

**Mayor**

*Clay Koplin*

**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**

*Ari Jeppson-Bolin*

**City Council Work Session  
October 27, 2021 @ 5:00 pm  
Cordova Center Education Room  
Agenda**

**A. Call to order**

**B. Roll call**

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

**C. Work Session topics**

- 1. City of Cordova FY22 Budget..... (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](http://www.cityofcordova.net)

**MEMO:           October 25, 2021**  
**TO:             City Council**  
**FROM:          Helen Howarth**  
**RE             FY22 GENERAL FUND BUDGET WORKSESSION**

**City’s fiscal reality: A revenue problem not an expense problem**

- Revenue over time (adjusted for inflation) is down 25% since 2014
- Expenditures over time (adjusted) are relatively flat

**Budget Process:**

Council is asked to tackle the General Fund budget first with a future work session devoted to the Enterprise Fund budgets.

The FY2022 GENERAL FUND working document is presented incorporating ALL requests from City Department Heads to fund the work they are charged to perform. The budget is NOT presented in detail but rather to show the aggregate of revenue, and proposed expenses per department.

Council is asked to have a general discussion on its expenditure priorities and staff will prepare the next budget iteration to reflect those priorities.

**For Consideration:**

People power City Government and staff costs rise every year. If expenditures are flat to trending slightly downward, and the cost of staff is increasing, that means cuts in other areas are occurring,

Several long-time staff positions were not funded in the approved FY21 budget with the understanding these temporary cuts would be revisited in 1<sup>st</sup> quarter FY21 which did not happen due to funding uncertainty. Those positions (Human Resources and Parks and Rec) are priorities in FY22.

New positions requested by Fire, Public Work and Parks and Rec are viewed by Department Heads as essential to operations.

A new Collective Bargaining Agreement (CBA) (not yet negotiated) will impact the FY22-24 budgets.

City has not traditionally budgeted for depreciation or replacement of capital assets managing instead by a “worry about it when it breaks” response. Staff recommends looking to the future with a condition assessment of all City assets to determine repair/replacement timelines.

## City of Cordova, Alaska's

### Budget

For year then Ended 12/31/2022

10/27/2021 Meeting

Line item	Budgeted amount
Taxes	6,663,184.75
License and permits	21,000.00
Other governmental (Federal & State sources)	2,582,163.07
Lease and rent	278,718.00
Law enforcement - contracts and charges for services	293,804.00
DMV - charges for services	60,700.00
Planning permit	6,500.00
Recreation - charges and leases	49,500.00
Pool - entrance fees	10,000.00
Sale of property - cemetary	3,000.00
Other revenue	36,000.00
State debt reimbursement	370,000.00
<b>Total revenue</b>	<b>10,374,569.82</b>
City council	6,500.00
City clerk dept.	295,163.00
City mayor	1,000.00
City manager dept.	541,006.00
Finance	418,561.00
Planning	145,495.00
Planning commission	1,500.00
DMV	81,893.00
Law enforcement	1,036,942.00
Jail operations	265,003.00
Fire & EMS	470,954.52
Disaster management	12,000.00
Library and museum	720,025.51
Facility services	167,000.00
Public works admin	195,412.00
Facility admin	364,681.00
Street maint	743,774.00
Snow removal	61,613.00
Equipment maint	344,337.00
Parks & recreation - admin	272,560.00
Park maintenance	291,613.00
Cemetary maint	9,038.00
Recreation - Bidarki	174,551.00
Pool	505,697.00
Non-departmental	912,495.00
Long-term debt service (bond payments - principal & interest)	1,783,300.00
Transfers to other entities	2,755,031.00
<b>Total expenditures</b>	<b>12,577,145.03</b>
<b>Excess revenue over (under) expenditures</b>	<b>(2,202,575.21)</b>
Transfers in - admin allocation & health fund	872,325.00
Trasnfers out	-
<b>Net other financing soucse</b>	<b>872,325.00</b>
<b>Net change in fund balances</b>	<b>(1,330,250.21)</b>

**MEMO:**           **October 25, 2021**  
**TO:**               **City Council**  
**From:**           **Helen Howarth, City Manager**  
**RE:**               **PROPOSED FISH TAX FUND**

**PROBLEM:** The amount of collected Raw Fish Tax varies greatly from year to year creating instability in City General Fund revenue and uncertainty in the budgeting process.

**SOLUTION:** Establish a rolling average based on actual fish tax received in the proceeding four years which becomes the budgeted raw fish tax amount for the next fiscal year. The balance is placed in a FishTax Fund to be accessed in low return years.

	<b>Budget</b>	<b>Actual</b>	<b>4 yr rolling avg Budget number</b>	<b>Variance Avg Budget/Actual</b>	<b>FishTax Fund Balance</b>
2013	\$1,300,000	\$1,432,356	-	-	-
2014	\$2,200,000	\$1,661,223	-	-	-
2015	\$1,250,000	\$1,029,301	-	-	-
2016	\$1,250,000	\$ 713,635	-	-	-
2017	\$ 400,000	\$1,160,157	\$ 1,209,129	\$ (48,972)	\$ (48,972)
2018	\$ 800,000	\$1,429,950	\$ 1,141,079	\$ 288,871	\$ 239,899
2019	\$1,050,000	\$1,233,099	\$ 1,083,261	\$ 149,838	\$ 389,737
2020	\$1,200,000	\$1,290,036	\$ 1,134,210	\$ 155,826	\$ 545,563
2021	\$ 900,000	\$ 728,163	\$ 1,278,311	\$(550,148)	\$ (4,585)
2022	\$1,170,312	\$1,400,000	\$ 1,170,312	\$ 229,688	\$ 225,104

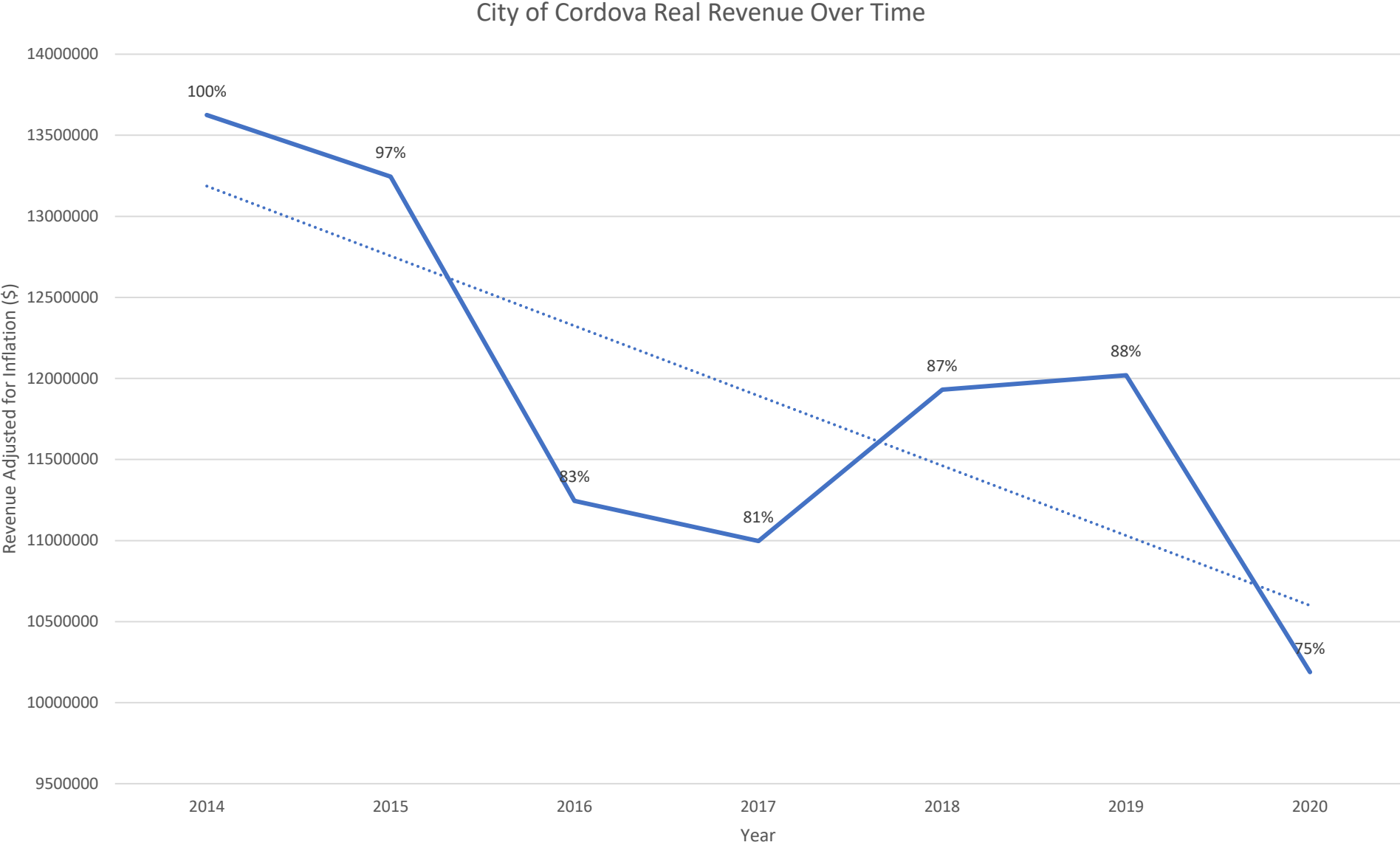
As the chart demonstrates, a FishTaxFund would allow City to create budgets with a fairly consistent \$1.1M in raw fish tax rather than the significant variation seen from FY21 to FY22, FY20 to FY21. The Fund would be accessed to stabilize annual revenue in low production years.

# City of Cordova fiscal health in 3 graphs...

## **Quick Background:**

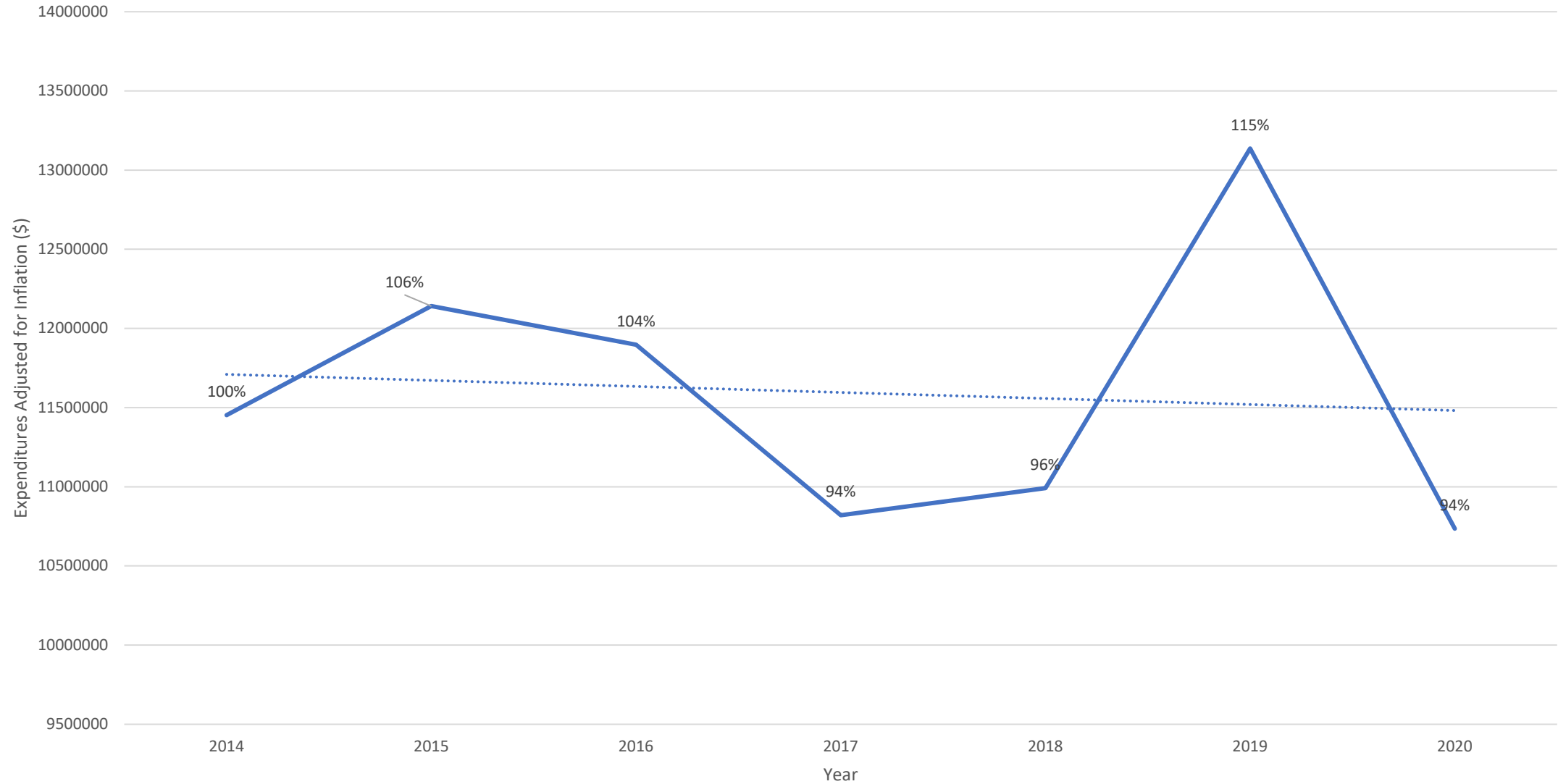
- Real value has been adjusted for inflation, enabling comparison of quantities as if the prices of goods had not changed on average.
- The following real values have been calculated according to the U.S. BLS Consumer Price Index

# “Our real revenue is declining...”



“Our real expenditures are roughly constant...”

City of Cordova Real Expenditures Over Time



“Therefore, our position is weakening.”

City of Cordova Real Revenue Minus Real Expenditures Over Time

