tax – Ad Valorem Tax, i.e. property tax, continues to be the City’s primary revenue source, comprising 90% of General Fund revenues based on a twenty-mill levy. The 2026 preliminary budget will be developed based on a continued twenty-mill levy using the most-recent TAPS and related infrastructure valuation as a revenue forecast and will include revenue projections pursuant to VMC 3.30.

Permanent Fund – For the 2026 budget, the City Council will appropriate for expenditure 1.5% from the permanent fund, as mandated by the charter's Section 6.7(a). The funds will be utilized for bonded infrastructure debt, while ensuring that the remaining amount continues to be held in trust for the benefit of present and future generations of Valdez residents, as per the City’s Charter.

Other Revenues – All Other Revenues in the 2026 Budget will reflect historic levels of activity. This assumption will be presented in the General Fund, for items such as Parks and Recreation program

participation, leases, and hotel occupancy tax. Interest earnings on accumulated fund balances will reflect current market rates on allowable investment instruments.

Special Revenue Funds – The City operates four Special Revenue funds, Utility Fund for water and sewer charges, and Airport, Port, and Harbor funds, for facilities fees, leases, and fees related to commerce volume. Port and Harbor funds are tasked with targeting rates at a level at which revenues and expenses are budget neutral and do not require operational subsidies from the City’s General Fund with the exception of major maintenance related to existing infrastructure. Further Council direction related to Airport and Utility Fund can be found in the **Special Revenue Funds and Fee Subsidies** portion of this document.

EXPENSES

Personnel – Full-Time Equivalents (FTE) is captured in “FTE Personnel”, an expense category containing the combined costs of salary, wages, and benefits for all approved positions. Management will continue the convention of budgeting for full employment, so as to reflect the full committed costs of all approved positions. Position vacancies during the budget year will result in actual expenses below budgeted amounts. Management is encouraged to use position vacancies as an opportunity to re-examine staffing levels for changing priorities and reallocation of overall staffing levels. Due entirely to this practice, as a budget category, FTE Personnel has an estimated citywide increase of 3.9%. However, where no staffing reallocation has taken place, the benchmark is 7.6% for departments with a status quo personnel picture.

The staffing reallocation notwithstanding, the following factors remain cost drivers:

Cost of Living Adjustment (COLA) – Salary and Wage rates will reflect a 2.3% Cost of Living Adjustment (COLA). This figure is based on Alaska/Anchorage official First-Half Consumer Price Index (CPI) figure and is supported by the City Council to be included in the 2026 Budget.

Benefits – Additional benefits costs are associated with every marginal increase in wages such as the two examples above. Additionally, the combination of substantial increases to reinsurance carrier markets and a small, self-funded healthcare pool comprise the primary drivers behind a conservative estimated increase of 13.2% to employee benefits costs for the upcoming budget year.

Other Expenses – Management is also directed to present and quantify all expense categories, including FTE Personnel, versus inflationary growth over a 5-year time horizon and with year over year inflationary metrics. Council desires this objective to be on an individual department basis and serve as a foundation for Council’s consideration and analysis relative to their articulated program and service priorities. Departments under 5-year inflationary growth and year over year inflationary growth will most likely require little dialogue during 2026 Budget Workshops in October.

Education – Council reaffirms its commitment to funding Valdez Schools to the maximum permitted by statutory formula, and requests that Valdez City Schools give a budget overview presentation prior to the adoption of the school’s budget by the City in the second quarter of the upcoming fiscal year. Management will also present College and dual-credit funding requests as-received for Council

consideration. These three expenses reside in the City's "Education" department within the General Fund, and will be scheduled for coordinated presentation and discussion during regular October budget workshops.

Legal – At the direction of the City Council, City Administration will present the Legal expenditures in the General Fund distinguishing between legal operating expenditures associated with normal City business and special projects as directed by the City Council.

Community Service Organizations (CSOs) – The City Council desires to keep overall Community Service Organization (CSO) funding consistent with established Council priorities and has provided guidance to staff on a few minor CSO application changes and expectations. Requirements for the 2026 CSO Program include:

- Continuance of the Biannual progress report for each CSO receiving funding
- Overall funding target is not more than 50% of the Valdez Program Budget for each organization
- Financial statements be presented side-by-side with prior fiscal year and current fiscal year
- CSO aggregate funding target NTE 2% of overall City operating budget

These parameters notwithstanding, CSO requests will be compiled by staff and forwarded to Council as-received. CSO applications will be discussed during a standalone workshop during the 2026 budget process, though approval during this workshop is not a final budget decision. Furthermore, any funding requests approved but not unanimously supported by the Council, or any in which further discussion is needed, will be revisited at a subsequent meeting prior to the adoption of the 2026 Budget.

INTER-FUND TRANSFERS

Capital Projects (CIP) Funds – The Long-Range Capital Plan and Capital (CIP) Budget will continue to be folded into the Operating Budget process reflecting the full commitment to Operating and Capital expenditures in the 2026 Adopted Budget. The CIP program will be funded by established convention, where prior year expenditures under-budget and revenues over-budget are appropriated and held in a CIP Planning Reserve in late first quarter of each fiscal year. Projects are then prioritized, and funds appropriated to specific projects by the City Council during Budget Workshops in October.

Reserve Funds - Reserve Funds are established via transfers from General Fund, and reflect costs-items that span multiple years, are unpredictable in nature, and/or serve to mitigate drastic annual variances. Examples include maintenance and capital projects as mentioned above, liquidation of accrued leave-time, and purchase of major equipment items, respectively. Management will continue with conventional reserve-fund levels to ensure adequate coverage of related expenses and liabilities.

Energy Assistance – Among the Reserve Funds is a specific appropriation for the Energy Assistance program. The program consists of a \$595 energy credit per qualifying residential customer. Management estimates the cost for the program to be approximately \$750,000.

Special Revenue Funds and Fee Subsidies – Council has historically approved fee-levels that are less than full cost-recovery levels, so as to provide reduced cost of living and enhanced quality of life for the benefit of residents. The imbalance of revenues and costs for related services are reflected in transfers from

General Fund to impacted funds, specifically Airport and Utilities. Council has expressed a desire to evaluate the level of subsidies to special revenue funds on an annual basis and explore ways to inform the public about these subsidies. Management will present preliminary 2026 budget transfers accordingly.

CONCLUSION

The directives and parameters articulated in this document represent a starting point for the 2026 budget and the dynamic long range financial plan. The final adopted operating budget may ultimately reflect revised priorities and parameters following a review of preliminary budgets during related work sessions in October. The preliminary budget will reflect Capital Project needs, composing a full picture of the City's Operational and Capital Budget as a work plan for the upcoming fiscal year.

Council continues to strive to evaluate budget requests within a multi-year context, within the framework of the mission of the City of Valdez – “To cultivate an environment of opportunity, sustained prosperity, and well-being for all people of Valdez” – while in pursuit of articulated programming within the framework of the City's Comprehensive Plan.

Attachment A: Council Priorities for the 2025 Operating Budget

INTRODUCTION

Valdez City Council held its annual strategic planning retreat June 20-21st, 2024 to discuss financial outlook, vision, and top priorities. During this meeting management also presented revised pro-forma budget summaries for 2025, as well as five-year forecasts through 2029. During the strategic planning retreat, the City Council developed Budget Parameters for the upcoming Fiscal Year, completed vision statement pre-work and identified next steps, received status updates on Comprehensive Plan goals, revisited established goal qualifiers, and refined priorities for the 2025 Budget. The various data and information were then factored into preliminary Council direction, summarized below, for development of the 2025 Operating and Capital Budget.

SUMMARY

Management presented preliminary budget figures and five-year forecasts illustrating a long-range financial plan for the City. Calculations reflect added oil and gas tax revenue assumptions, along with the continuation of a Repayment Reserve to capture the “worst-case” repayment of ongoing oil and gas revenue currently in jeopardy. Preliminary calculations otherwise reflected status-quo funding of Citywide levels of service, growth in personnel costs based on recent history, and inflationary growth in other expense categories averaged over 5 preceding years. Management further presented scenarios with large “levers” or decision-points for council to consider, each with varying degrees of impact to the City’s financial picture. Levers included the upcoming conclusion of the current 5-Year agreement with Trans-Alaska Pipeline System (TAPS) owners most recently renewed in Fiscal Year 2020 which represents roughly 80% of General Fund revenue. Current forecasted trends of revenue and expenditure based on history and historic TAPS valuation, reflect cautious optimism of a balanced budget through fiscal year 2028.

REVENUES

Property Tax – Ad Valorem Tax, i.e. property tax, continues to be the City’s primary revenue source, comprising 90% of General Fund revenues based on a twenty-mill levy. The 2025 preliminary budget will be developed based on a continued twenty-mill levy.

Permanent Fund – For the 2025 budget, the City Council will appropriate for expenditure 1.5% from the permanent fund, as mandated by the charter's Section 6.7(a). The funds will be utilized for bonded infrastructure debt, while ensuring that the remaining amount continues to be held in trust for the benefit of present and future generations of Valdez residents, as per the City’s Charter.

Other Revenues – All Other Revenues in the 2024 Budget will reflect historic levels of activity. This assumption will be presented in the General Fund, for items such as Parks and Recreation program participation and hotel occupancy tax, the Utility Fund for water and sewer charges, and in Ports and Harbor funds, for facilities fees, leases, and shipping volume. Interest earnings on accumulated fund balances will reflect current market rates on allowable investment instruments.

EXPENSES

Personnel - “FTE Personnel”, an expense category containing the combined costs of salary, wages, and benefits for all approved positions. Management will continue the convention of budgeting for full employment, so as to reflect the full committed costs of all approved positions. Position vacancies during the budget year will result in actual expenses below budgeted amounts. Management is encouraged to use position vacancies as an occasion to re-examine staffing levels for changing priorities and reallocation of overall staffing levels. The City Council will evaluate specific feedback from the City Manager as to positions and services needed on a case-by-case basis, keeping goal qualifiers first and foremost as a backdrop for balancing levels of service to the community.

As a budget category, FTE Personnel has a baseline increase of 6.5% driven by the following three factors:

Cost of Living Adjustment (COLA) – Salary and Wage rates will reflect a 2.5% Cost of Living Adjustment (COLA). This figure is based on Alaska/Anchorage official First-Half Consumer Price Index (CPI) figure. Council has indicated support to include this adjustment for consideration during the 2025 Budget Workshops in October.

Merit/Longevity Increases – Personnel costs will also reflect Finance and Human Resources best-estimates of scheduled raises pursuant to personnel regulations and current staffing data. Preliminary estimates reflect approximately a 0.9% increase.

Benefits – Additional benefits costs are associated with every marginal increase in wages such as the two examples above, however, the combination of substantial increases to reinsurance carrier markets and a small, self-funded healthcare pool comprise the primary drivers behind an estimated 11.3% increase to employee benefits costs for the upcoming budget year.

Other Expenses – Management is also directed to present and quantify all expense categories, including FTE Personnel, versus inflationary growth over a 5-year time horizon and with year over year inflationary metrics. Council desires this objective to be on an individual department basis and serve as a foundation for Council’s consideration and analysis relative to their articulated program and service priorities. Departments under 5-year inflationary growth and year over year inflationary growth will most likely require little dialogue during 2025 Budget Workshops in October.

Education – Council reaffirms its commitment to funding Valdez Schools to the maximum permitted by statutory formula, and requests that Valdez City Schools give a budget overview presentation prior to the adoption of the school’s budget by the City in the second quarter of the upcoming fiscal year. Management will also present College and dual-credit funding requests as-received for Council consideration. These three expenses reside in the City’s “Education” department within the General Fund, and will be scheduled for coordinated presentation and discussion during regular October budget workshops.

Community Service Organizations (CSOs) – The City Council desires to keep overall Community Service Organization (CSO) funding consistent with established Council priorities and has provided guidance to staff on a few minor CSO application changes and expectations. Changes for the 2025 CSO Program include:

- Biannual progress report for each CSO receiving funding
- Overall funding target is not more than 75% of the Valdez Program Budget for each organization
- Financial statements be presented side-by-side with prior year and current year.

Council wishes to acknowledge that future iterations of the set of guidelines may include an overall funding target of not more than 50% of the Valdez Program Budget for each organization and a requirement for local representation with respect to the expenditure of City of Valdez funds. These parameters notwithstanding, CSO requests will be compiled by staff and forwarded to Council as-received. CSO applications will be discussed during a standalone workshop during the 2025 budget process, though approval during this workshop is not a final budget decision. Furthermore, any funding requests approved but not unanimously supported by the Council, or any in which further discussion is needed, will be revisited at a subsequent meeting prior to the adoption of the 2025 Budget.

INTER-FUND TRANSFERS

Capital Projects (CIP) Funds – For the first time in recent history, the Long-Range Capital Plan and Capital (CIP) Budget will be folded into the Operating Budget process. This change was driven by numerous factors and will allow a view to the full commitment to Operating and Capital expenditures in the 2025 Adopted Budget. The CIP program will continue to be funded by established convention, where prior year expenditures under-budget and revenues over-budget are appropriated and held in a CIP Planning Reserve in late first quarter of each fiscal year. Projects are then prioritized, and funds appropriated to specific projects by the City Council during Budget Workshops in October.

Reserve Funds - Reserve Funds are established via transfers from General Fund, and reflect costs-items that span multiple years, are unpredictable in nature, and/or serve to mitigate drastic annual variances. Examples include maintenance and capital projects as mentioned above, liquidation of accrued leave-time, and purchase of major equipment items, respectively. Management will continue with conventional reserve-fund levels to ensure adequate coverage of related expenses and liabilities.

Energy Assistance – Among the Reserve Funds is a specific appropriation for the Energy Assistance program. The program consists of a \$550 energy credit per qualifying residential customer. Management estimates the cost for the program to be approximately \$675,000.

Special Revenue Funds and Fee Subsidies – Council has historically approved fee-levels that are less than full cost-recovery levels, so as to provide reduced cost of living and enhanced quality of life for the benefit of residents. The imbalance of revenues and costs for related services are reflected in transfers from General Fund to impacted funds, specifically Airport and Utilities. Council has expressed a desire to evaluate the level of subsidies to special revenue funds on an annual basis and explore ways to inform the public about these subsidies. Management will present preliminary 2025 budget transfers accordingly.

CONCLUSION

The directives and parameters articulated in this document represent a starting point for the 2025 budget and the dynamic long range financial plan. The final adopted operating budget may ultimately reflect revised priorities and parameters following a review of preliminary budgets during related work sessions in October. The preliminary budget will reflect Capital Project needs, composing a full picture of the City's Operational and Capital Budget as a work plan for the upcoming fiscal year.

Council continues to strive to evaluate budget requests within a multi-year context, within the framework of the mission of the City of Valdez – “To cultivate an environment of opportunity, sustained prosperity, and well-being for all people of Valdez” – while in pursuit of articulated programming evaluated within the framework of the City's Comprehensive Plan.

Attachment A: Council Priorities for the 2024 Operating Budget

INTRODUCTION

Valdez City Council held its annual strategic planning retreat July 28-29th, 2023 to discuss programming, service levels, and project priorities. During this meeting management also presented revised pro-forma budget summaries for 2024, as well as five and ten-year forecasts through 2028 and 2034, respectively.

During the strategic planning retreat, the City Council meticulously developed "Goal Qualifiers" that serve as vital benchmarks for evaluating their future initiatives. These Goal Qualifiers encompass a comprehensive range of factors to assess the effectiveness and feasibility of their goals. Goal Qualifiers include but are not limited to: the number of people impacted, the sustainability and financial burden associated with maintenance, construction costs, the influence on high-need service areas, and the potential economic impact. By implementing these Goal Qualifiers, the City Council aims to ensure that their decisions align with their strategic vision, benefit the community at large, and foster long-term sustainability and growth.

The various data and information were then factored into preliminary Council direction, summarized below, for development of the 2024 Operating Budget.

SUMMARY

Management presented preliminary budget figures and five-year forecasts. The calculations reflect added oil and gas tax revenue assumptions, along with the continuation of a repayment liability reserve to capture the "worst-case" repayment of ongoing oil and gas revenue currently in jeopardy. Calculations otherwise reflected status-quo funding of Citywide Service Levels, slight growth in personnel costs, and no growth in other expense categories. The resulting calculations yield an estimated deficit of \$1.0MM-\$3MM, and five-year aggregate deficit of \$14.2MM. Further, results from a ten-year iterative model were employed to illustrate possible outcomes over a ten-year time horizon. Key takeaways from the ten-year simulation include the end of the current 5-Year Settlement with TAPS owners and the impact to savings of a new agreement starting in the 2026 budget-year at various valuations.

REVENUES

Property Tax – Ad Valorem Tax, i.e. property tax, continues to be the City's primary revenue source, comprising 90% of General Fund revenues based on a twenty-mill levy. The 2024 preliminary budget will be developed based on a continued twenty-mill levy.

Permanent Fund – For the 2024 budget, the City Council will appropriate for expenditure 1.5% from the permanent fund, as mandated by the charter's Section 6.7(a). The funds will be utilized for bonded infrastructure debt, while ensuring that the remaining amount continues to be held in trust for the benefit of present and future generations of Valdez residents, as per the charter's provisions.

Other Revenues – All Other Revenues in the 2024 Budget will reflect historic levels of activity. This assumption will be presented in the General Fund, for items such as Parks and Recreation program participation and hotel occupancy tax, and in Ports and Harbor funds, for facilities fees, leases, and shipping volume. Interest earnings on accumulated fund balances will reflect current market rates on

allowable investment instruments. In the Utilities Fund, historic levels of commercial water and sewer charges will be taken into consideration and a moderate inflation adjustment will be presented to City Council for approval.

EXPENSES

Personnel - The City's largest expense category is "FTE Personnel", which is the combined costs of salary, wages, and benefits for all approved positions. Management will continue the convention of budgeting for full employment, so as to reflect the full committed costs of all approved positions. Position vacancies during the budget year will result in actual expenses below budgeted amounts. The resulting "savings" are then carried forward to the next budget-year, when they are typically appropriated to approved maintenance and capital projects. Though not reflected in the preliminary budget, management is encouraged to use position vacancies as an occasion to re-examine staffing levels for potential reductions in overall staffing. Above all, an emphasis on maintaining current Service Level Objectives for the city while accounting inflation is desired. The City Council will evaluate specific feedback from the City Manager as to positions and services needed on a case by case basis.

Cost of Living Adjustment (COLA) – Salary and Wage rates will reflect a 2.2% Cost of Living Adjustment (COLA). This figure is based on Alaska/Anchorage official First-Half Consumer Price Index (CPI) figure. Council has indicated support to include this adjustment for consideration during the 2024 Budget Workshops in October.

Merit/Longevity Increases – Personnel costs will also reflect Finance and Human Resources best-estimates of scheduled raises pursuant to personnel regulations and current staffing data. Preliminary estimates reflect approximately a 0.9% increase.

Other Expenses – Management will attempt to present other expense categories with no growth over adopted 2023 budget levels. This objective is targeted to a citywide aggregate, which allows for variance among individual departments to meet Service Level Objectives and increased staffing levels. Wherever department expense categories reflect increases, management is encouraged to present a range of offsetting expenses and enhanced revenues for Council consideration. Management is also directed to present and quantify expense figures in terms of Service Level Objectives whenever possible to facilitate Council's consideration and analysis relative to their articulated program and service priorities.

Education – Council reaffirms its commitment to funding Valdez Schools to the maximum permitted by statutory formula. Management will also present College and dual-credit funding requests as-received for Council consideration. These three expenses reside in the City's "Education" department within the General Fund, and will be scheduled for coordinated presentation and discussion during regular October budget workshops.

Community Service Organizations (CSOs) – City Council desires to keep overall CSO funding consistent with established Council priorities. Council also requests enhanced programming narratives and metrics so as to enable multi-year review and analysis of City-provided funds. These parameters notwithstanding, CSO requests will be compiled by staff and forwarded to Council as-received. CSO applications will be discussed on a standalone workshop during the 2024 budget process, though approval during this

workshop is not a final budget decision. Furthermore, any funding requests approved but not unanimously supported by the Council, or any in which further discussing is needed, will be revisited at a subsequent meeting prior to the adoption of the 2024 Budget.

INTER-FUND TRANSFERS

Reserve Funds - Reserve Funds are established via transfers from General Fund, and reflect costs-items that span multiple years, are unpredictable in nature, and/or serve to mitigate drastic annual variances. Examples include maintenance and capital projects, liquidation of accrued leave-time, and purchase of major equipment items, respectively. Management will continue with conventional reserve-fund levels to ensure adequate coverage of related expenses and liabilities. Maintenance and Capital Project appropriations will be set in the Spring of 2024 per established convention.

Energy Assistance – Among the Reserve Funds is a specific appropriation for the Energy Assistance program. Historically the program has been \$550 per residential and commercial customer. City Council evaluates the Energy Assistance program on an annual basis, and in the 2024 Budget, Council’s direction to staff is to present options for re-directing appropriations previously allocated to commercial customers totaling \$55,000 to a certain Economic Development initiative. Management estimates the cost for a “residential only” program to be approximately \$750,000.

Special Revenue Funds and Fee Subsidies – Council has historically approved fee-levels that are less than full cost-recovery levels, so as to provide reduced cost of living and enhanced quality of life for the benefit of residents. The imbalance of revenues and costs for related services are reflected in transfers from General Fund to impacted funds, specifically Airport, Harbor, and Utilities. Council has expressed a desire to evaluate the level of subsidies to special revenue funds Utility/Port/Harbor/Airport on an annual basis, and explore ways to inform the public about these subsidies. Management will present preliminary 2024 budget transfers accordingly.

CONCLUSION

The directives and parameters articulated in this document represent a starting-point for the 2024 budget and the emerging long range financial plan. The final adopted operating budget may ultimately reflect revised priorities and parameters following a review of preliminary budgets during related work sessions in October. Council acknowledges a preliminary 2024 Operating Budget deficit, and the necessity of appropriating funds from accumulated savings to balance the shortfall. **It is the intent of City Council that this deficit does not exceed the amount being appropriated to the Repayment Reserve.** Council has established a preliminary plan to fund Major Maintenance project priorities in the Spring of 2023, using a combination of the 2023 “Carry-Forward” funds, and re-purposed funds previously appropriated. Council further acknowledges that the preliminary budget does not reflect Capital Project needs, and that these costs will be considered as deductions from accumulated savings and/or funded via issuance of additional debt, which will impact future operating budgets.

Council continues to strive to evaluate budget requests within a multi-year context, within the framework of the mission of the City of Valdez – “To cultivate an environment of opportunity, sustained prosperity, and well-being for all people of Valdez” – while in pursuit of articulated programming and service-level priorities.