



# Our Town Hall Meeting

Sitka's Citizens' Task Force

March 21, 2016

UAS room 229, 6pm



# AGENDA

- Web Site
- Task force overview
- Questions and Answers – facilitated by Doug Osborn
- Person's to be heard – not to exceed 3 min
- Closing

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## In The News

### Citizens' Taskforce on City Services, Revenues and Fees

03/08/2016

The Citizens' Taskforce was established on June 23, 2015 to 1. Recommend what core services CBS must maintain, 2. Determine what funding is required to maintain these core services including depreciation and capital improvements, 3. Recommend what revenue streams and fees are most equitable and sustainable in order to maintain these services into the future, and 4. Educate and engage citizens as to the financial challenges and seek their ideas for solutions.

The next meeting is slated for Monday, March 28, 2016 from 6:00pm to 8:00pm at the Sealing Cove Business Center, 601 Alice Loop. Agenda items include: Town Hall meeting recap, Draft Grand Bargain Budget and Final report to Assembly. The meeting is open to the public.

For more information on members, agendas, minutes, interesting articles, presentations and more click the link below:

[Citizens' Taskforce Webpage](#)

### Citizens' Taskforce Town Hall Meeting

03/09/2016

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[ors/index.html](#)

## Citizens' Taskforce on City Services, Revenues and Fees

Read more regarding the Citizens' Taskforce here: [The problem, goal, taskforce, and process](#)

Roster Of Members

- Download [Roster of Members](#) in PDF

### Meeting Agenda

- [March 17, 2016](#)
  - o Meeting Materials
    - [Draft March 14, 2016 minutes](#)
    - [Three Year Grand Bargain Budget for Town Hall Meeting](#)

### Meeting Agenda

- [March 14, 2016](#)
  - o Meeting Materials
    - [Draft March 7, 2016 minutes](#)
    - [Grand Bargain Budget](#)
    - [Latest Work of the Three Year Grand Bargain Budget](#)



## Committee Members

The Citizens' Task Force (CTF) was created by the Sitka Assembly on June 23, 2015.

It consists of seven Sitka citizen volunteers and is aided by support from city staff.

- ROB ALLEN, **CHAIR**
- MAXWELL RULE, **VICE CHAIR**
- LAWRENCE SPOTTEDBIRD, **DEPUTY VICE CHAIR**
- DYAN BESSETTE
- CYNTHIA GIBSON
- ALENE HENNING
- HUGH BEVAN
- MELISSA HENSHAW Deputy Clerk, and RENEE WHEAT Admin Coordinator
- TRISTAN GUEVIN Assembly Liaison



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17 meetings

Total of 34 hrs



The Assembly  
set the following  
tasks for the  
CTF

1. Recommend what **core services** the City and Borough of Sitka (CBS) must maintain.
2. Determine what **funding** is required to maintain these core services including depreciation and capital improvements.
3. Recommend what **revenue streams** and fees are most equitable and sustainable in order to maintain these services into the future.
4. **Inform and engage** citizens as to the financial challenges and seek their ideas for solutions.



## Sitkans' Community Ideals

- Quality of life in the outdoors
- Wild salmon
- Subsistence lifestyle
- Community and connections
- Independence
- Resilience
- Vibrant and diverse economy
- Opportunities
- Clean environment
- Safe and healthy community
- Diversity of people
- Education
- Arts and creativity

- Core Requirements **CR** – Required by local, State or Federal law
- Core Infrastructure/Public Safety **CIPS** - essential to our infrastructure and public safety
- Core Community Values **CCV** – Strong community commitment to the service



# Core Requirements (CR)

## Required by local, State or Federal law

Administrator/Assembly	CR	5
Human Resources	CR	5
Municipal Clerk	CR	5
Finance	CR	5
Assessing	CR	5
Building Officials	CR	5
Municipal Attorney	CR/CIPS	4/1
Planning	CR/CIPS	4/1



# Core Infrastructure/Public Safety (CIPS)

## Essential to our infrastructure and public safety

SAFV	CIPS/CCV	3/2
Police Administration	CIPS	5
Police Patrol	CIPS	5
Police Jail	CIPS	5
Animal Control	CIPS/CR/CCV	2/2/1
Police Services & Other	CIPS/CCV	4/1
Fire Administration	CIPS	5
Fire Volunteers & Other	CIPS	5
Fire Station	CIPS	5
Ambulance	CIPS	5
Public Works Administration	CIPS/CR/CCV	2/2/1
Engineering	CIPS/CR	3/2
Streets	CIPS/CR/CCV	2/2/1



# Core Community Values

## Strong community commitment to the service

Annual Non-Profit Grant Support	CCV	5
SEDA	CCV	5
Historical Museum	CCV	5
The Ride	CCV	5
Chamber Visitors Bureau	CIPS/CCV	1/4
Senior Citizens Center	CCV	5
Search and Rescue	CCV	5
Parks & Recreation	CCV	5
Library	CCV	5
Centennial Building	CIPS/CCV	1/4
Hospital Support	CIPS/CR/CCV	1/1/2



## Funding All Core Functions

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From the onset the CTF focused on the City's General Fund.  
The committee did not address funding levels for the City's utilities or Harbor Funds.

The General Fund provides the following services:

1. Assembly, Administrator, City Clerk and Attorney
2. Finance and Human Resources
3. Police and Fire Departments
4. Public Works Administration, Building Official and Engineering
5. Street maintenance and Parks Departments
6. Centennial Hall, Library, and Visitor's Bureau
7. Financial support for Non Profit organizations, Sitka School District and Sitka Community Hospital.



## Approaches

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The Task Force used these general approaches to the reduction in state funding.

1. Review General Fund services and classify them into categories of importance.
2. Identify adjustments to City tax policies to shift the tax burden to property owners. This included reviewing existing sales tax and property tax exemptions.
- 3. Modernize the Property Tax system to include upgrading the Assessor's methods of valuating properties in Sitka.**
4. Recommend new revenue streams and reductions to the existing budget necessary to balance the budget.



## Grand Bargain

The final product developed by the Task Force has been named the **Grand Bargain**. The CTF created the following spreadsheet that suggests macro-level changes to the City's General Fund Finances that will take at least three years to implement. During this period the City may have to initially use funds from the General Fund reserve to balance the budget.



## Grand Bargain 3 Sections

1. First section focuses on **expenses** that we are faced with:

Utilities, roads, city infrastructure, shifting harbor funds and elimination of grocery sales tax.

2. Second section focuses on **new revenue** in the form of commerce and taxes:

Land sales, rock quarry, motor vehicle tax, increased mill rate.

3. Third section focuses on local city & borough **cuts**

Cutting back on the city's budget by close to 10% and reducing funding to the schools by \$200,000/yr for three years.



## Grand Bargain Section #1

1. Eliminate the sales tax on groceries for all Sitkans. (Federal guidelines for food stamp eligible covered groceries)
2. Direct 100% of Fish Tax to the Harbor Fund. (At this time 10% of Fish Tax is retained by the General Fund)
3. Subsidize the Electric Fund to hold down future Electric Rates. (Rates will continue to rise, but at a much reduced pace if General Fund support is implemented: instead of a 30% increase it will be closer to 5%)
4. Fund General Fund capital projects at \$3 million per year. (This amount will maintain our roads at their current status)



## Groceries Defined

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### **Foods for the household to eat, such as:**

1. Breads and cereals;
2. Fruits and vegetables;
3. Meats, fish and poultry; and
4. Dairy products

### **Taxes will still be paid on:**

1. Beer, wine, liquor, cigarettes or tobacco
2. Any nonfood items such as: pet foods, soaps, paper products, household supplies,
3. Vitamins and medicines
4. Hot foods and foods that will be eaten in the store

# Mike Harmon Slides – ROADS and CITY INFRASTRUCTURE

- **Red Light** = No Capital Funding.
- **Yellow Light** = At risk for major infrastructure reductions, but some funding for major maintenance.
- **Green Light** = Able to maintain current levels of infrastructure for next 30-years.

**BUILDINGS**

*Road System*

**PARKING LOTS**

**Parks<sup>and</sup>  
Recreation**

# Capital Budget at \$1.5-million Annually

## *Road System*

- Reduced to gravel excluding primary downtown curbed roads with sidewalks.
- All roads without sidewalks would be funded through LID.
- Roads with sidewalks to be converted to gravel:
  - All roads on Japonski Island (25-year outlook)
  - Biorka & Park Street (25-year outlook)
  - Indian River & Yaw Drive (25-year outlook)

# Capital Budget at \$1.5-million Annually

## PARKING LOTS

Convert to gravel or rely on CPET funding when possible:

- City Hall (Gravel)
- Centennial Hall/Crescent (CPET in 20-years)
- Under Bridge (CPET or stop using)
- Castle Hill Parking Area (CPET)
- City/State (Gravel)
- Fire Hall (Gravel except in front of garage)
- All Schools (Gravel?)
- Hospital (Gravel except Emergency Access?)

## Capital Budget at \$1.5-million Annually

# Parks<sup>and</sup> Recreation

All parks and recreation facilities would be dropped from the capital program and replaced based on volunteers, donations, and grants:

- **7 Parks:** Maintained until major infrastructure needs to be removed (At risk to reduce to a basic trail system, gravel parking lots, no shelters or restrooms)
- **11 Ballfields:** Transition to the School Dist. to maintain and develop sponsorships to replace fencing, sand, restrooms, etc.
- **3 Playgrounds:** Closed (if volunteers and grant money come available concentrate on one good playground installation).

# Capital Budget at \$3-million Annually

The assumed priority would be pavement additions, buildings & parking:

## **Parks and Recreation**

- Provide building materials.
- Community Playground.
- Partial support for major trail repairs.



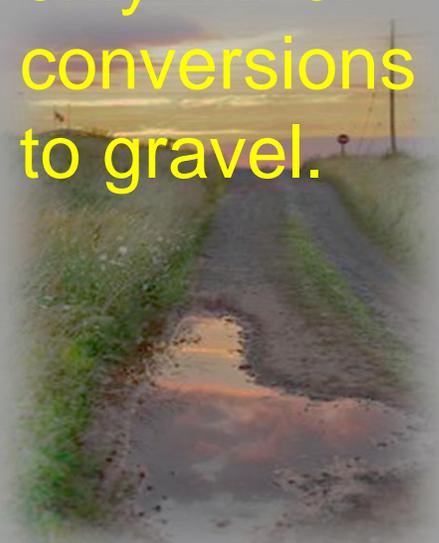
## **PARKING LOTS**

All parking lots are paved. Schools & Hospital at risk.



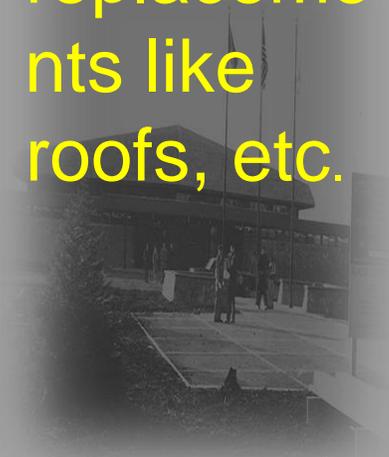
## *Road System*

Entire road system is paved with only minor conversions to gravel.



## **BUILDINGS**

Buildings would be positioned to do more replacements like roofs, etc.



*Prepared by CTF Member Rule*

CTF

**PROJECTED FY '17 BUDGET DEFICIT**

**New Expenses and Adjustments**

No Sales Tax On Groceries for all Sitkans

\$ 1,200,000

100% of Fish tax to Harbor Fund

\$ 100,000

General Fund Subsidy To Electric Fund

\$ 1,000,000

Maintain Infrastructure at Current Levels

\$ 1,500,000

**Total New Expenses**

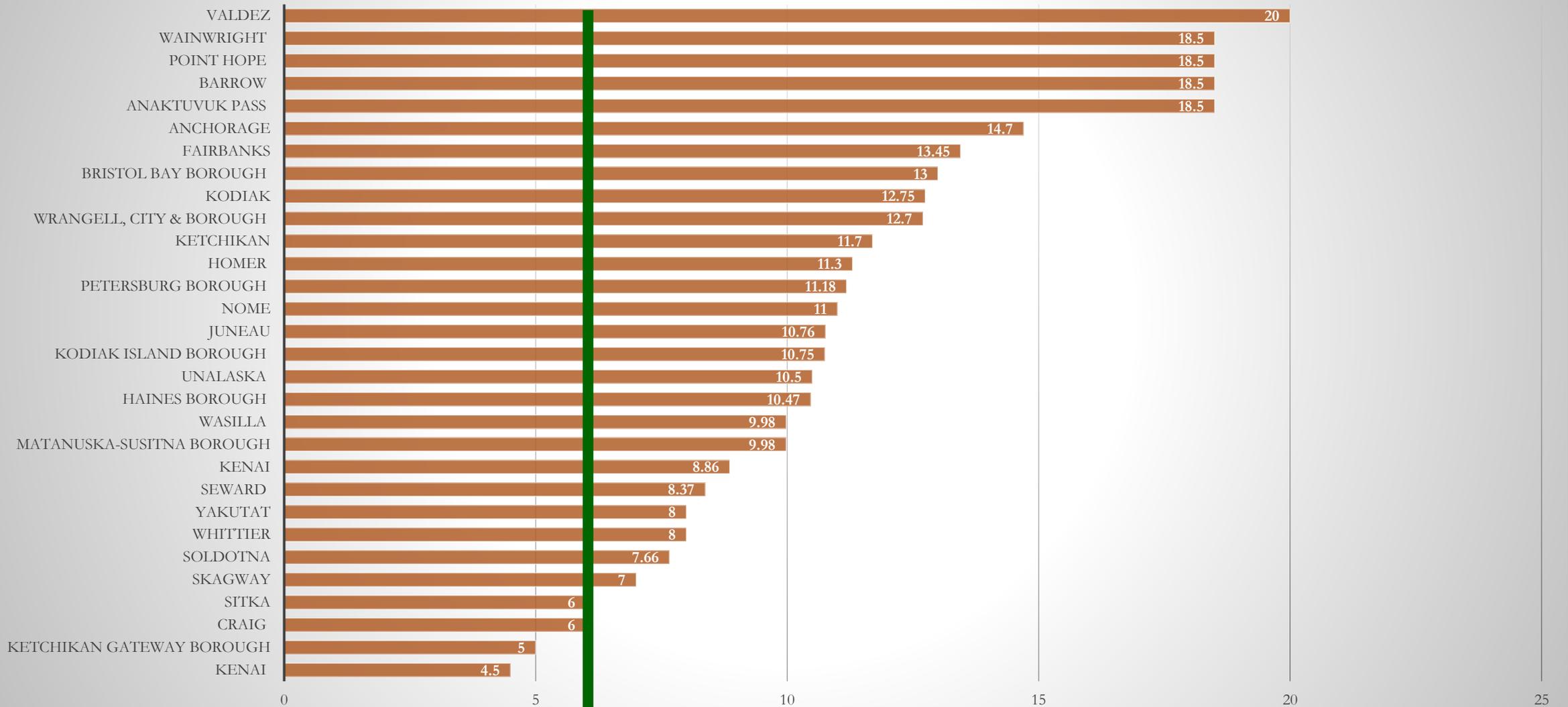
**\$ 3,800,000**



## Recommended Revenue Sources Section #2

5. Raise new revenues by implementing a bi-annual motor vehicle tax of \$200/car, to help cover the cost of road maintenance that the State no longer funds.
6. Raise new revenues by selling raw land owned by the City. (Besides raising revenue this action will spur housing construction and job creation in Sitka)
7. Raise new revenue by opening a new rock quarry. (Our existing quarries are almost depleted. A new rock source must be found to support development and construction projects in Sitka)
8. Raise new revenue by asking the voters to approve an increase of 2 mills of property tax. (it will be recommended as two, one-mill ballot questions)

# Alaska Mill Rates



## Possible New Revenues Streams

Licensed Vehicle Registration Tax (Dedicated	\$	500,000
Annual CBS land sales	\$	50,000
Lease revenue from new rock quarries	\$	20,000
Two Mill Property Tax Increase	\$	2,334,000
<b>Total</b>	<b>\$</b>	<b>2,904,000</b>
<b>Difference Between Revenues and Expenses</b>	<b>\$</b>	<b>(896,000)</b>



## Grand Bargain Section #3

9. Reduce the City General Fund budget by \$1.7 million over the next three years. This is just under a 10% reduction and is the equivalent of eliminating 17 city positions.

10. Reduce the City's contribution to schools by \$600,000 over the next three years.

## Reductions To Balance Budget

Reduced CBS General Fund Budget	\$	700,000
Reduced Sitka School District Funding	\$	200,000
<b>Total</b>	<b>\$</b>	<b>900,000</b>
<b>Grand Total</b>	<b>\$</b>	<b>4,000</b>

## Draft Grand Bargain Budget Framework Worksheet

Prepared by CTF Member Rule

CTF

FY 17

FY 18

FY 19

**PROJECTED FY '17 BUDGET DEFICIT**

\$ (260,000)

\$ -

\$ -

FY 17 As reported by Sweeney on 2/29 CTF meeting and includes capital funding at \$1.3 million

New Expenses and Adjustments	
No Sales Tax On Groceries for all Sitkans	\$ 1,200,000
100% of Fish tax to Harbor Fund	\$ 100,000
General Fund Subsidy To Electric Fund	\$ 1,000,000
Maintain Infrastructure at Current Levels	\$ 1,500,000
<b>Total New Expenses</b>	<b>\$ 3,800,000</b>
Possible New Revenues Streams	
Licensed Vehicle Registration Tax (Dedicated for	\$ 500,000
Annual CBS land sales	\$ 50,000
Lease revenue from new rock quarries	\$ 20,000
Two Mill Property Tax Increase	\$ 2,334,000
<b>Total</b>	<b>\$ 2,904,000</b>
<b>Difference Between Revenues and Expenses</b>	<b>\$ (896,000)</b>
Reductions To Balance Budget	
Reduced CBS General Fund Budget	\$ 700,000
Reduced Sitka School District Funding	\$ 200,000
<b>Total</b>	<b>\$ 900,000</b>
<b>Grand Total</b>	<b>\$ 4,000</b>

Notes			
\$ -	\$ 1,200,000	\$ 1,200,000	Contingent upon voter approval of 2 mill property tax increase
\$ 100,000	\$ 100,000	\$ 100,000	From 89% to 100%
\$ 1,900,000	\$ 1,500,000	\$ 1,000,000	Low oil prices and milder winters have driven down the projected consumption in lieu of general rate increase of more than 3%
\$ 150,000	\$ 750,000	\$ 750,000	
\$ 2,150,000	\$ 3,550,000	\$ 3,050,000	
Notes			
\$ -	\$ 500,000	\$ 500,000	The tax is \$200 for every car every two years; Seniors exempt on first vehicle
\$ 50,000	\$ 50,000	\$ 50,000	Based on a million dollars of land sale
\$ 20,000	\$ 20,000	\$ 20,000	
	\$ 2,334,000	\$ 2,334,000	Two, One Mill Ballot Propositions
\$ 70,000	\$ 2,904,000	\$ 2,904,000	
\$ (2,080,000)	\$ (646,000)	\$ (146,000)	
\$ 700,000	\$ 500,000	\$ 500,000	By the end of three years the total reduction in the budget would be 1.7 million
\$ 200,000	\$ 200,000	\$ 200,000	By the end of three years the total reduction in the budget would be \$600,000
\$ 900,000	\$ 700,000	\$ 700,000	
\$ (1,180,000)	\$ 54,000	\$ 554,000	

**PROJECTED FY '17 BUDGET DEFICIT**

\$ (1,440,000)

\$ 54,000

\$ 554,000

Cumulative

\$ (1,386,000)

\$ (832,000)



# Impact on Family of 4

Family of 4	Item cost	current with 6 mills	changes with 8 mills	Per Year
Groceries 15,000/yr at 5.5%	\$15,000	\$825	\$0	
House Tax at 6 mills 350,000 value	\$350,000	\$2,100	\$2,800	
Motor vehicle tax with two cars			\$200	
<b>Total anual costs of taxes</b>		<b>\$2,925</b>	<b>\$3,000</b>	<b>\$75</b>
<b>No change the utilities at 250/mo will go up 30%</b>	<b>\$3,000</b>		<b>Vs. No Bargain</b>	<b>\$900</b>
Family of 4				
Groceries 15,000/yr at 5.5%	\$15,000	\$825	\$0	
House tax at 6 mills 1,000,000 value	\$1,000,000	\$6,000	\$8,000	
Motor vehicle tax with two cars			\$200	
<b>Total anual costs of taxes</b>		<b>\$6,825</b>	<b>\$8,200</b>	<b>\$1,375</b>
<b>No change the utilities at 300/mo will go up 30%</b>	<b>\$3,600</b>		<b>No bargain</b>	<b>\$1,080</b>



## Impact on Seniors, Household of 2

Family of 2 Seniors over age 65	Item cost	current with 6 mills	changes with 8 mills	Per Year
Groceries \$8,000	\$8,000	\$0	\$0	
House tax at 6 mills 450,000	\$450,000	\$1,800	\$2,400	
This includes 150,000 prop tax exemption for seniors				
Motor vehicle tax exempt on first car			\$0	
<b>Total anual costs of taxes</b>		<b>\$1,800</b>	<b>\$2,400</b>	<b>\$600</b>
No change the utilities at 200/mo will go up 30%	<b>\$2,400</b>		<b>no bargain</b>	<b>\$720</b>
<b>Family of 2 Seniors over age 65</b>				
Groceries \$6,000	\$6,000	\$0	\$0	
House tax at 6 mills 150,000 value	\$150,000	\$0	\$0	
This includes 150,000 prop tax exemption for seniors				
Motor vehicle tax exempt on first car			\$0	
<b>Total anual costs of taxes</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
No change the utilities at 150/mo will go up 30%	<b>\$1,800</b>		<b>no bargain</b>	<b>\$540</b>



# Impact on Renters, Family of 4

Renters				
Family of 4	Item cost	current with 6 mills	changes with 8 mills	Per Year
Groceries 15000/yr at 5.5%	\$15,000	\$825	\$0	
Rent of \$2,500/mo in a home of 350,000 value				
Tax increase on that home and thus rent	\$350,000	\$2,100	\$2,800	
Motor vehicle tax on two cars			\$200	
<b>Total anual costs of taxes</b>		<b>\$2,925</b>	<b>\$3,000</b>	<b>\$75</b>
<b>No change the utilities at 250/mo will go up 30%</b>	<b>\$3,000</b>		<b>no bargain</b>	<b>\$900</b>
Renters				
Family of 2				
Groceries 7000/yr at 5.5%	\$7,000	\$385	\$0	
Rent of \$1,000/mo in a home of 150,000 value				
Tax increase on that home and thus rent	\$150,000	\$900	\$1,200	
Motor vehicle tax on two cars			\$200	
<b>Total anual costs of taxes</b>		<b>\$1,285</b>	<b>\$1,400</b>	<b>\$115</b>
<b>No change the utilities at 150/mo will go up 30%</b>	<b>\$1,800</b>		<b>no bargain</b>	<b>\$540</b>

## Draft Grand Bargain Budget Framework Worksheet

Prepared by CTF Member Rule

CTF

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FY 18

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\$ (1,386,000) \$ (832,000)

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\$ 900,000	\$ 700,000	\$ 700,000	
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Core Community Services (What services does the community desire?)

QUESTIONS?