

City of Valdez

212 Chenega Ave. Valdez, AK 99686

Meeting Agenda

City Council

Thursday, October 30, 2025

6:00 PM

Council Chambers

Council Budget Work Session - Ports & Harbors; Reserves; Wrap-up & revisit topics

WORK SESSION AGENDA - 6:00 pm

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

1. <u>2026 Budget Work Session: Revisit Topic; Avalanche Center, Ports and Harbor Division, Reserve Funds, Wrap-up</u>



City of Valdez

Legislation Text

File #: 25-0468, Version: 1

ITEM TITLE:

2026 Budget Work Session: Revisit Topic; Avalanche Center, Ports and Harbor Division, Reserve

Funds, Wrap-up

SUBMITTED BY: Jordan Nelson, Finance Director

FISCAL NOTES:

Expenditure Required: Click here to enter text.

Unencumbered Balance: Click here to enter text.

Funding Source: Click here to enter text.

RECOMMENDATION:

Click here to enter text.

SUMMARY STATEMENT:

This is an appropriations-setting workshop for the 2026 Budget

City Council will review exhibits related to appropriations on the following subjects:

- Revisit Topic; Avalanche Center
 - Valdez Avalanche Center
- Ports and Harbor Division
 - Airport Fund
 - Airport Department
 - Harbor Fund
 - Harbor Department
 - Port Fund
 - Port Department
- Reserve Funds
- Wrap-up

Ports and Harbor, Reserves & Wrap-up

October 30, 2025 City of Valdez 2026 Budget Work Session



Revisit; Avalanche Center

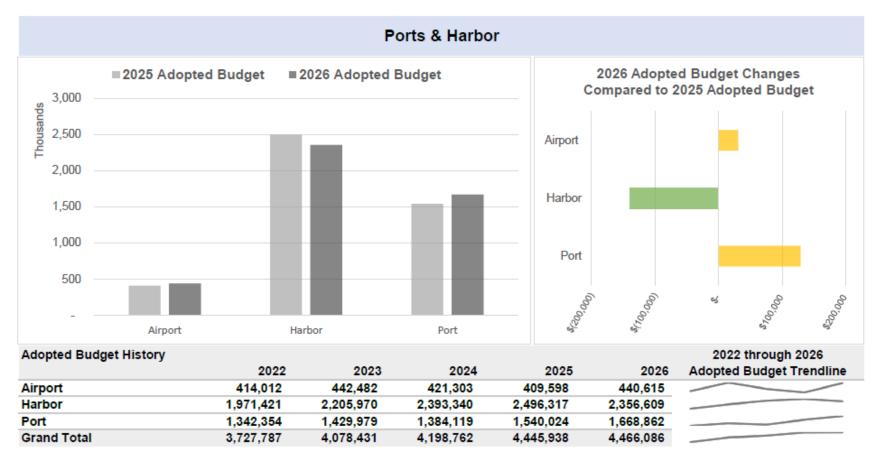


Council Request

- Funding NTE 50-65% of Total Valdez Program Costs
 - 5 day/week forecast
 - Special Wx alerts
 - One age-appropriate avalanche education event at each VCS school
 - Forecaster exchange with CNFAIC

Ports and Harbor

- Return FTE structure to previous allocations
- Contribute to Reserves
 - Port \$414.2K
 - Harbor \$63.4K
- Diversify Port Income
- Increased Cruise Ship numbers and Passengers
- Transition from RAVN Alaska to Reeve Air

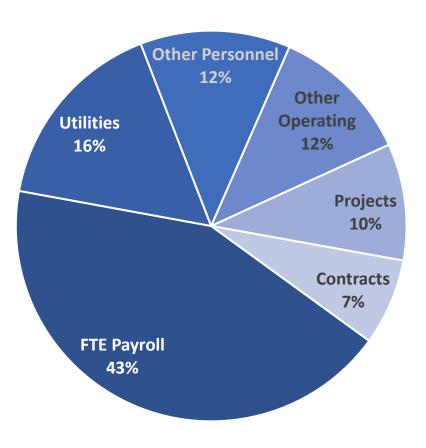






Ports and Harbor Appropriations

Ports & Harbor Division
Total Appropriations: \$4,943,799





Ports and Harbors Division – What's in each expense category?

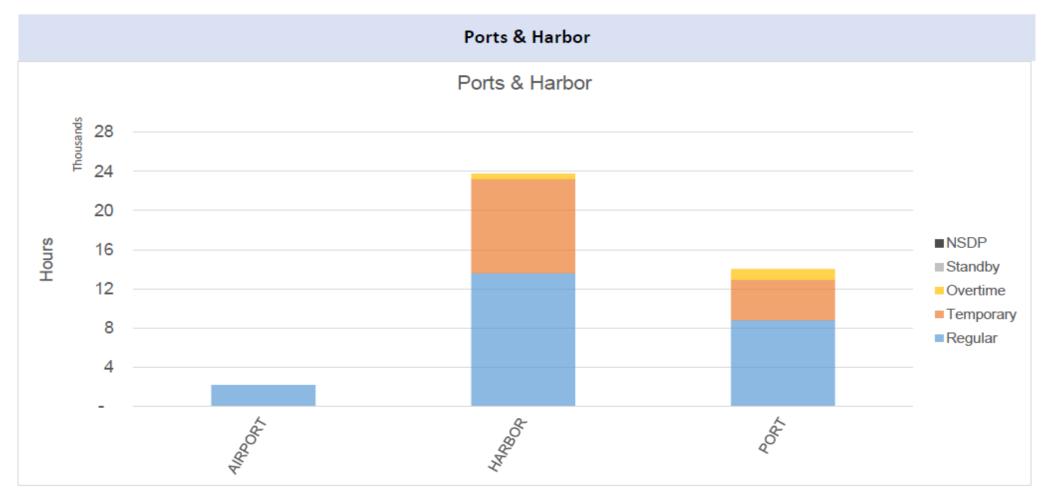
34.2%

| • | FTE PayrollSalariesBenefits | 42.9% 53.7% 46.3% | • |
|---|---|---------------------------------------|---|
| • | Other Personnel Temporary Wages Overtime Travel and Transportation Clothing Training Dues & Subscriptions | 12.4% 64.4% 23.1% 7.8% 1.9% 1.5% 1.3% | |
| • | UtilitiesElectricityHeating | 16.2% 87.1% 12.9% | |
| • | Projects/ReservePort ReserveHarbor Reserve | 9.7% 86.7% 13.3% | |
| • | ContractsContractual Services | 7.2% 65.8% | |

Professional Fees & Services

| Oth | er Operating | 11.6% |
|-----|----------------------------------|-------|
| • | Insurance | 21.4% |
| • | Building and Grounds Maintenance | 20.3% |
| • | Operating Supplies | 12.2% |
| • | Parts & Supplies for Equipment | 11.1% |
| • | Rent | 7.7% |
| • | Misc. Marketing | 6.1% |
| • | Communications and Postage | 6.0% |
| • | Vehicles & Equipment Fuels | 5.3% |
| • | Harbormaster Conference | 2.6% |
| • | Advertising & Promotion | 2.0% |
| • | Other Capital Equipment 5-10K | 1.3% |
| • | Office Supplies | 1.3% |
| • | Reproduction and Copying | 1.1% |
| • | Hazmat Supplies | 0.9% |
| • | Equipment Rental | 0.3% |
| • | Vehicle Maintenance | 0.3% |
| | | |

Ports and Harbor Division Total Hours







Airport / Airport Fund

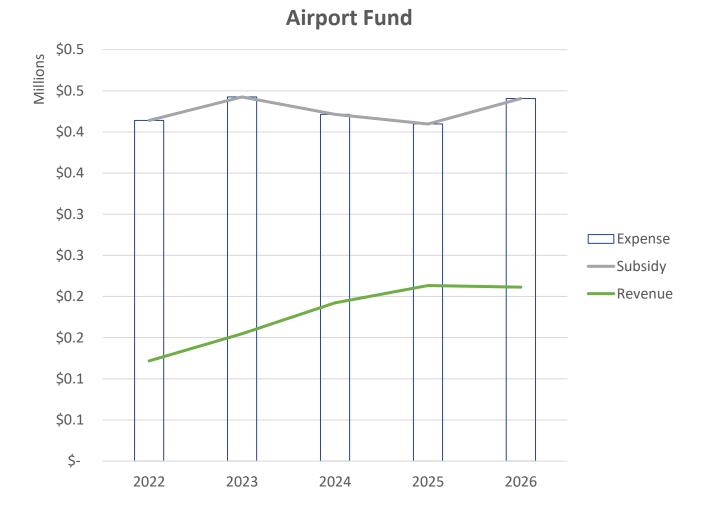




Fund Balance *\$1,617,138*

Operating Subsidy

- 2024 \$229,016
- 2025 \$196,300
- 2026 \$229,221



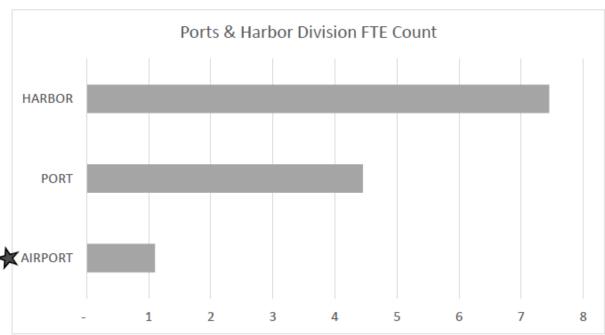
Airport

AIRPORT

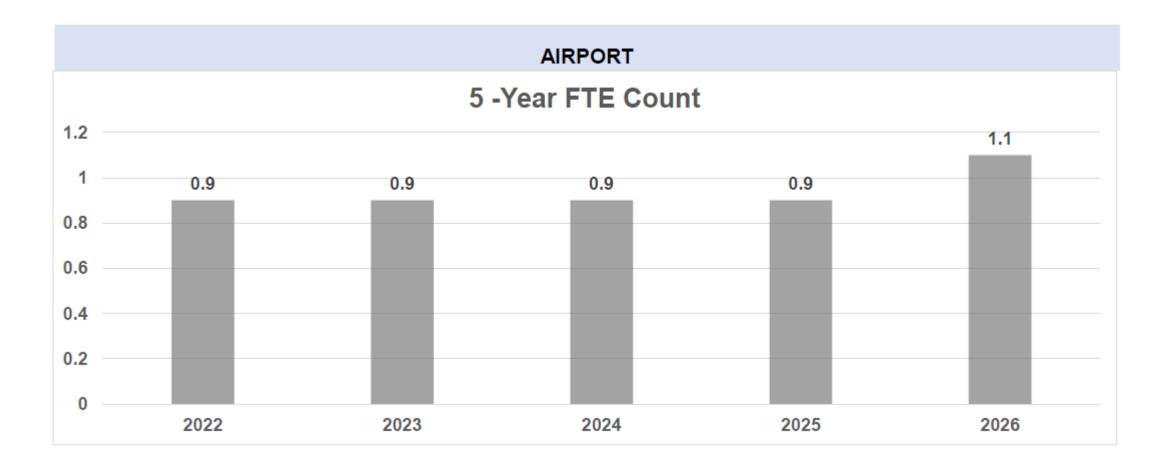
Mission:

Facilitate commercial tenant leases, manage the City owned Airport Terminal Building, and liaison with the State of Alaska as the owner and operator of the airport.

| | FTE |
|--------------------------|------|
| DIRECTOR | 0.10 |
| | |
| OPERATIONS MANAGER | 0.30 |
| | |
| ADMINISTRATIVE | |
| ASSISTANT/CONTRACT | |
| SPECIALIST | 0.10 |
| | |
| PORT/HARBOR MAINT TECH I | 0.30 |
| | |
| SECURITY & MAINT TECH | 0.30 |
| | ר |
| Grand Total | 1.10 |
| | |









- Operating Subsidy \$229K
- Budgeted Revenues
 - Leases \$168K
 - Vending Leases \$6K
- \$34K increase to FTE Payroll Costs due to restructure
- Elimination of all overtime, \$2.3K reduction
- All other categories status quo



| | | | | | 2.0-1.070 | _ | 0-2.070 | |
|-----------------|----------------------|---------|---------|----------|-----------------|---------|------------|---------|
| | | | | L | Below 2.3% < | | Below 0% 🕢 | |
| - | | Actual | | | Adopt | ed | 2025 to 20 | 26 |
| Expenses | Expenses Expenditure | | | Estimate | Estimate Budget | | | nges |
| | | | | | | | Dollar | Percent |
| | 2022 | 2023 | 2024 | 2025 | 2025 | 2026 | Change | Change |
| FTE Payroll | 132,213 | 138,062 | 128,578 | 141,078 | 143,542 | 177,595 | 34,053 | 23.7% |
| Other Personnel | 1,863 | 1,684 | 1,310 | - | 2,286 | - | (2,286) | -100.0% |
| Other Operating | 56,759 | 56,091 | 57,726 | 63,789 | 68,770 | 68,020 | (750) | -1.1% |
| Contracts | 47,410 | 47,160 | 47,160 | 50,000 | 50,000 | 50,000 | - 📀 | 0.0% |
| Utilities | 133,090 | 127,876 | 120,459 | 127,000 | 145,000 | 145,000 | - 🕢 | 0.0% |
| Grand Total | 371,336 | 370,873 | 355,233 | 381,867 | 409,598 | 440,615 | 31,017 | 7.6% |

Over 7.6%

23-76% =



Over 2.3% |

0-2.3% =



AIRPORT

Programs and related measures

Program: 2026 Department Goals

Focus: Fill Vacant tennant space at the airport

\$2.16 per square foot lease price



Harbor / Harbor Fund

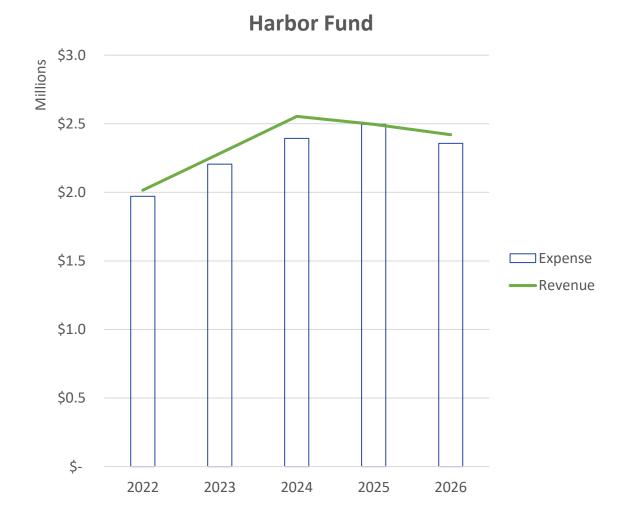






Revenue Exceeding Expenses

- 2024 \$160,285
- 2025 \$0
- 2026 \$63,452



Harbor

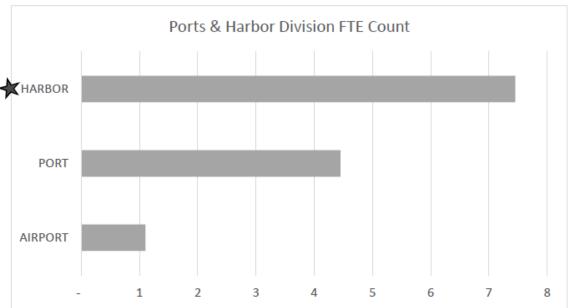
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HARBOR

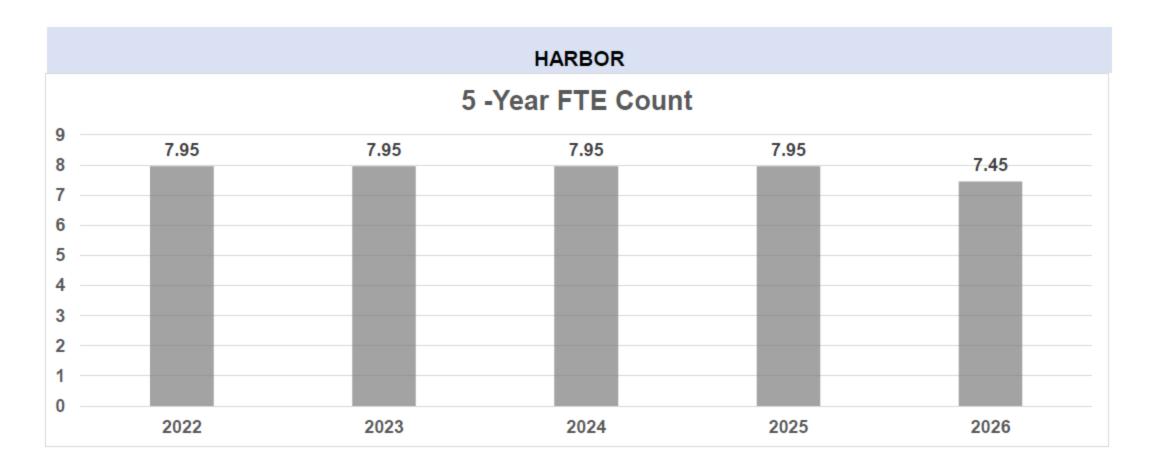
Mission:

Guided by our core values, it is our pleasure to provide a sustainable world-class maritime experience. Above all, we will remain responsible members of our community and the industries we serve, a leading resource for our customers, and committed to empowering economic growth through our first-rate facilities.

| | FTE |
|--------------------------|------|
| DIRECTOR | 0.45 |
| | |
| HARBORMASTER | 1.00 |
| | |
| ASST HARBORMASTER | 1.00 |
| A DA 414110 DA 4 TIL 17 | |
| ADMINISTRATIVE | |
| ASSISTANT/CONTRACT | |
| SPECIALIST | 0.50 |
| ADMINISTRATIVE ASSISTANT | 2.00 |
| | |
| PORT/HARBOR MAINT SHOP | |
| FOREMAN | 0.50 |
| EQUIPMENT OPERATOR | 2.00 |
| - Landing of English | 2.50 |
| Grand Total | 7.45 |
| | |









- No Operating Subsidy
- \$63K appropriated to maintenance reserve
- \$49.7K FTE cost reduction with restructuring
- 3,000 Temporary hours eliminated, 41.5K reduction in temporary wages
- \$60K budgeted for merchant Service fees
- \$13.8K reduction in Annual maintenance contracts
- \$15K budgeted for the annual harbor master conference
- Revenue Decline \$76K, 3.1%

HARBOR Adopted Budget Vs. Actual 3,000 ***2025 Actual is a Department Estimate 2,500 2,000 Budget 1,500 1,000 500 2022 2023 2024 2025 2026 Actual Adopted 2025 to 2026 Revenues

| | | Revenue | | Estimate | Budg | get | Budget Cha | inges |
|--------|-------------|-------------|-------------|-------------|-------------|-------------|------------|---------|
| | | | | | | | Dollar | Percent |
| | 2022 | 2023 | 2024 | 2025 | 2025 | 2026 | Change | Change |
| Harbor | (2,622,535) | (2,805,575) | (2,273,749) | (2,250,301) | (2,496,317) | (2,420,061) | (76,255) | -3.1% |
| | | | | | | | | |

 FTE Payroll Expense Category
 All Other Expense Categories

 Over 7.6%
 ►

 2.3-7.6%
 □

 0-2.3%
 □

 Below 2.3%
 □

 Below 0%
 □

| Expenses | Actual Expenditure | | | Estimate | Adopted Budget | | 2025 to 2026 Budget Changes | |
|--------------------|-----------------------|-----------|-----------|-----------|-------------------|-----------|--------------------------------|---------|
| | | | | | | | Dollar | Percent |
| | 2022 | 2023 | 2024 | 2025 | 2025 | 2026 | Change | Change |
| FTE Payroll | 871,322 | 1,081,137 | 1,157,482 | 1,207,277 | 1,250,103 | 1,200,377 | (49,726) | -4.0% |
| Other Personnel | 301,707 | 353,056 | 406,703 | 368,844 | 409,975 | 361,723 | (48,252) | -11.8% |
| Other Operating | 233,436 | 226,214 | 259,286 | 277,755 | 292,859 | 286,359 | (6,500) | -2.2% |
| Contracts | 172,062 | 189,817 | 145,699 | 191,489 | 218,680 | 184,850 | (33,830) | -15.5% |
| Utilities | 337,937 | 301,401 | 285,544 | 301,445 | 324,700 | 323,300 | (1,400) | -0.4% |
| Grand Total | 1,916,464 | 2,151,625 | 2,254,713 | 2,346,810 | 2,496,317 | 2,356,609 | (139,707) | -5.6% |



HARBOR

Programs and related measures

Program: 2026 Department Goals

Focus: Begin collection and budgeting of the Fuel Flowage Fee

Contribute to the Harbor Major Maintenance Reserve

Operate harbor without subsidy from the general fund

Program: Liveaboards

Focus: 15 Liveaboards; 12 Tenant 3 Transient



Port / Port Fund

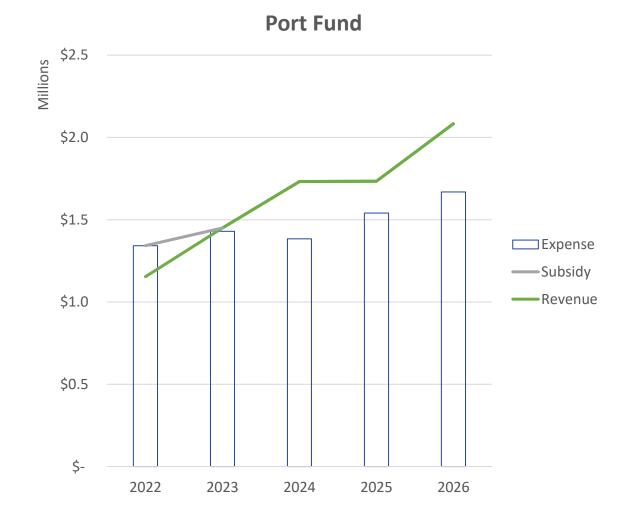




Fund Balance \$5,346,484

Revenue Exceeding Expenses

- 2024 \$347,833
- 2025 \$193,991
- 2026 \$414,260



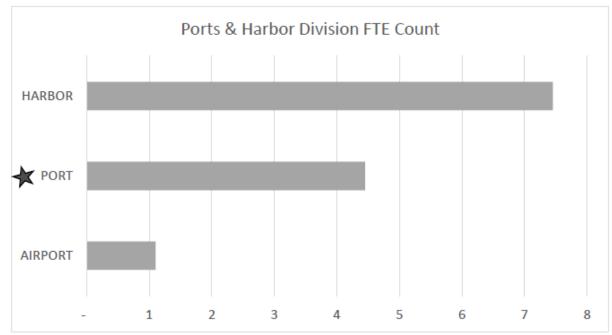
Port

PORT

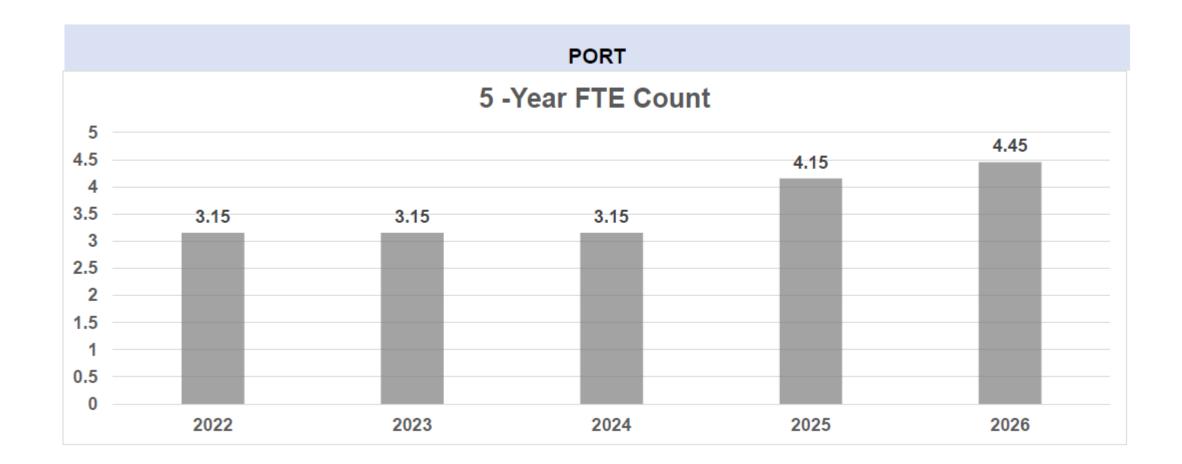
Mission:

Guided by our core values, it is our pleasure to provide a sustainable world-class maritime experience. Above all, we will remain responsible members of our community and the industries we serve, a leading resource for our customers, and committed to empowering economic growth through our first-rate facilities.

| | FTE |
|--------------------------|------|
| DIRECTOR | 0.45 |
| | |
| OPERATIONS MANAGER | 0.70 |
| | |
| ADMINISTRATIVE | |
| ASSISTANT/CONTRACT | |
| SPECIALIST | 0.40 |
| | |
| PORT/HARBOR MAINT SHOP | |
| FOREMAN | 0.50 |
| | |
| PORT/HARBOR MAINT TECH I | 1.70 |
| | |
| SECURITY & MAINT TECH | 0.70 |
| | |
| Grand Total | 4.45 |
| | |

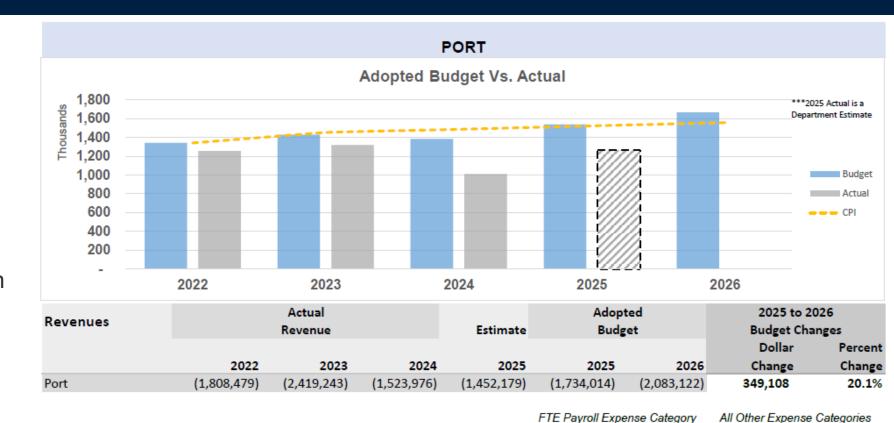








- No Operating Subsidy
- \$414K appropriated to maintenance reserve
- \$75.4K FTE cost increase with restructuring
- \$35K Silo inspection
- \$18K increase for Marketing
- Overall Revenue Increase \$349.1K, 20.1%



| | | | | | 2.3-7.6% = | | 0-2.3% — | |
|-----------------|-----------|-----------|-----------------|-----------|------------|-----------|--------------------------------|--------|
| | | Actual | | | Below 2.3% | | Below 0% 🕢 | 26 |
| Expenses | | Actual | | Estimate | Adop | | 2025 to 2026 Budget Changes | |
| Expenditure | | | Estimate Budget | | jet | Dollar | Percent | |
| | 2022 | 2023 | 2024 | 2025 | 2025 | 2026 | Change | Change |
| FTE Payroll | 448,437 | 514,167 | 461,396 | 635,042 | 666,365 | 741,793 | 75,427 | 11.3% |
| Other Personnel | 243,450 | 116,352 | 156,721 | 104,050 | 249,305 | 253,124 | 3,819 — | 1.5% |
| Other Operating | 148,417 | 170,601 | 144,228 | 160,400 | 195,153 | 219,745 | 24,592 | 12.6% |
| Contracts | 71,547 | 33,915 | 48,144 | 116,000 | 99,200 | 119,200 | 20,000 | 20.2% |
| Utilities | 344,736 | 484,425 | 201,898 | 250,000 | 330,000 | 335,000 | 5,000 — | 1.5% |
| Grand Total | 1,256,588 | 1,319,459 | 1,012,388 | 1,265,492 | 1,540,024 | 1,668,862 | 128,839 | 8.4% |

Over 7.6%

Over 2.3%



PORT

Programs and related measures

Program: 2026 Departmen Goals

Focus: Contribute +\$400K to Port Maintenance Reserve

Increase Cruise ship landings and add Valdez as a landing for an additional cruise line

Port Revenues excede expenses

Program: Cargo Operation

Focus: 2 Military Moves

Fall Tonnage 494.5

Spring Tonnage 920.6

Program: Tourism/Cruise Ship Operation

Focus: 38 Cruise Ship Landings in 2025

38,198 Passengers in 2025; Increase to 43,000 in 2026



Reserve Funds





| Reserve Fund | 2025 | 2026 | \$ Change | Percent Change Notes |
|------------------------------|-----------|-----------|-----------|---|
| Total Funding | 6,278,842 | 7,921,111 | 1,642,269 | 21% |
| Repayment Reserve | 1,526,534 | 3,303,184 | 1,776,649 | 116% Increased since Overview Night |
| Major Equipment Reserve | 1,886,799 | 1,881,129 | -5,670 | -0.3% No Change |
| Technology Reserve | 1,129,597 | 1,224,594 | 94,997 | 8% No Change |
| Energy Assistance Program | 550,000 | 700,000 | 150,000 | 27% No Change |
| Leave Liability Reserve | 400,000 | 300,000 | -100,000 | -25% Updated and Decreased since Overview Night |
| Port Major Maint & Replace | 193,991 | 414,260 | 220,269 | 114% No Change |
| Budget Variance Reserve | 225,000 | 250,000 | 25,000 | 11% Updated and increased since Overview Night |
| Harbor Major Maint & Replace | 0 | 63,452 | 63,452 | NEW No Change |
| Beautification Commitee | 55,000 | 5,000 | -50,000 | -91% No Change 28 |



Wrap-up

Placeholder for additional slides, if needed



Valdez Avalanche Center CSO Application Resubmission

<u>Objective:</u> Ask the City Manager to request that the Valdez Avalanche Center (VAC) resubmit their 2026 CSO application such that the requested City of Valdez funding amount to no greater than 50% - 65% of "Total Valdez Program Costs". Any request above 50% of total program funding must include an explanation of why additional funding is necessary from a financial and operational perspective. Any request above 50% should also include a narrative of how the VAC plans to become less financially dependent on City of Valdez funding in the future. This information should be provided so the Council can review the resubmission during their scheduled 10/30/2025 budget worksession.

<u>Deliverables:</u> At a minimum, the updated application must clearly include and account for the following deliverables.

- 1. Five day per week avalanche forecasts for Valdez's three avalanche zones from Dec 1, 2025 through April 30, 2026
- 2. Issuance of special avalanche weather alerts to the public as appropriate
- 3. Provide one age appropriate avalanche education event at each Valdez City School
- 4. As per the conclusions of the National Avalanche Center report, conduct forecaster exchanges with Chugach National Forest Avalanche Center

<u>Updated Financial Information:</u> Provide an updated line item "Valdez Programming" budget for 2026, compared to last year's budget and last year's actual expenditures. Essentially, this is asking for an updated version of a table that VAC provided in their initial application (see page 177-178 of the Council CSO packet).