



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

April 8, 2011

Mayor, Assembly Members, and Fellow Citizens of the City and Borough of Sitka

In accordance with the provisions of Article XI, Section 11.02 of the Home Rule Charter of the City and Borough of Sitka, the Fiscal Year 2012 Consolidate Operating Budget of the City and Borough of Sitka and Sitka Community Hospital are hereby presented for your approval.

Administrator's Personal Message (as presented at first budget meeting April 28)

It is my pleasure to submit the City and Borough of Sitka's FY2012 budget. While I am able to submit a balanced General Fund budget for Fiscal Year 2012, it did require that I include \$428,716 of the General Fund FY2011 carryover funds. While I was forced to include a significant portion of the FY2011 carryover funds, the remaining FY2011 carryover funds will be needed in preparing the FY2013 budget should the Secure Rural Schools Act not be extended and the projected drop in state revenues for 2013 be enacted. Thus the FY2012 and 2013 budgets will require a long term plan of fiscal discipline versus short term spending. As in my previous years, I want to thank our Finance Director Dave Wolff for his expertise and willingness to commit countless hours assisting me in preparing this year's budget.

The General Fund revenue has increased less than 2% from \$24,242,834 in the FY2011 budget to \$24,717,644. The City and Borough of Sitka Department Heads deserve my appreciation for their dedication for being good stewards of the entire FY2011 General Fund. The Department Heads and I recognized that not only was the FY2011 budget reduced from the previous year but the FY2012 General Fund budget would require FY2011 carryover funds to continue to provide the desired and required services to maintain our infrastructure and the quality of life so greatly enjoyed by all Sitkans. Our goal in this year's budget focus is to maintain our high level of public safety through police, fire and building inspections. Additionally, the City and Borough of Sitka must continue upgrading and maintaining the City's vital infrastructure including roads, electricity, water and wastewater services. The FY2012 budget also offers a wide range of community services such as library, parks and a first class harbor system.

This budget financially supports the goals of the City and Borough of Sitka through predictable revenue which will sustain operating expenditures. While the City and Borough of Sitka has been relatively sheltered from much of the nation's economic recession, the relatively flat property values and the possible decrease in cruise ship passenger traffic could impact sales tax revenue.

As anticipated, the City and Borough of Sitka budget reflects the down turn in our nation's economy. In particular, the FY2012 General Fund revenue is forecasted to grow less than 2% from the FY2011 General Fund revenue. In preparing the year's budget, it is recognized the

Providing for today...preparing for tomorrow

Secure Rural Schools and Community Self-Determination Act of 2000 was reduced \$244,000 as well as the state revenue distribution was up \$16,259.

While the current economic downward trend is expected to remain flat possibly into FY2013, I have reduced all the General Fund line items to the maximum extent necessary to sustain the current services now provided to the community. The FY2012 General Fund budget does not increase the current staffing level nor provide for any wage or cost of living adjustment for the CBS employees.

Should the funding sources anticipated in developing the FY2012 budget not be realized, I will be forced to address which services will be curtailed or eliminated with the resulting staff reduction.

It is a good business practice that when a water or sewer replacement is necessary, funds must be available to restore the affected roads and sidewalks versus creating another gravel road. With the ever increasing deterioration of our asphalt roads to create additional gravel roads will ultimately result in taxing our future cost of road maintenance. The rapidly deteriorating condition of our roads is the greatest need of our infrastructure.

The Assembly must adopt a fully funded road maintenance plan to preclude a total failure of our road system. School busses, delivery trucks, commuters and cyclists depend on safe maintained roads as they conduct their daily travels.

The Enterprise Funds also reflect the downturn of the current economy. The Water Fund Operations Budget is down slightly from \$1,292,899 to \$1,239,762. The Assembly will again be asked to support a gradual rate hike to fund the federally mandated requirement for the UV project which must be operational by 2014. This gradual rate hike will preclude a one-time substantial hike in the next several years.

The Wastewater Fund as currently projected to show a reduction in the negative cash flow from \$(204,063) to \$(140,640). To return this fund to a positive cash flow, the Wastewater Fund will also require a small rate adjustment. The necessary upgrade and preventive maintenance of the wastewater infrastructure dictate the increase.

The Harbor Fund continues to operate in the black. The major project this year is to develop a Master Plan for the Harbor Department to include an assessment of the facilities, a rate study to determine the best practice to generate the necessary funds for the Harbor capital projects, and to prioritize the required capital improvements.

The Solid Waste Fund budget projects an increase of \$159,960 in revenue for FY2012. This increase will significantly improve the Unrestricted Working Capital deficit to \$(38,761) down from \$(382,389) in FY2011.

The Marine Service Center and the Airport Terminal Funds are in good financial shape and are really unremarkable as to any major issues. The Airport restroom projects will be a most complimented and appreciated by the community.

The Electric Fund is projected to reduce the FY2011 unrestricted working capital deficit 50% from \$550,054 shortfall to \$273,490 shortfall. The Electric Fund will operate in FY2012 above the minimum requirement of 1.25 net income to debt service. As presented to the Assembly in the FY2011 budget hearings, a one-half cent rate per kwh increase will be necessary to fund the critical and extremely expensive capital projects associated with the Blue Lake expansion. A gradual rate increase in each of the next several years is preferred to a significant one-time increase when the City and Borough must bond out for funding the completion of the Blue Lake project. We will continue to seek state and federal grants; however, with the federal government

current position that hydro does not qualify as renewable energy it is unreasonable to expect the state to provide the 50% of the Blue Lake project cost.

Fund Structure of the City and Borough

The Fiscal Year 2012 Consolidate Operating Budget contains operating budgets for the Sitka General Fund and Permanent Fund; eight Enterprise Funds (Electric, Water, Waste Water, Solid Waste, Harbor, Airport Terminal, Marine Service Center, and Sawmill Cove Industrial Park); three Internal Service Funds (Management Information Systems, Central Garage and Building Maintenance); four Special Revenue Funds (SE Alaska Economic Development, Revolving LID Fund, Guarantee Fund, and Library Endowment); one Fiduciary Fund (Rowe Trust); all Capital Projects Funds; and the Sitka Community Hospital.

General Overview of the Financial Condition of the City and Borough

It is the financial philosophy of the City and Borough that each Enterprise Fund and Internal Service Fund of the City and Borough is a separate and distinct business element and should stand on its own financially. The City and Borough believes, in addition, that the General Fund should finance the expenditures for general government services in line with projected revenues. In light of this philosophy, each operating budget has been balanced for FY12, through a combination of operating revenues, expenditure reduction, and working capital balances. In addition; only the Harbor, Airport Terminal Building, Marine Service Center, and MIS project a cash flow surplus to be added to its working capital during FY12.

The overall financial condition of the City and Borough of Sitka continues to remain healthy with a solid level of combined working capital (both restricted and unrestricted) of all of its funds. The value of the City and Borough's combined investment portfolio is approximately \$69.5 million including approximately \$18.0 million in the Permanent Fund. Total working capital is projected to decrease \$1.15 million during our current Fiscal Year 2011.

While the overall financial condition remains healthy, five of our Enterprise Funds – Electric, Water, Waste Water, Solid Waste, and Sawmill Cove Industrial Park – have been adversely impacted by various circumstances that have caused their financial situation to deteriorate. These funds will require close monitoring throughout FY2012. The Electric Fund and Waste Water Fund revenues have been flat over several years. The cost of the Blue Lake project will necessitate a rate increase in FY12. The Water Fund working capital cannot fund the mandatory UV upgrade and must have the suggested rate increase that was presented by consultants. The Waste Water Fund revenues do not cover the operating costs which leaves no funding to maintain the aging infrastructure, while the Solid Waste Fund is being impacted by the closure of Kimsham Landfill. The Sawmill Cove Industrial Park with the sales of various leased properties is having trouble cash flowing the operation with the remaining leases.

An Overview of the Fiscal Year 2012 Consolidate Operating Budget

1. Fiscal Year 2012 Budget Process

In developing each operating budget, the City and Borough Administrator, Finance Director and other Department Heads used zero-based budgeting techniques to develop the City and Borough of Sitka's departmental budgets from the ground up. Funding levels from last year and subsequent years served as guidelines but were not used as a starting point for incremental funding. The strengths of this process are that each line item can be justified in terms of specific required expenditures and that each Department Head has been fully involved in planning the resource needs of their Department for FY12.

To balance planned expenditures with predicted revenues and to fund additional personnel costs, Department Heads were requested to present their budgets based on services requested by the local citizens and with a reduction of five percent of the previous year's expenditures. After the first round of proposed expenditures, the Administrator decremented certain line items before the presentation to the Assembly.

In order to provide a complete, readable, and understandable Consolidated Operating Budget, we have utilized the following:

- a. The same budget format has been developed for all funds, including Fiduciary Fund and Special Revenue Funds. The format includes all components of both revenues and expenditures identified by line number and, in addition, documents Fiscal Year 2010 actual amounts, Fiscal Year 2011 budgeted and projected amounts, and Fiscal Year 2012 budgeted amounts.
- b. A table of personnel allowances has been included which details both the Municipality's required positions and those that are authorized.
- c. A fund summary sheet has been developed for each Enterprise and Internal Service fund that clearly identifies which components of reserve working capital are earmarked for capital projects and which components are truly unrestricted.
- d. Proprietary Fund budgets have been constructed on a cash inflow or outlay basis. To more clearly show the financial condition and results of these funds on an accrual accounting basis, however we have not budgeted for non-cash, accrued, and amortized expenses and, in addition, have constructed pro forma financial statements to clearly show the financial effects of each projected budget.

2. Level of Service and Service Reductions

The FY12 budget was built on the expectation that the actual revenue plus working capital would be sufficient to cover the budgeted expenditures and should the actual

revenues fall short, then we will be at the decision to curtail or suspend services or undertake a staff reduction. Across the board, we intend to supply the same services to our citizens as we have in the past.

3. Work Force Management, Composition, and Compensation

Total budgeted compensation for the City and Borough's municipal work force is \$17,825,273 (excluding Sitka Community Hospital), of which \$7,090,529 or 39.78% is borne by the various Enterprise and Internal Service Funds. The number of municipal employees for FY12 is 156.044 FTE (Full Time Equivalents) (excluding temporary employees and the Sitka Community Hospital).

Three unions represent approximately 2/3 of the work force and contracts were negotiated for the next several years with no wage increases unless revenues exceed those from FY09. The exempt and confidential employees' wages will remain the same as they were paid in FY11.

The package of benefits for municipal employees is remaining basically the same in FY12. The Municipality will offer optional group term life insurance for all employees. The full cost of this additional optional insurance will be borne by the employees. Health insurance costs were negotiated with an increase of 17.9% for FY12 compared to the rates for FY11. The health insurance cost will be covered by both the municipality and employees at their current ratio of 10% for the employees and 90% for the municipality. Only exception is the police union, in which the municipality covers the total cost the health insurance plan for those members and their families.

4. Taxes, Service Fees and Other Revenues

A property tax levy of six mills, unchanged from Fiscal Year 2011, is being budgeted again this year; this is the current maximum allowed by the Home Rule Charter.

Municipal Revenue Sharing from the State of Alaska has passed for next year, which provides \$918,389 for the municipality. Further unfunded mandates from the State are possible. The School Bond debt reimbursement is budgeted at 100% funding for the 70% reimbursement of the 1999, 2000, 2005, 2008, and 2011 School Bonds and 60% for the 2004 School Bonds.

Within the General Fund, all interest revenue earned by the Revolving and Guarantee Funds in FY12 will again be transferred to the General Fund. This will result in \$35,200 in additional revenue to the General Fund.

5. Municipal Debt

The City and Borough will have \$36,300,000 in General Obligation Bonds, \$48,700,000 in Revenue Bonds, and \$8,800,187 in long term note (Electric Fund) outstanding at the start of FY12. The following funds have low interest loans from the State of Alaska with balances as of the start of the fiscal year: General Fund – \$165,750; Water Fund - \$4,653,851; Waste Water Fund - \$3,185,425; Solid Waste Treatment Fund - \$2,084,355; and Harbor Fund - \$816,267. Total budgeted debt service on these bonds and notes will be \$8,556,014 of which \$2,282,881 will be reimbursed by the State of Alaska’s Department of Education.

The City and Borough retains a sufficient level of general obligation bonding capacity in order to meet future needs.

Individual Departmental Highlights

1. General Government

General governmental activities (those financed by the General Fund) in FY12 will concentrate on maintaining the current level of municipal services to our citizens. The General Fund shows \$428,716 in excess expenditures over revenues. The General Fund will use its working capital to cover the deficit.

2. Electric Department

The Electric Department has proposed the addition of the third turbine at the Blue Lake Hydro project along with raising the dam height to maximize the full potential of generating electricity for the municipality. Key to the funding was a \$12.5 million grant from the State of Alaska along with a second grant for \$8 million as a match for local funding for this project. Additionally the Electric Department will be maintaining and improving the distribution and transmission lines over the next several years.

The financial condition of the Electric Fund remains stable and the level of reserve working capital has dropped with the funding of the Blue Lake Project. The working capital was \$6,755,826 at December 31, 2011.

Our goal for the Electric Department is to generate surplus cash flow from operations of approximately \$1.0 million per year with \$750,000 per year to be used for capital improvements and \$250,000 to be added to the reserve working capital. Fiscal Year 2012 capital projects total \$1,002,409.

3. Water Department

The financial condition of the Water Fund will be guarded after the rate increase is approved by the Assembly for FY2012. Additional adjustment to the water rates will be necessary in Fiscal Year 2013 through 2014 to help fund and pay for the bonding of the UV project that is federally required by 2014.

4. Waste Water Treatment

Inflow and Infiltration (I & I) infrastructure improvements will again continue throughout FY12. Future I & I infrastructure improvements will be funded with a low interest rate loan from the State of Alaska. Several loans have been applied for, and approved, by the State of Alaska; however, any appropriations from the loan must be approved by the Assembly. Major capital improvements in FY12 include the rebuilds of several lift stations including Crescent and Japonski Island.

The financial condition of the Waste Water Treatment Fund is in jeopardy as FY12 budget shows excess expenditures over revenues. A rate increase will be necessary to balance the revenue and expenditures and maintain the aging infrastructure along the same theory of increases for the Water Fund. We will propose a \$4.75 a month increase for monthly fees and a 14% increase in metered rates.

5. Solid Waste Disposal

The Solid Waste Fund will show a decrease in working capital in the amount of \$38,761. The reduction of working capital is due to expenditures for FY12. FY13 will have less debt service by \$128,765.

6. Harbor Fund

The financial outlook for the Harbor Fund is healthy due to the amount of raw fish tax that the City and Borough receives each year. With the additional processing plant located at the Sawmill Cove Industrial Park, the raw fish tax should remain at a high level. It is important to note that the Harbor Fund is transferring \$100,000 of the raw fish tax proceeds to the General Fund.

7. Airport Terminal Building

The Municipality retained ownership of, and continued operating, the Rocky Gutierrez Sitka Airport Terminal Building. With Federal regulations mandating additional security for

passengers, the terminal building has undergone expansion to meet the needs of the tenants along with the increase of security personnel and equipment.

8. Marine Service Center

The Marine Service Center remains financially viable as a separate enterprise fund. Major projects are proposed for FY12, including refrigeration controls and ammonia pumps and valves installation. The working capital is projected to increase by \$3,588 from operations.

9. Sawmill Cove Industrial Park

In April 1999, the Assembly accepted the APC mill site gifted to the City and Borough of Sitka and allocated up to \$4,000,000 from the SE Alaska Economic Development Fund for the funding of operations. In 2000, the City and Borough received \$4,000,000 for capital improvements, along with two grants totaling more than \$2,200,000. The financial outlook is weak until the site is fully leased.

10. Management Information Systems Fund

Major MIS initiatives in FY12 will consist of continued upgrades of various hardware and software components of our municipal information systems.

11. Central Garage Fund

The financial structure of the Central Garage Fund remains healthy with a projected deficit of \$94,339 from operations for FY12. In FY12, the vehicles and equipment that is scheduled to be purchased: 1) Fire Truck to replace FMC Fire Truck; 2) Road Grader w/snow wing to replace 1992 Road Grader; 3) One Ton Flatbed Truck; 4) Extended Cab 4X4 small pickup; and 5) Ford F550 Service Truck w/crane. The City and Borough maintains a sinking fund for vehicle and equipment purchases and a detailed disposal plan is shown on the decision point page. The City and Borough vehicle inventory will not be increased. The Central Garage Fund is scheduled to repay the General Fund for a \$1,050,000 advance to construct the Central Garage's portion of the General Services Building. The annual payment is \$50,000 principal and interest on the outstanding loan. The outstanding loan amount is \$500,000 at the beginning of FY12.

12. Building Maintenance Fund

The Building Maintenance Fund was established and capitalized from the interest earnings of the Timber Relief and SE Alaska Economic Development Funds. This fund is an internal

service fund responsible for maintenance of municipal buildings. A maintenance plan has been developed for staffing and charges to the various funds.

Capital Improvement Program

The 2012-2016 Capital Improvement Program has been developed to address the pressing infrastructure and service needs of our community. Maximum effort has been made to identify Federal and State sources of revenue in order to finance these projects. Individual capital improvement projects have already been described in detail in many of the previous discussions of individual Departments/Funds. Detailed information concerning the Capital Improvements Program is contained within a separate section of this Consolidated Operating Budget.

This year we have again constructed a separate budget for each individual capital improvement project. These budgets clearly show the amount, and source, of all of the working capital to be expended in each project including grant revenue, transfers from the General Fund or Proprietary Funds, or expenditures of reserve working capital in each fund (from previous years grant advances or transfers from other funds).

Future Outlook

The outlook for the City and Borough of Sitka remains guarded. Of all of the economic indicators we track only the property tax revenues have increased over the previous year. Projected sales and bed taxes receipts will remain steady compared to the previous year. Revenues for the fishing industry are uncertain for both the commercial outfits and the charter outfits due the limited amount of fish that can be caught. The municipality will remain vigilant on the several trends and ongoing situations which demand our attention.

1. Long Term Funding for the Sitka Community Hospital and road maintenance in Sitka.

With the passage of the Tobacco tax by the citizens of the City and Borough of Sitka, the permanent source of revenue to finance the operating needs of the hospital have been met. \$154,546 is proposed for equipment purchases for FY12.

During FY12, only \$450,000 has been allocated to road maintenance. In the future the City and Borough will need to look at a bond issue to bring its roads back to a reasonable standard.

2. Continued Diversification of Our Local Economy

In order for our Municipality to grow, both figuratively, culturally, and economically, we must find ways to continue to diversify our local economy. We need to continue to do everything within our power to attract environmentally friendly industries that will provide permanent jobs with wages that will allow Sitkans to live and support a family. To this end, the Municipal government funded an economic diversity study with grant funds from the Federal government and has made available grant and loan funds for economic development. Development of the Sawmill Cove Industrial Park offers opportunities to attract these industries.

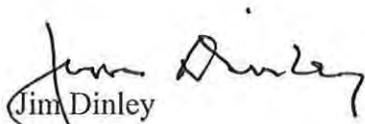
3. Long Range Financial Planning for Infrastructure Replacement

Within each of our funds, we continue to work toward defining long range infrastructure needs (beyond our 5-year capital project plan) and to develop procedures for financing the infrastructure needs. Once these needs, and associated resources, have been identified, we will be able to evaluate the ability of the revenue and rate structure within each fund to achieve the required levels of working capital required to bring about the infrastructure. We are going to make a formal review of this process an integral part of every annual budget cycle.

Summary

Our Municipal government continues to provide an outstanding array of services to its citizens through the collective efforts of outstanding, dedicated, and talented municipally employees. The financial condition of the Municipality remains in good shape, with an outstanding level of combined reserve working capital. While we still have some hurdles to clear and tough problems to address, the future of Sitka is bright. We will strive to continue to provide the best possible service to our citizens and to carefully manage the resources they give us to do the job.

Respectfully Submitted,


Jim Dinley
Administrator


David Wolff
Finance Director

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2011-20

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADOPTING BUDGETS FOR THE FISCAL YEAR JULY 1, 2011
THROUGH JUNE 30, 2012**

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. **CLASSIFICATION.** This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.
2. **SEVERABILITY.** If any portion of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.
3. **PURPOSE.** The purpose of this ordinance is to set forth budgetary requirements for the operation of the various divisions, departments and organizations of the City and Borough of Sitka for Fiscal Year 2012.
4. **ENACTMENT.** **NOW THEREFORE, BE IT ENACTED** by the Assembly of the City and Borough of Sitka, Alaska that the following expenditure budgets for the fiscal period beginning July 1, 2011 and ending June 30, 2012 are hereby adopted as follows:

<u>FUND</u>	<u>REVENUE</u>	<u>EXPENDITURE BUDGET</u>		
<u>GENERAL FUNDS</u>	REVENUE	OPERATIONS	CAPITAL/ TRANSF ER	TOTAL
General Fund	\$ 25,188,079	\$ 23,543,947	\$ 1,929,843	\$ 25,473,790
<u>ENTERPRISE FUNDS</u>				
Electric Fund	\$ 12,160,715	\$ 11,431,795	\$ 1,002,409	\$ 12,434,204
Water Fund	\$ 1,230,600	\$ 1,235,762	\$ 4,927,000	\$ 6,162,762
Wastewater Fund	\$ 2,067,736	\$ 2,208,376	\$ 2,565,000	\$ 4,773,376
Solid Waste Fund	\$ 3,064,160	\$ 3,102,921	\$ -0-	\$ 3,102,921
Harbor Fund	\$ 2,501,319	\$ 2,089,481	\$ 375,000	\$ 2,464,481
Airport Terminal Fund	\$ 567,881	\$ 439,028	\$ 90,000	\$ 529,028
Marine Service Center Fund	\$ 250,196	\$ 140,608	\$ 106,000	\$ 246,608
Sawmill Cove Industrial Complex	\$ 107,398	\$ 339,954	\$ -0-	\$ 339,954

<u>FUND</u>	<u>REVENUE</u>	<u>EXPENDITURE BUDGET</u>		
<u>INTERNAL SERVICE FUNDS</u>	REVENUE	OPERATIONS	CAPITAL/ TRANSFERR	TOTAL
Management Information Systems Fund	\$ 835,632	\$ 776,685	\$ 50,000	\$ 826,685
Central Garage Fund	\$ 1,827,741	\$ 883,995	\$1,038,085	\$ 1,922,080
Building Maintenance Fund	\$ 1,685,470	\$ 1,713,311	\$ -0-	\$ 1,713,311
<u>SPECIAL REVENUE FUNDS</u>				
SE Alaska Economic Development Fund	\$ 553,206	\$ 144,800	\$ -0-	\$ 144,800
Revolving Fund	\$ 45,100	\$ 27,600	\$ -0-	\$ 27,600
Guarantee Fund	\$ 7,800	\$ 7,800	\$ -0-	\$ 7,800
Rowe Trust Fund	\$ 5,320	\$ 5,200	\$ -0-	\$ 5,200
Library Endowment Fund	\$ 5,400	\$ 4,000	\$ -0-	\$ 4,000
<u>PERMANENT FUND</u>				
Permanent Fund	\$ 1,556,000	\$ 1,048,898	\$ -0-	\$ 1,048,898
<u>CAPITAL PROJECT FUNDS</u>				
General Capital Project Fund	\$ 797,000	\$ -0-	\$ 797,000	\$ 784,000
Electric Capital Project Fund	\$ 1,002,409	\$ -0-	\$ 1,002,409	\$ 1,002,409
Water Capital Project Fund	\$ 4,918,000	\$ -0-	\$ 4,918,000	\$ 4,918,000
Wastewater Capital Project Fund	\$ 2,533,000	\$ -0-	\$ 2,533,000	\$ 2,533,000
Solid Waste Capital Project Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Harbor Capital Project Fund	\$ 375,000	\$ -0-	\$ 375,000	\$ 375,000
Airport Terminal Fund	\$ 90,000	\$ -0-	\$ 90,000	\$ 90,000
Marine Service Center	\$ 106,000	\$ -0-	\$ 106,000	\$ 106,000

<u>COMPONENT UNIT</u>				
Sitka Community Hospital	\$20,632,959	\$ 18,855,190	\$ 888,291	\$19,743,481

EXPLANATION

Details of individual budgets are contained in Enclosure 1. Support to the Sitka School District has been included in the General Fund Expenditures. Budgeted amounts for all funds include revenue, operating expenditures and new capital outlays.

5. **EFFECTIVE DATE.** This ordinance shall become effective on July 1, 2011.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 14th day of June, 2011.



Cheryl Westover, Mayor

ATTEST:



Colleen Ingman, MMC
Municipal Clerk

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