

Mayor

Clay Koplín

Council Members

Tom Bailer

Cathy Sherman

Jeff Guard

Melina Meyer

Anne Schaefer

David Allison

David Glasen

City Manager

Helen Howarth

City Clerk

Susan Bourgeois

Deputy Clerk

Tina Hammer

Student Council

vacant

**City Council Work Session
November 4, 2020 @ 6:00 pm
Cordova Center Community Rooms
Agenda**

A. Call to order

B. Roll call

Mayor Clay Koplín, Council members Tom Bailer, Cathy Sherman, Jeff Guard, Melina Meyer, Anne Schaefer, David Allison, and David Glasen

C. Work Session topics

- 1. 2021 Budget discussion..... (page 1)

D. Adjournment

If you have a disability that makes it difficult to attend city-sponsored functions, you may contact 424-6200 for assistance.

Full City Council agendas and packets available online at www.cityofcordova.net

BUDGET MEMO: October 29, 2020

TO: Mayor and City Council
FROM: Ken Fay, Finance Director
RE: Draft General Fund budget issues work session

At our last work session, we discussed the revenue shortfall that we are facing in 2021. We also mentioned that we were going to present flat expense budgets except for mandated increases, and essential projects and costs. In addition, department heads submitted budgets with capital items and well as other items necessary to provide exemplary service to the city.

These amounts are presented in the **2021 General Fund Budget (Exhibit 1)**. Column I is last year's approved budget less the PERS Relief since PERS Relief is essentially an equal inflow and outflow. Column II represents the FY21 expense budget as flat, which can be considered the base or basic budget. Column III is what the department heads provided before the severity of the revenue reduction was known. Column IV is the variance between last years budget and the budget provided by department heads.

The "flat" budget presented tracks very closely with last years budget with the exception of the matches that are coming due in 2021 – the Hippy Cove, 2nd St and Whitshed Rd projects. The inclusion of these matches drives the short fall to **\$1.3M**.

The initial "department head" budget (III) which includes capital and other items, yields a deficit of **\$1.9M**.

The major difference in the 2 budgets - the flat and the department head - is the capital and other items. These are presented in **Exhibit 2**. This represents the requests of the department heads for tools to provide service to the city. It should be noted that last year's capital items were in the operating budget and most of it was in Streets, the most capital intensive of General Fund departments. As a result, the 3 capital items for Streets are included in the flat budget – and it is still less than last year's departmental budget. These items and the 3 top items are the only capital and other items included in the flat budget.

To obtain a balanced budget this year, revenues need to increase, expenses need to decrease, or the permanent fund can be accessed. As presented during the last session we can raise revenues by utilizing the CARES funds that we have expended this year for 1st responders and IMT. This should be 600k – 800k, lowering the shortfall to either **\$600k** or **\$1.2M** (using the midpoint 700k).

At the last session, it was mentioned that the permanent fund could possibly be utilized to cover the school debt reimbursement shortfall. If that were the case the total shortfall would be lowered to **\$150k** or **\$750k**.

As expected 2021 is a challenging year to balance the budget and unfortunately future years will probably contain the same challenges but may not have CARES funds to back stop the shortfalls.

In conclusion, management looks to council for direction on ways to close the gap.

EXHIBIT 1

**CITY OF CORDOVA
2021 GENERAL FUND BUDGET
CITY COUNCIL WORK SESSION 11/4/20**

	I Approved FY20 Budget	II Flat FY21 Budget	III Initial Dept Head FY21 Budget	IV VARIANCE
GENERAL FUND REVENUE				
TAXES	\$ 6,831,957		\$ 6,852,837	\$ 20,880
LICENSES & PERMITS	20,600		21,000	400
OTHER GOVERNMENTAL (raw fish tax, USFS)	2,184,166		1,712,500	(471,666) Fish tax 55% of last years number
PERS RELIEF				
LEASES & RENTS	294,200		278,718	(15,482)
LAW ENFORCEMENT	310,293		299,379	(10,914)
D. M. V.	60,700		69,000	8,300
PLANNING DEPARTMENT REVENUE	13,500		8,000	(5,500)
RECREATION DEPT REVENUE	90,500		51,000	(39,500) Down due to Covid
POOL REVENUE	37,500		26,500	(11,000) Down due to Covid
SALE OF PROPERTY	12,000		2,000	(10,000)
INTERFUND TRANSFERS IN (11% allocated admin.)	488,015		500,000	11,985
INTERFUND TRANSFERS IN (Chip Seal, Health Fund)	246,628		250,000	3,372
OTHER REVENUE (investment, cdv ctr, reserve fund, misc)	180,000		120,000	(60,000) Down due to Covid
STATE DEBT SERVICE REIMBURSEMENT	463,071		-	(463,071) No anticipated School debt relief
TOTAL	\$ 11,233,130		\$ 10,190,934	\$ (1,042,196)

	I Approved FY20 Budget	II Flat FY21 Budget	III Initial Dept Head FY21 Budget	IV VARIANCE
GENERAL FUND EXPENSES				
CITY COUNCIL	\$ 10,250	\$ 10,700	\$ 10,700	\$ 450
CLERK'S DEPARTMENT	282,612	285,266	292,766	10,154
MAYOR'S OFFICE	2,850	2,850	2,850	-
CITY MANAGER'S DEPARTMENT	295,968	387,813	387,813	91,845 Increase due to shift of position from IS
FINANCE DEPARTMENT	426,994	391,100	391,100	(35,894)
PLANNING DEPARTMENT	120,283	125,766	125,766	5,483
PLANNING COMMISSION	2,900	2,900	2,900	-
INFORMATION SERVICES	819,156	701,609	701,609	(117,547) See City Mgr comment
PUBLIC WORKS ADMINISTRATION	200,327	206,014	206,014	5,687
LAW ENFORCEMENT (4 officers and chief)	987,142	930,164	1,060,908	73,766 Capital
JAIL OPERATIONS	239,936	241,956	241,956	2,020
FIRE/EMS/DISASTER MGMT	375,547	374,430	670,502	294,955 Capital
DMV	68,827	93,976	93,976	25,149 Better allocation
FACILITY UTILITIES	164,850	168,850	169,450	4,600
FACILITY MAINTENANCE	356,874	350,051	448,551	91,677 Capital
EQUIPMENT MAINTENANCE	319,734	357,174	357,174	37,440
STREET MAINTENANCE	1,001,288	950,856	913,856	(87,432) Higher capital last year

EXHIBIT 1

	I Approved FY20 Budget	II Flat FY21 Budget	III Initial Dept Head FY21 Budget	IV VARIANCE	
GENERAL FUND EXPENSES					
SNOW REMOVAL	\$ 69,377	\$ 77,377	\$ 77,377	\$ 8,000	Last year budget was light
PARKS MAINTENANCE	99,589	96,099	104,099	4,510	
CEMETARY MAINTENANCE	20,537	20,537	27,537	7,000	
BIDARKI	282,890	290,197	392,732	109,842	Capital+ last years budget unrealistic
POOL	206,464	248,063	248,063	41,599	Last years budget unrealistic
SKI HILL	87,012	101,892	101,892	14,880	Increased electricity costs
NON DEPARTMENTAL	264,013	325,500	328,500	64,487	Increase liability insurance
LONG TERM DEBT SERVICE	1,826,511	1,773,475	1,773,475	(53,036)	
TRANSFERS TO OTHER ENTITIES	2,654,270	2,748,270	2,748,270	94,000	Inkind insurance to the CCSD never broke out
INTERFUND TRANSFERS OUT/OTHER	33,000	258,583	258,583	225,583	City portion for Hippy Cove, 2nd St and Whitshed projects
TOTAL	\$ 11,219,201	\$ 11,521,468	\$ 12,138,419	\$ 919,218	
			\$ 11,879,836		
GENERAL FUND REVENUE TOTAL:	\$ 11,233,130	\$ 10,190,934	\$ 10,190,934	\$ (1,042,196)	
GENERAL FUND EXPENDITURE TOTAL:	\$ 11,219,201	\$ 11,521,468	\$ 12,138,419	\$ 919,218	
NET TOTAL GENERAL FUND:	\$ 13,929	\$ (1,330,534)	\$ (1,947,485)		

EXHIBIT 2

Capital Items as well as Other Nonrecurring Operating Items for 2021 Necessary to Provide Exemplary Service to the City

Capital Items

Capital items are discreet items that cost over \$5000 and are expected to last longer than a year
They are the accounting version of PPE - plant, property and equipment

	Item	Cost	Other information - such as replacement? improvement? new item? anything else noteworthy
STS	1 Hippy Cove Culvert Replacement	\$ 50,354	City's portion of the project for fire hydrant and water connections.
	1 2nd St Grant	\$ 142,034	This needs to be added with the match
	1 Whitshed Rd Bike and Path	\$ 66,195	City's match
STS	1 Mobile Hoist for shop 2 ea.	\$ 25,000	Moveable lifts can be used in all bays allowing for greater production and use of space.
	2 Shop Truck	\$ 128,456	Replacement, Improvement, New. Heavy Hauler for servicing heavy equipment, with onboard welder, compressor and fluid transfer and tools.
	2A Flat Bed and lift gate	\$ 12,000	Replace old tool box on 2009 shop truck which will be turned over to street crew. Older lift gate truck to be sold.
Client	1 Sliding barn door for Susan and Tina's office	\$ 7,500	Covid & noise mitigation, when busy up front with patrons, inability to concentrate or have private calls
Parks and Rec	1 Rubber/Impact resistant ground cover Tot Lot	\$ 8,820	Multiple serious injuries because of impact with existing material in the last 2 years. I feel this is the highest priority, because it is a liability.
	2 Digging Attachment for Tractor	\$ 10,000	Parks and Rec. Dept. has 6 properties that require drainage digging and improvement. Public Works currently does it or a contractor.
	3 Gymnasium curtain dividers	\$ 12,415	Cares Act may not make the deadline. It will allow us to serve multiple user groups simultaneously in our facility.
	4 Bear resistant trash receptacles for remainder	\$ 13,000	Nuisance on public properties. Split the cost of with another dept. PW or Refuse Dept.? Costs the same to ship 1 can as it does to ship 6.
	5 Windows for Bidarki Recreation Center	\$ 50,000	We understand that this is unlikely to be funded in 2021. It would be extremely helpful in increasing the efficiency of the Rec. Center.
LEO	1 1 New patrol vehicle	\$ 45,000	Aging fleet. Our newest vehicle is a '14 with 70k miles. Oldest vehicle is a '10 with 120k miles. Was the last new patrol vehicle bought
	2 Impound Yard upgrades	\$ 75,000	Our current yard is unsecure making it unsuitable to keep evidence impounds or vehicles that are in servicable condition.
FD/EMS	1 Adjust cables at Substation	\$ 5,000	Substation Pad has becoming unlevel by 10 inches, causing building to Sag and Twist
	2 Repair Substation	\$ 150,000	Engineering to Finish, Lift Metal Structure, Add Shims under Steel where needed, Pour new concrete over existing Pad to level
	3 Command/Patrol Vehicle	\$ 20,000	
FACILITIES	1 Sprinkler Monitor Fire Alarm Panel for the Pool	\$ 17,500	New Item - Addition of an alarm system at the Pool, to meet fire code. Pool did not have a alarm panel
	2 Bidarki Fire Alarm Panel Replacement	\$ 14,500	The current alarm panel is obsolete and does not have enough zones, to add the fire sprinkler system waterflow & tamper switches.
	3 Bird Abatement labor (roll over from 2020 plan)	\$ 7,000	Parts & materials had been ordered, but due to weather and Pandemic project was not installed or completed
	4 Public Safety Furnace	\$ 36,000	Demo leaking furnace unit (leaking) and replace with new unit.
	5 Cordova Chamber roof	\$ 15,000	Chamber roof damaged in the 2018 storm. Fasteners came loose and damaged metal roof during wind storms. Needs replacement.
	6 Server room Ventilation	\$ 4,000	Help cool server room... Servers over heated last year and shorted the servers.
	7 Theater Mop sink conversion	\$ 2,500	Remove existing sink and portion replace with mop sink
		\$ 917,274	Subtotal

Nonrecurring Items that are Large and/or Unusual

Nonrecurring items are projects, services etc that are not typical or ordinary but required for your department to function properly and to allow it to serve the citizens

	Description	Cost	Fuller explanation - the why/benefit as well as the how and anything else noteworthy
P&R	1 Sickle attachment for Kabota Tractor	\$ 4,300	We have 8 properties that require very large areas to be trimmed back. Currently we do this by hand. This would expedite the process.
	2 Trailer Ramps for our existing trailer.	\$ 3,000	To protect our Kabota Tractor. It takes an hour to drive to Skater's Cabin. Build our own or purchase used.
LEO	1 6 Replacement Body Cameras	\$ 5,704	Cameras out of production and failing. No longer supported by the company and can not be fixed. These should serve us well for 5+ yrs.
	2 6 Replacement Tasers	\$ 5,040	Tasers no longer in production and not covered by Taser's \$10M liability clause. This is the annual cost on a 5 year contract.
FD/EMS	1 Sub Station Shelving	\$ 8,000	Improvement, Lack of Storage
	2 Mezzanine and Leanto For Substation	\$ 15,000	Conceptual Drawings First Step Improvement, Lack of Storage and Inside Space for Training
	2 Mezzanine and Leanto For Substation	\$ 55,000	Steps 2 through 4 Improvement, Lack of Storage and Inside Space for Training
	3 Finish Interior work add Bathroom	\$ 8,000	Add additional interior finishing plywood and construct bathroom. Provision already added
		\$ 104,044	Subtotal
		\$ 1,021,318	TOTAL