

Mayor

David Allison

Council Members

Tom Bailer

Cathy Sherman

Kasey Kinsman

Wendy Ranney

Anne Schaefer

Kristin Carpenter

Ken Jones

City Manager

Helen Howarth

City Clerk

Susan Bourgeois

Deputy Clerk

Tina Hammer

**City Council Work Session
November 1, 2023 @ 5:00 pm
Cordova Center Community Rooms
Agenda**

A. Call to order

B. Roll call

Mayor David Allison, Council members Tom Bailer, Cathy Sherman, Kasey Kinsman, Wendy Ranney, Anne Schaefer, Kristin Carpenter, and Ken Jones

C. Work Session topics

1. City of Cordova 2024 Budget Prep..... **(pages 1-10)**
Revenue Discussion

D. Adjournment

If you have a disability that makes it difficult to attend city-sponsored functions, you may contact 907-424-6200 for assistance.

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



AGENDA ITEM 1
Work Session Date: 11/1/2023
CITY COUNCIL COMMUNICATION FORM

FROM: Samantha Greenwood, Acting City Manager
DATE: 10/30/23
ITEM: FY24 Revenue

FY24 General Fund Revenue budget projections are attached

1. Revenue numbers are projected using contracts, grants, distribution, prior years actuals and staff experience
2. Property tax is budgeted the same as FY23
3. Sales tax is budgeted the same FY23, the YTD does not include 3rd quarter. ARSSC is online sales tax which we receive monthly. This has been lowered slightly based on YTD actuals.
4. Raw Fish tax is based on a five-year average
5. Staff is reviewing the Fee Schedule.

Supplemental Information Included:

Alternate/Additional Revenues document with highlighted options for revenue [page 6](#)

City Raw Fish Tax calculations/estimates [page 7](#)

Construction sales tax cap recovery work sheet [page 8](#)

Sales Tax revenue analysis work sheet for seasonal splits [page 9](#)

State Assessor prepared work sheet for FVD including estimates of whole categories of personal property [page 10](#)

Goals for Work Session:

1. Review FY 24 Draft Revenue as entered by staff
2. Determine which Revenue lines can be increased based on “alternate or additional revenues” as presented, or if Council has other ideas for alternate/additional revenues
3. Set next budget work session date

			2022 Actual	2023 Budget	FY23 actuals through 10/26/23	DRAFT 2024 Budget proposed	
Revenues							
	Taxes						
	101-300-40001	Property Tax	\$2,999,323	\$2,800,000	\$2,113,197	\$2,800,000	\$0
	101-300-40003	Property Tax-Penalties	\$12,662	\$12,000	\$11,735	\$12,000	\$0
	101-300-40005	Property Tax-Interest	\$53,785	\$1,700	\$4,279	\$4,000	\$2,300
	101-300-40008	ARSSC - fees	\$55,902	\$0	\$36,672	\$0	\$0
	101-300-40009	ARSSC - Sales Tax collected	\$407,172	\$485,000	\$354,771	\$450,000	-\$35,000
	101-300-40010	Sales & Use Taxes	\$3,669,216	\$3,750,000	\$2,379,358	\$3,750,000	\$0
	101-300-40011	Public Accommodiations Surtax	\$182,936	\$195,000	\$120,751	\$195,000	\$0
	101-300-40012	Vehicle Rental Surtax	\$8,836	\$11,000	\$3,564	\$11,000	\$0
	101-300-40015	Alcohol, Tobacco & Pot Surtax	\$260,700	\$230,000	\$137,561	\$230,000	\$0
	101-300-40030	Penalties & Int. - Sales Tax	\$18,552	\$10,000	\$2,612	\$10,000	\$0
	101-300-40035	Penalty & Interest on Accounts	\$634	\$1,000	\$2,568	\$2,500	\$1,500
	101-300-40040	In Lieu Tax Payments	\$417,238	\$410,000	\$495,774	\$456,000	\$46,000
	101-300-40041	Payment in Lieu of Tax - Other	\$10,270	\$6,000	\$5,585	\$7,500	\$1,500
	Total Taxes:		\$8,097,226	\$7,911,700	\$5,668,427	\$7,928,000	\$16,300
	Licenses & Permits						
	101-301-40100	General Business Licenses	\$25,146	\$21,000	\$0	\$23,000	\$2,000
	101-301-40120	Taxi - For Hire Operators	\$1,210	\$750	\$0	\$150	-\$600
	Total Licenses & Permits:		\$26,356	\$21,750	\$0	\$23,150	\$1,400
	Other Governmental						
	101-302-40205	Raw Fish Tax	\$1,479,191	\$1,182,622	\$1,028,420	\$1,151,782	-\$30,840
	101-302-40210	Liquor Licenses - Share Tax	\$11,350	\$7,500	\$9,300	\$10,000	\$2,500
	101-302-40215	Share Revenue - CAP - SoA	\$135,249	\$125,224	\$0	\$108,156	-\$17,068
	101-302-40220	Forest Receipts - Roads	\$54,047	\$50,000	\$54,921	\$55,000	\$5,000
	101-302-40221	Forest Receipts - School	\$627,241	\$625,000	\$663,336	\$665,000	\$40,000
	101-302-40225	Utility Cooperative Refunds	\$305,667	\$300,000	\$297,017	\$300,000	\$0
	101-302-40230	Shared Fisheries Tax	\$22,152	\$22,100	\$36,745	\$30,000	\$7,900
	101-302-40239	Pension State Relief	\$152,247	\$135,209	\$0	\$110,196	-\$25,013
	Total Other Governmental:		\$2,787,144	\$2,447,655	\$2,089,739	\$2,430,134	-\$17,521

difference from 23 budgeted

			2022 Actual	2023 Budget	FY23 actuals through 10/26/23	DRAFT 2024 Budget proposed	
	Leases & Rents						
		N. Harbor Fill Lease	\$222,405	\$198,038	\$148,834	\$198,038	\$0
		S. Harbor Fill Lease	\$35,311	\$35,632	\$26,343	\$35,632	\$0
		Other Land Leases	\$43,686	\$42,709	\$44,772	\$42,709	\$0
		Other Building Leases	\$38,816	\$59,751	\$26,410	\$59,751	\$0
		Lease Rev Pass-Thru Mt Eyak	\$70,868	\$64,718	\$54,434	\$64,718	\$0
	Total Leases & Rents:		\$411,086	\$400,848	\$300,793	\$400,848	\$0
	Law Enforcement						
	101-304-40245	State Contract - Jail	\$174,993	\$272,687	\$262,922	\$272,687	\$0
	101-304-40250	Surcharge - SOA	\$120	\$200	\$275	\$200	\$0
	101-304-40265	State Dispatch Services	\$4,725	\$4,725	\$3,544	\$4,725	\$0
	101-304-40267	USFS Dispatch Services	\$6,750	\$6,725	\$0	\$6,750	\$25
		NVE MOU		\$5,000		\$0	-\$5,000
	101-304-40269	City of Whittier - Dispatch	\$36,663	\$50,000	\$0	\$0	-\$50,000
	101-304-40371	Citations	\$2,765	\$4,000	\$3,154	\$4,000	\$0
	101-304-40380	ATV Registration Fees	\$445	\$400	\$200	\$400	\$0
	101-304-40400	Dog Licenses	\$355	\$400	\$280	\$400	\$0
	101-304-40410	Dog Impounds	\$50	\$100	\$320	\$100	\$0
	101-304-40420	Dog Citations	\$25	\$100	\$0	\$100	\$0
	101-304-40440	Airline Security Service	\$76,689	\$75,000	\$29,707	\$75,000	\$0
	101-304-40450	Fingerprinting Services	\$4,705	\$4,000	\$2,720	\$4,000	\$0
	101-304-40545	Impound	\$3,325	\$3,000	\$10,569	\$10,000	\$7,000
	101-304-40700	Case File Fees	\$300	\$250	\$815	\$500	\$250
	101-304-40740	Miscellaneous Revenue P.D.	\$6,226	\$0	-\$40	\$0	\$0
	Total Law Enforcement:		\$318,136	\$426,587	\$314,466	\$378,862	-\$47,725
	D.M.V						
	101-305-40255	MV, Boat, Snow Trans	\$21,338	\$25,000	\$25,305	\$25,500	\$500
	101-305-40260	Driver License & ID Fee	\$8,975	\$10,000	\$4,211	\$6,000	-\$4,000
	101-305-40266	Vehicle Registration Tax	-\$12,524	-\$17,800	-\$11,086	-\$15,000	\$2,800
	101-305-40268	Mtr Vehicle Reg Tax St of AK	\$42,317	\$40,000	\$34,129	\$40,000	\$0
	101-305-49740	Road Tests & Misc Revenue DMV	\$639	\$500	\$762	\$500	\$0
	Total D.M.V:		\$60,745	\$57,700	\$53,321	\$57,000	-\$700

difference from 23 budgeted

			2022 Actual	2023 Budget	FY23 actuals through 10/26/23	DRAFT 2024 Budget proposed	difference from 23 budgeted
	Planning						
	101-323-40170	Planning Permit Fees	\$4,930	\$7,500	\$4,575	\$7,500	\$0
	101-323-48014	Other Revenue	\$543	\$0	\$125	\$0	\$0
	Total Planning:		\$5,473	\$7,500	\$4,700	\$7,500	\$0
	Recreation						
	101-345-40505	Activity Fees	\$2,580	\$2,000	\$10,938	\$11,000	\$9,000
	101-345-40520	Skaters Cabin Rental	\$4,319	\$4,000	\$4,013	\$4,000	\$0
	101-345-40525	Bidarki Entrance Fees	\$75,414	\$69,650	\$92,885	\$90,000	\$20,350
	101-345-40535	Facility Rental	\$1,110	\$500	\$2,139	\$2,000	\$1,500
	101-345-42100	Fisherman's Memorial Park	\$1,816	\$1,000	\$2,133	\$1,000	\$0
	101-345-49740	Bidarki Misc.		\$1,500	\$1,898	\$0	-\$1,500
	101-345-49745	Merchandise Sales		\$1,500	\$150	\$1,500	\$0
	Total Recreation:		\$85,239	\$80,150	\$114,156	\$109,500	\$29,350
	Pool						
	101-346-40600	Pool Entrance Fees	\$46,631	\$48,750	\$28,203	\$30,000	-\$18,750
	101-346-40620	Program Fees		\$1,500	\$0	\$1,500	\$0
	101-346-40630	Rental Fees	\$127	\$500	\$981	\$1,000	\$500
	101-346-49740	Pool Misc.			\$4,188	\$0	\$0
	101-346-49745	Merchandise Sales		\$1,500	\$0	\$4,000	\$2,500
	Total Pool:		\$46,758	\$52,250	\$33,372	\$36,500	-\$15,750
	Sale Of Property						
	101-347-40710	Sale of Equipment	\$10,734	\$0	\$21,052	\$5,000	\$5,000
	101-347-40720	Sale of Cemetery Lots	\$2,100	\$3,000	\$4,900	\$3,000	\$0
	Total Sale Of Property:		\$12,834	\$3,000	\$25,952	\$8,000	\$5,000
	Interfund Transfers In						
	101-390-41000	Allocated Administrative Costs	\$577,613	\$717,403	\$488,200	\$647,901	-\$69,502
	101-390-41092	Transfer from ARPA Fund		\$248,423	\$0	\$0	-\$248,423
	Total Interfund Transfers In:		\$577,613	\$965,826	\$488,200	\$647,901	-\$317,925

			2022 Actual	2023 Budget	FY23 actuals through 10/26/23	DRAFT 2024 Budget proposed	difference from 23 budgeted
	Other Revenue						
	101-397-40325	Investment Earnings	\$82,107	\$70,000	\$162,601	\$150,000	\$80,000
	101-397-49740	Misc. Revenue	\$51,956	\$15,000	\$94,386	\$50,000	\$35,000
	101-397-49742	PASS THROUGH MISC REV CONTRA	\$700	-\$64,718	\$0	\$0	\$64,718
	101-397-49770	Cordova Center Revenue	\$21,010	\$42,000	\$35,222	\$42,000	\$0
	101-397-49800	Donations	\$25	\$90,000	\$0	\$65,000	-\$25,000
	Total Other Revenue:		\$155,798	\$152,282	\$292,209	\$307,000	\$154,718
	State Debt Service Reimbursement						
	101-398-40200	State Debt Service Reimb	\$2,022,113	\$950,000	\$1,662,669	\$912,000	-\$38,000
	Total State Debt Service Reimbursement:		\$2,022,113	\$950,000	\$1,662,669	\$912,000	-\$38,000
	Appropriation from Reserve						
	101-399-99999	Appropriation of Fund Balance		\$167,538	\$0	\$0	-\$167,538
	Total Appropriation from Reserve:			\$167,538	\$0	\$0	-\$167,538
			\$14,606,521	\$13,644,786	\$11,048,004	\$13,246,395	-\$398,391

2024 Budget discussions: Alternate or additional revenues: Nov. 1, 2023 work session

1) Seasonal sales tax:

Sales tax revenue goal could be increased from \$3,750,000 by:

6% Q1, Q4 7% Qs2&3 If 6%/7% = **\$418,750** to **\$4,168,750**

5% Q1, Q4 7% Qs2&3 If 5%/7% = **\$212,500** to **\$3,962,500**

ARSSC revenue goal was budgeted slightly high in 2023, should come in at **\$450,000**, maybe could increase to **\$485,000** if we do seasonal split of 6%/7%

If we go

2) if **real property tax** revenue goal increases to **\$3,075,000** it would equate to approximately **1** mill increase or from **10.02** to **11**. This would be revenue increase of **\$275,000** over 2023 property tax revenue.

3) additional **.5% raw fish tax** to **GF: \$258,910**

4) **personal property tax on boats:** \$25,289,118 x 10.02 mills = **\$253,397**

5) **personal property tax boats and airplanes:** (\$25,289,118 + \$9,596,617) x 10.02 mills = **\$349,555**

6) **personal property tax/business property tax** has other components as explained by the City Assessor – more information will be brought to work session – determination would be required to be made regarding what is exempt from this tax, new code to be added

#s 4-6 above: will take a year to institute, could be considered for 2025, would include an increased cost to contracted assessor to add in boats and/or airplanes and would require code adoption; several other communities across the state have implemented this tax (Kenai, Bristol Bay, Whittier, Dillingham and others)

7) **sales tax cap:** eliminate altogether, or for certain transactions or raise the value for all or certain transactions

Example if cap goes to \$10,000 for home builders/contractors:

Contractors – can use tax exempt card for purchases - only pay tax on \$10,000, card now costs \$600, however, then contractors **DO** charge the tax on their services when they write up the bill to customer, can cap that also at the \$10,000. One construction project that gets \$180 in taxes now could get \$1,200 in taxes instead.

In a cursory analysis of sales tax returns of a sampling of businesses who have multiple entries for “over the cap” sales in each quarter, it is determined that there could be hundreds of thousands of dollars per year in sales tax revenue that City of Cordova is missing due to the sales tax cap.

Decisions regarding changing the cap - which types of sales are to be included:

Single item? Rents? Construction materials? Construction services?

City Raw Fish Tax Calculations

city local

raw fish	2021	2022	2023
0.50%	\$146,975	\$292,145	\$337,609

.005 x

sales		
\$29,395,000	\$58,429,000	\$67,521,800

3 year avg
 \$155,345,800
\$51,781,933

if .5 % to GF \$258,910

1% raw fish tax
\$517,819

Tax Lot #	Assessed Imprv. Value	MilRate	P Tax	S Tax (6%)	Yrs to Recover
02-072-310	356,900				
02-060-431	573,400				
02-072-621	479,300				
02-373-124	342,400				
02-060-900	374,027				
02-061-824	310,600				
02-087-614	505,100				
02-087-616	568,100				
02-087-604	347,500				
02-373-187	470,200				
	\$432,752.70	0.01002	\$4,336.18	\$25,785.16	5.94651278

of years required to recover lost sales tax in sfr home construction through property tax

Sales Tax Revenue analysis 6%/7% split and 5%/7% split

				divide by 6	if 7%	if 5%
1q	\$3,750,000	15%	\$562,500	\$93,750		\$468,750
2q & 3q	\$3,750,000	67%	\$2,512,500	\$418,750	\$2,931,250	
4q	\$3,750,000	18%	\$675,000	\$112,500		\$562,500
		1	\$3,750,000			\$1,031,250

if 6% and 7 %

\$4,168,750

\$3,750,000

\$418,750 extra rev

if 5% and 7%

\$468,750 1q @ 5%

\$562,500 4q @ 5%

\$2,931,250 2&3q @ 7%

\$3,962,500

\$3,750,000

\$212,500 extra rev

**FULL VALUE DETERMINATION WORKSHEET
OFFICE OF THE STATE ASSESSOR**

Municipality: Cordova
Population: 2,566

Real Property	Locally Assessed	Optionally Exempt	OSA Addback	Ratio	Full Value	Per Capita
	\$ 266,306,476	\$ -	\$ 66,440,645	80.03%	\$ 332,747,121	\$ 129,675

Personal Property	Locally Assessed	Optionally Exempt	OSA Addback	Full Value	Per capita
Motor Vehicles	\$ -	\$ -	\$ 25,289,118	\$ 25,289,118	\$ 9,855
Aircraft	\$ -	\$ -	\$ 9,596,617	\$ 9,596,617	\$ 3,740
Boats	\$ -	\$ -	\$ 45,188,402	\$ 45,188,402	\$ 17,610
M&E	\$ -	\$ -	\$ 16,291,339	\$ 16,291,339	\$ 6,349
Inventory	\$ -	\$ -	\$ 4,172,589	\$ 4,172,589	\$ 1,626
Personal Property Total	\$ -	\$ -	\$ 100,538,065	\$ 100,538,065	\$ 39,181

Real/Personal Total	\$ 266,306,476	\$ -	\$ 166,978,711	\$ 433,285,187	\$ 168,856
----------------------------	-----------------------	-------------	-----------------------	-----------------------	-------------------

COMPILATION OF FULL VALUE

Real Property	\$ 332,747,121		
Personal Property	\$ 100,538,065		
State Assessed Oil and Gas	\$ 13,187,460		
Total FVD	\$ 446,472,647	\$ 173,996	8.14%
	Includes 43.56 property		