



City of Valdez

212 Chenega Ave.
Valdez, AK 99686

Meeting Agenda

City Council

Thursday, August 30, 2018

6:00 PM

Council Chambers

Work Session (City Budget Session #1)

WORK SESSION AGENDA - 6:00 pm

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

1. Work Session - 2019 Budget Planning

Attachments: 2018-08-30 workshop



Legislation Text

File #: 18-0296, **Version:** 1

ITEM TITLE:

Work Session - 2019 Budget Planning

SUBMITTED BY: Brian Carlson, 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:

The agenda of topics to be discussed at the work session is as follows:

- I. Review of annual budget process
- II. Review 2019 budget timeline
- III. Discuss methods of reviewing proposed budget
- IV. Financial recap
- V. Council priorities - 2018 recap
- VI. Council priorities - 2019 preliminary
- VII. Preview of suggested policy revisions

Please review presentation materials which are provided as attachments for discussion.

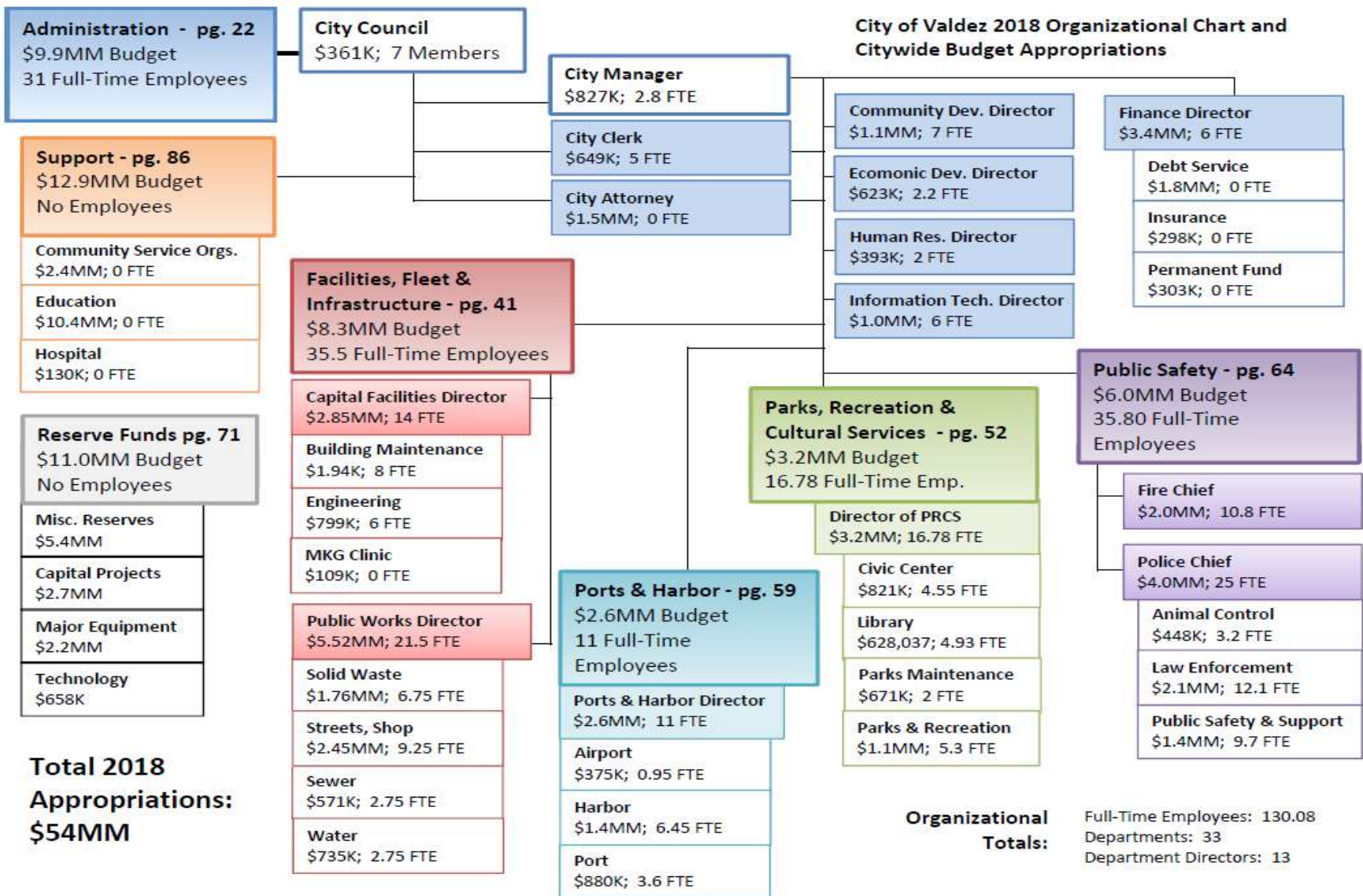
Workshop Agenda

- I. Review of annual budget process
- II. Review 2019 budget timeline
- III. Discuss methods of reviewing proposed budget
- IV. Financial recap
- V. Council priorities – 2018 recap
- VI. Council priorities – 2019 preliminary
- VII. Preview of suggested policy revisions

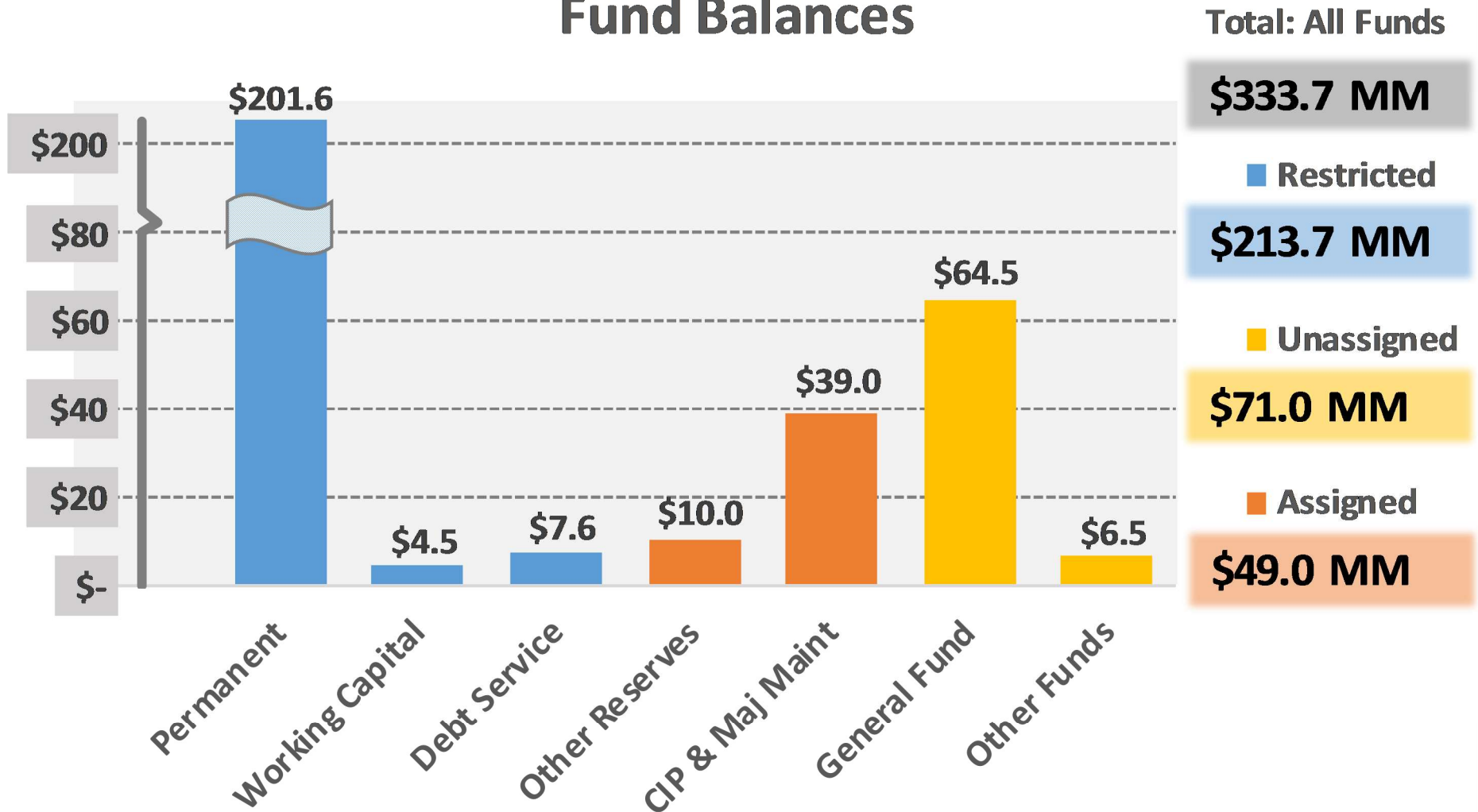
ANNUAL BUDGET PROCESS	Q1 Jan-Mar	Q2 Apr-Jun	Q3 Jul-Sep	Q4 Oct-Dec
Operating Budget			Council prioritization (2 workshops) Department Prep City Manager review Prior-year carry forward	Budget Review (4-6 workshops) Public Hearing Adoption via Resolution
CIP and Maintenance	Stakeholder requests City Manager review Council prioritization (1-2 workshops)	Adopt via Resolution		Review status and funding Council selects completed designs for construction (1 workshop)

Timeline for 2019 Budget Preparation and Adoption

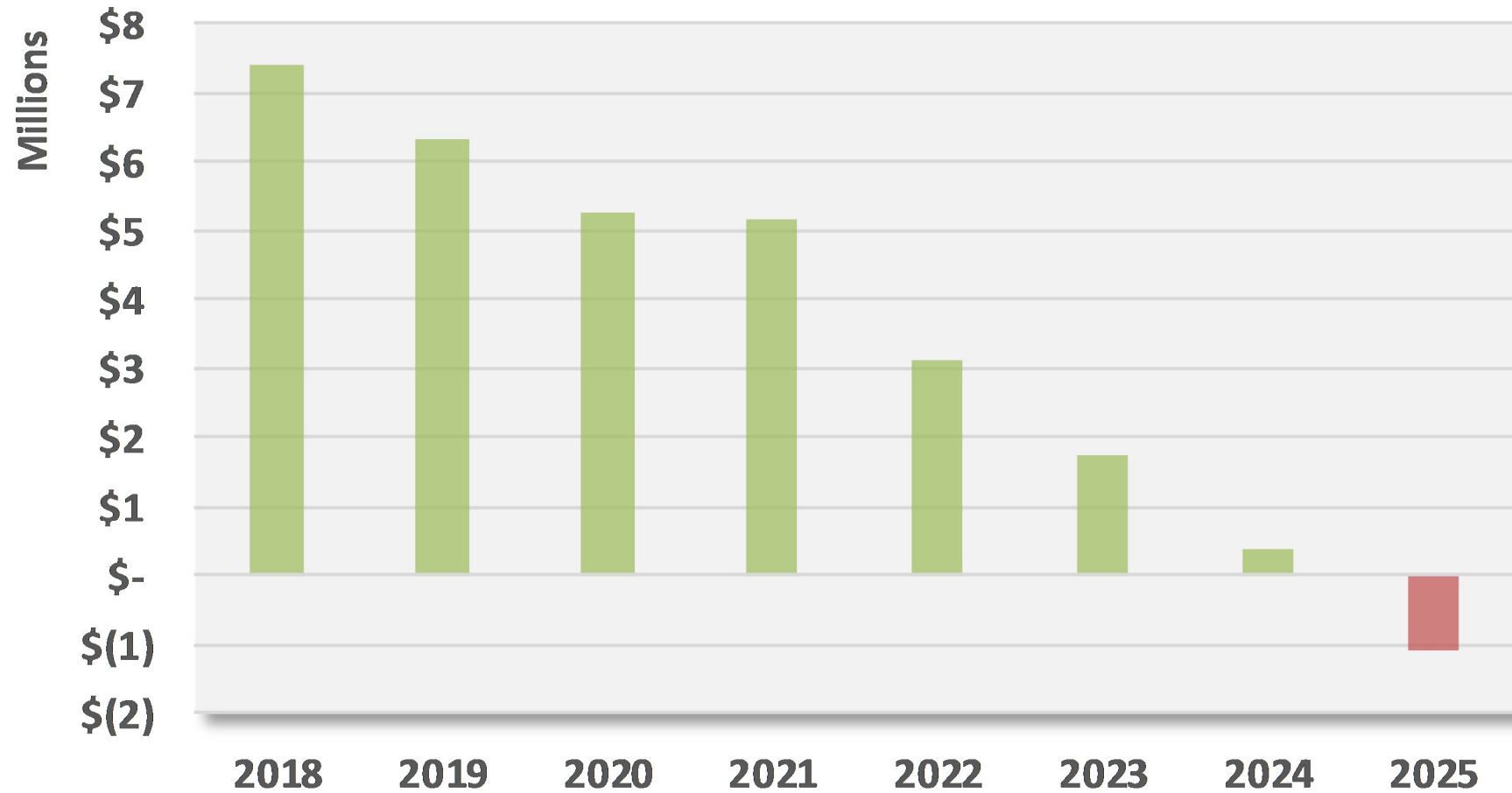
Priorities & Goals	Aug 30	Council priorities Workshop - Preliminary
	Sep 6	Council priorities Workshop - Final
Department Preparation	Sep 14	Department budgets due
	Sep 17 - 21	Finance assembly and review of budgets
	Sep 24 - Oct 5	City Manager review
Public Workshops	Oct 8 - 12	Finance review; distribute to Council
	Oct 15 - Nov 2	Budget workshops: five total
Adoption	Nov 12 - 14	Finance preparation of final budget
	Nov 7	Budget public hearing
	Dec 4 - 18	Budget adoption



Fund Balances



Operating Surplus Forecast



GENERAL FUND REVENUES

Total Revenues

\$48.4 MM

TAPS Prop Tax

\$38.0 MM

79%

Permanent Fund

\$2.8 MM

6%

Other

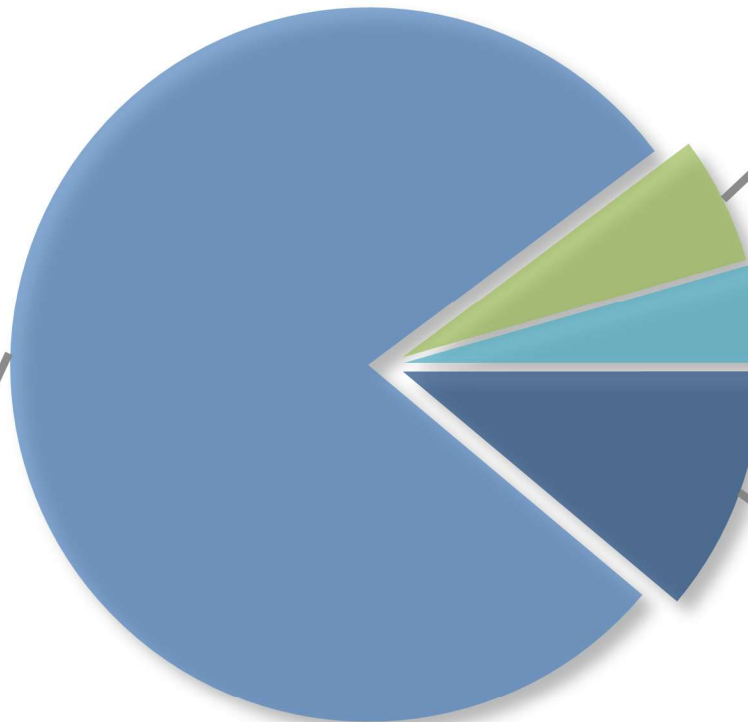
\$2.1 MM

4%

Other Prop Tax

\$5.4 MM

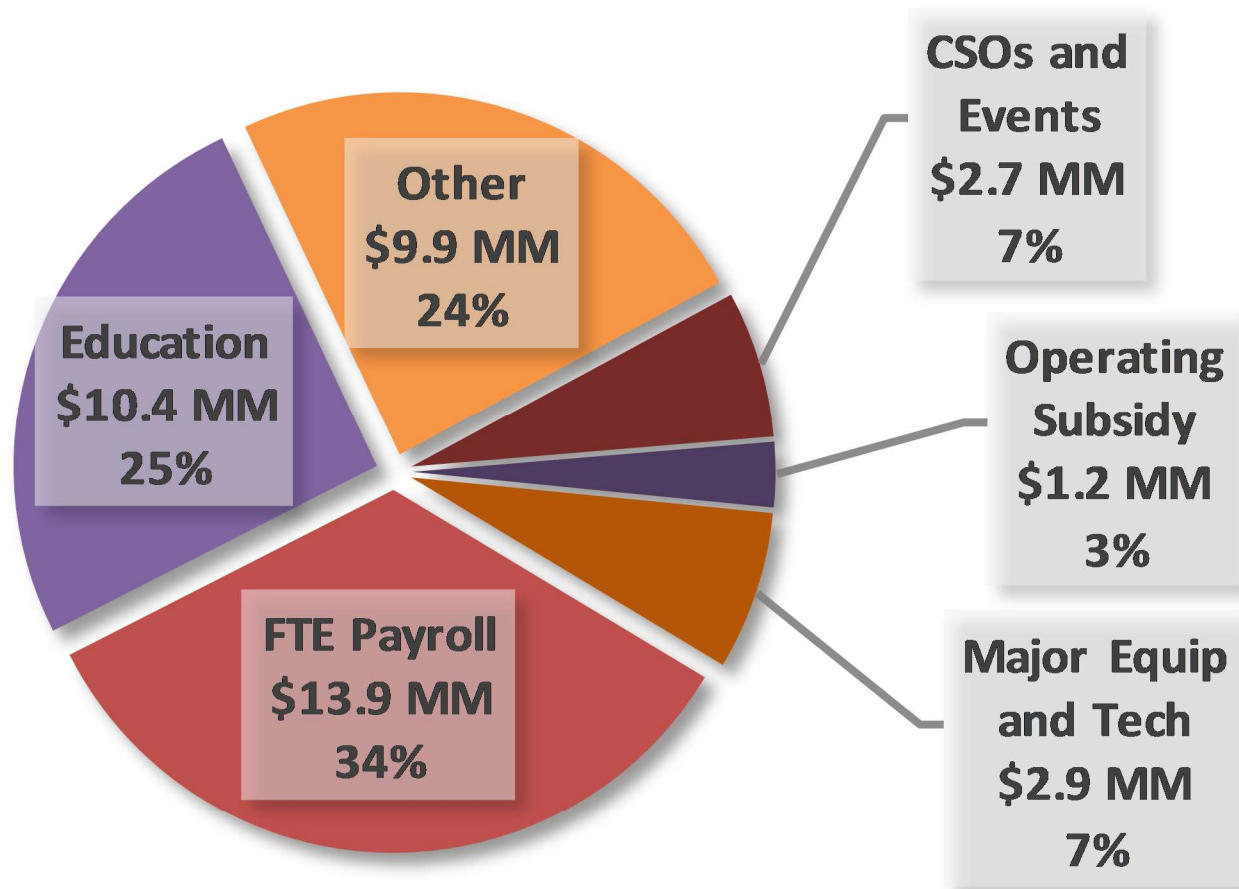
11%



General Fund Expenses

Total Expenses

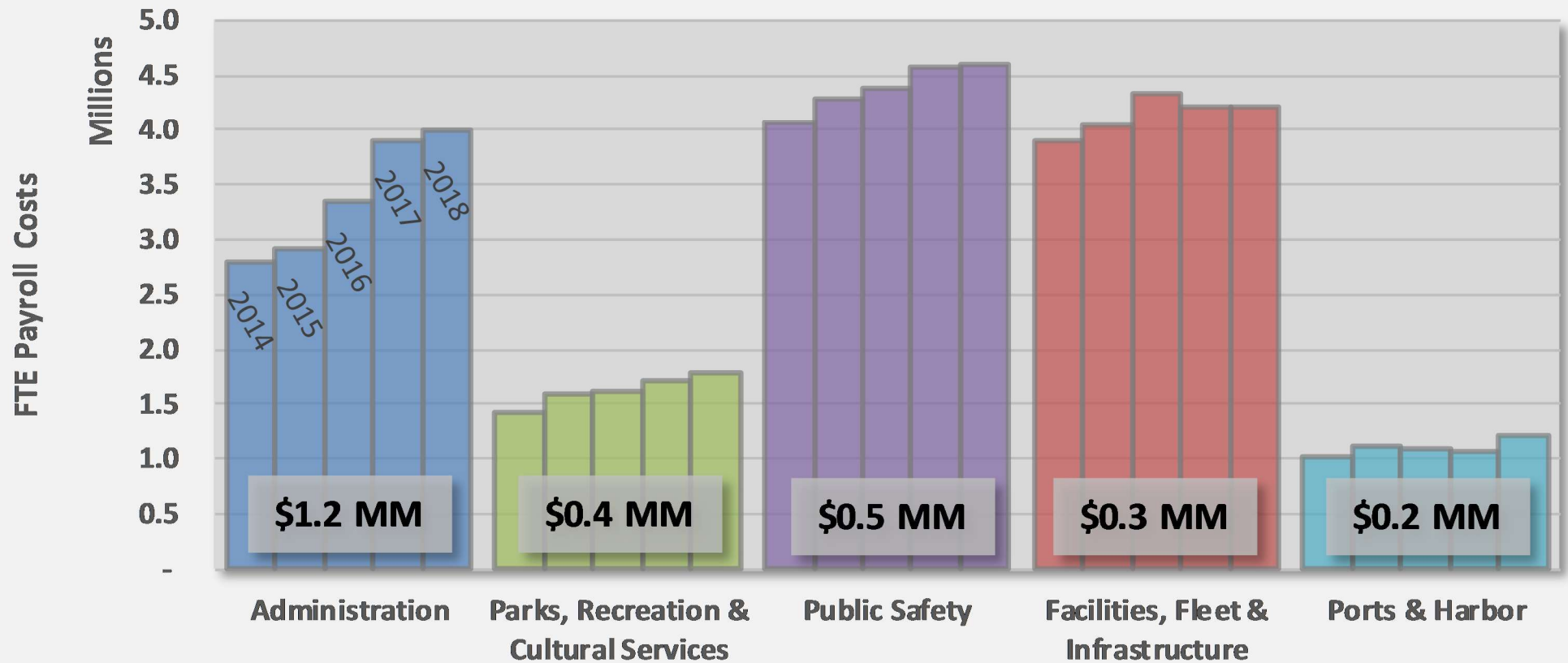
\$41.0 MM



Authorized FTEs by Division Five-Year History: 2014-2018



FTE Payroll Costs by Division Five-Year History: 2014-2018



2018 Council Priorities

<u>Topic</u>	<u>Description</u>	<u>Status</u>
Affordable Housing	Exploration of needs and options for affordable housing, including opportunities for public-private partnerships and grants	Staff is in contact with several developers interested in providing housing solutions.
Budget Sustainability	Improved budget sustainability and efficiency by reducing rates of increase across all expense categories	In progress and ongoing. Staff will continue to present financial planning topics to Council.
Code Enforcement	Increased code enforcement	Pending. Position is not yet filled. Assignment to Police Dept or Community Development is TBD.
Econ Development	Continued exploration of economic development and diversification initiatives	In progress - staff is exploring multiple initiatives.
New fire Station Design	Fire Department/Public Safety Building design	Site selected 8/22/18 Council worksession 8/28 to discuss timeline Anticipated design in 2018-2019; groundbreaking in 2020
Citywide space needs evaluation	Citywide evaluation of space needs and space utilization	Pending
Flood Mitigation	Improved planning and budgeting for flood-mitigation and related infrastructure	In-progress and ongoing; DOWL has created plans for 2018 for the Lowe River, Valdez Glacier Stream and Mineral Creek. The Draft Hazard Mitigation Plan for 2018 is in a State review period
Kelsey Dock Grant	Full utilization of Kelsey Dock Uplands Interpretive Center Grant for site improvement	Phase I work is in progress. Phase II work session is scheduled. Grant funding is fully utilized.
Kimley Horn	Development of visioning and branding with Kimley-Horn	In progress. Contrator will be back on site in mid Sept.
Maintenance Plan	Development of master maintenance plan to ensure timely completion of work and adequate budgeting	In progress. Staff is hired and has created a citywide database. Prelim estimates of all deferred maintenance costs will be presented during CIP budgeting in early 2019.
New Boat Harbor	Completion of the New Boat Harbor project	Construction manager estimates new harbor will be functional, if not complete, in time for 2019 fishing season; Department will request new FTEs in 2019 budget to staff the new facility
Procurement Review	Development and implementation of procurement and Contracting best practices via third-party engagement	Preliminary code revisions are adopted as of June, 2018 Third-party review and revisions are not yet underway, and unlikely to be initiated in 2018.
Project Contracting	Increase quantity and pace of work on back-logged CIP and major maintenance projects via contracted project managers	In progress. Staff has engaged Arcadis for additional project management. Department has had project manager vacancies during 2018.

Suggested Policy Revisions - Preliminary List

<u>Topic</u>	<u>Policy Issue</u>	<u>Current Policy</u>	<u>Policy Objective</u>
Fund Balance	General Fund Levels	Unspecified	Establish appropriate fund balance target Example: Three months of operating expense
Fund Balance	Major Equipment and IT Equipment Reserves	Methodology is specified but balance targets are not	Establish appropriate fund balance target Example: Three years of scheduled purchases
Operating Budget	Use of prior-year carry-forward funds	Unspecified	Set carry-forward targets to drive efficient budgeting Establish parameters for appropriation if prior-years funds
Permanent Fund	Long-term objectives	1.5% annual appropriation Held in perpetuity	Determine parameters for whether/how to use annual 1.5% Develop detailed long-term objectives and related metrics
Reserve Funds	Capital Projects and Major Maintenance	Categorization is based on project cost	Set categorization based on scope rather than cost Quantify and schedule deferred and ongoing maintenance
Reserve Funds	Other Reserves: Definitions and Uses	Unspecified	Clearly define all reserve funds, their approved uses, and targets Establish protocol for creating and discontinuing reserve funds
Revenue	Mill Levy	Set at presumed maximum of 20 mills	Determine appropriate mill levy which incorporates true statutory maximum, revenue cap, and related fund balance and reserve fund targets
Subsidies	Compensation for mill levy	Unspecified	Identify and target compensating/offsetting subsidies for local taxpayers