CITY OF BETHEL
FINANCE COMMITTEE
MONDAY, MAY 22, 2023, 6:30 PM
LOCATION: 300 CHIEF EDDIE HOFFMAN HIGHWAY, BETHEL, ALASKA

ZOOM MEETING LINK: HTTPS://ZOOM.US/J/99674371849?PWD=NWTUNURHC1EVOE15DUVONFJ3NKP UT09
ZOOM MEETING ID: 996 74371849 ZOOM PASSCODE: 507255
877 853 5257 **US Toll-free** 888 475 4499 **US Toll-free**

833 548 0276 **US Toll-free** 833 548 0282 **US Toll-free**

MEMBERS	STAFF
John Hamilton, Chair Robert Rey, Vice Chair Carol Ann Willard Farah Sears Rose Henderson, Council Rep. Vacancies (4)	Xavier Mason, Ex Officio Member Alexandra Batchelor, Ex Officio Member abatchelor@cityofbethel.net 907-543-1381

I. CALL TO ORDER

II. ROLL CALL

III. PEOPLE TO BE HEARD – FIVE MINUTES PER PERSON

A. Please submit written public comments to abatchelor@cityofbethel.net by 4:00 p.m. the day of the meeting.

IV. APPROVAL OF AGENDA

A. 05/22/2023

V. APPROVAL OF MEETING MINUTES

A. 03/27/2023

B. 04/24/2023

VI. Special Order of Business

A. Utility Rate Study

VII. UNFINISHED BUSINESS

VIII. NEW BUSINESS

A. Discuss adding deadline dates for Transient Lodging B.M.C. 04.14.050 (Xavier Mason).

B. Discuss FY 2024 Personnel Requests (Xavier Mason)

C. Passage of the Changes Requested to Ordinance #23-07 An Ordinance by the Bethel City Council Amending Bethel Municipal Code Chapter 4.16.350, Audits, to Clarify the Process for Sales Tax Audits (Xavier Mason)

IX. EX OFFICIO REPORT

A. Finance Department Budget to Actuals for review.

B. March Report

Posted 05/16/2023 at City Hall, AC Co., Swanson's, and the Post Office.
Alexandra Batchelor, Ex-Officio Staff

C. Aprils Report

IX. MEMBER COMMENTS

X. ADJOURNMENT

Posted 05/16/2023 at City Hall, AC Co., Swanson's, and the Post Office.

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Alexandra Batchelor, Ex-Officio Staff

City of Bethel, Alaska
Finance Committee Minutes

March 27th, 2023	Regular Meeting	Bethel, Alaska

I. CALL TO ORDER

A Regular Meeting of the Finance Committee was held on March 27th, 2023, at 6:30 PM in-person and via Zoom.

II. ROLL CALL

Comprising a quorum of the Committee, the following were present: Rose Henderson (City Council – Mayor), Farah Sears, John Hamilton, and Robert Rey via Zoom.

Also in attendance: Xavier Mason (Ex-Officio) and Alexandra Batchelor (Ex-Officio)

Unexcused Absences:
Excused Absences: Carolann Willard

III. PEOPLE TO BE HEARD: NONE

IV. APPROVAL OF AGENDA:

03/27/2023

MOVED BY	Farah Sears	Motion to approve
SECOND BY	Rose Henderson	
VOTE ON MOTION	All in favor	4-0

V. APPROVAL OF MINUTES:

02/27/2023

MOVED BY	Farah Sears	Motion to approve
SECOND BY	Rose Henderson	
VOTE ON MOTION	All in favor	4-0

VI. UNFINISHED BUSINESS –

A. Continued discussion on adding Late Filing Fee to B.M.C. 04.14.150 (Xavier Mason)

MOVED BY	Rose Henderson	Motion to approve	
SECOND BY	Farah Sears		
VOTE ON MOTION	All in favor	4-0	

B. Continued discussion of adding Late Filing Fees to B.M.C. 05.04.050 (Xavier Mason)

REMOVED FROM AGENDA BY	Xavier Mason	

VII. NEW BUSINESS -

A. Finance Department Functions (Rose Henderson)

MOVED BY	Rose Henderson	Motion to approve
SECOND BY	Carolann Willard	
VOTE ON MOTION	All in favor	4-0

B. Comprehensive Plan Review (City Clerk)

NO VOTE - ALL MEMBERS		Motion to approve
APPROVED		4-0

VIII. EX OFFICIO MEMBER REPORTS

IX. COMMITTEE MEMBER COMMENTS:

John Hamilton – Thank you for your patience with me as Chair, progress, and perfection. Remember that.

Rose Henderson – None at this time.

Robert Rey: None for me.

Farah Sears – Great meeting, as usual. I enjoyed meeting with you guys; I appreciate it.

IX. MOTION TO END MEETING:

MOVED BY	Rose Henderson	Motion to approve
SECOND BY	Farah Sears	
VOTE ON MOTION	All in Favor	4-0

The chair called the meeting to an end at 7:19 pm.

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John Hamilton, Chair

ATTEST:

____
Alexandra Batchelor, Recorder

City of Bethel, Alaska
Finance Committee Minutes

April 24th, 2023 | Regular Meeting | Bethel, Alaska

I. CALL TO ORDER

A Regular Meeting of the Finance Committee was held on April 24th, 2023, at 6:42 PM via Zoom.

II. ROLL CALL

The following Finance Committee members were present: John Hamilton, Chair; Robert Rey, Vice Chair; CarolAnn Willard.

Also in attendance are Xavier Mason (Ex Officio) and Alexandra Batchelor, Recorder (Ex Officio).
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Unexcused Absences:
Excused Absences: Farah Sears, Rose Henderson.

A MEETING WAS NOT HELD DUE TO A LACK OF QUORUM

____
John Hamilton, Chair

ATTEST:

____
Alexandra Batchelor, Recorder

city of Bethel

Utility Rate Study

Public Works Committee Meeting

Chase Bozett, Project Consultant
Angie Sanchez Virnoche, Principal

May 16, 2023

FCS GROUP
Solutions-Oriented Consulting

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City Utility Background

- **10 years since the last rate study**
- **Annual 3% rate increases written in Municipal Code for several years**
  - » Concerns about affordability
- **Study initiated to evaluate the utility's financial sustainability**
- **Piping projects on the horizon**
  - » Better understand the hauled vs piped systems costs

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FCS Group Scope

- **Review individual utility past performance**
- **Project forward utility revenues and expenses**
- **Forecast rate increases for individual utility sufficiency**
- **Allocate costs cost to hauled or piped systems and compare to revenue**
- **Validate customer billing data and customer billing statistics**
- **Establish zones and rates related to the cost to serve customers**

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Agenda

- **Utility Rate Study Overview**
- **Study Foundation**
- **Initial Results**
  - Revenue Requirement
  - Cost of Service
  - Rate Design
- **Decision Points**

Why Are Rate Studies Important?

Your Utility Is An Enterprise Fund

- Revenues need to cover utility costs
- Quantifies policies, priorities, and initiatives
- Tells the “true” cost of providing service

Transparency

- Communicates impact of financial decisions
- Public meetings

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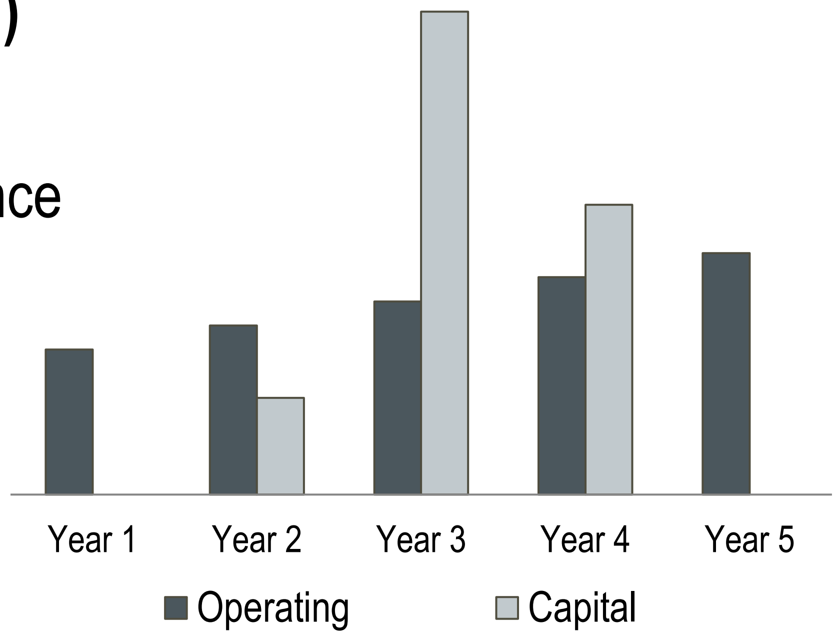
Introduction to Utility Rate Making

- **Utility rates are set to recover the cost of providing service**

- **Operating costs (regular / ongoing)**
  - » Employee salaries and benefits
  - » Routine inspections & maintenance
  - » Professional services
  - » Utilities / power / fuel



- **Capital costs (periodic)**
  - » Infrastructure replacement
  - » Facility expansions and upgrades

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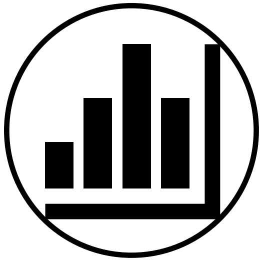
Common Components of a Rate Study

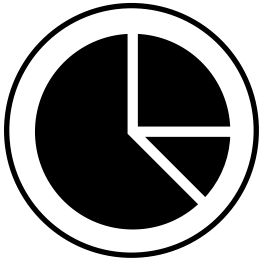
- **Revenue Requirement**

  What revenue adjustments are needed to cover each utility's costs?



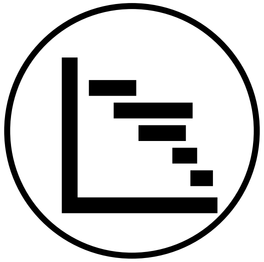
- **Cost of Service Analysis**

  Do the utility's rates recover costs equitably from customers?



- **Rate Design**

  How should revenue be collected by customer?



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Study Foundation

Forecast Basis
FY 2023 Budget

Customer Growth
0.7% - 0.8%
Annual Increase

Expense Inflation
3.0% to 8.0%
annual cost inflation

Operating Reserve Target
30 days O&M

Capital Funding Target
$1 million annually

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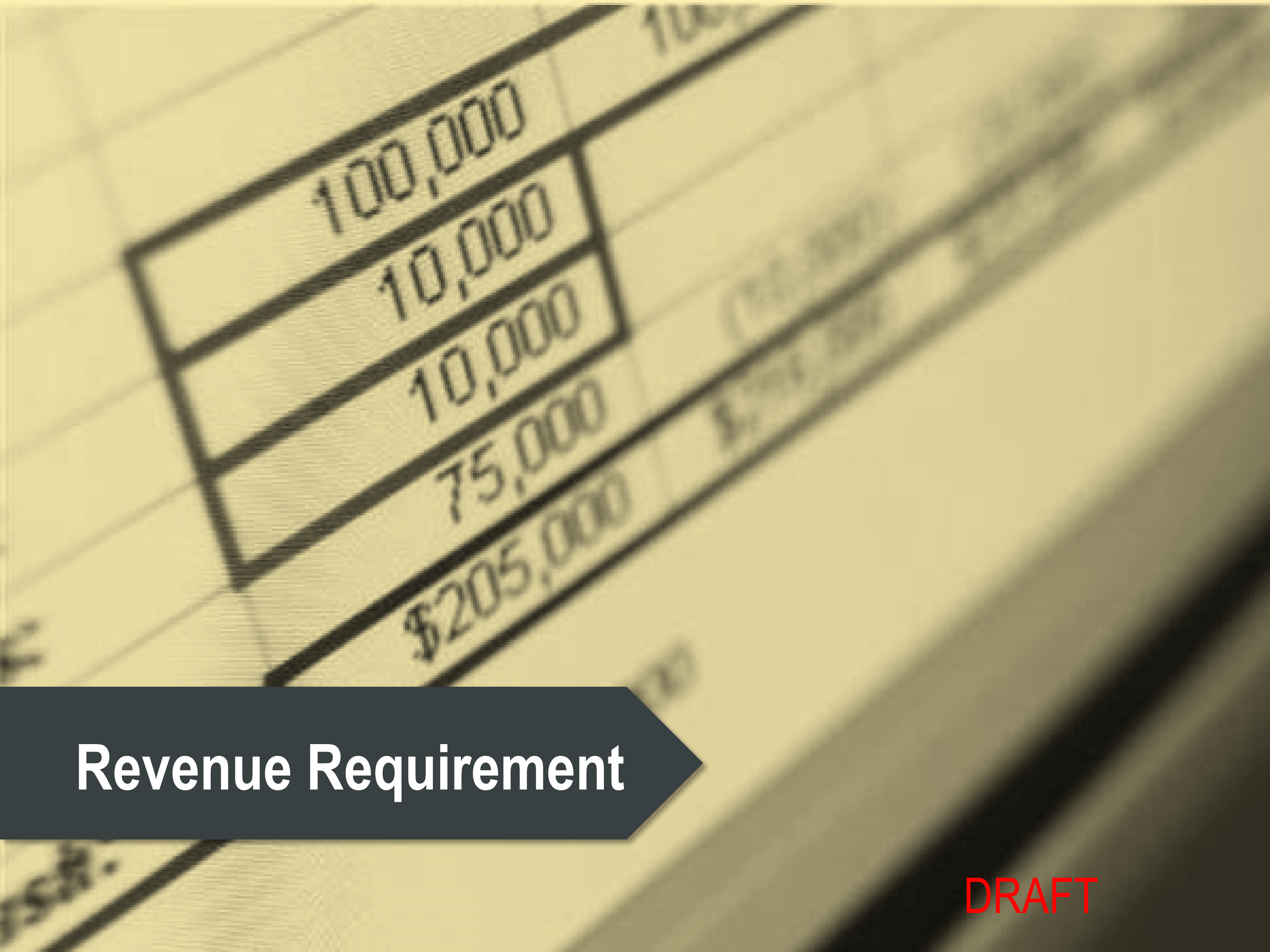

Revenue Requirement

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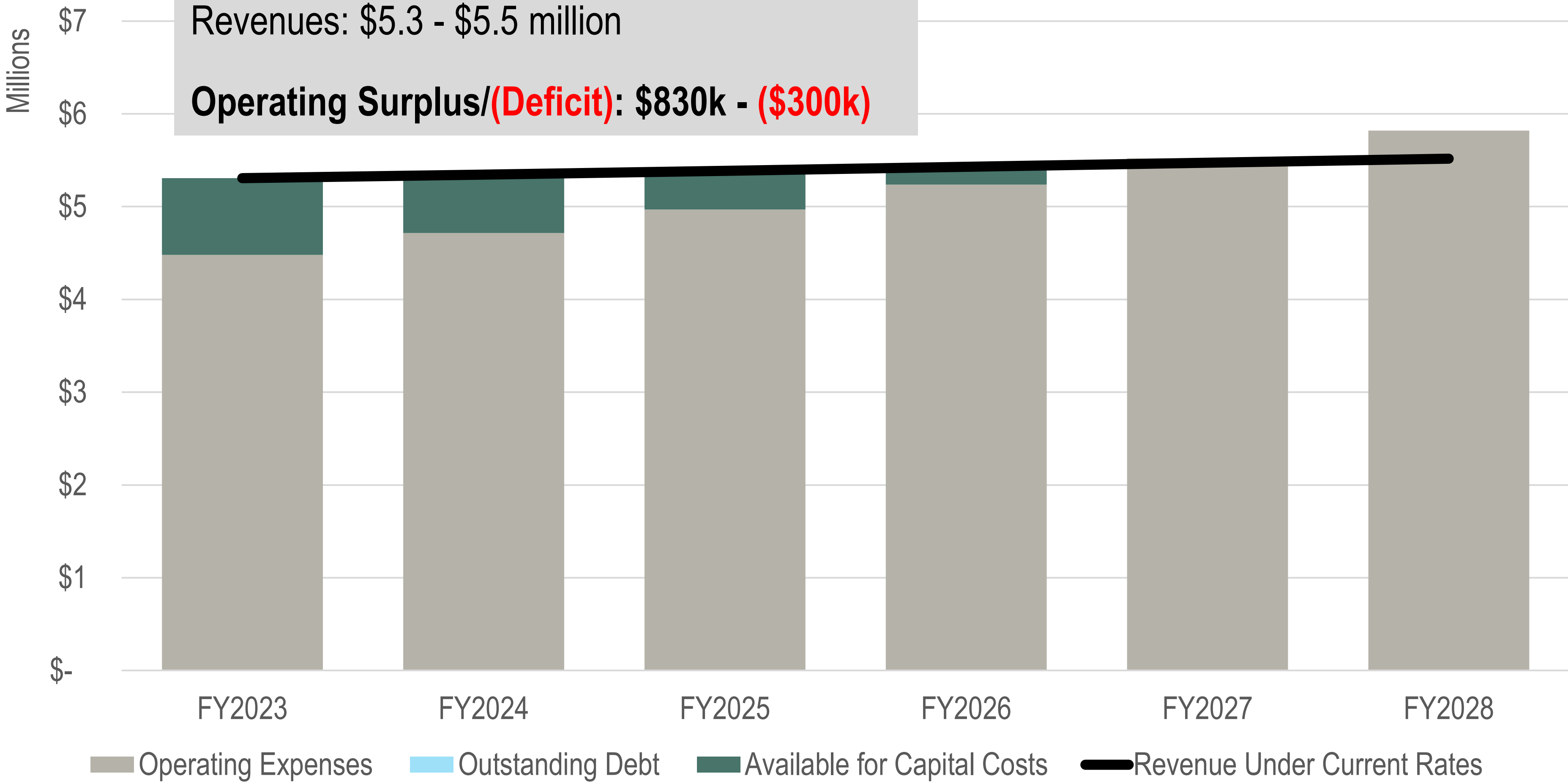
Water Utility Baseline

Operating Costs: $4.5 - $5.8 million
Outstanding Debt: No debt service

Revenues: $5.3 - $5.5 million

Operating Surplus/(Deficit): $830k - ($300k)



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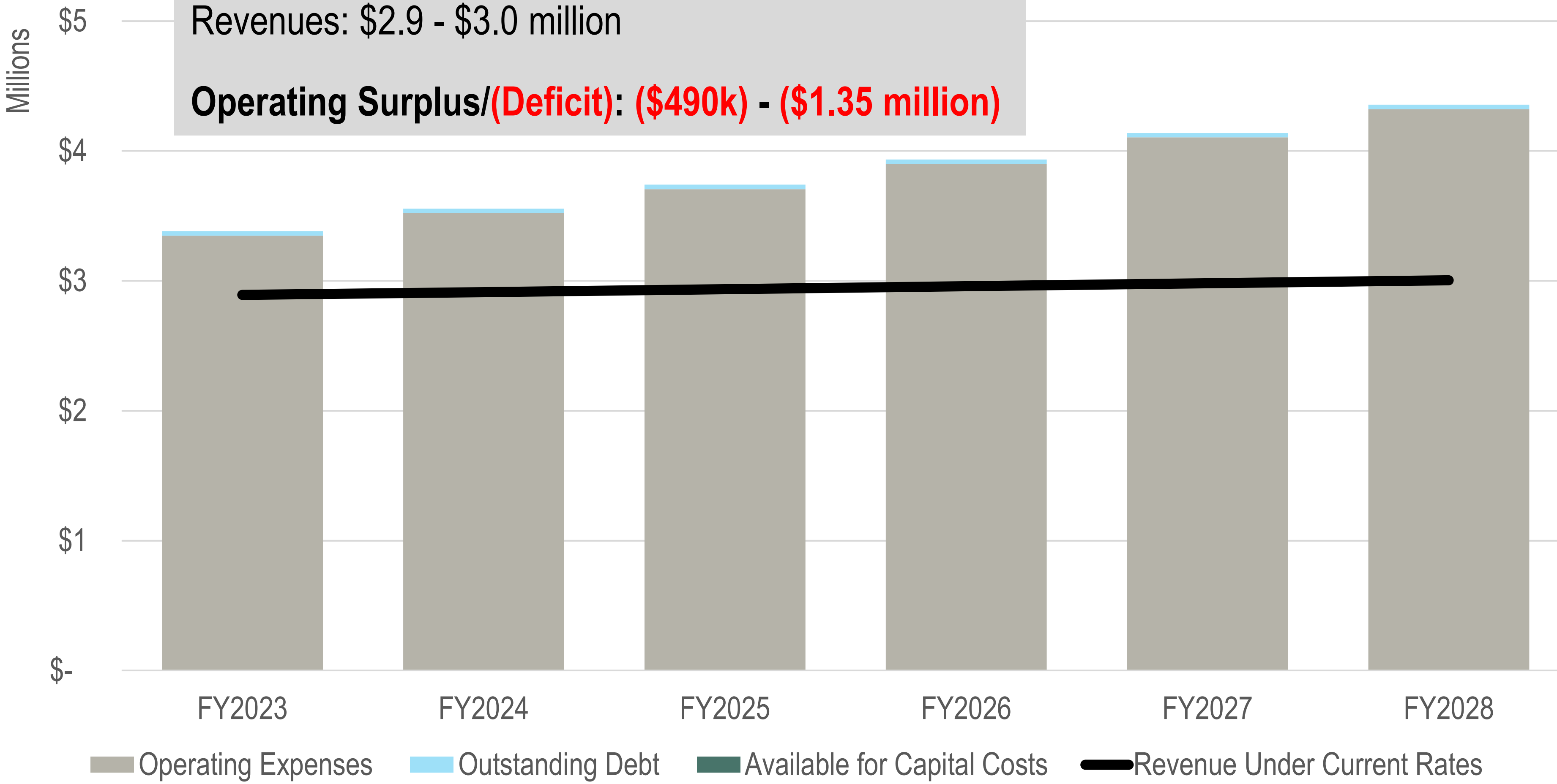
Sewer Utility Baseline

Operating Costs: $3.35 - $4.3 million
Outstanding Debt: $35k annually

Revenues: $2.9 - $3.0 million

Operating Surplus/(Deficit): ($490k) - ($1.35 million)



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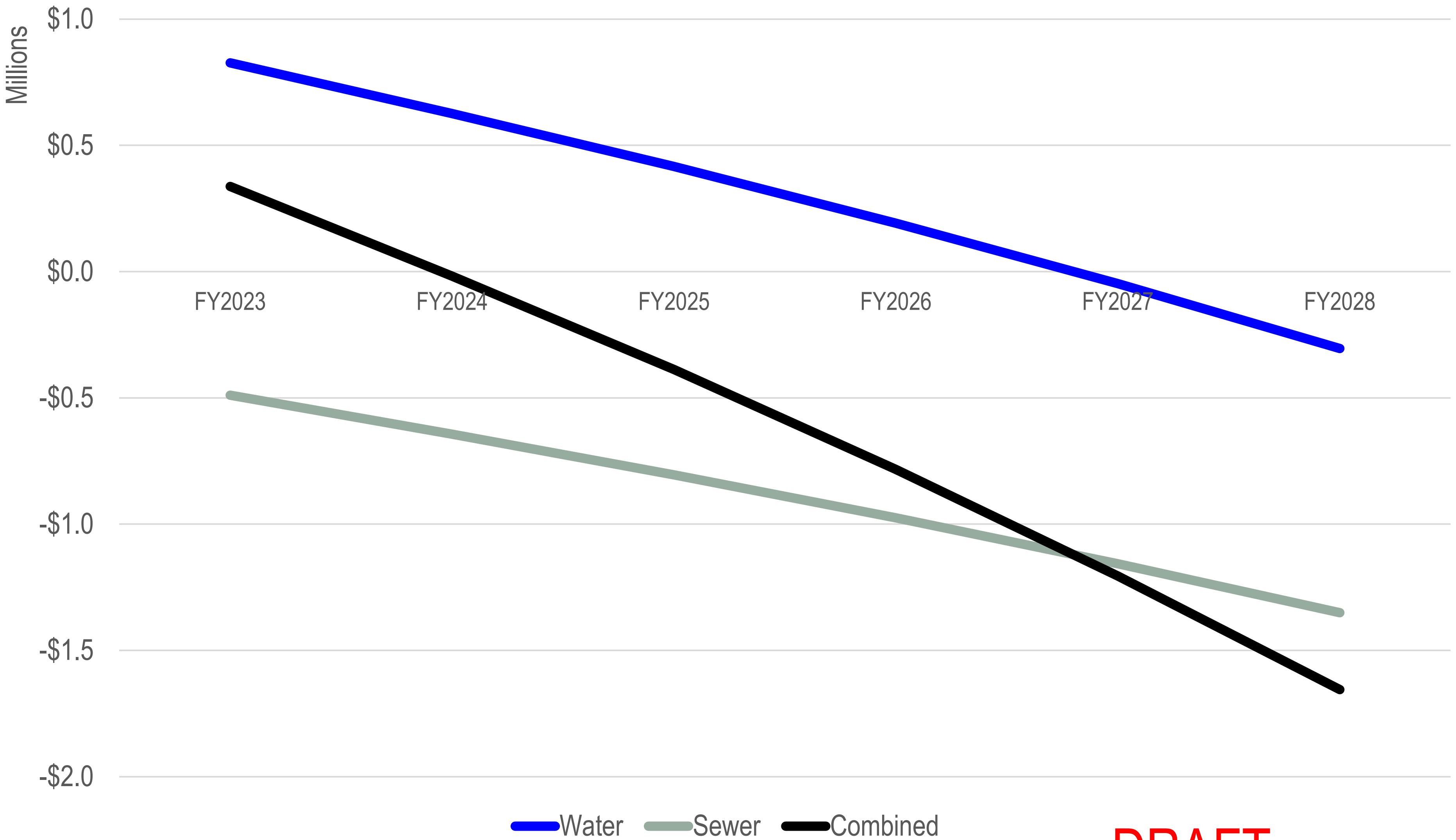
Cash Flow Under Current Rates



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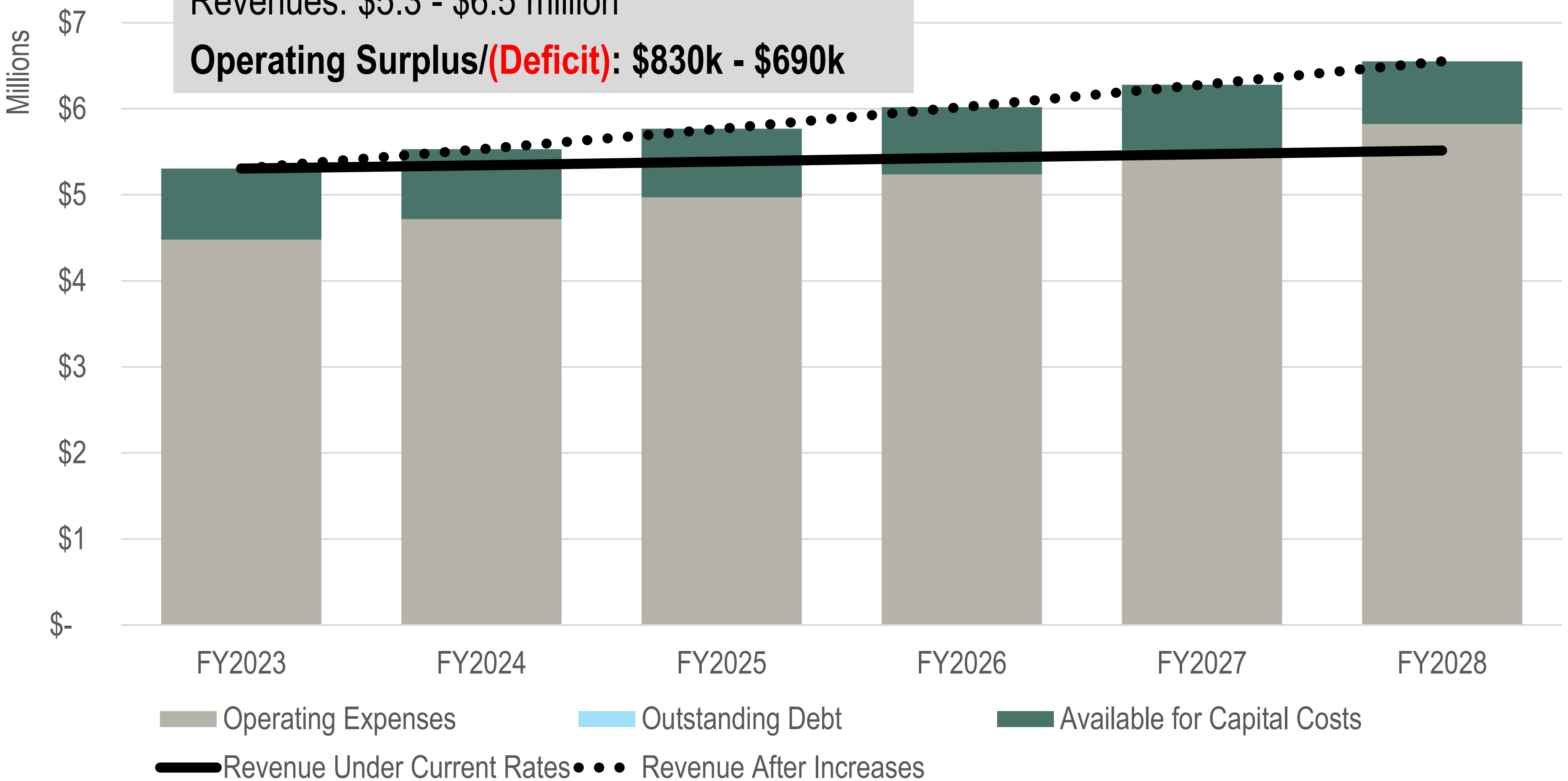
Proposed Rate Increases (FY 2024 – FY 2028)

- **Water:**
  - Service Charges: 3.5% across the board (ATB) annual increases
  - Subscription Charges: 3.5% annual increases

- **Sewer:**
  - Service Charges: 9.5% across the board (ATB) annual increases
  - Subscription Charges: 3.5% annual increases

Water Utility After Increases

Operating Costs: $4.5 - $5.8 million
Outstanding Debt: No debt service
Revenues: $5.3 - $6.5 million
Operating Surplus/(Deficit): $830k - $690k



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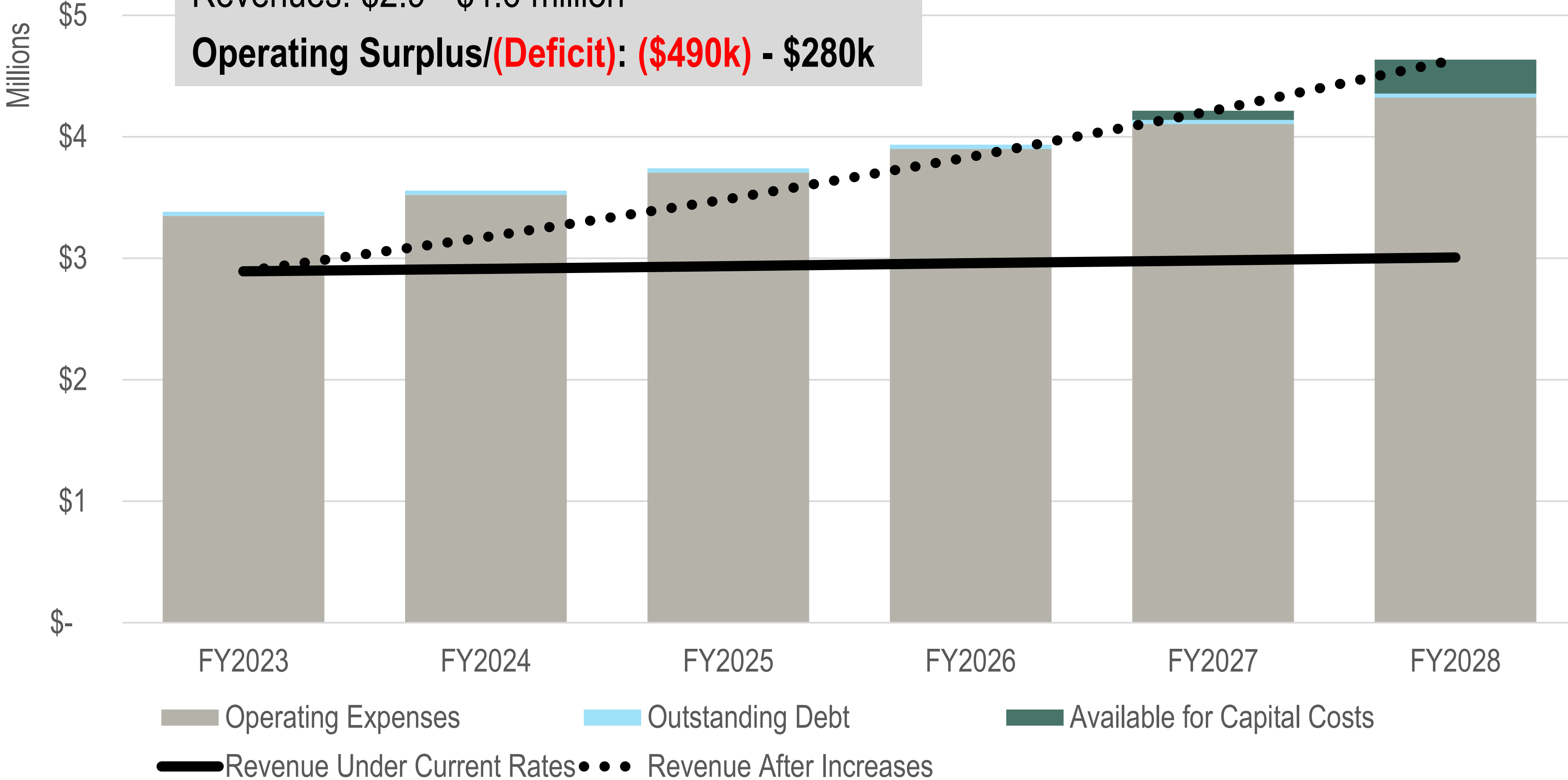
Sewer Utility After Increases

Operating Costs: $3.35 - $4.3 million
Outstanding Debt: $35k annually

Revenues: $2.9 - $4.6 million

Operating Surplus/(Deficit): ($490k) - $280k



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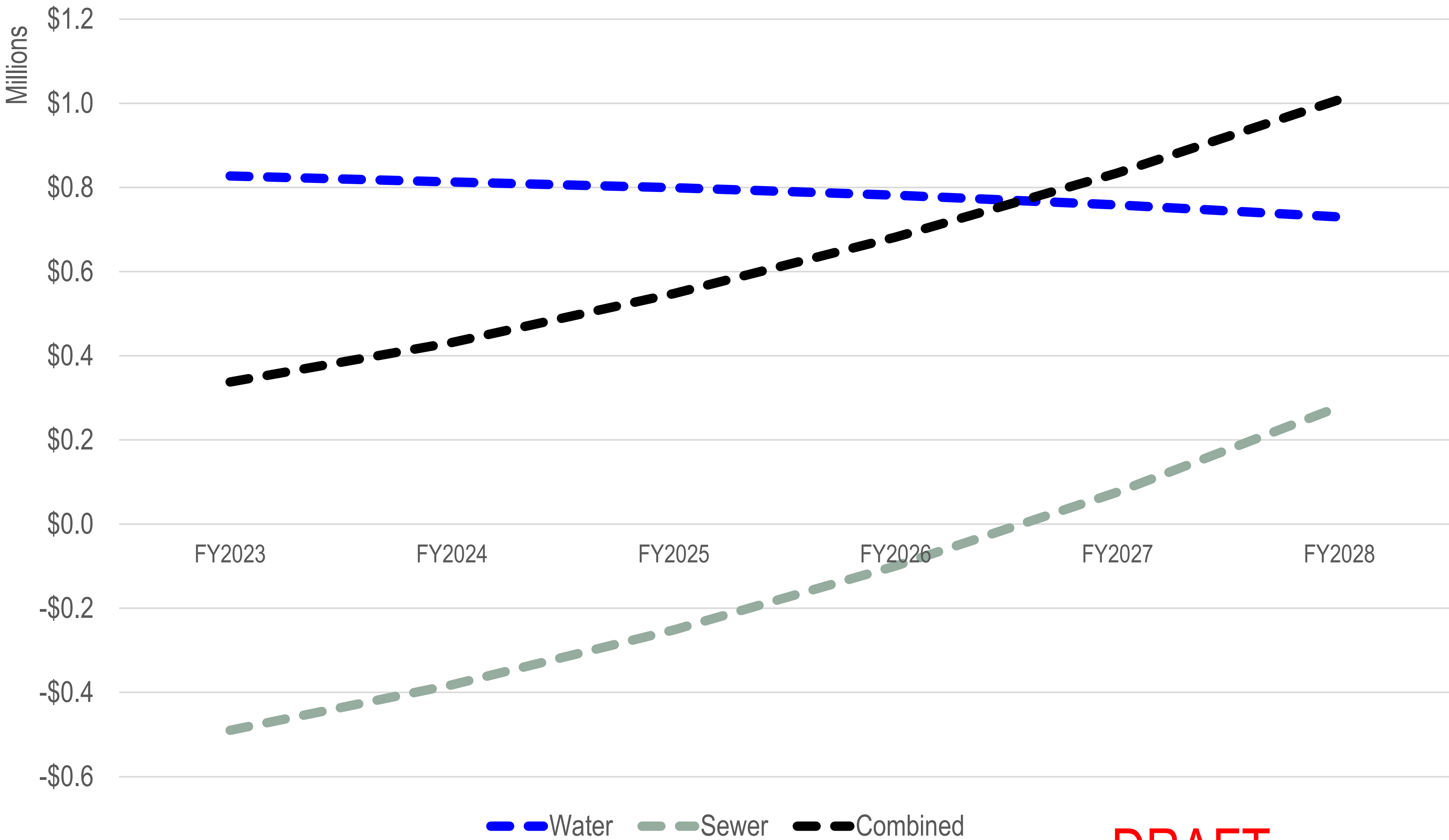
Combined Cash Flow After Increase



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Cost of Service

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Cost of Service Objectives

- **Allocate individual line items to hauled or piped utility costs**

Expense	Allocation Factor	% Hauled	% Piped
Admin	Based on customer counts	75	25
Hauled Budget	All to hauled	100	0
Piped Budget	All to piped	0	100
Water Treatment Budgets	Based on water consumption	35	65
Sewer Lagoon Budgets	Based on sewer disposal	47	53

- **Compare costs to serve customer classes with revenue collection**

- **Make changes to rate to achieve cost of service results**
  - » Typically changes of less than 5% do not require an adjustment

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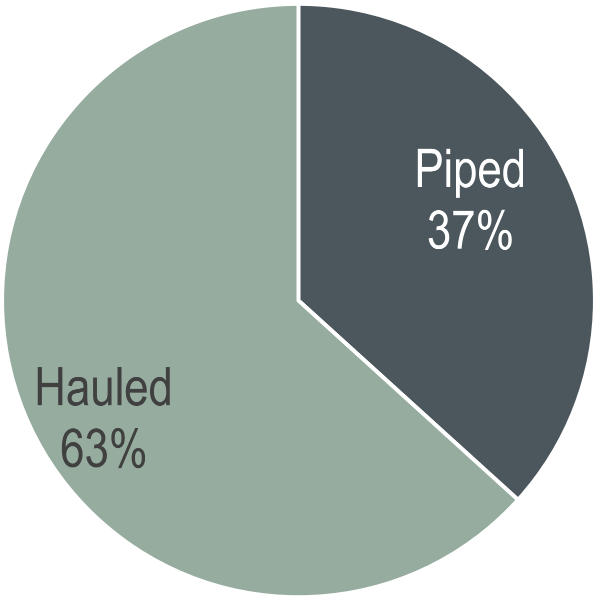
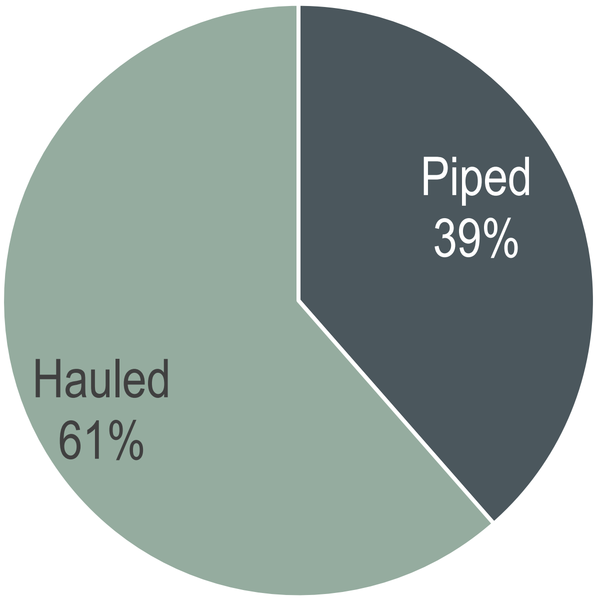
Water Cost of Service

Current Rate Revenue Collection



Cost of Service Allocation



- **Current shifts in Cost of Service less than +/- 5 percent**
- **No changes in revenue collection between classes recommended**

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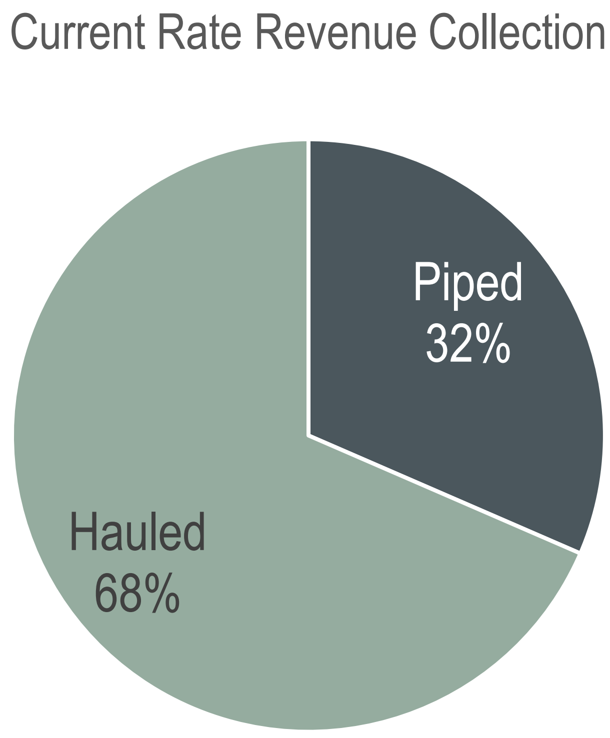
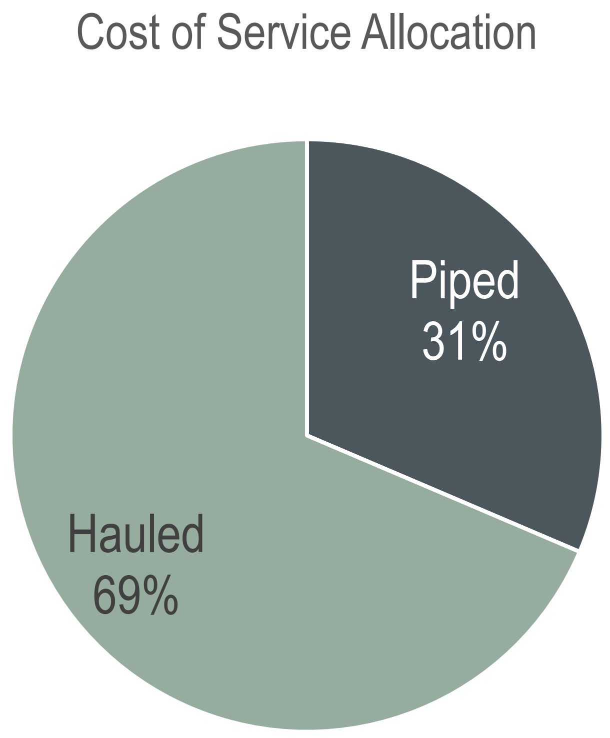
Sewer Cost of Service





- **Current shifts in Cost of Service less than +/- 5 percent**
- **No changes in revenue collection between classes recommended**

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Rate Design

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Current Hauled Rate Design (Water Zone 1)

Capacity	1 Time/Month	2 Times/Month	1 Time/Week	2 Times/Week	3 Times/Week	4 Times/Week	Extra Haul
100	$21.15	$36.86	$73.47	$141.45	$209.45	$277.46	$58.36
150	$22.67	$39.90	$80.06	$154.59	$229.19	$307.13	$71.77
200	$24.19	$42.91	$87.58	$172.13	$263.72	$358.62	$90.47
250	$25.73	$46.46	$95.11	$194.66	$298.66	$410.39	$93.82
300	$27.23	$51.28	$105.10	$215.36	$330.77	$451.88	$97.13
350	$28.74	$55.67	$114.23	$234.21	$360.08	$491.71	$100.42
400	$30.26	$59.63	$122.45	$251.26	$386.51	$528.13	$103.75
450	$31.78	$63.18	$129.75	$266.49	$410.11	$560.68	$107.04
500	$33.30	$44.56	$136.21	$279.83	$430.88	$589.33	$113.68
550	$36.00	$74.14	$152.56	$313.67	$483.34	$661.51	$115.34
600	$37.23	$76.57	$157.52	$323.78	$498.76	$686.06	$117.01
650	$42.15	$86.86	$178.93	$368.22	$545.20	$778.02	$120.31
700	$43.52	$89.67	$184.68	$379.95	$566.88	$802.37	$123.62
750	$44.94	$92.57	$190.60	$392.04	$604.34	$827.47	$126.95
800	$51.71	$106.77	$220.14	$453.58	$700.25	$949.19	$130.26
850	$53.38	$110.21	$227.13	$467.79	$722.04	$989.85	$133.59
900	$55.09	$113.71	$234.28	$482.40	$744.40	$1,020.20	$136.90
1,000	$58.67	$121.00	$249.16	$512.74	$790.74	$1,083.14	$143.51
1,200	$70.24	$145.10	$299.32	$616.97	$951.87	$1,286.47	$156.78
1,400	$81.82	$169.18	$349.48	$721.21	$1,113.02	$1,489.78	$170.03
1,500	$99.47	$198.93	$397.87	$795.72	$1,193.59	$1,591.43	$176.66
1,750	$113.80	$227.61	$455.21	$910.41	$1,365.61	$1,820.82	$193.21
2,000	$128.15	$256.28	$512.56	$1,025.11	$1,537.66	$2,050.19	$209.80
2,500	$156.82	$313.63	$627.24	$1,256.60	$1,881.72	$2,508.95	$267.12
3,000	$185.48	$370.96	$741.94	$1,483.87	$2,225.79	$2,967.71	$276.12

City of Bethel
Hauled Water Rates
07/01/2022
Zone 1

Capacity	1 Time/Month	2 Times/Month	1 Time/Week	2 Times/Week	3 Times/Week	4 Times/Week	Extra Haul
3,500	$214.16	$428.31	$856.62	$1,713.24	$2,569.87	$3,426.47	$309.56
4,000	$246.43	$494.53	$992.83	$1,993.09	$3,00.75	$4,015.80	$419.72
4,500	$246.43	$494.53	$992.83	$1,993.09	$3,00.75	$4,015.80	$452.73
5,000	$313.63	$627.24	$1,254.49	$2,508.96	$3,667.99	$5,017.92	$485.91
6,000							$515.00
7,000							

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Current Hauled Rate Design (Water Zone 2)

Capacity	1 Time/Month	2 Times/Month	1 Time/Week	2 Times/Week	3 Times/Week	4 Times/Week	Extra Haul
100	$33.82	$62.17	$128.29	$251.13	$373.99	$496.80	$131.12
150	$35.34	$65.20	$134.88	$264.30	$393.71	$523.12	$132.59
200	$36.86	$68.22	$141.45	$277.46	$413.44	$549.42	$138.09
250	$38.36	$71.27	$148.04	$290.61	$433.17	$575.76	$139.60
300	$39.90	$74.31	$154.59	$303.76	$452.90	$602.06	$141.12
350	$41.40	$77.33	$161.20	$316.92	$472.64	$628.37	$142.64
400	$42.91	$80.37	$167.78	$330.08	$492.38	$654.67	$144.16
450	$44.44	$83.42	$174.35	$343.22	$512.12	$681.01	$145.67
500	$45.95	$86.44	$180.95	$356.38	$531.85	$707.31	$147.19
550	$47.46	$89.49	$187.50	$369.54	$551.59	$733.62	$148.72
600	$49.00	$92.52	$194.09	$382.71	$571.31	$759.92	$150.21
650	$50.51	$95.54	$200.66	$395.86	$591.05	$786.24	$151.75
700	$52.03	$98.60	$207.25	$409.02	$610.79	$812.56	$153.26
750	$51.98	$101.63	$213.81	$422.19	$630.51	$838.87	$154.79
800	$55.06	$106.77	$220.14	$454.64	$700.25	$949.19	$156.30
850	$56.58	$110.21	$227.13	$467.79	$722.04	$989.85	$157.82
900	$58.10	$113.71	$234.28	$482.40	$744.40	$1,020.20	$159.34
1,000	$61.14	$121.00	$249.16	$512.74	$790.74	$1,083.14	$162.37
1,200	$70.24	$145.10	$299.32	$616.97	$951.87	$1,286.74	$168.44
1,400	$81.82	$169.18	$349.48	$721.21	$1,113.02	$1,489.78	$174.52
1,500	$99.47	$198.93	$397.87	$795.72	$1,193.59	$1,591.43	$177.55
1,750	$113.80	$27.61	$455.21	$910.41	$1,365.61	$1,820.82	$193.21
2,000	$128.15	$256.28	$512.56	$1,025.11	$1,537.66	$2,050.19	$209.80
2,500	$156.82	$313.63	$627.24	$1,256.60	$1,881.72	$2,508.95	$267.12
3,000	$185.48	$370.96	$741.94	$1,483.87	$2,225.79	$2,967.71	$276.12

City of Bethel
Hauled Water Rates
07/01/2022
Zone 2

Capacity	1 Time/Month	2 Times/Month	1 Time/Week	2 Times/Week	3 Times/Week	4 Times/Week	Extra Haul
3,500	$214.16	$428.31	$856.62	$1,713.24	$2,569.87	$3,426.47	$309.25
4,000	$246.43	$494.53	$992.83	$1,993.09	$3,000.75	$4,015.80	$419.62
4,500	$246.43	$494.53	$992.83	$1,993.09	$3,00.75	$4,015.80	$452.77
5,000	$313.63	$627.24	$1,254.49	$2,508.96	$3,667.99	$5,017.92	$485.91
6,000	$295.63	$591.23	$1,182.48	$2,364.95	$3,547.43	$4,729.87	$515
7,000	$295.63	$591.23	$1,182.48	$2,364.95	$3,547.43	$4,729.87	$552.21

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Current Hauled Rate Design (Sewer)

Capacity	1 Time/Month	2 Times/Month	1 Time/Week	2 Times/Week	3 Times/Week	4 Times/Week	Extra Haul
100	$27.05	$48.19	$96.75	$189.05	$280.60	$372.16	$77.65
150	$28.20	$50.48	$102.43	$198.95	$295.48	$392.00	$78.80
200	$29.35	$52.77	$107.41	$208.87	$310.36	$411.85	$83.54
250	$30.50	$55.05	$112.35	$218.80	$325.24	$431.67	$85.13
300	$31.63	$57.33	$117.31	$228.73	$340.12	$451.51	$86.72
350	$32.77	$59.63	$122.28	$238.64	$355.00	$471.34	$88.29
400	$33.92	$61.92	$127.23	$248.55	$355.00	$491.15	$89.87
450	$35.06	$64.20	$132.20	$258.47	$384.74	$511.00	$91.45
500	$36.20	$66.50	$137.16	$268.38	$399.61	$530.84	$93.04
550	$37.36	$68.79	$142.12	$278.30	$414.48	$550.68	$94.61
600	$38.50	$71.07	$147.08	$288.21	$429.37	$570.50	$96.19
650	$39.65	$73.35	$152.03	$298.12	$444.24	$590.34	$97.78
700	$40.78	$75.65	$156.99	$308.05	$459.12	$610.17	$99.35
750	$41.94	$77.93	$161.96	$317.97	$473.99	$630.02	$100.93
800	$43.06	$80.23	$166.90	$327.87	$488.85	$649.84	$102.51
850	$44.22	$82.52	$171.87	$337.80	$503.74	$669.68	$104.10
900	$45.95	$85.95	$176.81	$347.73	$518.62	$689.50	$105.68
1,000	$47.66	$89.39	$186.74	$367.55	$548.36	$729.19	$108.8
1,200	$52.22	$98.55	$206.57	$407.22	$607.85	$808.50	$115.15
1,400	$56.80	$107.70	$226.41	$446.89	$667.36	$887.85	$121.52
1,500	$59.08	$112.96	$236.34	$466.72	$697.11	$927.50	$124.65
1,750	$64.83	$123.71	$261.12	$516.29	$771.49	$1,026.68	$132.53
2,000	$70.54	$135.16	$285.91	$565.91	$845.88	$1,125.84	$140.46
2,500	$81.99	$158.03	$335.49	$665.06	$994.63	$1,324.17	$156.26
3,000	$93.43	$180.93	$385.06	$764.23	$1,143.38	$1,522.52	$172.06

City of Bethel
Hauled Sewer Rates
07/01/2022

Capacity	1 Time/Month	2 Times/Month	1 Time/Week	2 Times/Week	3 Times/Week	4 Times/Week	Extra Haul
3,500	$104.86	$205.13	$434.65	$863.39	$1,292.12	$1,720.85	$186.72
4,000	$135.16	$264.38	$565.91	$1,125.84	$1,685.81	$2,245.78	$276.07
4,500	$135.16	$264.38	$565.91	$1,125.84	$1,685.81	$2,245.78	$293.72
5,000	$158.03	$310.13	$665.06	$1,324.17	$1,983.32	$2,642.46	$311.37
6,000	$175.64	$345.55	$741.97	$1,478.17	$2,214.40	$2,950.60	$320.19
7,000	$197.87	$389.98	$838.25	$1,670.74	$2,503.23	$3,335.71	$346.68
12,000	$317.72	$629.81	$1,358.16	$2,710.75	$4,063.32	$5,415.89	$364.33

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Rate Design Objectives

- **Determine costs based on actual cost to provide service**
  - » Incorporate distance-based rates
- **Consolidate rate schedule**
- **Provide additional transparency for customers**
- **Ease staff time in billing related tasks**

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Explanation of Proposed Zones

- **Based on distance from nearest water treatment plant or distance to nearest sewer drop-off**

Subdivision	Nearest Water Treatment	Zone
Bethel Heights 2	0.30	1
City Subdivision 1	0.39	1
Avenues Subdivision	0.53	1
Bethel Heights 1	0.63	1
Brown's Slough West Subdivision	0.64	1
Alligator Acres	0.82	1
Martina Osca Subdivision	0.93	1
Nunvak Estates Subdivision	1.04	2
City Subdivision 2	1.07	2
Uivaq Subdivision	1.36	2
Brown's Slough East Subdivision	1.54	2
Blueberry Field Subdivision	1.76	2
Tundra Ridge Subdivision	1.76	2
Airport	2.71	3
H-Marker Subdivision	2.71	3
Larson Subdivision	3.03	4
Sidney Street	3.42	4
Kasayuli Subdivision	4.74	5

Subdivision	Nearest Sewer Dropoff	Zone
Bethel Heights 1	0.55	1
Blueberry Field Subdivision	0.66	1
Airport	0.88	1
Bethel Heights 1	0.91	1
Nunvak Estates Subdivision	1.12	2
Avenues Subdivision	1.15	2
Larson Subdivision	1.15	2
Martina Osca Subdivision	1.20	2
H-Marker Subdivision	1.23	2
Brown's Slough West Subdivision	1.42	2
Alligator Acres	1.45	2
City Subdivision 2	1.45	2
City Subdivision 1	1.48	2
Sidney Street	1.54	2
Uivaq Subdivision	1.64	2
Tundra Ridge Subdivision	2.03	3
Brown's Slough East Subdivision	2.19	3
Kasayuli Subdivision	2.82	3

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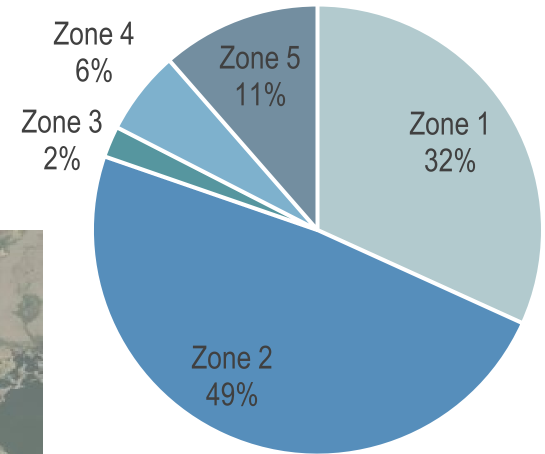
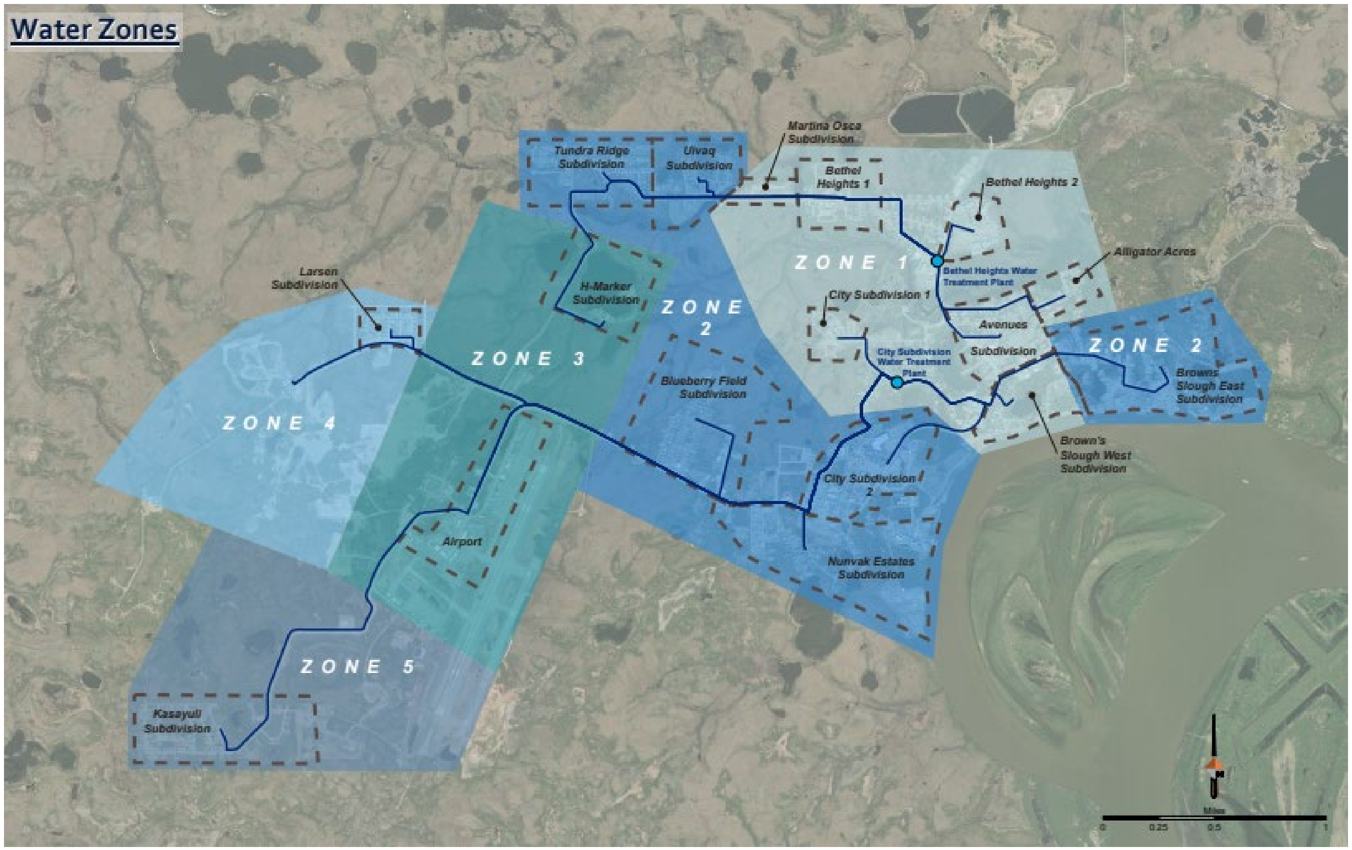
Proposed Water Zones





Subdivision	Water Zone
Airport	3
Aiviq Subdivision	2
Alligator Acres	1
Avenues Subdivision	1
Bethel Heights 1	1
Bethel Heights 2	1
Blueberry Field Subdivision	2
Brown's Slough East Subdivision	2
Brown's Slough West Subdivision	1
City Subdivision 1	1
City Subdivision 2	2
H-Marker Subdivision	3
Kasayuli Subdivision	5
Larson Subdivision	4
Martina Osca Subdivision	1
Nunvak Estates Subdivision	2
Sidney Street	4
Tundra Ridge Subdivision	2

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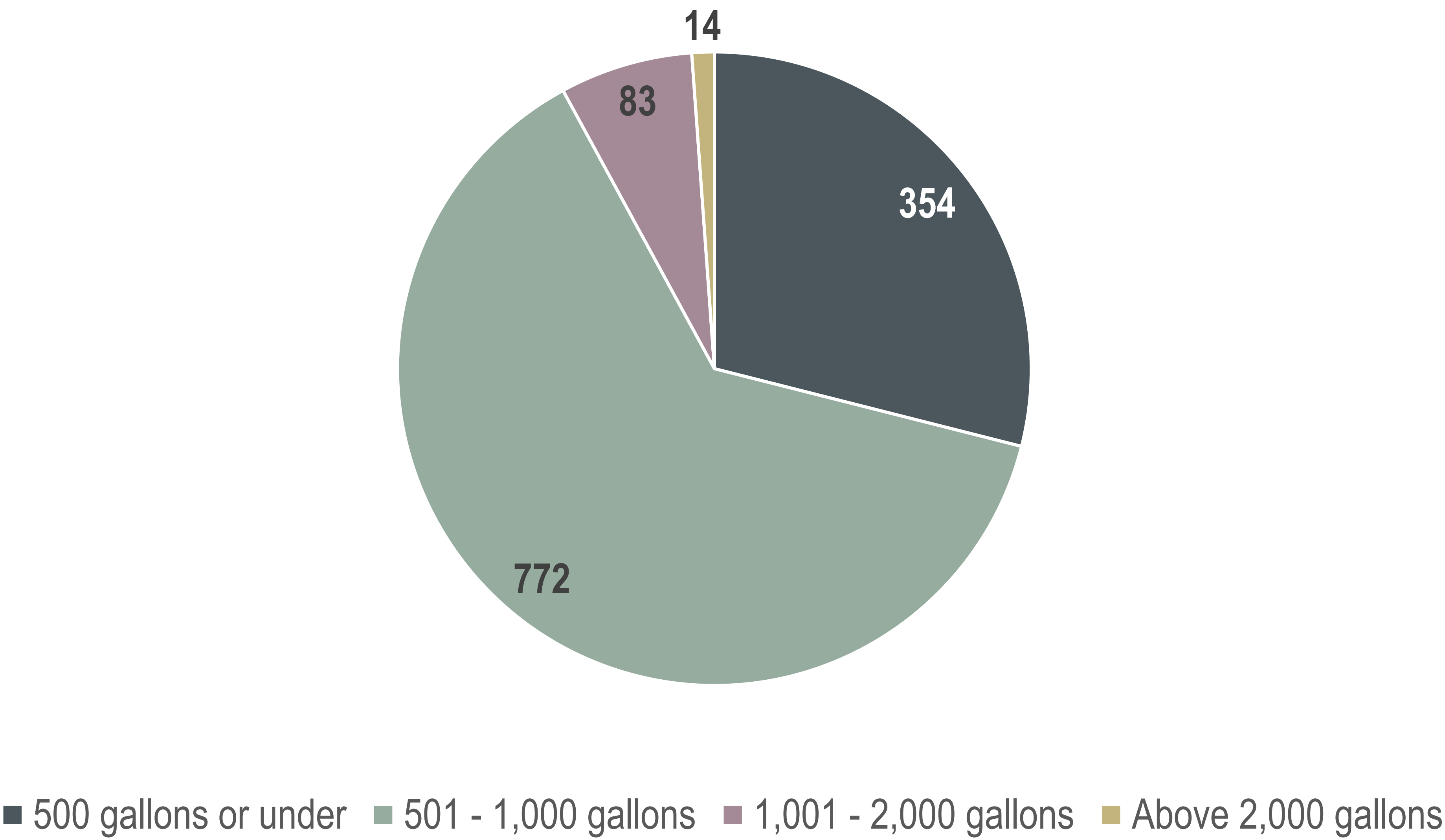
Water Tank Size (Accounts)



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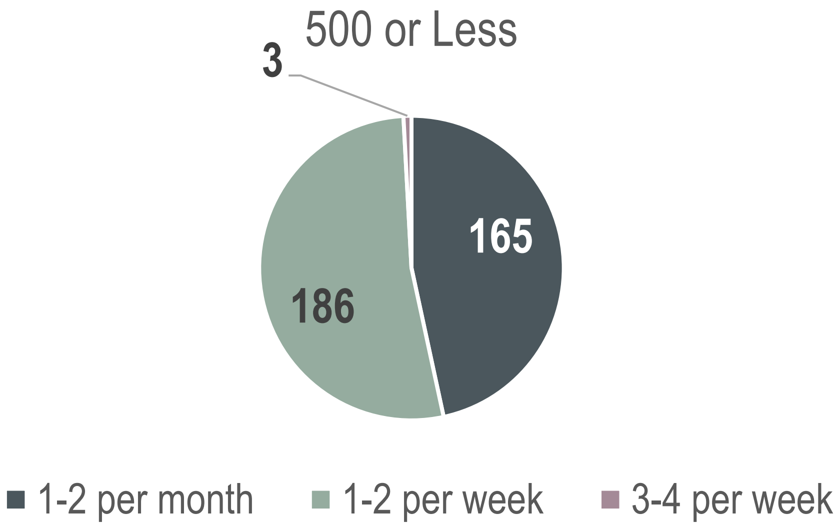
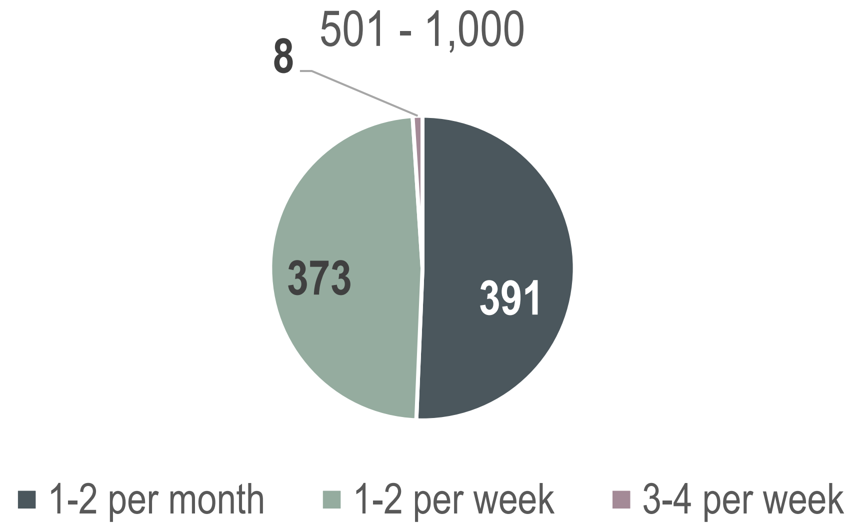
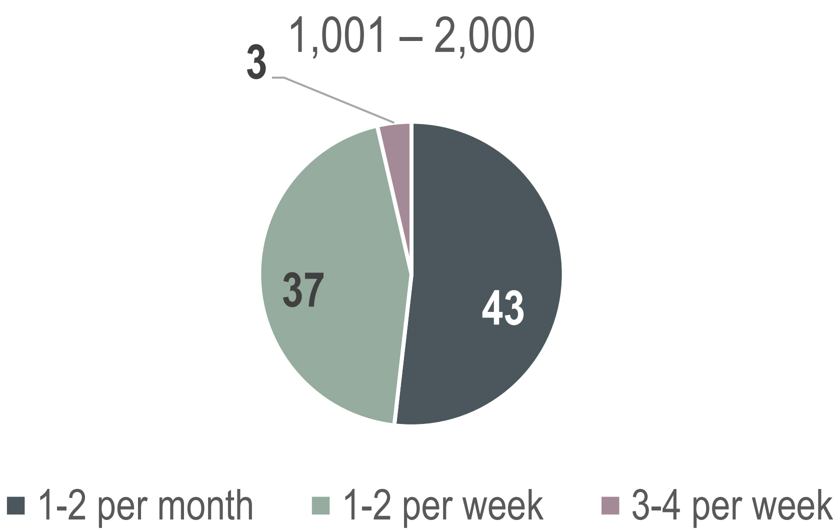
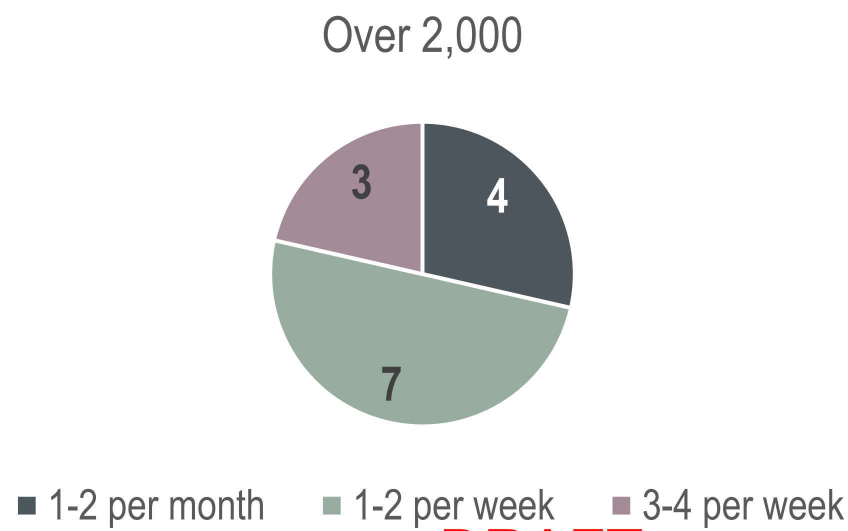
Water Pick-Up Frequency by Gallon Distribution









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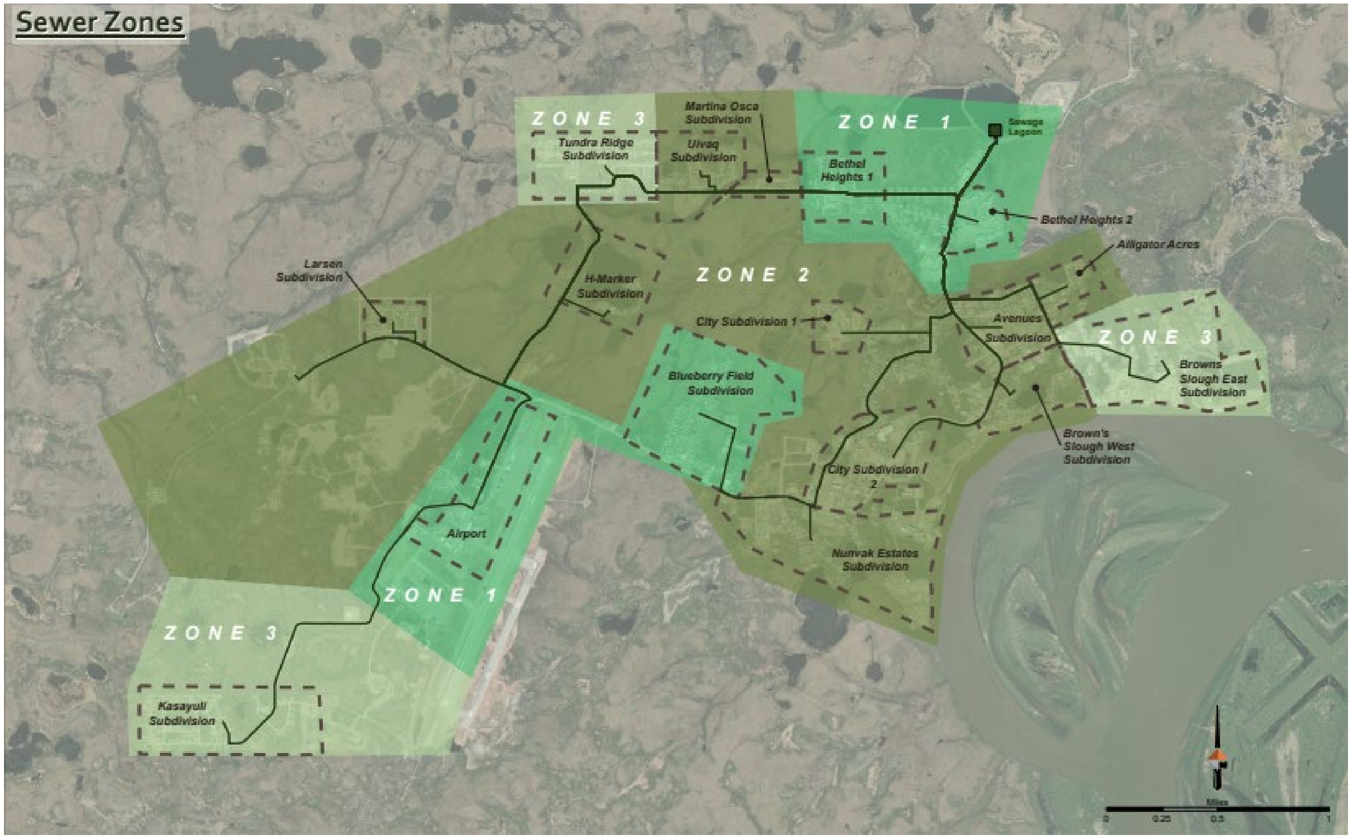
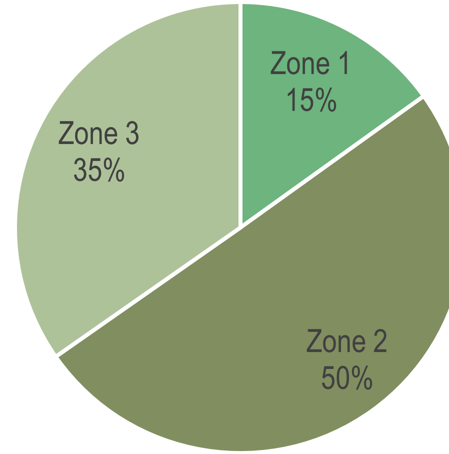
Proposed Sewer Zones





Subdivision	Sewer Zone
Airport	1
Aiviq Subdivision	2
Alligator Acres	2
Avenues Subdivision	2
Bethel Heights 1	1
Bethel Heights 2	1
Blueberry Field Subdivision	1
Brown's Slough East Subdivision	3
Brown's Slough West Subdivision	2
City Subdivision 1	2
City Subdivision 2	2
H-Marker Subdivision	2
Kasayuli Subdivision	3
Larson Subdivision	2
Martina Osca Subdivision	2
Nunvak Estates Subdivision	2
Sidney Street	2
Tundra Ridge Subdivision	3

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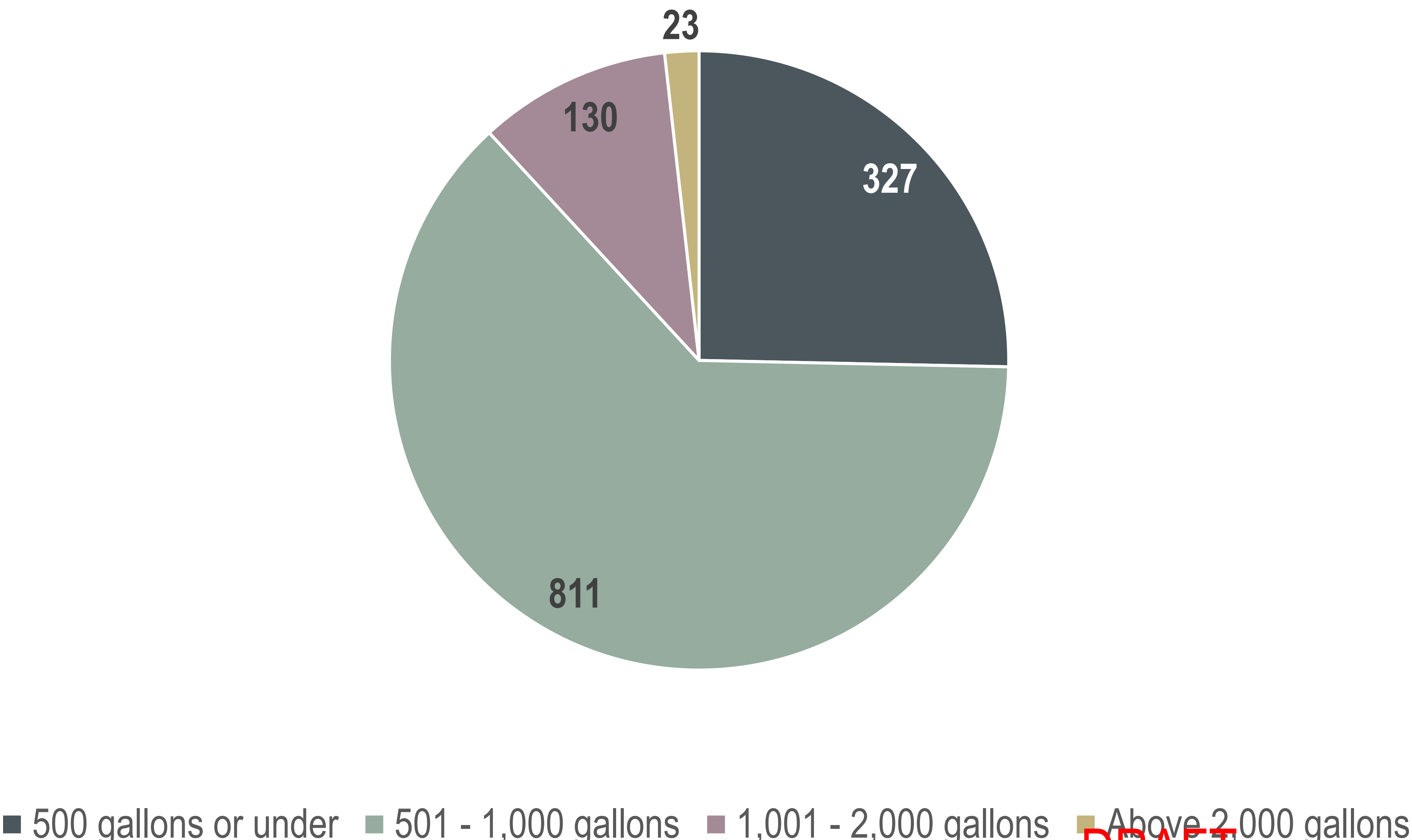
Sewer Tank Size (Accounts)



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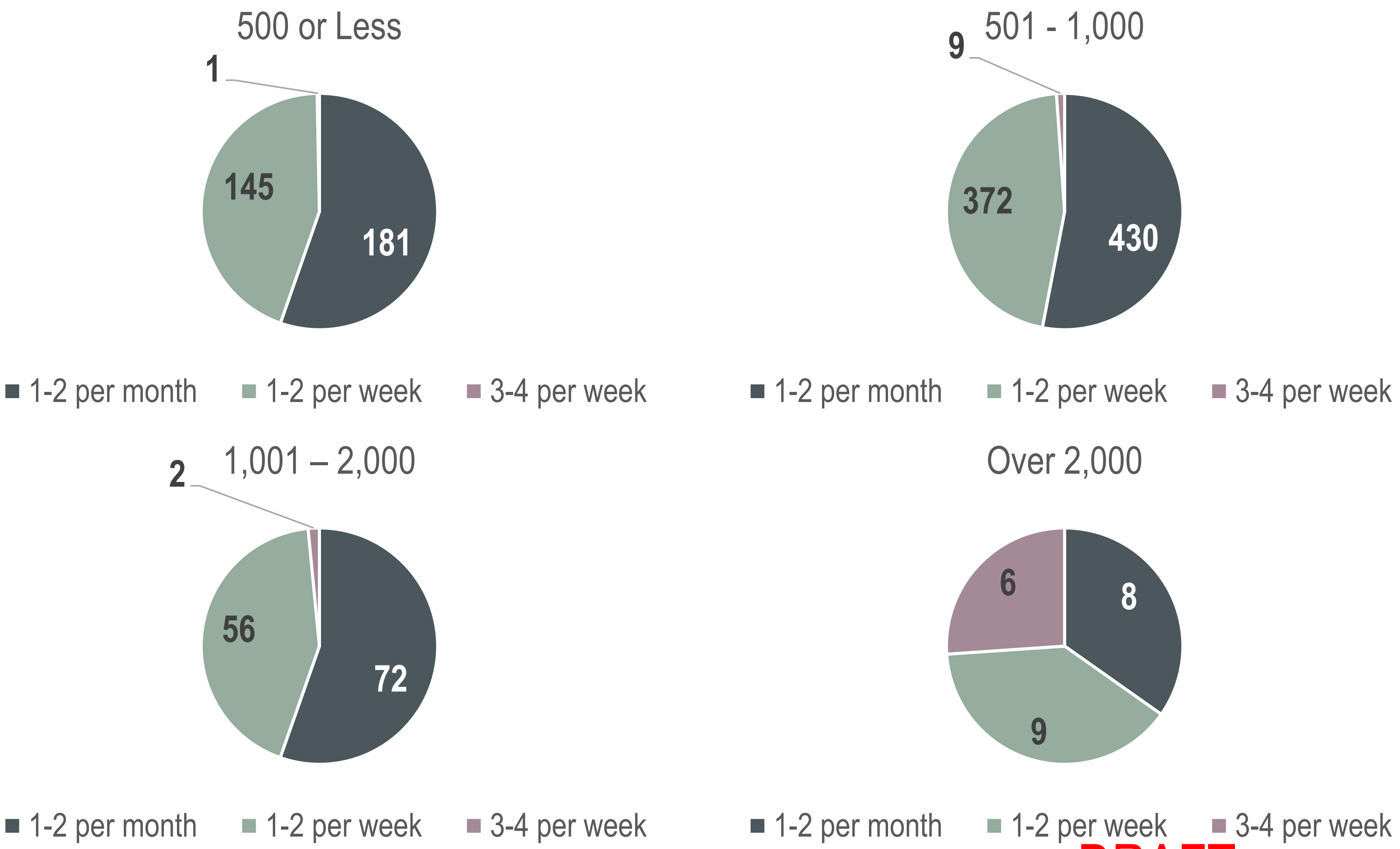
Sewer Pick-Up Frequency by Gallon Distribution



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Comparison of Charges

Component	Current	Proposed
Tank Size	Rates for 100 – 12,000 gallon tanks	Normalized to 1,000 gallons Based on pumping time
Frequency	Monthly – 4 times per week	Charged based on trips per month
Zones	2 water zones 1 sewer zone	5 water zones 3 sewer zones Based on average time to zone

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Example of Charge Development

Zone Demand	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Total
Annual Deliveries	15,528	25,352	1,992	2,860	6,284	52,016
Annual Demand	10,948,400	21,568,200	2,182,600	2,536,800	6,761,200	43,997,200

Zone Annual Time Requirement	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Total
Delivery Time Requirement						
Annual Set-Up/Takedown Time, in hours	3,882	6,338	498	715	1,571	13,004
Water Pumping Time, in hours	2,147	4,229	428	497	1,326	8,627
Transit Time Requirement						
Travel Time to/from Zone, in hours	228	899	136	211	704	2,179
Total Time	**6,257**	**11,466**	**1,062**	**1,424**	**3,601**	**23,810**
Allocation Percentage	*26.3%*	*48.2%*	*4.5%*	*6.0%*	*15.1%*	*100.0%*

Zone Cost Allocations	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Total
	$ 873,054	$ 1,599,882	$ 148,239	$ 198,673	$ 502,471	$ 3,322,319

Zone Charges	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5
Set-up/Takedown Cost per Delivery	$ 36.93	$ 39.83	$ 44.44	$ 45.20	$ 50.52
Water Delivery Cost per 1,000 Gallons	27.36	27.36	27.36	27.36	27.36

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Rate Schedule (Includes Increases)

Water Rate Design	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5
Delivery Charge	$36.93	$39.83	$44.44	$45.20	$50.52
Cost per 1,000 gallons			$27.36		

Sewer Rate Design	Zone 1	Zone 2	Zone 3
Haul Away Charge	$28.90	$30.60	$33.40
Cost per 1,000 gallons		$7.13	

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Sample Customer: 500 gallons 2x Month

	Existing		ATB		Proposed Rate Design				
	Zone 1	Zone 2	Zone 1	Zone 2	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5
Monthly Rate	$ 64.56	$ 86.44	$ 66.82	$ 89.47					
Delivery Charge					73.87	79.66	88.88	90.40	101.05
Volume Charge					27.36	27.36	27.36	27.36	27.36
Subscription	10.14	10.14	10.49	10.49	10.49	10.49	10.49	10.49	10.49
Total Monthly Bill	**$ 74.70**	**$ 96.58**	**$ 77.31**	**$ 99.96**	**$ 111.72**	**$ 117.51**	**$ 126.73**	**$ 128.25**	**$ 138.90**
	Rate Increase Change		*$ 2.61*	*$ 3.38*					
				Zone 1 ATB Change	$ 34.41	$ 40.20	$ 49.42	$ 50.94	$ 61.59
				Zone 2 ATB Change	$ 11.76	$ 17.55	$ 26.77	$ 28.29	$ 38.94

	Existing	ATB	Proposed Rate Design		
			Zone 1	Zone 2	Zone 3
Current Charge	$ 66.50	$ 72.82			
Delivery Charge			57.79	61.21	66.80
Volume Charge			7.13	7.13	7.13
Subscription	10.14	10.49	10.49	10.49	10.49
Total Monthly Bill	$ 76.64	$ 83.31	$ 75.41	$ 78.83	$ 84.42
Rate Increase Change		$ 6.67			
		ATB Change	$ (7.90)	$ (4.48)	$ 1.11

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Sample Customer: 1,000 gallons 1x Month

	Existing		ATB		Proposed Rate Design				
	Zone 1	Zone 2	Zone 1	Zone 2	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5
Monthly Rate	$ 58.67	$ 61.14	$ 60.72	$ 63.28					
Delivery Charge					36.93	39.83	44.44	45.20	50.52
Volume Charge					27.36	27.36	27.36	27.36	27.36
Subscription	10.14	10.14	10.49	10.49	10.49	10.49	10.49	10.49	10.49
Total Monthly Bill	**$ 68.81**	**$ 71.28**	**$ 71.21**	**$ 73.77**	**$ 74.78**	**$ 77.68**	**$ 82.29**	**$ 83.05**	**$ 88.37**
		Rate Increase Change	*$ 2.40*	*$ 2.49*					
				Zone 1 ATB Change	$ 3.57	$ 6.47	$ 11.08	$ 11.84	$ 17.16
				Zone 2 ATB Change	$ 1.01	$ 3.91	$ 8.52	$ 9.28	$ 14.60

	Existing	ATB	Proposed Rate Design		
			Zone 1	Zone 2	Zone 3
Current Charge	$ 47.66	$ 52.19			
Delivery Charge			28.90	30.60	33.40
Volume Charge			7.13	7.13	7.13
Subscription	10.14	10.49	10.49	10.49	10.49
Total Monthly Bill	$ 57.80	$ 62.68	$ 46.52	$ 48.22	$ 51.02
Rate Increase Change		$ 4.88			
	ATB Change		$ (16.16)	$ (14.46)	$ (11.66)

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Decision Points

- **Piped Customers**
  - Water: 3.5% ATB annual rate increases
  - Sewer 9.5% ATB annual rate increases
- **Hauled Customers**
  - Water
    - 3.5% ATB annual rate increases
    - Adopted new rate design (includes 3.5% annual rate increases)
      - ATB increases after FY 2024
  - Sewer
    - 9.5% ATB annual rate increases
    - Adopted new rate design (includes 9.5% annual rate increases)
      - ATB increases after FY 2024
- **All customers**
  - 3.5% annual subscription charge increases

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Thank you!
Questions?

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4.14.050 Tax returns and remittance.

A. ~~Not later than the last day of the month following the quarter a tax return is required to be submitted,~~ Every operator under this chapter shall deliver to the city finance department a tax return, signed by the operator(s), on a form provided by the city finance department for each registered place of business regardless of whether taxes are due for the quarter. Each operator shall remit therewith the entire amount of the tax due from such operator pursuant to this chapter for the immediately preceding calendar quarter. Tax returns and the tax due under this chapter must be actually received by the department within the time required by this section. A tax or report actually received by the department at any time following the ~~tenth (10th)~~ seven (7th) business day of the month following the calendar quarter for which the tax is due is delinquent and subject to penalty and interest under this chapter.

B. Tax returns must be filed for the calendar quarters ending on March 31st, due before or on April 30th, June 30th, due before or on July 31st, September 30, due before or on October 31st, and December 31st, due before or on January 3rd the following year.

C. If the last day of the month following the end of the filing period falls on a Saturday, Sunday, or federal, state, or city holiday, the due date will be extended until the next business day immediately following. Exceptions will be made for proof of remittance (such as certified mail receipt, weigh bill, etc.) showing timely submittal.

D. The tax return shall set forth or include:

1. The number of transient lodging rooms in each separate facility operated by the operator and the address or location of each facility;

2. The gross receipts from each facility, including all receipts that are excluded under BMC 4.14.030(A)(1), (2), (3) or (4);

3. Receipts from each facility that are exempt under BMC 4.14.030(A)(1), (2), (3) or (4);

4. Penalties, interest due~~;~~

5. Late filing fee of $25.00 per month the tax return is overdue.

6. Such other relevant information and supporting documents as the department may require. [Ord. 01-28 § 2; Ord. 97-22 § 2.]

The Bethel Municipal Code is current through Ordinance 23-01, and legislation passed through January 10, 2023.

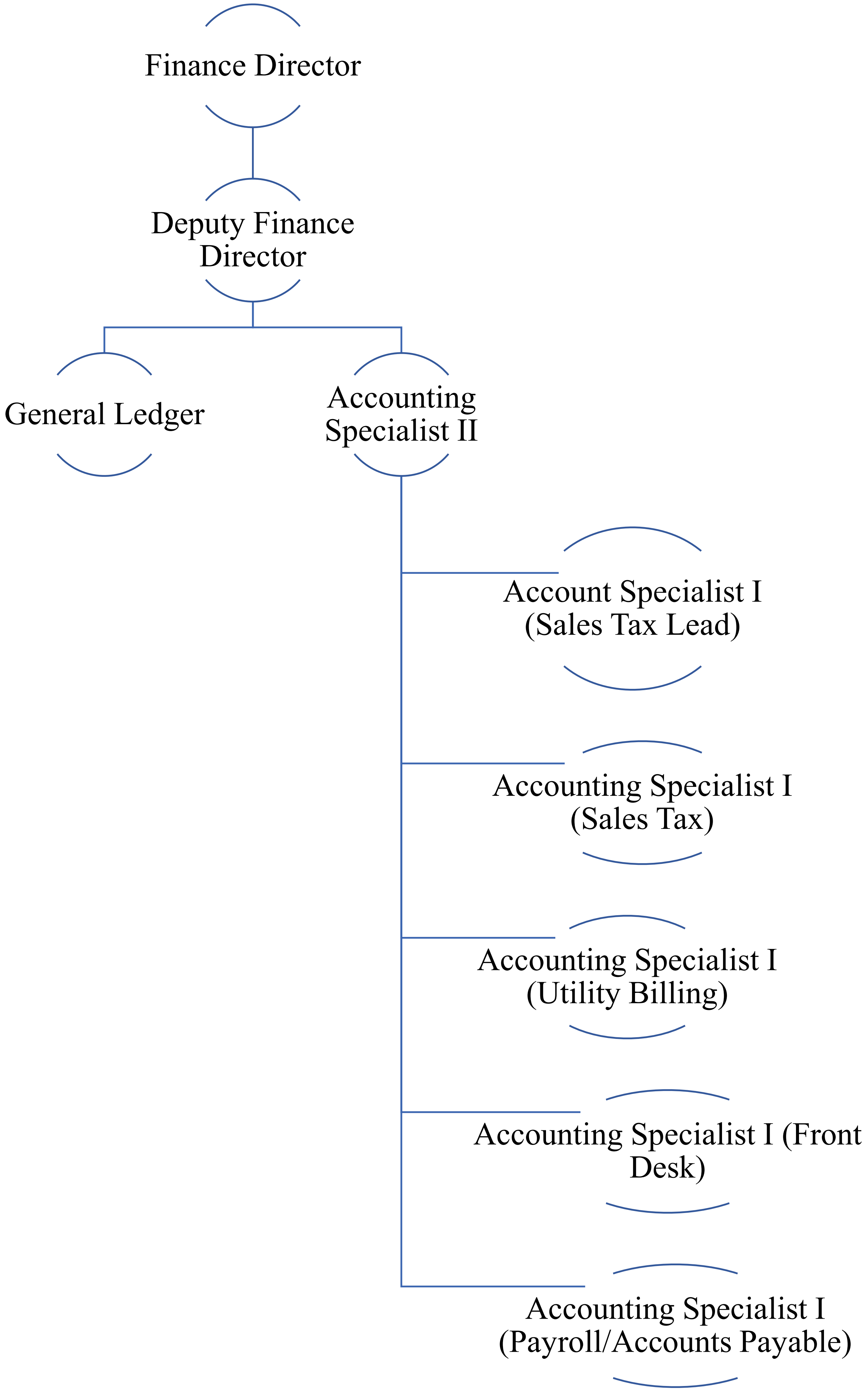
Disclaimer: The city clerk's office has the official version of the Bethel Municipal Code. Users should contact the city clerk's office for ordinances passed subsequent to the ordinance cited above.

City Website: www.cityofbethel.org
Code Publishing Company

Finance Department Recruitment

11/23/2022

Current Organizational Structure



Proposed Organizational Structure
(within the next 6 months)

Adding two personnel and segregating duties according to customer type and accounting functionality (for internal control Purposes), while cross-training.

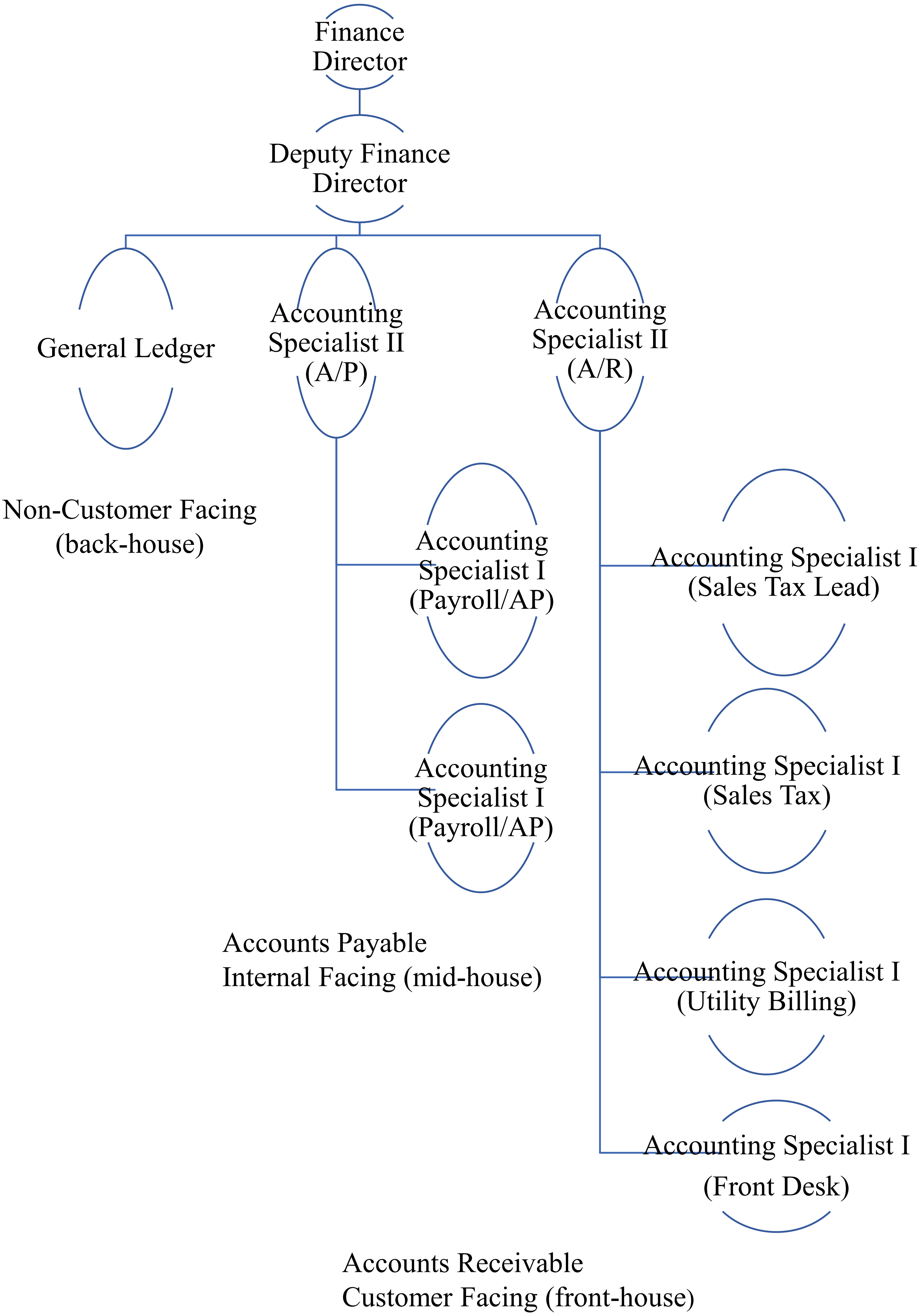
Position 1:

Accounting Specialist II to work A/R and enable us to accommodate the request of reopening at the Public Works Building

Position 2:

Accounting Specialist I focused on Payroll/AP

Proposed Organizational Structure
(within the next 6 months)



Restructuring Goals

1. Increased Capacity:

Retaking duties Finance Department used to have:

- Purchasing Agent (which is a full-time job). An added bonus is this would relieve the Grants Manager, so that he can go after more grants
- Claims against the city (especially during winter)
- Contract and lease management
- Insurance
- Continue reducing dependency, and costs, towards third party vendors (you can see the downward trend below) - this is for the primary vendor we utilize for interim staffing:
  - 2016 - $77,078.35
  - 2017 - $118,877.85
  - 2018 - $136,913.25
  - 2019 - $47,993.50 (contract ended, so only partial year)
  - 2020 – $214,777.36
  - 2021 - $249,781.20
  - 2022 - $87,723.71
  - 2023 - $46,267.83

2. Adequate staffing to do our jobs:

- Working two locations (City Hall & Public works)
- Reducing Burnout (more about this in retention)
- Covering for when someone is on PTO, sick, resigns
  - (one person is 14% of our average workforce)
  - In 2020, there was a news article about payroll being missed (we don't want to repeat this)

Restructuring Goals

3. Better quality of work

We are already beginning to see that the quality of our work has been significantly improving, and it will be more evident with the completion of the FY22 and FY23 audits. Our books are looking really nice, right now.

A problem that we are recognizing is that previous staff did not have fully comprehend what they were doing. They were trying to learn too much at one time and making a lot of errors (some of which we are still correcting, two years later).

Our current approach is to have staff specialize in a skill, and then master it. Afterwards, they begin cross-training. Specialization and then cross-training increases quality of work, while reducing the City's dependency on a single person for pivotal tasks such as payroll (there is a news article about when this has gone wrong).

Restructuring Goals

4. Retention:

- Retention has significantly increased these past 2 years. There was an exodus in staff during Q2 & Q3 of 2022; however, 2/4 returned in December & January (4 people is equivalent to half the department, not including the finance director).
- Other than management, the second reason for departure of personnel is what I call a natural causes (i.e. relocation).
- The third reason is burnout. Burnout is horrible, because that is when we lose good staff.
    - Several staffers have developed heart palpitations from the stress, including myself. A prior Finance Director referenced the negative affect her job had on her health in a news article too, so I think this is a persistent issue.
    - More staff can level out the unreasonable workload for the amount we are paying. On the plus side, our current crew is doing tasks that have been neglected for over a decade
    - In the past four months, there have been signs of people considering quitting due to burnout. If someone is routinely working 13-hour days, then operations are not sustainable.
    - From my own independent research, a lot of these ailments stem back from when jobs were cut from this department.

Restructuring Goals

5. Shifting the Scope of Responsibilities:

The number of responsibilities currently subscribed under the Accounting Specialist II isn't practical, realistic, nor does it support the segregation of duties mentioned prior. However, by shifting the scope of knowledge to either AP or AR this can work. Additionally, the amount of expertise we are requiring in comparison to the wage we are expecting them to take is beneath what the market is offering. Hence the request for an additional Accounting Specialist II position.

- Salary: AVCP is hiring for Accounts Payable (not including payroll) for $71,000 and we are paying someone to have expertise in AP, Payroll, Utilities, Sales Tax, Purchasing, Ex-Officio, Retention Holder, manage six staff members, and a plethora of smaller components for $73,000.
- The only way to get sales tax experience is to work at a municipality or the state, this generally has to be taught in-house.
- The sheer volume of work that needs to be done, is impossible (Purchasing Agent, when done right is a full-time position – and the City had this position in the past).

Costs

Additional Personnel is an additional cost. However, with the Finance Department there is cost savings and the opportunity for further revenue generation that needs to be considered:

- Greater sales tax enforcement (increases revenue)
- Greater utility billing enforcement (increases revenue and reduces costs)
- Reducing turnover (reduces costs)
- Increased capacity (i.e. purchasing officer – permits other personnel such as the Grant Manager to spend more of their time generating revenue, another savings is reduced costs to third-party vendors)
- This will permit management to focus their time and energy away from daily operations (i.e. the front desk) to other pertinent issues; hence reducing turnover in management. Turnover in management is often a precursor to turnover in staff.

Vision

With adequate staffing, I am certain that this will be the best rural municipal finance department by 2025.

When I first interviewed for this position, my goal was to transform this department. I am proud to say that this department is unrecognizable from 2020, and we are just warming up. According to several Department Heads, we are already performing better than we have in at least the last seven years (and I think the FY22 and FY23 audits will attest to it). When the Finance Department succeeds, the City succeeds.

Report Criteria:
- Accounts to include: With balances
- Include Funds: 100
- Print Fund Titles
- Page and Total by Fund
- Include Sources: None
- Print Source Titles
- Total by Source
- Include Revenues: None
- Include Departments: 53
- Print Department Titles
- Total by Department
- All Segments Tested for Total Breaks

Account Number	Account Title	2022-23 Current year Budget	2022-23 Current year Actual	2023-23 Current year
GENERAL FUND				
FINANCE				
100-53-6000	SALARIES	674,921.00	427,631.20	247,289.80
100-53-6010	OVERTIME	28,500.00	20,886.27	7,613.73
100-53-6022	HOLIDAY PAY	12,500.00	13,379.42	879.42-
100-53-6023	LEAVE CASHOUT	40,064.00	25,398.67	14,665.33
100-53-6030	SOCIAL SECURITY EXPENSE	1,300.00	565.78	734.22
100-53-6031	PAYABLE MEDICARE FICA	10,381.00	7,242.23	3,138.77
100-53-6032	UNEMPLOYMENT	12,743.00	.00	12,743.00
100-53-6033	WORKERS' COMPENSATION	1,849.00	932.69	916.31
100-53-6034	PERS	157,503.00	102,289.81	55,213.19
100-53-6040	EMPLOYEE GROUP BENEFITS	228,852.00	108,071.93	120,780.07
100-53-6041	UTILITY BENEFIT	41,040.00	17,707.98	23,332.02
100-53-6060	TRAVEL/TRAINING	20,000.00	10,339.80	9,660.20
100-53-6100	SUPPLIES	19,000.00	12,586.91	6,413.09
100-53-6150	GASOLINE/DIESEL/OIL	1,200.00	823.81	376.19
100-53-6170	TELEPHONE	250.00	71.85	178.15
100-53-6171	STAFF CELLULAR PHONES	2,000.00	1,518.66	481.34
100-53-6200	MINOR EQUIPMENT	11,000.00	7,339.42	3,660.58
100-53-6230	VEHICLE MAINT/REPAIR	1,266.00	1,029.45	236.55
100-53-6231	VEHICLE PARTS & TOOLS	.00	82.15	82.15-
100-53-6310	Admin-Outsourced Services	95,000.00	62,774.50	32,225.50
100-53-6311	AUDITING EXPENSE	100,000.00	52,053.00	47,947.00
100-53-6331	HARDWARE/SOFTWARE SUPPORT	19,000.00	7,824.04	11,175.96
100-53-6335	OTHER PROFESSIONAL FEES	290,000.00	186,946.58	103,053.42
100-53-6400	INSURANCE	25,901.00	4,806.54	21,094.46
100-53-6502	ADVERTISING	2,500.00	.00	2,500.00
100-53-6503	DUES & SUBSCRIPTIONS	5,000.00	552.92	4,447.08
100-53-6506	POSTAGE	1,300.00	708.58	591.42
100-53-6530	FINANCE CHARGES/PENALTIES	300.00	158.74	141.26
100-53-6531	BANK CHARGES	52,000.00	38,763.45	13,236.55
100-53-6532	CASH OVER/SHORT	500.00	25.32-	525.32
100-53-6533	IRS PENALTIES AND INTEREST	4,000.00	898.86	3,101.14
100-53-6539	MISCELLANEOUS EXPENSES	4,000.00	2,115.64	1,884.36
100-53-6700	INDIRECT COST RECOVERY	907,855.00	548,170.97	359,684.03
100-53-6711	ADMIN OVERHEAD-IT SVCS	33,260.00	22,588.87	10,671.13
100-53-9693	KiosK+Annual Fees&NewCopier	20,000.00	.00	20,000.00
	Total FINANCE:	2,824,985.00	1,686,235.40	1,138,749.60
	GENERAL FUND Revenue Total:	.00	.00	.00

Account Number	Account Title	2022-23 Current year Budget	2022-23 Current year Actual	2023-23 Current year
GENERAL FUND Expenditure Total:		2,824,985.00	1,686,235.40	1,138,749.60
Net Total GENERAL FUND:		2,824,985.00-	1,686,235.40-	1,138,749.60-
Net Grand Totals:		2,824,985.00-	1,686,235.40-	1,138,749.60-

Report Criteria:

- Accounts to include: With balances
- Include Funds: 100
- Print Fund Titles
- Page and Total by Fund
- Include Sources: None
- Print Source Titles
- Total by Source
- Include Revenues: None
- Include Departments: 53
- Print Department Titles
- Total by Department
- All Segments Tested for Total Breaks

Report Criteria:

- Accounts to include: With balances
- Include Funds: 100
- Print Fund Titles
- Page and Total by Fund
- Include Sources: None
- Print Source Titles
- Total by Source
- Include Revenues: None
- Include Departments: 53
- Print Department Titles
- Total by Department
- All Segments Tested for Total Breaks

Account Number	Account Title	2022-23 Current year Budget	2022-23 Current year Actual	2023-23 Current year
GENERAL FUND				
FINANCE				
100-53-6000	SALARIES	674,921.00	474,925.52	199,995.48
100-53-6010	OVERTIME	28,500.00	22,382.17	6,117.83
100-53-6022	HOLIDAY PAY	12,500.00	13,379.42	879.42-
100-53-6023	LEAVE CASHOUT	40,064.00	35,175.33	4,888.67
100-53-6030	SOCIAL SECURITY EXPENSE	1,300.00	676.27	623.73
100-53-6031	PAYABLE MEDICARE FICA	10,381.00	8,090.36	2,290.64
100-53-6032	UNEMPLOYMENT	12,743.00	.00	12,743.00
100-53-6033	WORKERS' COMPENSATION	1,849.00	1,026.72	822.28
100-53-6034	PERS	157,503.00	114,322.97	43,180.03
100-53-6040	EMPLOYEE GROUP BENEFITS	228,852.00	100,865.14	127,986.86
100-53-6041	UTILITY BENEFIT	41,040.00	20,270.96	20,769.04
100-53-6060	TRAVEL/TRAINING	20,000.00	11,532.15	8,467.85
100-53-6100	SUPPLIES	19,000.00	13,442.26	5,557.74
100-53-6150	GASOLINE/DIESEL/OIL	1,200.00	853.21	346.79
100-53-6170	TELEPHONE	250.00	71.85	178.15
100-53-6171	STAFF CELLULAR PHONES	2,000.00	1,618.10	381.90
100-53-6200	MINOR EQUIPMENT	11,000.00	14,001.34	3,001.34-
100-53-6230	VEHICLE MAINT/REPAIR	1,266.00	1,029.45	236.55
100-53-6231	VEHICLE PARTS & TOOLS	.00	82.15	82.15-
100-53-6310	Admin-Outsourced Services	95,000.00	69,627.75	25,372.25
100-53-6311	AUDITING EXPENSE	100,000.00	52,053.00	47,947.00
100-53-6331	HARDWARE/SOFTWARE SUPPORT	19,000.00	9,140.47	9,859.53
100-53-6335	OTHER PROFESSIONAL FEES	290,000.00	191,496.00	98,504.00
100-53-6400	INSURANCE	25,901.00	5,370.39	20,530.61
100-53-6502	ADVERTISING	2,500.00	270.10	2,229.90
100-53-6503	DUES & SUBSCRIPTIONS	5,000.00	552.92	4,447.08
100-53-6506	POSTAGE	1,300.00	708.58	591.42
100-53-6530	FINANCE CHARGES/PENALTIES	300.00	158.74	141.26
100-53-6531	BANK CHARGES	52,000.00	43,547.32	8,452.68
100-53-6532	CASH OVER/SHORT	500.00	25.32-	525.32
100-53-6533	IRS PENALTIES AND INTEREST	4,000.00	898.86	3,101.14
100-53-6539	MISCELLANEOUS EXPENSES	4,000.00	2,115.64	1,884.36
100-53-6700	INDIRECT COST RECOVERY	907,855.00	548,170.97	359,684.03
100-53-6711	ADMIN OVERHEAD-IT SVCS	33,260.00	22,588.87	10,671.13
100-53-9693	KiosK+Annual Fees&NewCopier	20,000.00	.00	20,000.00
	Total FINANCE:	2,824,985.00	1,780,419.66	1,044,565.34
	GENERAL FUND Revenue Total:	.00	.00	.00

Account Number	Account Title	2022-23 Current year Budget	2022-23 Current year Actual	2023-23 Current year
GENERAL FUND Expenditure Total:		2,824,985.00	1,780,419.66	1,044,565.34
Net Total GENERAL FUND:		2,824,985.00-	1,780,419.66-	1,044,565.34-
Net Grand Totals:		2,824,985.00-	1,780,419.66-	1,044,565.34-

Report Criteria:

- Accounts to include: With balances
- Include Funds: 100
- Print Fund Titles
- Page and Total by Fund
- Include Sources: None
- Print Source Titles
- Total by Source
- Include Revenues: None
- Include Departments: 53
- Print Department Titles
- Total by Department
- All Segments Tested for Total Breaks

City of Bethel
Finance Department
Monthly Manager's Report for March, 2023

Date:	March 1st – March 31st, 2023
To:	Peter Williams, City Manager
From:	Xavier Mason, Deputy Finance Director
Subject:	Management Report, March 31st, 2023

The Finance Department's Monthly Managerial Report details the progress, activities, and challenges of the Finance Department for March 2023.

Current Events within the Finance Department

- The Finance Department has completed the FY24 operational budget and has submitted it to the City Manager for City Council's review.
- The Finance Department has completed the FY24 Capital Improvement Plan. The plan was approved by the City Council on March 14th, and since then, the Finance Department has processed approximately $2 million in purchase orders towards approved equipment.
- The external auditors have resumed working on the FY21 audit.
- An Accounting Specialist I was hired and has begun training to work primarily within Accounts Payable and Payroll.
- The Finance Department is facilitating the Yukon-Kuskokwim Regional Health and Aquatic Center's transition as they attain a new payment processing vendor.
- The Finance Committee made the recommendation to City Council that BMC 4.14.150 be amended regarding Transient Lodging to include charges for late fees.
- The Deputy Finance Director spoke with KYUK to promote the usage of third-party vendor, Xpress Bill Pay, as an attempt to raise awareness that people and sellers can make sales tax and utility payments online.
- Staffing has improved; subsequently, significantly improving morale.

Staffing/Recruitment

- Finance Director (one vacancy)

- Temporary Position (one vacancy)

<u>Training</u>

The goal of the Finance Department is for our staff to be continuously and incrementally improving in our capacity to fulfill our duties. One of our objectives is to provide staff with opportunities for growth and exposure within all our sub-departments. The following is a list of group and independent trainings that were taken by members of the Finance Department during the month of March.

Group Training Sessions:

- The Finance Department viewed and discussed the Ethics Training that was facilitated by UAA that was suggested by the City Manager to Department Heads.
- With the Carmen Jackson Team, we reviewed how to apply ACH payments to utility accounts. This institutional knowledge was lost during the exodus of staff during the Fall of 2022.

Independent Training(s):

- A Utility Billing Personnel reviewed the following webinar and training videos (some of which were created internally):
  - How to Email Invoices
  - Emotions under Pressure
  - Dealing with Toxic Employees: Eliminating Bad Behavior
  - Handling Confrontational Customers
- An Accounting Specialist 1 within the Sales Tax sub-department viewed a Star12 Webinar ‘Handling Confrontational Customers’
- Worked with the Carmen Jackson Team on how to deal with business that can’t be contacted and have outstanding returns/fees and are no longer doing business and updated our procedures to reflect that training.
- An Accounting Specialist 1 within the Payroll sub-department viewed a Star12 Webinar “Communicating Through Email: Top 10 Do’s and Don’ts”

<u>Select Tasks & Statuses by Sub-Department</u>

Utility Billing

Tasks	Frequency	Status
Collections	Monthly	Behind.
ORS'	Daily	Current.

Payroll/AP

Tasks	Frequency	Status
Personnel Action Requests	As Needed	Current.
Deferred Compensation	Bi-weekly	Current.
Payroll	Bi-weekly	Current.
Accounts Payable	Weekly	Current.

Sales Tax

Tasks	Frequency	Status
Applying Business License Payments	Daily	Current.
Mailing Delinquency Notices	Monthly	Current.
Constructing Aging Reports	Monthly	Current.
Applying Business License Renewals	As needed	Current.
Drafting Payment Plans	As needed	Current.
Applying Payments	Daily	Current.
Reviewing & Processing Exemption Cards	As needed	Current.

General Ledger

Tasks	Frequency	Status
Journal Entries	Monthly Recurring	Current (February).
Budget Amendments (from budget ordinances)	As needed	Current (February).
Cash Reconciliations	Monthly	Current (February).
Investment Reconciliations	Monthly	Current (February).

Create Allocations & Run Checkout	Monthly	Current (February).
DOJ Grants	Quarterly	Current (February).

Internal Improvements

The following is a list of internal tasks, actions, projects, or changes that we have made within the Finance Department for the purpose of improving operations:

- With assistance from the IT Department, we made a small change to the phones that has already made a significant difference. When the front desk phone is being utilized, and there is an incoming phone call, that call will bounce to the next available personnel. This will cut down on the number of complaints we get regarding missed phone calls.
- We have begun developing a sales tax training checklist, as we move towards cross-training.
- Several How-To documents were created to help train in AP and Payroll tasks
- Created an account with the Social Security Administration for the purpose of submitting our year-end filings, this will help us tremendously next year.
- Created a shared, yet private folder, so that we can share files with the Transit Department. This is important for grant reporting.

Small & Big Wins

Sales Tax (2 people)

- 14 delinquent account holders were contacted.
- 13 business licenses were renewed.
- Six late filing fee notices were released due to limited staff capacity. We are anticipating sending a lot more in April, now that we have caught up with a lot of previous time sensitive tasks.
- 10 delinquent accounts were corrected.
- Two accounts were closed.
- Approximately 10 accounts were corrected from the original 31 that had been stalled due to the following: incomplete forms, outstanding fees/returns, outstanding fees/returns, missing the business license fee.

- Issued one sales tax reimbursement. The amount of the reimbursement was critiqued. The individual then requested an appeal through the City Manager. The ruling after the appeal remained the same.
- Two requests were made by sellers to have their interest, penalties, and fees waived. Those requests were denied. Both requestors sought an appeal with the City Manager for an appeal. The ruling for both appeals remained the same.
- A new inbox was set up for the For Businesses email address to help us better keep track of emails and their statuses.
- The backlog of 30 problem accounts, may take longer than anticipated to correct, due to their complexity.
- Improved the 60-day delinquency notice.
- Removed sales tax filing from 2019 because they are outside of our retention period.

Utility Billing (1 person)

- Submitted approximately 59 O.R.S. to the Hauled Utility Department.
- Submitted four piped O.R.S. to Utility Maintenance
- Processed four tank inspections.
- Processed 25 new applications.
- Processed 21 change requests.
- Processed 20 account closures.
- Processed 42 Temporary Service Holds.
- Processed approximately 57 Extra Calls.
- Corrected approximately 35 accounts.
- Issued over 1,300 utility bills.

Payroll/AP/AR Dock

- Reviewed and approved approximately 150 check requests.
- Logged over 50 AP related correspondences through January.
- Entered more than 210 timesheets.
- In discussions with the Police Department on when to conduct a training session for Timesheets.
- Continued the transition of undertaking P-Card Duties from the General Ledger Accountant.

- Payroll is averaging about one incident each per pay period. Note: this is an amazing improvement and well below our historical average.
- Training videos were made for various Accounts Payable processes for tasks such as uploading the Positive Pay files.
- AP records from the fiscal years 2012, 2017, and 2018 were tagged and relocated to an appointed location to be destroyed according to the City's retention schedule.

General Ledger (1 person)

- Added and edited account codes within the WellsOne Expense Manager module with Wells Fargo
- Reconciled the Payroll checking account, after our experiment with an ACH direct deposit payment last month.
- Provided all Journal Entries that affected the Transit Department
- Entered budgets
- Entered five budget modifications
- Entered 8 CD Journal Entries
- Entered 1 CD 403 JEs
- Entered 1 CD2 JE
- Entered 2 CD CRJ403 JEs
- Entered 20 CRJESs
- Entered 26 JEs
- Reconciled all cash, investment, and cash clearing accounts

<u>Interdepartmental Assistance</u>

- City Clerk's Office
    - Processed nine passport payments.
    - Processed six burial permits.

- Grants Department
    - Three Finance Department personnel have been tasked to serve as the Acting Community Action Grant Ex Officio for the month of February and March.
    - The Finance Department provided financial information regarding the Community Action Grant

    - Filing quarterly reports for various grants.
    - Journal Entry adjustments
    - The Finance Department has been tasked with the Community Action Grant Exit Reports. Our tasks include:
        - Looking through each exit report and see if there are missing receipts, documentation, return of money unspent.
        - Draft and send letters to applicants owing more information or owing money that has not been spent.
        - Sending emails to applicants owing exit reports.
        - Draft and send letters to applicants owing exit reports.
        - Follow up on every account.

- Planning Department
    - Processed three permits, licenses, or fees.
    - Processed 0 site plan permits.

- Police Department
    - Uploaded the February PC Slips to Core FTP LE.
    - Processed 20 taxi permit payments.
    - Processed 0 chauffer payments.

Challenges

- Due to the departure of one of our sales tax personnel in February, we are identifying tasks that weren't complete by the time of their departure. Due to the time sensitivity of these items the sales tax personnel and Accounting Specialist II are working diligently to make the necessary corrections and adjustments.
- Occasionally, sales tax forms are being submitted incorrectly and the process of correcting them can be time consuming. In the next few months, we intend to create a tutorial video on how to properly fill out sales tax forms.

Goals for the near Future

- Utilizing data analytics to identify challenges and opportunities that can spur economic development.

- Revamping the Temporary Service Hold forms to make the wording less ambiguous.
- Establishing internal audits for each subdepartment for the purposes of training and identifying patterns of mistakes.
- Developing a schedule-based system for the sales tax department, so that we can prepare in advance for the more complicated sales tax-related inquiries.

City of Bethel
Finance Department
Monthly Manager's Report for April, 2023

Date:	April 1st – April 31st, 2023
To:	Peter Williams, City Manager
From:	Xavier Mason, Deputy Finance Director
Subject:	Management Report, April 31st, 2023

The Finance Department's Monthly Managerial Report details the progress, activities, plans, and challenges of the Finance Department for April 2023.

Current Events within the Finance Department

- The Finance Department has completed the FY24 operational budget and has submitted it to the City Manager for City Council's review. The reviewal process is ongoing.
- The Finance Department has completed the FY24 Capital Improvement Plan. The plan was approved by the City Council on March 14th, and since then, the Finance Department has processed approximately $2.5 million in purchase orders for approved equipment.
- The external auditors, BDO, have resumed reviewing and requesting samples for the FY21 audit in June.
- The external auditors, Altman Rogers, are preparing to begin the FY22 audit.
- The Finance Department is facilitating the Yukon-Kuskokwim Regional Health and Aquatic Center's transition as they attain a new payment processing vendor. As an outcome of this transition, the City will receive all revenues directly from the pool.
- The Finance Committee made the recommendation to the Bethel City Council that BMC 4.14.150 be amended regarding Transient Lodging to include charges for late fees.
- One sales tax audit has concluded in its entirety, all additional charges were removed because they were exempt due to an Alaskan Statute.

- The Indirect Cost Recovery Allocations for the General Fund has been updated with the assistance of the Carmen Jackson Team.
- "How-To" Video Tutorials were made to assist other departments fill-out Check Requests and Travel Authorization Forms and were placed in a shared location for all to view.
- Received the final $199,000 in revenue from the SEMT program, until we are eligible for enrollment again.
- Submitted quarterly report to the United States Census Bureau
- Worked with the City Manager, City Attorney, and Director of Human Resources to draft a letter to the IRS pertaining to the City's RUBA scores.

Personnel

Recruitment

- With the approval of the FY24 Operational Budget, the Finance Department intends to add two more positions to the department – an Accounting Specialist I and an Accounting Specialist II. The addition of these positions will increase morale, operational capacity, revenues for the City while simultaneously reducing turnover and outsourced expenses.
    - Increased Morale:
        - Reducing the rate of burnout
        - Shifting the scope of responsibilities
        - Increasing operational efficiency
    - Increased Operational Capacity
        - Adding tasks that have been neglected over time
        - Taking on the purchasing agent duties
        - Assisting other departments with their needs
    - Increased Revenues
        - Greater sales tax enforcement
        - Greater utility billing payment and collections
        - Greater optimization of time (management and the Grant Manager can focus on other activities)

- Finance Director (one vacancy)
- Temporary Position (one vacancy)

Retention

Over the past two years, the retention rate for the Finance Department has nearly doubled. In 2018, this nine-person department suffered 15 departures, from staff and management, within 15 months. This lagging KPI gives insight to the often, qualitative, and underestimated measures that take place within an organization. We believe that our retention rate will continue to increase, due in part, to the following:

- Clarity of expectations.
- An emphasis on teamwork, by creating opportunities for collaboration, accommodating individual work styles, and giving everyone the latitude to make decisions and course corrections if needed.
- Acknowledgement of milestones, big and small and celebrating when they are achieved.
- Training and development, this area has improved significantly; however, we still have a long way to go.
- Communication, promoting timely, constructive, and positive communication across the entire team.
- Mentorship, albeit informal, we have begun to build the beginnings of a leadership pipeline. Our goal is to raise the future leaders of this department internally.
- Culture, we have significantly improved the work culture of this department.
- Continuous feedback on performance, we grade each other with our internal audits reviewing and providing constructive feedback. Just as importantly, we do not guilt or shame individuals when they make mistakes.
- Though informal, we rewarding and recognize stellar performance, through the employee of the quarter and other incentives.

Retention Rates

- Calculation Example: Let’s say you had 475 employees on January 1st, 2021, and 440 employees on December 31st, 2021. To calculate your yearly retention rate, divide 440 by 475 and multiply by 100. (440 / 475) x 100= 92.6% yearly retention rate.

Retention Rates						
Quarter	Year	Voluntary Departures	Involuntary Departures	Total	Personnel Changes	Total Staff
Quarter 1	2022	0%	0%	100%	N/A	8
Quarter 2	2022	0.125	0%	113%	one loss, two additions	9
Quarter 3	2022	0.125	0%	100%	one loss, one addition	9
Quarter 4	2022	0.125	0.25	78%	three losses, one additions	7
Quarter 1	2023	0	0.125	114%	one loss, two additions	8

Average Duration of Employment in years	
1-May-23	1.385417
1-May-22	1.052
1-May-21	.726 years

Similarly, to the IRR metric, the average duration of employment can be skewed by the timing of the data. One team member has just completed her first month with us, and that outlier really skews the direction of the statistical average. We have a very strong team right now, one in which we can build a strong foundation to build an even stronger future. If granted the two positions in the FY24 operational budget, the primary contributor to the loss of personnel will be relocation.

From our research and trying to understand the higher rates of departure in the Finance Department, the point of origin appears to be during the FY10 budgeting process when multiple positions were cut and an attempt at restructuring ensued (FY10 Finance Department personnel budget attached). With the addition of the two requested positions, the Acting Finance Director believes we can resolve the personnel issues that has plagued this department for good.

Training

The goal of the Finance Department is for our staff to be continuously and incrementally improving in our capacity to fulfill our duties. One of our objectives is to provide staff with opportunities for growth and exposure within all our sub-departments. The following is a list of group and independent training(s) that were taken by members of the Finance Department during the month of April.

Group Training Sessions:

- Staff led a demonstration to the entire department on how to create and issue sales tax exemption cards.

- After a loud outburst, the Finance Department held a brief meeting to discuss safety procedures.
- Increasing our cross-training efforts, staff presented a presentation providing an overview of the Accounts Payable process.
- The Acting Finance Director gave an overview of how to do a sales tax audit with the sales tax division.

Independent Training(s):

- The City Manager reviewed with the Acting Finance Director the process for Insurance Claims. If the proposal for new staff is approved, this process will be delegated to the Accounting Specialist II (we get a lot of these in the winter).
- In May, a member of the Sales Tax Division will travel to Fairbanks to shadow the Fairbanks Sales Tax Department.
- In May, the Acting Finance Director will shadow Juneau's Finance Director to widen his point of reference and develop further ideas on how to improve the department's processes, procedures, and software(s).
- In May, the Accounting Specialist II will go to Anchorage to attend a RUBA Financial Management Training.
- Webinars viewed by Finance Department personnel:
  - Payroll Pay code error;
  - Finance 101 for Non-Financial Managers;
  - How to Manage Priorities & Time;
  - Project Management Skills for the Accidental Project Manager;
  - Purchase Orders & Requisitions Refresher Training;
  - And GL finance and Accounting for Administrative Professional; Measure of Lever and measures of Management.
- Two staffers attended an Alaska Remote Sellers Sales Tax Commission meeting to better understand how to use their website.
- The General Ledger Accountant completed an Accelerated Microsoft Excel Certificate Program.

<u>Select Tasks & Statuses by Sub-Department</u>

Utility Billing

Tasks	Frequency	Status
Collections	Monthly	Catching-up.
ORS’	Daily	Current.

Payroll/AP

Tasks	Frequency	Status
Personnel Action Requests	As Needed	Current.
Deferred Compensation	Bi-weekly	Current.
Payroll	Bi-weekly	Current.
Accounts Payable	Weekly	Current.

Sales Tax

Tasks	Frequency	Status
Applying Business License Payments	Daily	Current.
Mailing Delinquency Notices	Monthly	Current.
Constructing Aging Reports	Monthly	Current.
Applying Business License Renewals	As needed	Current.
Drafting Payment Plans	As needed	Current.
Applying Payments	Daily	Current.
Reviewing & Processing Exemption Cards	As needed	Current.

General Ledger

Tasks	Frequency	Status
Journal Entries	Monthly Recurring	Current (March).
Budget Amendments (from budget ordinances)	As needed	Current (March).
Cash Reconciliations	Monthly	Current (March).

Investment Reconciliations	Monthly	Current (March).
Create Allocations & Run Checkout	Monthly	Current (March).
DOJ Grants	Quarterly	Current (March).

Internal Improvements

The following is a list of internal tasks, actions, projects, or changes that we have made within the Finance Department for the purpose of improving operations:

- This month, the Finance Department conducted our first internal audit for sales taxes. With this process, we are able to improve best practices and identify any sales tax process/procedure irregularities, albeit very small, between personnel and then correct them.
- The improved filing of payroll documents two months ago proved to be a very valuable improvement when the department was assigned 60+ payroll samples to collect as part of the FY21 Audit.
- Transferred the responsibility of purchase orders from the Acting Finance Director to the Accounts Payable Division.
- Transferred the responsibility of Travel Authorization Forms from the Acting Finance Director to the Accounting Specialist II.
- Working with the City Attorney, we drafted a letter detailing the City's Intent to Levy. Two of these letters will be issued in May.
- Established a policy regarding Journal Entry Approval.
- Updated the Indirect Cost Recovery Allocation, with assistance from the Carmen Jackson Team.
- The person that completes the Daily Summary (daily reconciliation of all payments) in the morning has to take funds to the bank.

Finance Department Stats & Figures

Sales Tax (2 people)

- 157 delinquent account holders were contacted.

- 7 business licenses were renewed.
- 134 late filing notices were delivered.
- 20 delinquent accounts were brought up to date.
- 60-day delinquency notice form was updated
- 90-day delinquency notice form was updated
- Finalized the "Intent to Levy" letter.
- One account was closed.
- Cleaned up several complicated accounts.

Utility Billing (1 person)

- Submitted approximately 21 O.R.S. to the Hauled Utility Department.
- Submitted five piped O.R.S. to Utility Maintenance.
- Processed zero tank inspections.
- Processed 14 new applications.
- Processed 28 change requests.
- Processed 21 account closures.
- Processed 32 Temporary Service Holds.
- Processed approximately 41 Extra Calls.
- Corrected approximately 36 accounts.
- Issued over 1,300 utility bills.
- Processed one payment plan. The goal is to ramp up on these in May.
- For the April utility billings, an attachment was added at the request of the Hauled Utility Department, attached.

Payroll/AP/AR Dock

- Improved the process, through sharing information in a timely manner, of ending of benefits for terminated staff.
- Caught up the Employee Utility Benefit reconciliation to present.
- Reviewed and approved approximately 200 check requests.
- Logged over 40 AP related correspondences through January.
- Entered more than 210 timesheets.

- Updating the purchase order process, so they tie into Caselle. This will make it easier for us to track encumbered items yet to be completely purchased.
- Added a second approver for ACH payments for the purposes of fraud management (not that we don't trust anyone on our team, its more so to guard against any potentiality of accidents).[1]
- Submitted approximately 50 payroll samples for the FY21 audit. There are approximately nine samples remaining from this large request.
- In discussions with the Police Department on when to conduct a training session for Timesheets.
- Continued the transition of undertaking P-Card Duties from the General Ledger Accountant.
- Additional training videos were made and 'How-To' documents made, adding to our institutional knowledge library.

General Ledger (1 person)

- Reconciled AP to the GL from August 2022 to present, there were challenges in August.
- A challenge was gathering the necessary documents for the COPS grant.
- Provided at least 60 different scanned copies of the CARES Act journal entries for the FY21 audit. There is a few samples outstanding.
- Added the FY24 Capital Expenditures into the budgeting module within Caselle.
- Provided all Journal Entries that affected the Transit Department.
- Entered five budget modifications.
- Entered 33 JEs
- Entered 24 CRJESs
- Entered 7 CD Journal Entries
- Entered 1 CD 403 JEs
- Entered 3 CD2 JEs
- Entered 2 CD3s
- Reconciled all cash, investment, and cash clearing accounts.

Miscellaneous

- Responded to approximately three public requests.

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[1] Interesting story. In Texas, a payroll department accidentally paid an employee 100x their salary. The next day, that employee left the country before the mistake was realized and the money could be recovered.

- Updating information on building leases.

Interdepartmental Assistance

- City Clerk's Office
  - Processed three passport payments.
  - Processed three burial permits.

- Grants Department
  - Completed two Department of Justice COPS grant reports.
  - The Finance Department provided financial information regarding the Community Action Grant.
  - Filing quarterly reports for various grants.
  - Journal Entry adjustments
  - The Finance Department has been tasked with the Community Action Grant Exit Reports. Our tasks include:
    - Looking through each exit report and see if there are missing receipts, documentation, return of unspent funds.
    - Draft and send letters to applicants owing more information or owing money that has not been spent.
    - Sending emails to applicants owing exit reports.
    - Draft and send letters to applicants owing exit reports.
    - Follow up on every account.

- Human Resources Department
  - Processed five personnel action forms.
  - Completed termination process for six employees.
  - Created two reports within Accounting Software Caselle: Employee List with Grade, Step, and Hourly wage; Employee Retiree Report.
  - Created an Employee PCN List.
  - Created an Employee with participating PERs Tier List.
  - Conducted one exit interview.
  - Resolved three health insurance issues for employees.

- Public Works
  - Helped in training the new PW Assistant in Accounts Payable.
  - Helped in training the new PW Assistant in how to generate Water & Sewer Services Revenue and Expenditures compared to the budget for the RUBA report.
  - Added an attachment to the monthly bills detailing the responsibilities of the account holder to receive their services in a timely fashion, for Hauled Water & Sewer Departments.

- Planning Department
  - Processed four permits, licenses, and fees.
  - Processed 0 site plan permits.

- Police Department
  - Did not upload any PC Slips since February.
  - Processed 30 taxi permit payments.
  - Processed one chauffer payment.

Investments

The City of Bethel began the process of revitalization of its investment portfolio with its first investment on March 17, 2022. Thus far, those investments have earned interest north of $200,000 during the FY23 fiscal year, with the investment and banking accounts that the City holds. The 10-year average for holding a 5-year US Treasury Note is 1.755%. Bethel's average yield is 3.65% exactly doubling the 10-year average.

FY24 Operational Budget

During the budget meetings, there were several discussions pertaining to Indirect Cost Recovery and the General Wage Increase.

Indirect Cost Recovery:

Prior to April 18th, the methodology for the indirect cost was essentially a reverse engineered strategy to duplicate what the prior Finance Director had established. This strategy proved to be very effective and was within 2% of what that item should have been using the exact formula. On the 18th, the original formula from former Director Blake was located. The expense allocation that she utilized is as follows:

FY24 Budget			
General Fund Departments	**Total Budget Amounts**	**Percent to be Allocated**	**Amount to be Allocated**
Admin	$922,283	40.00%	$368,913
Clerk	$445,199	50.0%	$222,600
Finance	$1,818,419	50.00%	$909,210
Legal	$334,399	20.00%	$66,880
Total	$3,520,300		$1,567,602

The Acting Finance Director then notified City Council that minor amendments needed to be made and that for the next budgeting cycle he would like to review the indirect cost recovery, and if necessary, make changes. After receiving direction from the City Manager, the Acting Finance Director then researched several cities to determine their methodology and what percentage of their General Fund revenues was earned via an indirect cost recovery line-item, just for comparison purposes that can be presented to City Council. He reviewed: Seattle, Anchorage, Juneau, Sitka, Ketchikan, and Kenai (findings are attached). To avoid any perception of bias, he then requested the Carmen Jackson Team to reconstruct the Indirect Cost Recovery line-item and their recommendation is as follows:

FY24 Budget			
General Fund Departments	**Total Budget Amounts**	**Percent to be Allocated**	**Amount to be Allocated**
Admin	$922,283	43.70%	$403,038
Clerk	$445,199	43.7%	$194,552
Finance	$1,818,419	43.70%	$794,649
Legal	$317,827	43.70%	$138,890
Total	$3,503,728		$1,531,129

The allocation percentages should be reviewed at least once every five years so that it can be adjusted to reflect any major changes within the organization.

General Wage Increase

The General Wage increase, in the FY24 operational budget, has become a point of contention. The budget presented to City Council was an attempt to build upon past precedent. Within the past eight budgets, the insertion of the general wage increase has been inconsistent but most of those years it has been present, as illustrated below.

	Increase in General Wage	No Increase in General Wage	Possible Attempt at Actual Wages
Years	4	3	1

The budget began being developed in November 2022 and finalized during the last weeks of March. During this period all suggestions and requests were considered. However, it wasn't until after the budget was presented to City Council that during an internal discussion, there was a request that the 2.5% general wage increase be removed from the budget. The internal discussion lasted until April 27th. Now, we are making major structural changes to the budget and appreciate everyone's patience as we undergo that process.

In this section, it is important to detail those concerns, so that the ramifications for this decision can be recognized.

1. This is an operational expense and needs to come out of the operational budget – rather than a budget modification that utilizes the City's, now, limited reserves.
2. If these funds are not encumbered in the budgeting process, the City could make decisions not reflecting these highly probable expenses, this could lead to overspending.
3. During the latest round of Union Negotiations, the PTO arrangement did not come from the operational budget, it came from the City's cash reserves.

Attached, is the salary section for the Property Maintenance Department from FY 2016 – 2023, eight years' worth of budgets.

Finance Committee

Finance Committee Meeting March 27th, 2023

- The Acting Finance Director reviewed the Comprehensive Plan with the Finance Committee

- The Council Representative requested that the Finance Department to expand efforts to push for customers to use electronic services:
    - The Acting Finance Director had an interview with KYUK discussing alternative payment options.
    - The Finance Department had an excerpt in "In the Loop" about ways sales tax and utility payments can be made online.
- During the meeting there was a question regarding removing city licenses from the BMC (Chapter 5).
    - Former director Wright had a very similar discussion with the City Attorney and the City Clerk. He strongly advised against such a decision. Hearing that conversation and rereading the email threads afterwards; the current Acting Finance Director agrees with his rationale for keeping the license requirement. Also, several sales tax audits have been based upon and determined by if an entity had a Bethel business license or not. To repeal the business license requirement after taking several entities through the sales tax audit and legal litigation processes, wouldn't be fair.

Finance Committee Meeting April 24th, 2023

- This meeting did not meet quorum.

Forgiveness of Uncollected Taxes, Penalties, and Interest

(4.16.290(C) BMC Quarterly Report)

"C. Except as provided in subsections A and B of this section, the city may not forgive or waive any amount of uncollected sales tax, interest or penalty. This section shall not prevent the finance director, with the concurrence of the city manager, from discharging debts determined to cost more to collect than what is owed. Such discharges shall occur quarterly, and a report shall be provided to the council of all such discharges at the next regularly scheduled meeting following said discharge. [Ord. 17-39 § 2.]"

During the first quarter of 2023, neither uncollected sales tax, interest, or penalties were forgiven.

Challenges

- The Finance Department is doing significantly better than we have been in maybe a year. We are beginning to see the fruits of labors done in months prior and the affects from the 2022 3rd quarter exodus of staff still wears on us, but less so than in previous months due to the increased capacity of newer staff.
- Tardiness in submitting P-Card holder submitting their receipts. This is really slowing down the reconciliation process.

Goals for the near Future

- To have adequate staffing with the passage of the FY24 operational budget.
- Developing a schedule-based system for the sales tax department, so that we can prepare in advance for the more complicated sales tax-related inquiries.
- Revamping all sales tax and utility billing forms
- We completed establishing internal audits for sales tax, now we are going to implement them for payroll and utility billing.

Attachments:

- Fiscal Year 2010 Finance Department Personnel
- Finance Department Restructure Plan
- Hauled Utilities Attachment
- Indirect Cost Recovery Proposal and Explanation
- General Wage Budget Presentation for eight years

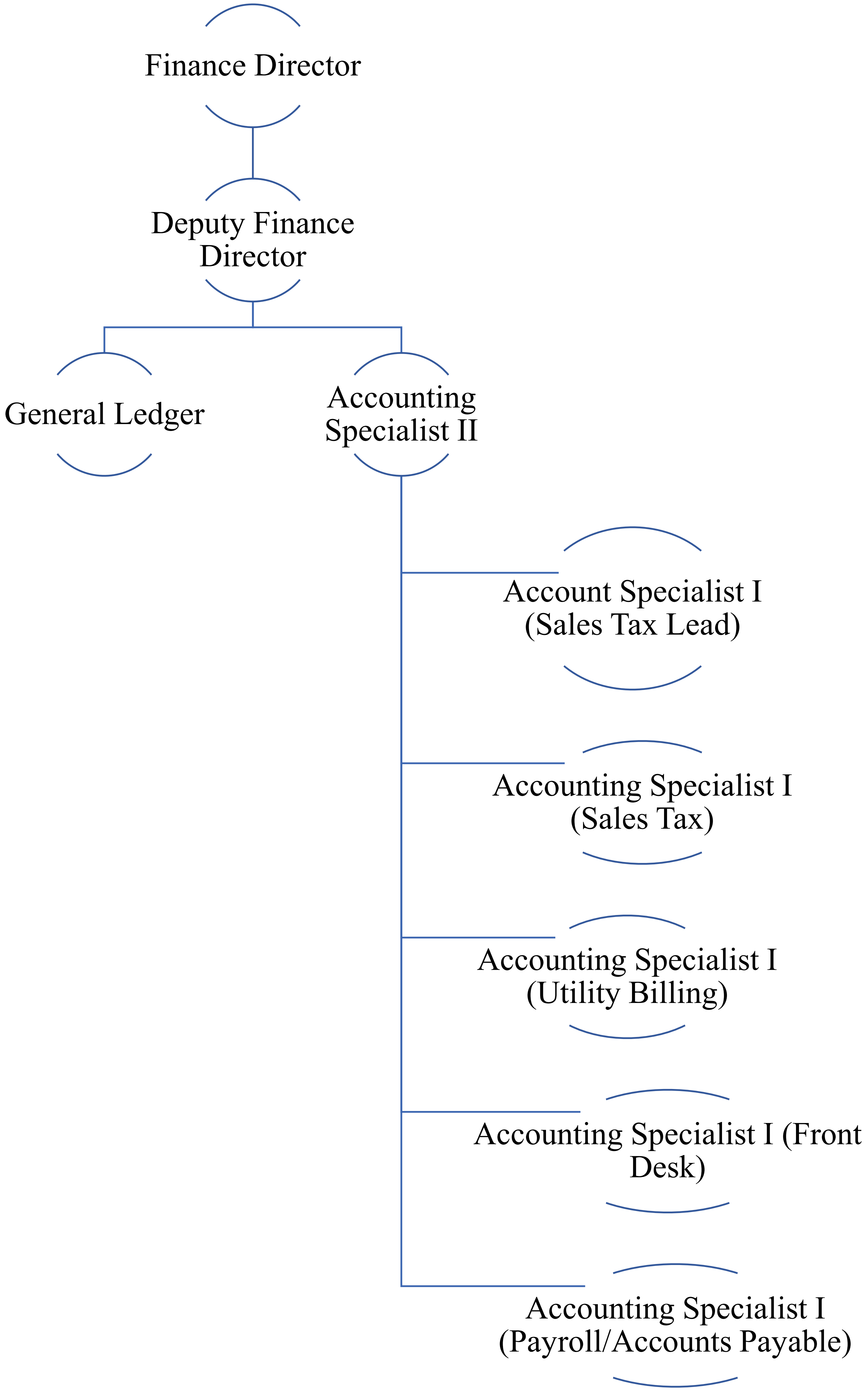
Finance Department 10-53

			FY 2010 Budget	FY 2011 Budget
PERSONNEL				
MIII	F1	Finance Director	90,482	90,482
MII	F0	Senior Accounting Supervisor (85% of $75,993, other 15% allocated to Fund 51-80)		64,594
R5	F2	Accounting Clerk 2 (90% of $59,550; other 10% allocated to Fund 43)		53,595
R5	F3	Accounting Clerk 2		58,354
R5	F8	Accounting Clerk 2		53,625
R4	F9	Accounting Clerk 1 (10% of $38,904, other 90% allocated to Fund 51-80)		3,890
R4	F7	Accounting Clerk 1 (50% of $35,287, other 50% allocated to Fund 51-80)		17,644
MII	F2	Assistant Finance Director (60% of $56,707; 40% allocated to Fund 43)	35,734	
R8	F3	General Ledger Accountant/Analyst	58,354	
R7	F4	Revenue Supervisor (70% of $79,829)	55,880	
R5	F5	Accounting Clerk-Payroll (40% x $68,441 moved to EGHB FY07)	27,376	
R5	F6	Accounting Clerk-Payables	44,117	
R5	F7	Purchasing Agent	53,625	
R4	F8	Senior Customer Service Representative (10% of $47,288)	4,965	
R3	F9	Customer Service Representative (10% of $37,307)	3,602	
R3	F10	Accounting Clerk-Billing/Sales Tax		
		SALARIES	374,135	342,184
		Annual Increase	6,404	9,932
		Overtime	1,500	1,500
		Subtotal	7,904	11,432
		Longevity Bonuses	1,875	-
		Accrued Vacation (8% of Salary)	30,563	28,289
		Social Security (6.2% of Temp Salary)	-	-
		Medicare (1.45% of Salary)	5,540	5,127
		Employee Group Benefits ($1,098 per month x 12 months x 5.20 FTE)	51,917	68,515
		Unemployment (0.80% of Salary)	3,056	2,829
		Workers' Compensation	3,737	3,396
		PERS (22.00% of Salary)	84,049	77,796
		Utility Benefit ($296 per month x 12 months x 5.20 FTE x 67%)	15,231	12,375
		BENEFITS & TAXES	195,967	198,328
		SUBTOTAL PERSONNEL	578,006	551,945
		Revisions to Personnel Budget	(6,865)	
		TOTAL PERSONNEL	571,141	551,945

Finance Department Recruitment

11/23/2022

Current Organizational Structure



Proposed Organizational Structure
(within the next 6 months)

Adding two personnel and segregating duties according to customer type and accounting functionality (for internal control Purposes) congruent with GAAP, while cross-training.

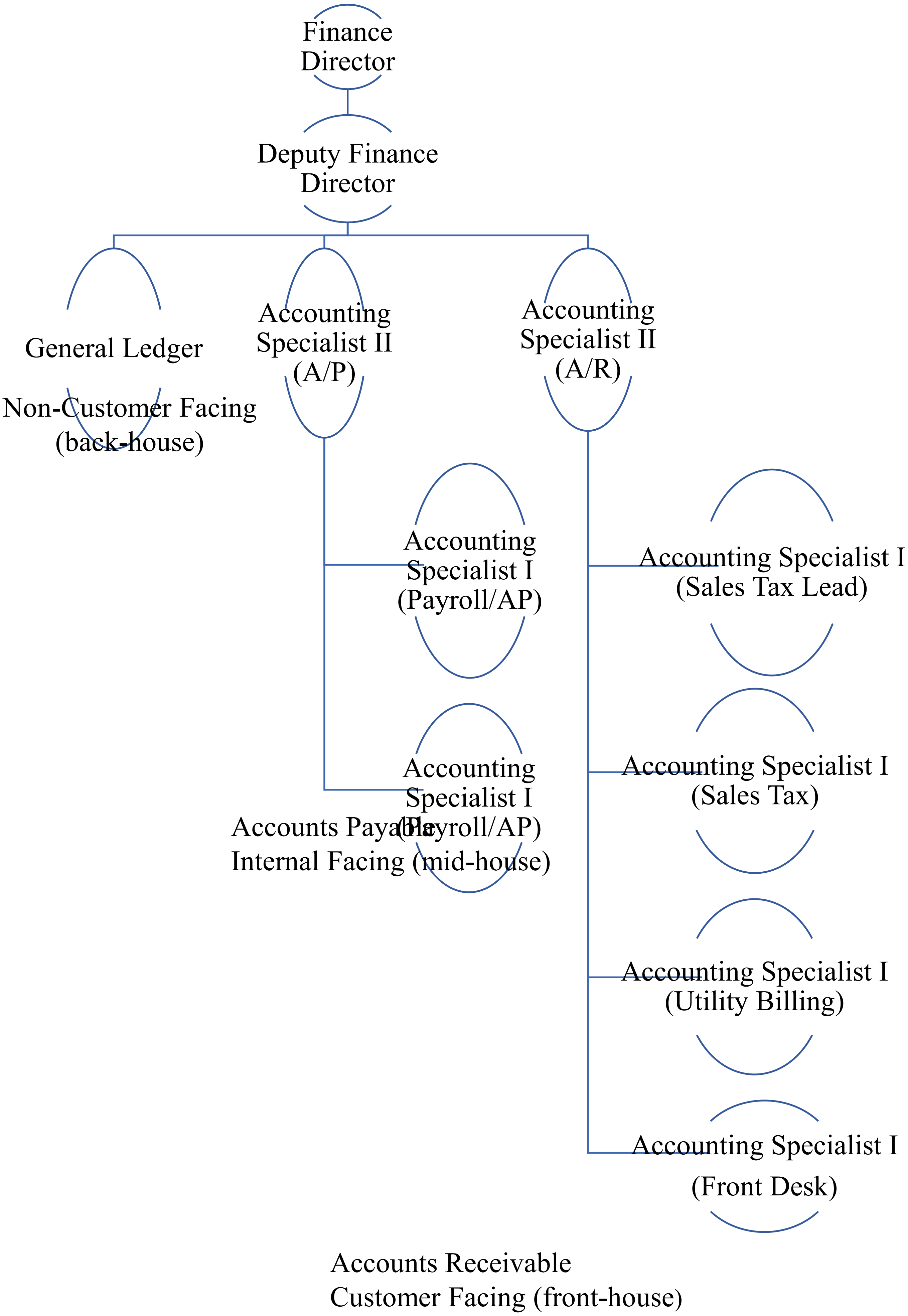
Position 1:

Accounting Specialist II to work A/R and enable us to accommodate the request of reopening at the Public Works Building

Position 2:

Accounting Specialist I focused on Payroll/AP

Proposed Organizational Structure
(within the next 6 months)



Restructuring Goals

1. Increased Capacity:

Retaking duties Finance Department used to have:

- Purchasing Agent (which is a full-time job). An added bonus is this would relieve the Grants Manager, so that he can go after more grants
- Claims against the city (especially during winter)
- Contract and lease management
- Insurance
- Continue reducing dependency, and costs, towards third party vendors (you can see the downward trend below) - this is for the Carmen Jackson (interim staffing) expenditure only:
  - 2016 - $77,078.35
  - 2017 - $118,877.85
  - 2018 - $136,913.25
  - 2019 - $47,993.50 (contract ended, so only partial year)
  - 2020 – $214,777.36
  - 2021 - $249,781.20
  - 2022 - $87,723.71
  - 2023 - $46,267.83

2. Adequate staffing to do our jobs:

- Working two locations (City Hall & Public works)
- Reducing Burnout (more about this in retention)
- Covering for when someone is on PTO, sick, resigns
  - (one person is 14% of our average workforce)
  - In 2020, there was a news article about payroll being missed (we don’t want to repeat this)

Restructuring Goals

3. Better quality of work

We are already beginning to seeing this, but it won't be evident until the completion of the FY22 and FY23 audits. Our books are looking really nice.

A problem that I am recognizing is that staff did not have fully comprehend what they were doing. They were trying to learn too much at one time and making a lot of errors (some of which we are still correcting, two years later).

Now, we have staff specialize in something, master it, and then learning something new, as part of our cross-training. Specialization and then cross-training increases quality of work and reduces dependency on a single person. If you’re interested a wrote a research paper on this and I can elaborate.

Restructuring Goals

4. Retention:

- Retention has significantly increased these past 2 years. There was an exodus in staff during Q2 & Q3 of 2022; however, 2/4 returned in December & January (4 people is equivalent to half the department, not including the finance director).
- Other than management, the second reason for departure of personnel is what I call a natural causes (i.e. relocation).
- The third reason is burnout. Burnout is horrible, because we lose good employees.
  - Several staffers have developed heart palpitations from the stress, including myself. A prior Finance Director referenced the negative affect her job had on her health in a news article too, so I think this is a persistent issue.
  - More staff can level out the unreasonable workload for the amount we are paying. On the plus side, our current crew is doing tasks that have been neglected for over a decade
  - In the past four months, there have been signs of people considering quitting due to burnout. If someone is routinely working 13-hour days, then operations are not sustainable.
  - From my own independent research, a lot of these ailments stem back from when jobs were cut from this department.

Restructuring Goals

5. Reduced Scope of Responsibilities:

The number of responsibilities currently subscribed under the Accounting Specialist II isn't practical or realistic and has yet to be achieved, especially considering the salary range and the life-time expectancy of employment here at the city. However, by limiting the scope of knowledge to either AP or AR this can work. Hence the need for two.

- Salary: AVCP is hiring for Accounts Payable (not including payroll) for $71,000 and we are paying someone to have expertise in AP, Payroll, Utilities, Sales Tax, and a plethora of smaller components for $73,000.
- The only way to get sales tax experience is to work at a municipality or the state, this generally has to be taught in-house.
- The sheer volume of work that needs to be done, is impossible (Purchasing Agent, when done right is a full-time position – and the City had this position in the past).

Costs

Additional Personnel is an additional cost. However, with the Finance Department there is cost savings and the opportunity for further revenue generation that needs to be considered:

- Greater sales tax enforcement (increases revenue)
- Greater utility billing enforcement (increases revenue and reduces costs)
- Reducing turnover (reduces costs)
- Increased capacity (i.e. purchasing officer – permits other personnel such as the Grant Manager to spend more of their time generating revenue, another savings is reduced costs to third-party vendors)
- This will permit management to focus their time and energy away from daily operations (i.e. the front desk) to other pertinent issues; hence reducing turnover in management. Turnover in management is often a precursor to turnover in staff.

Vision

With adequate staffing, I am certain that this will be the best rural municipal finance department by 2025.

When I first interviewed for this position, my goal was to transform this department. I am proud to say that this department is unrecognizable from 2020, and we are just warming up. According to several Department Heads, we are already performing better than we have in at least the last seven years (and I think the FY22 and FY23 audits will attest to it). When the Finance Department succeeds, the City succeeds.

Reminder! Keep Your Access Clear for Hauled Utilities

How To Prevent Service Interruptions

- Keep a clear path to the water and sewer tanks. This includes any obstruction such as parked vehicles, freezer vans, snow piles, toys, bikes, snowmachines, 4 wheelers, etc.
- Don't tie up pets at the water or sewer tank area. Keep area clean of animal feces so as not to contaminate hoses or the boots of the drivers.
- Keep driveways and sewer camlocks clear of snow drifts.
- Have sewer tanks thawed out before day of service or before the evacuation drivers stop to service the tank.
- Keep water fill pipes clear of snow and ice so the tank can be filled.
- Keep water overflow pipes clear of snow and ice to prevent possible flooding of the water tank.
- Keep driveway pads in shape to handle the weight of the water and sewer trucks

Your water tank needs to have a lid secured to the tank to prevent water from overflowing; this ensures that if the tank is full, the only place the water can go is to the overflow pipe.

If a water tank is not sealed at the top and the tank overflows, the City will not be responsible for any damages from a tank overflowing.

Bethel Municipal Code 13.04.305

Access for water delivery.

A. Customers are responsible for maintaining their driveways clear and accessible on dates of scheduled and requested water deliveries.

B. The city will not be responsible for providing services to an address if the driveway is not accessible. This includes any obstruction (such as, but not limited to, parked vehicles, freezer vans, snow, ice, animals, wastes, toys, appliances, snowmobiles, etc.).

C. If the overflows are frozen and the city does not have access to the water tank, the city will not be responsible for filling the tank.

D. If service cannot be completed due to the circumstances described in this section, the city will leave a blue tag at the customer's home advising of the problem in sufficient detail to allow the customer an opportunity to address the issue before the next regularly scheduled delivery.

E. A credit for service will not be given for missed services that result from customer's actions.

Bethel Municipal Code 13.08.250

Access for sewer evacuation.

A. The customer is responsible for maintaining their driveway clear and accessible on dates of scheduled and requested sewage tank evacuation.

B. The city will not provide sewage tank evacuation service to an address if the driveway is not accessible. This includes any obstruction including, but not limited to, parked vehicles, freezer vans, snow, ice, animals, wastes, toys, appliances, or snowmobiles.

C. If the camlocks are frozen and the city does not have access to evacuate the holding tank, the city will not evacuate the tank.

D. If the city cannot service the sewage tank due to the circumstances described in this section, the city will leave a blue tag at the customer's address describing the problem in sufficient detail to allow the customer an opportunity to address the issue before the next regularly scheduled delivery.

E. A credit for service will not be given for services missed because of a customer's action or inaction.

If delivery of service is attempted but not completed because the area was not accessible, the customer WILL BE CHARGED the regular rate of service as if the services were provided.

Indirect Cost Recovery

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Indirect Cost Allocation

Summary and Purpose of Indirect Cost Recovery

In addition to the direct cost of providing services, governments also incur indirect costs. Such indirect costs include shared administrative expenses where a department or agency incurs costs for support that it provides to other departments/agencies (e.g., legal, finance, human resources, facilities, maintenance, technology). The cost to governments to track every expense and directly attribute each cost to each function would exceed the benefits. Indirect cost allocation is an accounting function by which estimates are made to distribute indirect costs to programs or functions, to approximate their full cost. Certain important management objectives (measuring the cost of government services, establishing fees and charges, charging back the cost of internal services to departments/agencies, fully utilizing restricted funds, and requesting reimbursements under federal and state grants, when allowed) can be served by allocating indirect costs. Regardless of the purpose of an indirect cost allocation, a systematic and rational methodology should be used.

This is a standard practice and recommended by the Government Finance Officers Association.

Bethel's Indirect Cost Recovery Allocation Methodology

The four department that has their expenses allocated, in part, to the various enterprise funds are: Administration, City Clerk, Finance, and the City Attorney departments. The percentage of total expenses are as follows:

City of Bethel's Allocation as presented from FY20 – FY23:

Department	Percent to be Allocated
Administration	40%
City Clerk	50%
Finance	50%
City Attorney	20%

City of Bethel's Allocation as presented in FY24:

Department	Percent to be Allocated
Administration	40%
City Clerk	50%
Finance	36%
City Attorney	20%

Then, treated as a separate equation, we determine how these costs need to be allocated by calculating the total payroll and benefits per department within each enterprise fund. Then dividing each departments total by the overall subtotal to determine the percentage. That percentage is then multiplied by the total expense of the four General Fund departments.

Hauled Refuse Example:

Total expenditures from Administration, City Clerk, Finance, and City Attorney = $1,313,023

Hauled Refuse's total personnel expense = $234,336

Total personnel expense from enterprise funds = $6,801,648

Hauled Refuse as a percentage of total personnel expense of enterprise funds = 3.45%

Amount of direct recovery cost allocated to Hauled Refuse = 3.45%*$1,313,023= $45,237.37

If these indirect cost recover costs were counted as revenue for the General Fund, they would equal roughly 8.2% of total revenues. This percentage is in close comparison to cities of similar sizes (albeit significantly stronger revenues) to Bethel. In comparison to Juneau, Ketchikan, and Sitka – Bethel's indirect cost recovery amounts are significantly smaller in proportion to the amount of revenues earned in these cities; however, the overall percentage is similar.

Examples from other Communities

Seattle

Seattle has an indirect cost recovery for enterprise funds, like ours; however, I am unsure of the allocation methods. Additionally, they tax their utilities for commercial users. These tax revenues go directly to the General Fund.

Seattle Utility Tax Structure:

City of Seattle Public Utility Business Taxes					
	2017	2018	2019	2020	2021
City Light	6%	6%	6%	6%	6%
City Water	15.54%	15.54%	15.54%	15.54%	15.54%
City Drainage	11.5%	11.5%	11.5%	11.5%	11.5%
City Wastewater	12%	12%	12%	12%	12%
City Solid Waste	14.2%	14.2%	14.2%	14.2%	14.2%

City of Seattle Private Utility B&O Tax Rates					
	2017	2018	2019	2020	2021
Cable Communications (not franchise fee)	10%	10%	10%	10%	10%
Telephone	6%	6%	6%	6%	6%
Natural Gas	6%	6%	6%	6%	6%

Steam	6%	6%	6%	6%	6%
Commercial Solid Waste	14.2%	14.2%	14.2%	14.2%	14.2%

Anchorage

Anchorage extracts a portion of net profits from the enterprise funds and transfers them to their General Fund.

Juneau

Juneau has interdepartmental charges, these are the same as an indirect cost recovery, worth approximately 6.5% of their total revenues (2023 budget). The organizational structures for most of these communities are different, for instance, Juneau HR is a separate department from the Administration.

The allocation for their interdepartmental charges is as follows:

- Human Resources 23%
- City Clerk 11%
- Finance 44%
- Law 12%

Kenai

Kenai has a Central Administration Cost Allocation that is approximately 9.7% of all general fund revenues of $16,166,027 (2019 budget).

Sitka

Sitka has an indirect cost recovery, they call interfund billings, that are allocated to the General Fund that is roughly 7.6% of their total $37,545,485 revenues (2023 budget).

Ketchikan

Ketchikan has interdepartmental charges, this is the same as an indirect cost recovery, that is allocated as revenue to the General Fund that is roughly 8% of their operational revenues (2023 budget).

FY24 Proposed Indirect Cost Recovery

Several members of the Carmen Jackson staff collaborated together to determine a potentially more accurate and alternative ICR methodology. First they researched how some of their other City clients are allocating indirect costs, as well as reviewing GFOA guidance regarding more formal Cost Allocation Plans. We have yet to determine how the flat % rates for Admin, Finance, Clerks Office, Legal were calculated in years past, but by comparing how close the two allocated amounts are, they may not have been arbitrary.

To allocate indirect costs accurately, the City would need to develop a more formal Cost Allocation Plan through utilization data, time studies, interviewing department heads, etc. in an effort to accurately value the administrative services provided to each non-general fund department. All governments are different, so there is no "one size fits all" in creating an allocation plan/methodology.

Absent any guidance in Municipal Code, nor a formal Cost Allocation Plan, the approach below is a logical and equitable alternative for allocating indirect costs to non-general fund departments. Given the fact that non-general fund department expenditures combined are over 80% of the total general fund budget, it is reasonable to assume that a significant amount of indirect time and effort, materials and supply costs are consumed by these non-general fund departments. This alternative method is purely based on wage/benefit costs in each non-general fund department as a % of the overall general fund expenditure budget. All non-general fund departments have wages and benefits which makes this a logical basis for allocating costs. Also, utilizing the same rate of allocation for each general fund dept (Admin, Finance, Clerks Office, Legal) is equitable. Lastly, the results of this allocation method are very similar to the results of the old flat rate method of allocation that was utilized in years past.

Methodology

Alternative Methodology for Allocation of Indirect Costs to Non-General Fund Departments

- Calculate the ratio of total operating expenses (including salaries & benefits) of the 16 non-general fund departments to the total general fund operational budget for FY 2024.
    - Operating expenses are obtained from the individual departmental tabs
    - This is compared to the Subtotal of Operational Expenditures (before allocations) on the General Fund Summary Tab.
- Since the 16 non-general fund departments account for over 80% of the total general fund budget, it is reasonable to assume that a significant amount of time and effort, materials and supplies are allocated to those departments by the four general fund departments.
- Given that the non-general fund departments have their own budgets for materials, supplies and services, the majority of the costs to be recovered from the four general fund departments should be allocated proportionately based on the non-general fund departments personnel costs (salaries and benefits), and not on their total operational cost.
- To determine an equitable rate for allocation of indirect costs, determine the percentage the labor costs for the 16 non-general fund departments (from their individual dept tabs) compared to the total general fund budget (from the general fund summary tab).
    - In the current example, the personnel costs are approximately 43.7% of the total general fund budget.
- Use the calculated percentage above to allocate overhead or indirect costs proportionately from each general fund department across the non-general fund departments.

This is only one alternative method for allocating indirect costs in a consistent and equitable manner. It is strongly advised that if a more accurate allocation is needed, than a time-study, utilization data analysis or other means of formally identifying and tracking the time and materials dedicated by the general fund departments to the non-general fund departments be explored.

Keep in mind that this percentage is for the allocation of indirect costs within the organization only. Indirect costs may only be allocated to Federal Grants based on an approved indirect cost rate or the de minimis rate of 10%.

This is a very logical and equitable approach to determining Indirect Cost Allocations.

Calculations

Feb-22

FY23 I.C.R. - Overhead Allocation to Non-GF Depts

Account	Non-GF Dept.	FY24 Budget Gross Payroll Per Dept.	FY 24 Materials, Supplies & Services	Total Operating expense	Non-GF Dept Total Operating Expense % Total Operating Budget	Non-GF Dept Payroll % Total Operating Budget	Admin	Clerk	Finance	Legal		
400-50-6710	YK H&F*	$ 625,000.00	0.00	625,000.00	3.74%	**3.74%**	34,449.62	16,629.32	67,922.59	11,871.65		
500-70-6710	H Refuse	234,336.00	245,200.00	479,536.00	2.87%	**1.40%**	12,916.46	6,234.96	25,466.73	4,451.13		
500-71-6710	Landfill	353,768.00	333,556.00	687,324.00	4.11%	**2.11%**	19,499.48	9,412.67	38,446.14	6,719.70		
510-80-6710	Utility Billing	280,194.00	131,100.00	411,294.00	2.46%	**1.67%**	15,444.12	7,455.10	30,450.40	5,322.18		
510-81-6710	H Water	1,199,119.00	1,213,310.00	2,412,429.00	14.42%	**7.17%**	66,094.71	31,904.85	130,315.62	22,776.83		
510-82-6710	P Water	395,538.00	254,180.00	649,718.00	3.88%	**2.36%**	21,801.82	10,524.04	42,985.54	7,513.10		
510-83-6710	BH WTP	314,128.00	560,150.00	874,278.00	5.23%	**1.88%**	17,314.55	8,357.97	34,138.22	5,966.75		
510-84-6710	City Sub WTP	369,245.00	459,050.00	828,295.00	4.95%	**2.21%**	20,352.56	9,824.47	40,128.12	7,013.68		
510-85-6710	H Sewer	1,314,199.00	1,179,260.00	2,493,459.00	14.90%	**7.85%**	72,437.85	34,966.77	142,822.07	24,962.73		
510-86-6710	P Sewer	396,017.00	514,100.00	910,117.00	5.44%	**2.37%**	21,828.22	10,536.79	43,037.60	7,522.20		
510-87-6710	Lagoon	129,261.00	234,321.00	363,582.00	2.17%	**0.77%**	7,124.79	3,439.24	14,047.59	2,455.27		
520-50-6710	Muni Dock	400,021.00	589,359.00	989,380.00	5.91%	**2.39%**	22,048.92	10,643.32	43,472.74	7,598.25		
520-55-6710	SBH	191,751.00	112,470.00	304,221.00	1.82%	**1.15%**	10,569.20	5,101.90	20,838.76	3,642.24		
560-50-6710	Transit	255,840.00	214,589.00	470,429.00	2.81%	**1.53%**	14,101.75	6,807.11	27,803.70	4,859.59		
570-50-6710	V&E Maint	853,050.00	338,800.00	1,191,850.00	7.12%	**5.10%**	47,019.60	22,697.02	92,706.18	16,203.38		
100-XX-6700	ICR - ADMIN	$7,311,467.00	$ 6,379,445.00	$ 13,690,912.00	81.82%	**43.70%**	$403,003.63	$194,535.53	$ 794,581.99	$138,878.67	**1,530,999.83**	**Overhead Allocation**
					16732458.85							

	Dept	FY 24 Gross Payroll Budgeted Per Dept	FY 24 Materials, Supplies & Services Budgeted per Dept	Total Operating expense Budgeted Per Dept	43.7% expense to Non-GF Departments
100-51-6700	Admin	607,683.00	314,600.00	922,283.00	**403,003.63**
100-52-6700	Clerk	334,749.00	110,450.00	445,199.00	**194,535.53**
100-53-6700	Finance	1,227,369.00	591,050.00	1,818,419.00	**794,581.99**
100-56-6700	Legal	232,627.00	85,200.00	317,827.00	**138,878.67**
		2,402,428.00	1,101,300.00	3,503,728.00	**1,530,999.83**
Total Operating Expense Budgeted for FY 24					16,732,458.85
Total Operating Budget for Non-GF Depts					13,690,912.00
% Total Operating Budget for Non-GF Depts					81.82%
Gross Payroll Budget for non-GF Depts					7,311,467.00
% Budgeted Payroll for Non-GF Depts					43.70%

Appendices

Seattle

General Fund Revenue Overview

City Revenue Sources and Fund Accounting System

The City of Seattle budget authorizes annual expenditures for services and programs for Seattle residents. State law authorizes the City to raise revenues to support these expenditures. There are four main sources of revenues. First, taxes, license fees, and fines support activities typically associated with City government, such as police and fire services, parks, and libraries. Second, certain City activities are partially or completely supported by fees for services, regulatory fees, or dedicated property tax levies. Examples of City activities funded in-whole or in-part with fees include certain facilities at the Seattle Center, recreational facilities, and building inspections. Third, City utility services (electricity, water, drainage and wastewater, and solid waste) are supported by charges to customers for services provided. Finally, grant revenues from private, state, or federal agencies support a variety of City services, including social services, street and bridge repair, and targeted police services.

The City accounts for all revenues and expenditures within a system of accounting entities called "funds." The City maintains numerous funds. The use of multiple funds is necessary to ensure compliance with state budget and accounting rules and is desirable to promote accountability for specific projects or activities. For example, the City of Seattle has a legal obligation to ensure revenues from utility use charges are spent on costs specifically associated with providing utility services. As a result, each of the City-operated utilities has its own fund. For similar reasons, expenditures of revenues from the City's various property tax levies are accounted for in separate funds. As a matter of policy, several City departments have separate funds. For example, the operating revenues and expenditures associated with those revenues for the City's parks are accounted for in the Park and Recreation Fund. The City also maintains separate funds for debt service and capital projects, as well as pension trust funds, including the Employees' Retirement Fund, the Fireman's Pension Fund, and the Police Relief & Pension Fund. The City holds these funds in a trustee capacity, or as an agent, for current and former City employees.

The City's primary fund is the General Fund. The majority of resources for services typically associated with the City, such as police and fire or libraries and parks are received into and spent from one of two funds of the City's general government operation: the General Fund for operating resources and the Cumulative Reserve Fund for capital resources.

All City revenue sources are directly or indirectly affected by the performance of the local, regional, national, and even international economies. For example, revenue collections from sales, business and occupation, and utility taxes, fluctuate significantly as economic conditions affecting personal income, construction, wholesale and retail sales, and other factors in the Puget Sound region change. The following sections describe the current outlook for the local and national economies, and present greater detail on forecasts for revenues supporting the General Fund and the Cumulative Reserve Fund.

National Economic Conditions and Outlook

The National Bureau of Economic Research (NBER) officially announced on July 19 that the COVID-19 sparked recession which began in February 2020 ended in April 2020. The two-month downturn was the shortest but also the steepest in U.S. history, it followed a 128-month long expansion – the longest on record since 1854. U.S. real GDP fell by 3.5% and payroll employment by 8.6 million jobs in 2020, the unemployment rate peaked at 14.4% in April 2020. For comparison, real GDP declined by 2.5% and the economy lost 5.9 million jobs in the last recession in 2009, the unemployment rate peaked at 10.6% in January 2010.

In response to the economic downturn, the Federal Reserve lowered its benchmark interest rate to 0% to 0.25% in March 2020 and returned to aggressive quantitative easing, increasing its balance sheet by more than $3 trillion. In the same month, Congress passed the $2.2 trillion economic stimulus bill, the Coronavirus Aid, Relief and Economic Security Act authorizing cash payments, extra unemployment benefits, relief for businesses, support for the health care sector, and state and local government support. An additional $900 billion in stimulus was approved as part of the Consolidated Appropriations Act in December 2020. In March 2021, Congress passed the $1.9 trillion American Rescue Plan Act. The total $5 trillion in pandemic-era stimulus is more than triple the Great Recession aid.

Boosted by massive fiscal stimulus, real GDP recovered faster than during previous recessions and surpassed its pre-recession 2019 Q4 level in 2021 Q2. Labor market recovery will however take longer. The pandemic caused large changes in workers' preferences and employers' demands for skills and exacerbated longer term demographic pressures on labor force participation. Total employment is expected to return to pre-pandemic levels in 2022 Q3, but disruptions in some sectors will last years.

Figure 1. U.S. Real GDP Growth

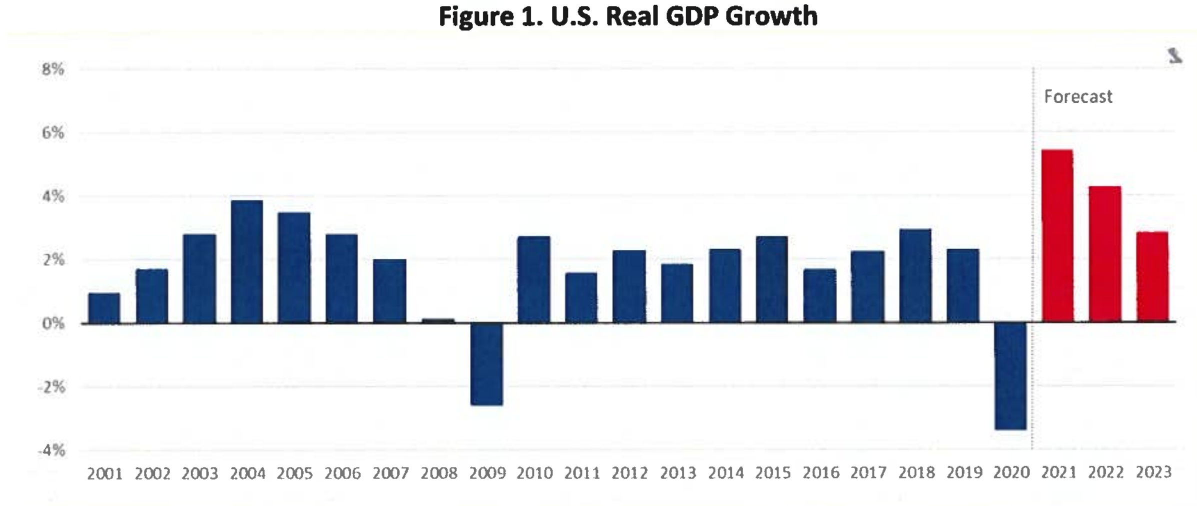
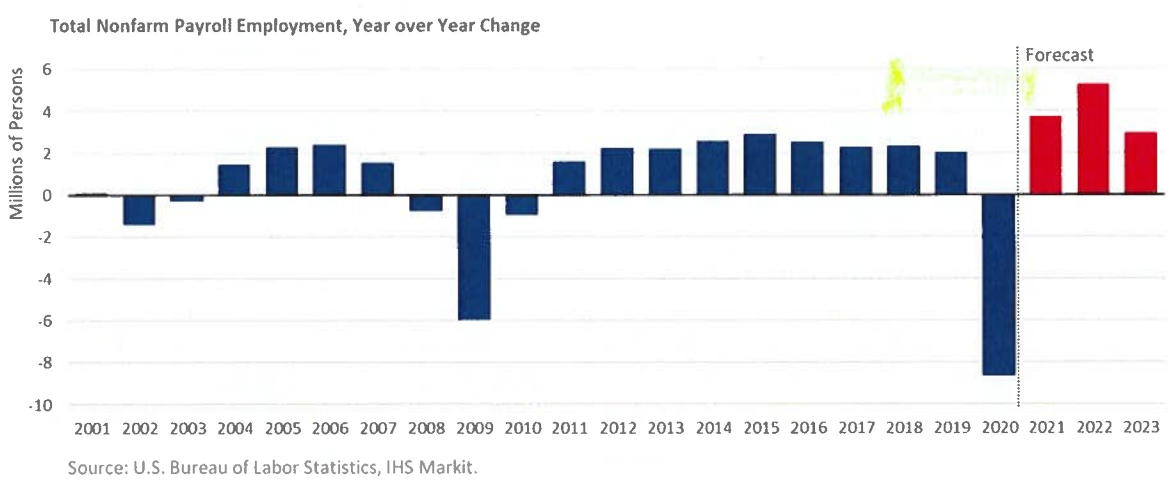


Figure 2. U.S. Total Nonfarm Payroll Employment, Year over Year Change

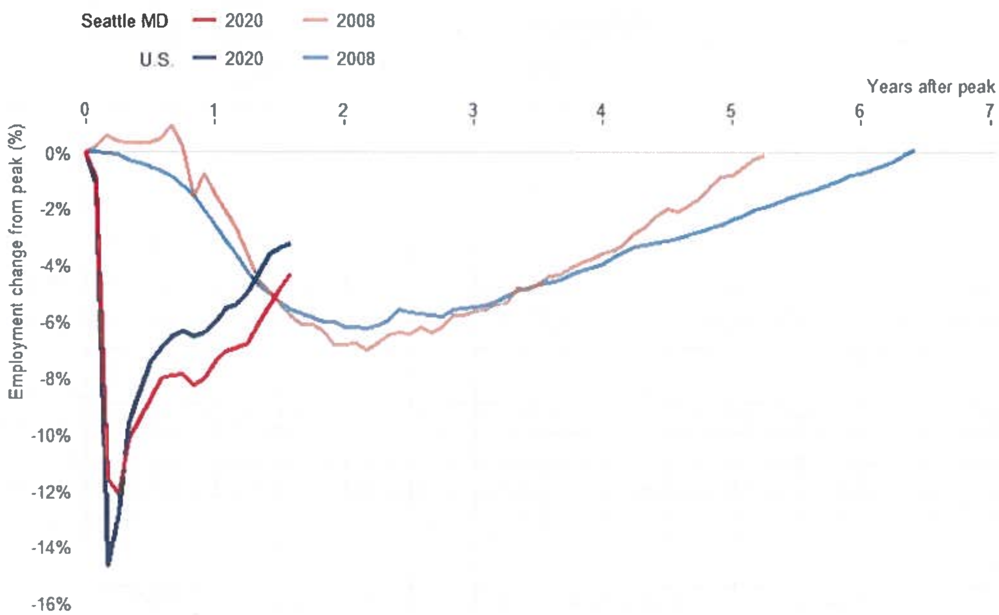


Revenue Overview

Seattle Metropolitan Area Economic Conditions and Outlook

Labor Market The regional economy has in the 2010s considerably outperformed the U. S. economy in income and employment growth. In February 2020, the seasonally adjusted unemployment rate for the Seattle Metropolitan Statistical Area (MSA) was just 3.0%, compared to 3.8% for Washington and 3.5% for the U.S. As a result of the stay-at-home orders imposed in March and April, the unemployment rate increased rapidly nationwide and peaked in April 2020, reaching 16.1% in the Seattle MSA, 16.3% in Washington and 14.7% in the U.S. Since then, it has declined significantly, but in October 2021 it was still elevated: 4.9% in the Seattle MD, 5.0% in Washington and 4.6% in the U.S. The magnitude and the speed at which the job losses occurred is unprecedented, as shown in Figure 3. The recession lasted just two months and the employment situation has significantly improved since then, but job losses are still almost as large as during the deepest point of the Great Recession.

Figure 3. Recession Job Losses in U.S. and Seattle MD

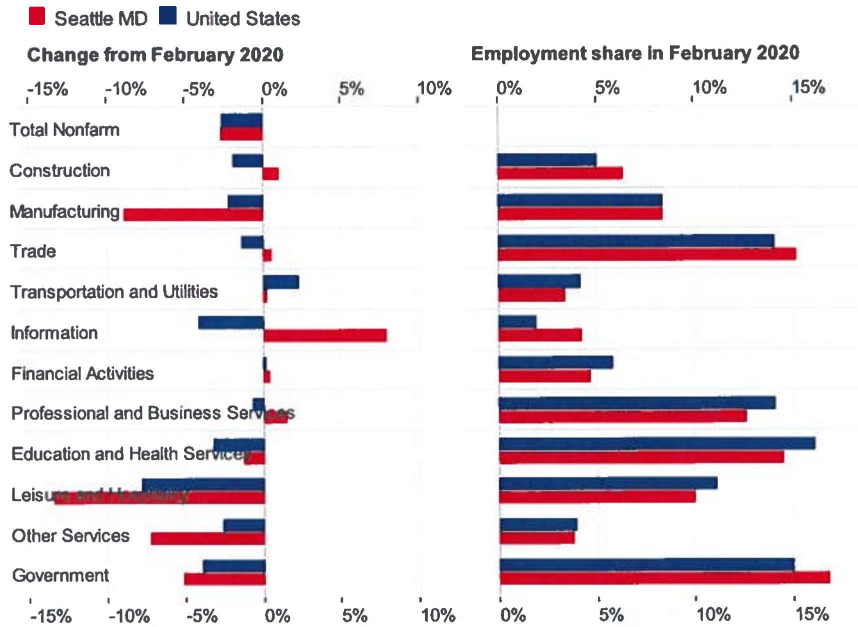


Source: U.S. Bureau of Labor Statistics and Washington State Employment Security Department

Although virtually all sectors in the Seattle region have seen employment increase in the decade after the Great Recession, the principal driver of growth has been high-technology business. Strong growth in the technology sector has spurred growth in professional and business services, as well as leisure and hospitality services and health care. Employment growth at these businesses boosted the demand for office space and housing in the city, spurring a construction boom.

Seattle recovered from both the 1990 and the 2007 recessions much earlier than the U.S. The 2001 recession after the collapse of the dotcom bubble and 9/11 terrorist attacks hit the region harder and the recovery took much longer. The path of total employment recovery from the 2020 recession has so far been slower on the regional than the national level as well. A closer look at the industry sectors in Figure 4 shows where the effects differ considerably. Regional employment in manufacturing and leisure and hospitality services declined significantly more and both sectors are also recovering more slowly than on the national level. These two sectors represented just 18.4% of total regional employment in February 2020, yet account for 67.4% of jobs lost and not recovered in the Seattle MD as of October 2021. The information sector has grown, as work-from-home and e-commerce increased demand for tech sector services.

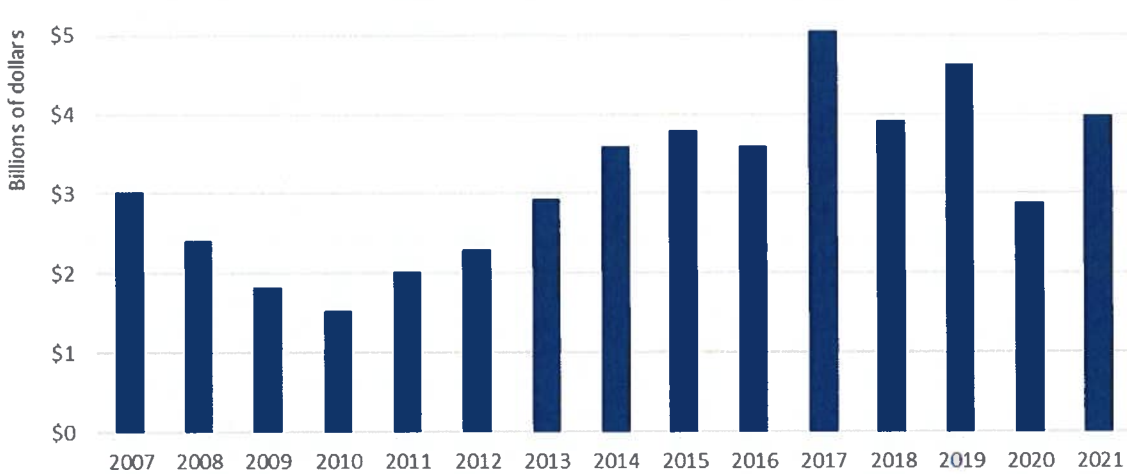
Figure 4. Change in Employment by Industry, Seattle MD vs U.S., February 2020 to October 2021



Source: U.S. Bureau of Labor Statistics, Washington State Employment Security Department. Seasonally Adjusted.

Construction activity is highly cyclical, with periods of strong growth often followed by steep downturns. Seattle experienced a prolonged construction boom in the last ten years. The value of building permits issued by Seattle's Department of Construction & Inspections (DCI) increased from on average $1.82 billion every year between 2000 and 2009, to on average $3.33 billion every year between 2011 and 2019. As shown in Figure 5, permits issued recovered in 2019 after a significant decline in 2020 but they are still below 2019 level. The biggest drop occurred for commercial building permits, which accounted for 56.4% of total in 2019 and ended 14.9% lower in 2021 compared to 2019. Residential permits on the other hand recovered completely, they accounted for 31.5% of total in 2019 and ended 5.1% higher in 2021 compared to 2019. The total value of building permits issued was 15.1% lower in 2021.

Figure 5. Value of Building Permits Issued by City of Seattle



Revenue Overview

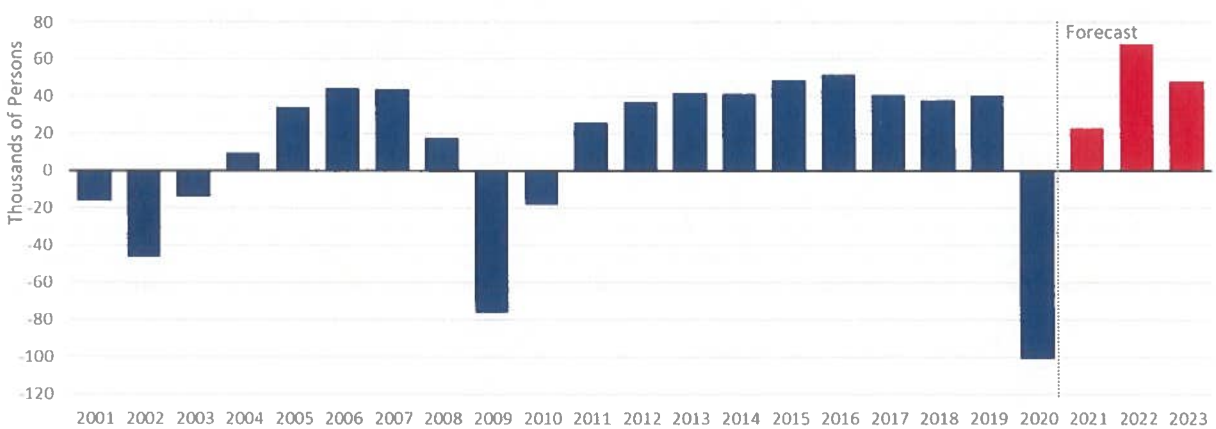
Inflation The Great Recession pushed inflation into negative territory in 2009, the first time in 54 years that consumer prices had declined on an annual basis. During the subsequent recovery, inflation has remained subdued, with the U.S. Consumer Price Index for All Urban Consumers (CPI-U) averaging 1.8% per year over the period 2010-2019. Lower consumer demand due to the COVID-19 pandemic put significant downward pressure on prices, the U.S. CPI-U increased by just 1.0% during the 12-month period ending July 2020. Supply chain disruptions caused by the pandemic in combination with the re-opening economy and demand stimulated by fiscal stimulus caused prices to spike sharply in 2021. Based on the IHS Markit forecast from October, U.S. CPI-U Inflation is expected to reach 4.3% in 2021, then moderate back to slightly above 2% by the end of 2023 and average about 2.3% in the next five years.

Local inflation tends to track national inflation because commodity prices and national economic conditions are key drivers of local prices. Seattle inflation has, however, been running on average about 0.5% higher in recent years due to the region's higher population and income growth and high housing price inflation compared to the nation. From 2011 to 2019, Seattle CPI-U has grown on average 2.2% each year, compared to 1.8% for the U.S. CPI-U. Average annual housing inflation for this period was 3.9% for Seattle and 2.3% for the U.S. This trend will very likely continue, as the pandemic has increased demand in the housing market, resulting in home prices rising quickly. After a drop to 1.6% in 2020, Seattle area CPI-U inflation is expected to continue to track higher than national inflation, reach 4.5% in 2021 and 4.3% in 2023, then average about 2.5% in the next five years.

Regional Economic Outlook The regional economy and its labor force are well diversified, and with a large share of technology and e-commerce sector employment, the Seattle area has the potential for healthy employment growth once the current problems subside.

Based on the October CBO regional economic forecast, Seattle MD payroll employment is expected to grow 1.4% in 2021. Labor market recovery is slow and gradual. Based on the forecast, the 2019 Q4 peak will be reached in 2023 Q1. This would still be a quicker recovery than after the 2007 recession, when employment took five and half years to recover.

Figure 6. Seattle MD Total Payroll Employment, Year over Year Change

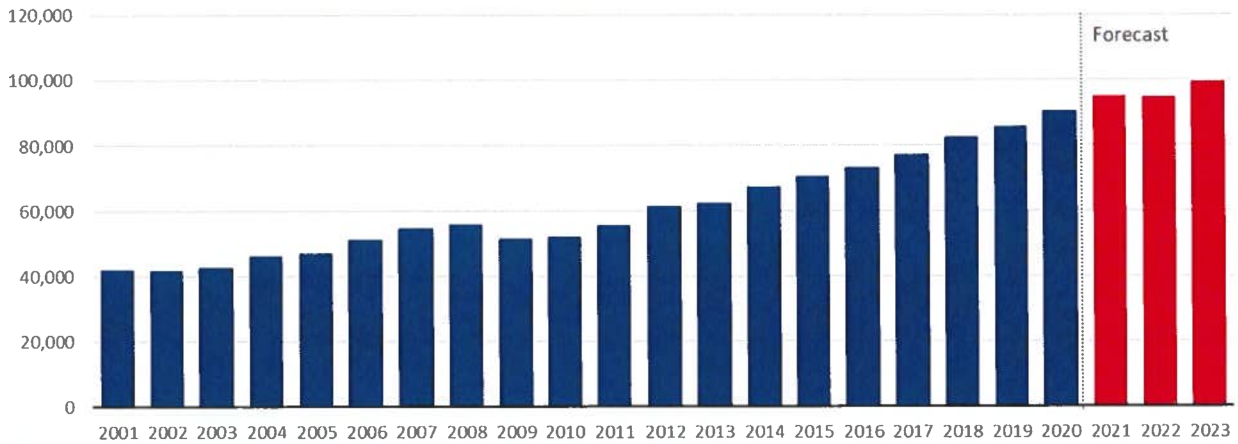


Source: Washington State Employment Security Department, Seattle City Budget Office

Revenue Overview

Personal income per capita in 2021 is expected to be 5.2% higher than in 2020 due to the fiscal stimulus.

Figure 7. Seattle MD Per Capita Personal Income



Source: U.S. Bureau of Economic Analysis, Seattle City Budget Office

There are several sources of uncertainty and downside risk for the regional economy and Seattle in particular, both in the short- and long-run. Initial optimism after the rollout of vaccines in the spring was cooled down by the emergence of the Delta variant at the beginning of summer. Consumer sentiment dropped significantly. Plateaus in TSA screened travelers, hotel occupancy rates, and OpenTable reservations signal a more cautious and slower return to pre-pandemic spending patterns. Major local employers, including Amazon and Microsoft, have delayed the return to office.

Boeing's 737 MAX was finally approved to resume service by the FAA in November 2020 after being grounded in March 2019, but the collapse in demand for travel and canceled orders have led Boeing to consolidate its two 787 assembly lines into a single location in South Carolina. Closing the assembly line in Everett where Boeing employs 30,000 workers will have prolonged negative consequences not just for the local aerospace and manufacturing industry, but the local economy as whole.

Prosperity in the leisure and hospitality sector, local hotels and restaurants, is closely tied to tourism, conventions and cruises. The leisure and hospitality sector was a notable employer in the region before the pandemic and faces a very slow recovery. Long term effects will depend on consumers' perception of how safe it is to engage in these activities. Based on the May 2021 forecast by CBRE Hotels Research in partnership with Kalibri Labs, the Seattle hotel industry will not fully recover until the end of 2024.

The outlook for the construction sector depends largely on the extent to which employers shift to work-from-home and the resulting drop in demand for new office space. Brick-and-mortar retail was hit hard by the pandemic and lost significant market share to online commerce. A large drop in commercial construction permits issued by Seattle DCI foreshadows a decline in construction activity.

Finally, the payroll expense tax that the Seattle City Council passed in July 2020 will add to business costs, possibly slowing down employment recovery, return to office, and making Seattle less attractive relative to other cities in the region. The evidence so far is anecdotal and indirect, evaluating the full impact will take some time.

Revenue Overview

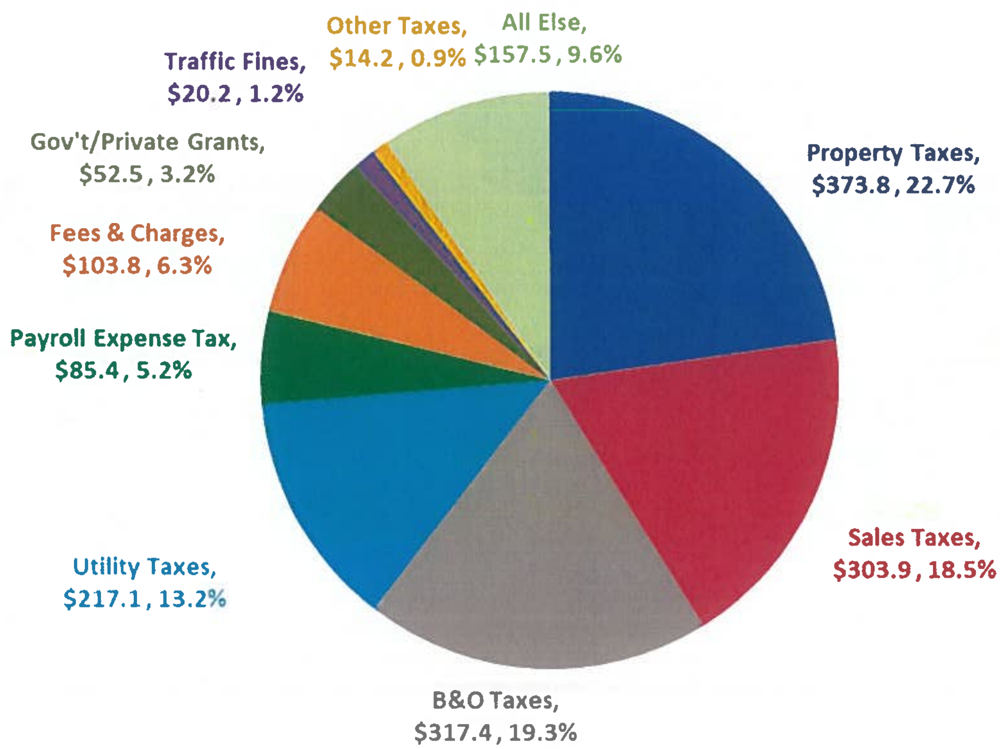
City Revenue

The following sections describe forecasts for revenue supporting the City's primary operating fund, the General Fund, its primary capital funds – the Cumulative Reserve Funds, and three select other funds – the Sweetened Beverage Tax Fund, the Short-Term Rental Tax Fund and the Jump Start Payroll Expense Tax Fund.

General Fund Revenue Forecast

Taxes primarily support expenses paid from the General Fund. The COVID-19 pandemic caused a 5.3% drop in total revenue and a 9.1% drop in tax revenue in 2020. A 29.0% increase in tax revenue expected in 2021 is to a large extent due to a new Payroll Expense Tax (PET). Without this tax, tax revenue would only grow 10.5 % in 2021. Beginning in 2022, total projected PET revenues of $233.9 million are moved from the General Fund to the JumpStart Payroll Expense Tax Fund, but a $85.4 million transfer from the JumpStart Payroll Expense Tax Fund to the General Fund is included in the 2022 Adopted Budget. The total General Fund revenue forecast for the 2022 Adopted Budget is $1,645.9 million, its composition by source is in Figure 8 and Figure 9.

Figure 8. 2022 Adopted General Fund Revenue Forecast by Source ($ Millions)



Revenue Overview

Figure 9. General Fund Revenue, 2019 – 2022*, thousands of dollars

Account Code	Revenue	2019 Actuals	2020 Actuals	2021 Adopted	2021 Revised	2022 Adopted
311010	Property Tax	268,168	285,216	289,088	292,227	303,789
311010	Property Tax-Medic One Levy	52,568	68,571	67,652	68,273	69,978
313010	Retail Sales Tax	268,955	233,939	252,408	273,395	280,007
313030	Use Tax - Brokered Natural Gas	1,502	894	1,296	1,149	1,137
313040	Retail Sales Tax - Criminal Justice	23,006	21,185	21,542	23,377	23,922
314010	Payroll Expense Tax	0	0	214,284	200,139	
316010	Business & Occupation Tax (100%)	302,682	249,184	263,168	298,232	317,427
316020	Admission Tax	11,384	1,742	5,457	8,351	
	Utilities Business Tax – Private Utilities (100%)	45,631	38,129	41,140	41,409	37,820
316180	Tonnage Tax (100%)	6,426	-2,774	5,983	6,393	6,481
317040	Leasehold Excise Tax	6,091	4,459	5,106	5,756	6,441
317060	Gambling Tax	427	278	260	261	350
317090	Short-term Rental Tax	6,845	0	0	0	0
318100	Sweetened Beverage Tax	24,119	-1,271	0	0	0
318210	Heating Oil Tax	0	0	800	-89	781
318310	Transportation Network Company Tax	0	0	5,022	5,563	9,113
335030	Pleasure Boat Tax	142	129	125	125	125
	Total External Taxes	**1,017,947**	**899,681**	**1,173,331**	**1,224,560**	**1,057,370**
316130	Utilities Business Tax - City Light (100%)	57,310	57,850	53,616	56,632	56,175
316140	Utilities Business Tax - City Water (100%)	34,468	34,013	32,792	33,210	35,990
316150	Utilities Business Tax - Drainage/Waste Water (100%)	53,170	54,678	59,797	58,318	62,530
316160	Utilities Business Tax - City SWU (100%)	22,031	30,709	21,020	22,595	23,408
	Total Interfund Taxes	**166,979**	**177,250**	**167,224**	**170,755**	**178,104**

* In the past, 10% of certain tax and fee revenues were shown as revenue to the Parks and Recreation Fund and 90% as General Fund. As of 2009, 100% of these revenues (depicted as "100%" in the table) are deposited into the General Fund. General Fund support to the Department of Parks and Recreation is well above the value of 10% of these revenues.

Revenue Overview

Figure 9. General Fund Revenue, 2019 – 2022*, thousands of dollars, continued

Account Code	Revenue	2019 Actuals	2020 Actuals	2021 Adopted	2021 Revised	2022 Adopted
321010	Professional & Occupational Licenses (100%)	7,296	3,765	4,264	2,374	2,821
321100	Business License Fees (100%)	17,821	15,737	15,492	16,901	18,048
321900	Marijuana License Fees	452	380	0	379	379
322030	Fire Permits & Fees	7,571	6,031	6,055	5,525	6,947
322040	Street Use Permits	1,227	1,213	1,694	543	2,894
322170	Vehicle Overload Permits	219	188	225	170	190
322200	Other Licenses, Permits & Fees	866	552	95	1,959	4,571
322260	Meter Hood Service	2,735	2,854	3,600	4,050	4,388
322900	Other Non Business Licenses	1,213	608	605	607	872
	Total Licenses	**39,400**	**31,327**	**32,029**	**32,507**	**41,109**
331110	Federal Grants - Other	6,427	95,906	5,759	11,654	6,709
331110	Federal Grants - CDBG	0	0	1,080	830	430
333000	Federal Indirect Grants - Other	4,511	3,897	2,377	2,335	1,574
334010	State Grants - Other	4,635	5,748	4,123	5,624	4,123
	Total Federal and State Grants	**15,573**	**105,551**	**13,340**	**20,442**	**12,836**
335010	Marijuana Excise Tax	1,410	1,388	1,350	1,350	1,350
335060	Trial Court Improvement Account	152	151	150	150	150
335070	Criminal Justice Assistance	4,085	4,411	4,100	7,139	4,100
335140	Liquor Excise Tax	4,082	4,938	4,000	4,800	4,000
335150	Liquor Board Profits	5,954	5,999	5,950	5,950	5,950
	Total State Entitlements/Impact Programs	**15,682**	**16,887**	**15,550**	**19,389**	**15,550**

* In the past, 10% of certain tax and fee revenues were shown as revenue to the Parks and Recreation Fund and 90% as General Fund. As of 2009, 100% of these revenues (depicted as "100%" in the table) are deposited into the General Fund. General Fund support to the Department of Parks and Recreation is well above the value of 10% of these revenues.

Revenue Overview

Figure 9. General Fund Revenue, 2019 – 2022*, thousands of dollars, continued

Account Code	Revenue	2019 Actuals	2020 Actuals	2021 Adopted	2021 Revised	2022 Adopted
337010	Interlocal Agreement	452	652	143	0	0
341060	Copy Charges	72	45	60	52	30
341180	Legal Services	1,675	1,675	1,700	1,703	3,057
341190	Automated Fingerprint Information System (AFIS)	3,865	4,476	3,926	3,865	4,500
341190	Fire Special Events Services	1,872	510	879	811	1,665
341190	Personnel Services	0	0	1,120	0	0
341220	Animal Shelter Licenses & Fees	2,322	2,068	1,896	1,747	1,943
341220	Other Service Charges - General Government	2,273	2,549	1,327	642	675
341220	Vehicle Towing Revenues	881	688	650	767	822
342010	Law Enforcement Services	12,668	3,875	9,287	8,641	6,952
342050	Adult Probation and Parole	233	102	220	221	221
342120	E-911 Reimbursements & Cellular Tax Revenue	2,822	4,040	2,377	1,619	718
342160	Emergency Alarm Fees	1,743	1,268	935	611	0
	Total External Service Charges	**30,878**	**21,947**	**24,520**	**20,679**	**20,583**
342040	Court Fines (100%)	29,323	17,028	22,244	17,533	20,228
350080	Municipal Court Cost Recoveries (100%)	430	118	266	65	200
	Total Court Fines	**29,752**	**17,146**	**22,510**	**17,598**	**20,428**
360010	Interest on Investments	3,652	5,290	2,125	2,216	2,216
360130	Other Interest Earnings	6,710	609	375	225	225
360290	Parking Meters	38,298	10,460	9,210	11,323	21,216
360900	Other Revenue	20,527	3,168	1,190	3,873	71,204
	Total Miscellaneous Revenues	**69,187**	**19,528**	**12,899**	**17,636**	**94,860**
341900	Interfund Revenue to City Budget Office	1,989	1,881	1,701	1,594	1,595
341900	Interfund Revenue to HR	17,656	21,708	18,979	20,650	19,142
341900	Miscellaneous Interfund Revenue	24,306	23,305	23,563	23,223	24,146
	Total Interfund Charges	**43,951**	**46,895**	**44,243**	**45,467**	**44,882**
341900	Transfer from - Utilities for Council Oversight	541	605	778	558	558
397010	Transfer from - Payroll Expense Tax Fund	0	0	0	0	85,355
397010	Transfer from - Other Fund	17,125	50,241	73,020	73,020	74,231
	Total Operating Transfers	**17,666**	**50,846**	**73,798**	**73,578**	**160,144**
	Total General Fund	**1,447,016**	**1,387,058**	**1,579,445**	**1,642,612**	**1,645,866**

* In the past, 10% of certain tax and fee revenues were shown as revenue to the Parks and Recreation Fund and 90% as General Fund. As of 2009, 100% of these revenues (depicted as "100%" in the table) are deposited into the General Fund. General Fund support to the Department of Parks and Recreation is well above the value of 10% of these revenues.

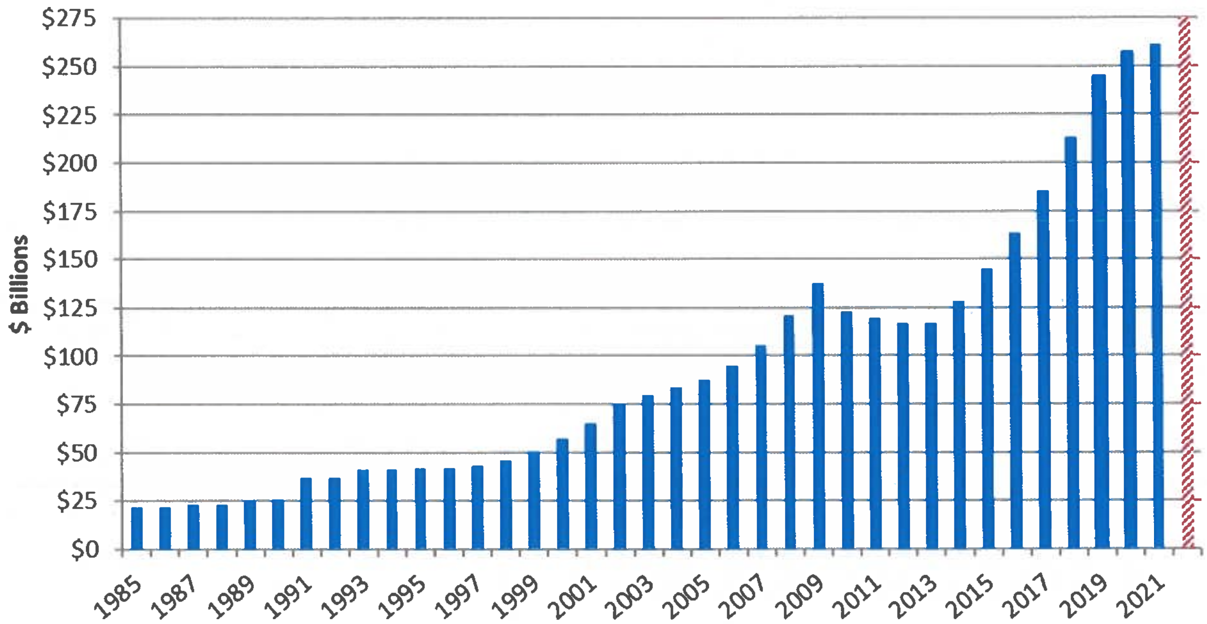
Revenue Overview

Property Tax

Property tax is levied primarily on real property owned by individuals and businesses. Real property consists of land and permanent structures, such as houses, offices, and other buildings. In addition, property tax is levied on various types of personal property, primarily business machinery and equipment. Under Washington State law, property taxes are levied by governmental jurisdictions in accordance with annual levy-amount growth and total tax rate limitations.

Assessed Value (AV) – Although increasing in total value, Seattle AV growth for the 2021 tax collection year slowed significantly from 14.53% in 2019 to 5.09% in 2020 to 1.63% in 2021. Growth is expected to increase to 5.33% and $274.9 billion in total value for the 2022 tax collection year, driven largely by increases in residential property values.

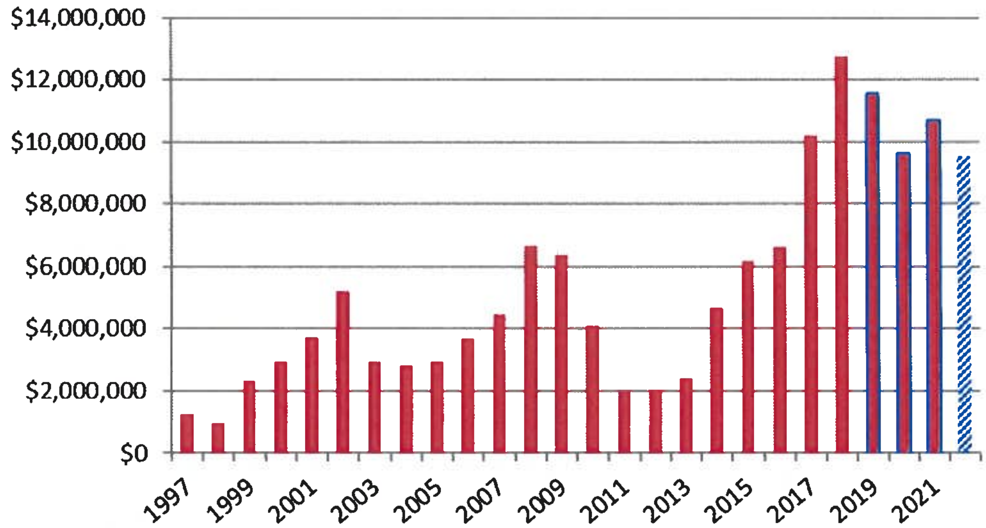
Figure 10. Seattle Total Assessed Value



New Construction -- In addition to the allowed annual maximum 1% levy growth, state law permits the City to increase its regular levy in the current year by an amount equivalent to the previous year's tax rate times the value of property constructed or remodeled within the last year, as determined by the King County Assessor. The City is receiving $10.6 million in additional levy revenues from new construction in 2021 based on $5.00 billion in new construction added to the tax roll. The 2022 Adopted Budget assumes a decrease in new construction value to $4.4 billion in 2021, generating $9.5 million in 2022 revenue. This is an increase of $1.4 million from the 2022 Proposed Budget expectation of $8.1 million.

Revenue Overview

Figure 11. Seattle New Construction Property Tax Revenue



The 2022 Proposed Budget assumes 1% growth plus new construction. The forecast for the 2022 Adopted Budget's General Fund (General Purpose) portion of the City's property tax is $303.7 million. This includes Council changes in the 2022 Adopted Budget from the 2022 Proposed Budget increasing expected revenues by $1.4 from $302.3 million. Additionally, the City is levying approximately $271.4 million for 5 voter-approved lid lifts in 2022. There are no new lid lifts added in 2022 and none expire in 2021. All levy lid lift proceeds are accounted for in other funds than the City's General Fund. Finally, the City is levying $16.3 million in 2022 to pay debt service on voter-approved bond measures.

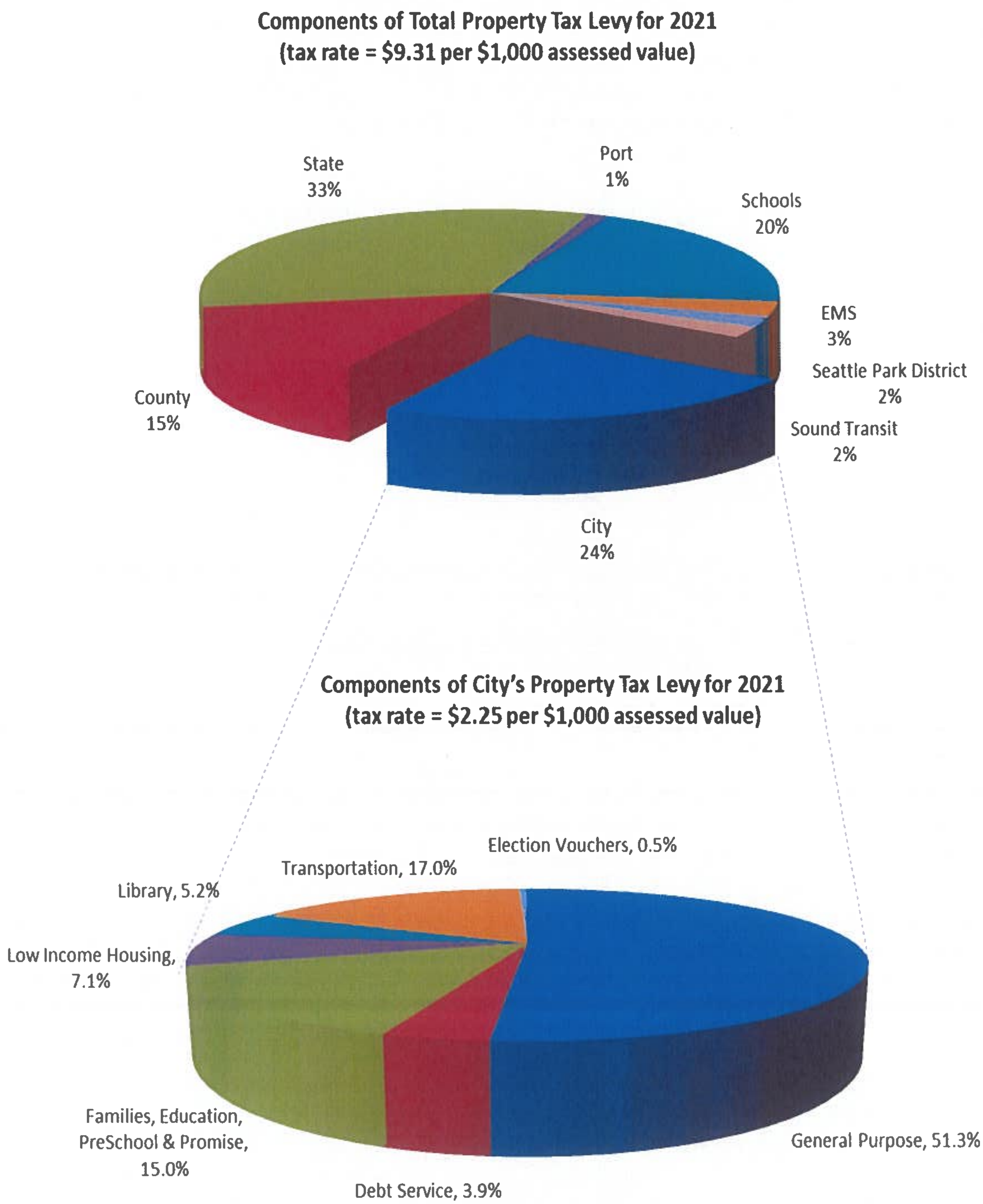
Seattle Parks District. In August 2014, voters approved creation of a Metropolitan Park District (MPD). Pursuant to RCW 35.61, the MPD is a legally separate taxing jurisdiction from the City of Seattle, whose property tax levy authority of $0.75 per $1,000 assessed value is outside of the City's statutory rate limit of $3.60 per $1,000 assessed value and whose revenues will not be accounted for in the City's General Fund. The MPD is levying approximately $56.0 million in 2022.

Medic 1/Emergency Medical Services. Voters in November 2019 approved a 6-year (2020-2025 collection years) renewal of the Medic 1/EMS levy at $0.265 per $1,000 of AV. Seattle's share of this revenue is based on Seattle's assessed value multiplied by the County rate. These revenues are recorded in the General Fund and expended by the Seattle Fire Department. This generates $69.9 million in revenue in 2022.

Figure 12 shows the different jurisdictions whose rates make up the total property tax rate imposed on Seattle property owners, as well as the components of the City's 2021 property tax.

Revenue Overview

Figure 12.



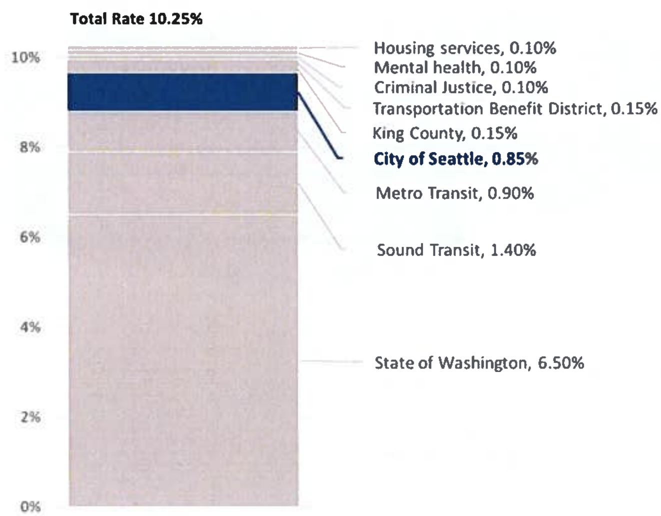
Revenue Overview

Retail Sales and Use Tax

The retail sales and use tax (sales tax) is imposed on the sale of most goods and certain services in Seattle. The tax is collected from consumers by businesses which, in turn, remit the tax revenue to the state. The state sends the City its share of the collections each month.

The sales tax rate in Seattle increased from 10.1% to 10.25% on April 1st, 2021 as a result of the new county housing services tax and the increased transportation benefit district rate approved by voters in November 2020. The basic sales tax rate of 10.25% is a composite of separate rates for several jurisdictions as shown in Figure 13. The City of Seattle's portion of the overall rate is 0.85%. In addition, Seattle receives a share of the revenue collected by the 0.1% King County Criminal Justice Levy. Revenue collected by the Seattle Transportation Benefit District is accounted for in a separate fund and is used to make transportation improvements in Seattle.

Figure 13. Sales and Use Tax Rates in Seattle



Of the City's four major taxes, the sales tax is the most volatile because it is the most sensitive to changing economic conditions. Over half of sales tax revenue comes from retail trade and construction activities, which are very sensitive to changing economic conditions.

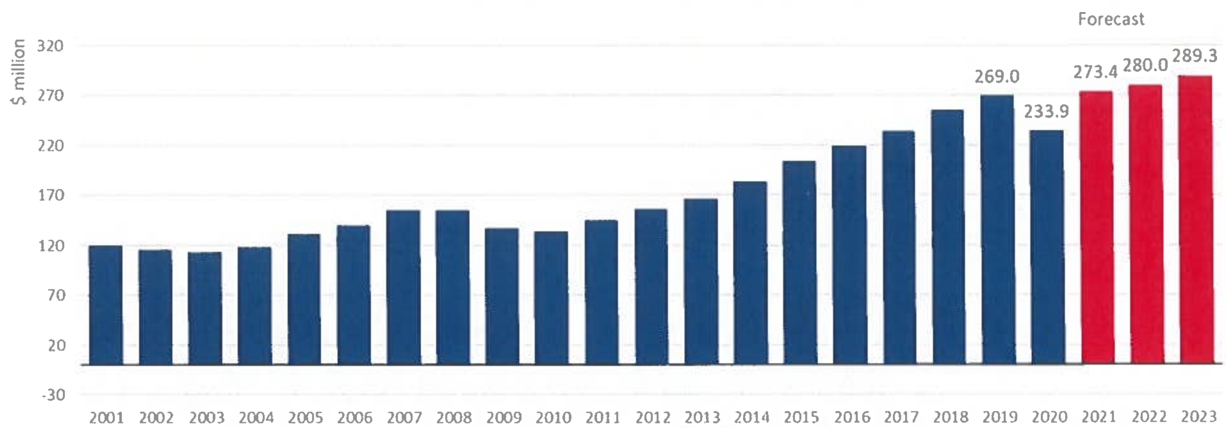
Seattle's sales tax base grew rapidly in the late 1990s, driven by a strong national economy, expansion at Boeing in 1996-1997, and the stock market and technology booms. The recession that followed the bursting of the stock market bubble and the September 11, 2001 terrorist attacks ushered in three successive years of declining revenue. This was followed by four years of healthy growth, 2004–2007, led by a surge in construction activity. That expansion ended in 2008 with the onset of the Great Recession, which caused the largest contraction in the sales tax base in more than 40 years. In a period of five quarters beginning with the third quarter 2008, the sales tax base shrunk by 18.2%. The decline was led by a steep drop in construction along with falling sales in almost every industry.

After hitting bottom in 2010, Seattle's sales tax base has rebounded strongly, with construction leading the way. Other fast-growing industries include motor vehicle and parts retailing, e-commerce retailing, professional, scientific and technical services, accommodation, and food services. Over the 2011-2018 period sales tax revenue increased at an average rate of 8.4% per year.

Revenue Overview

Sales tax revenue fell 13.0% in 2020. The biggest decline took place in tax revenue from leisure and hospitality services which fell by 60.5%. Construction sector revenue declined by 10.8%, but trade services just by 0.2% thanks to online sales. Revenue from the rest of the industries was lower by 7.3%. As fiscal stimulus fuels consumer spending, sales tax revenue is expected to recover in 2021 and reach $273.4 million, which is about $4.4 million or 1.7% above the 2019 level.

Figure 14. Retail Sales Tax Revenue



Source: Washington State Department of Revenue, Seattle City Budget Office

Business and Occupation Tax

Seattle's principal business tax is the business and occupation (B&O) tax, levied on the gross receipts of most business activity that takes place in the city. Small businesses with taxable gross receipts below $100,000 are exempt from the tax. Between January 1, 2008 and January 1, 2016, the City's B&O tax also included a square footage tax that was complementary to the gross receipts tax. The square footage tax was implemented to offset an expected revenue loss from state mandated changes in the allocation and apportionment of B&O income.

The City levies the gross receipts tax at different rates on different types of business activity, as indicated in Figure 15. Most types of business activity, including manufacturing, retailing, wholesaling, and printing and publishing, are subject to a tax of 0.222% on taxable gross receipts. Services and transporting freight for hire are taxed at a rate of 0.427%. In 2017 and 2018, the City increased B&O tax rates to the maximum allowed under state law. In addition, the special 0.15% rate for international investment management services was eliminated on January 1, 2017.

Figure 15. Seattle Business and Occupation Tax Rates, 2016 – 2020

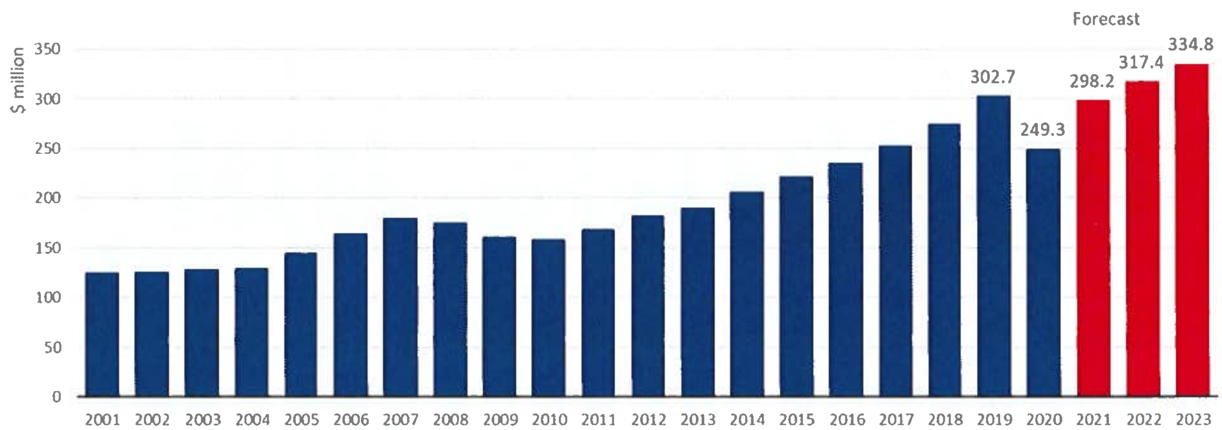
	2016	2017	2018-present
Wholesaling, Retail Sales and Services	0.215%	0.219%	0.222%
Manufacturing, extracting	0.215%	0.219%	0.222%
Printing, publishing	0.215%	0.219%	0.222%
Service, other	0.415%	0.423%	0.427%
International investment management	0.150%	NA	NA

Revenue Overview

Other things being equal, the B&O tax base is more stable than the retail sales tax base. The B&O base is broader than the sales tax base, which does not cover most services. In addition, the B&O tax is less reliant than the sales tax on the relatively volatile construction and retail trade sectors, and it is more dependent upon the relatively stable service sector.

B&O receipts have fluctuated with the economy's ups-and-downs, rising rapidly during the late-1990s stock market and dot-com boom and the housing bubble of the mid-2000s, going flat from 2001–2004 during the previous decade's first recession, and falling sharply during the Great Recession. During the Great Recession, the B&O tax base lost 16.8% of its value between first quarter 2008 and second quarter 2010.

Figure 16. B&O Tax Revenue



Source: Seattle City Budget Office

B&O tax revenue has grown at a healthy pace during the recovery from the Great Recession. Over the 2011-2018 period, revenue increased on average at a 7.2% annual rate. Growth was weak in 2013 because of a drop in revenue from audit activity and an increase in refund payments, not because of a weakening of tax base growth. Industries growing rapidly during the recovery have been construction, information, real estate, management of companies and enterprises, food services, and accommodation.

B&O revenue payments fell 17.6% in 2020. The leisure and hospitality sector was the biggest contributor to total B&O revenue decline, accounting for 26.4% of the drop in payments for the 2020 obligation year. Professional and business services accounted for an additional 22.9% of the drop, trade 16.9% and construction 12.3%. B&O tax revenue from information services increased by 6.3% and offset some of the loss. In addition to the negative effects of the pandemic, revenue dropped as a result of HB 1059, which changes the due date for annual payments from January 31 to April 15 beginning with 2020 obligations. January and February payments were accrued to 2020, but April and May payments accrued to 2021. Just like sales and use tax, B&O revenue is expected to recover in 2021. Payments for the first two quarters of 2021 are just 0.94% lower than payments from the same period in 2019, with strong information and financial services sectors countered by slight declines in leisure and hospitality and to a smaller extent professional and business services.

Revenue Overview

Utility Business Tax - Private Utilities

The City levies a tax on the gross income derived from sales of utility services by privately owned utilities within Seattle. These services include telephone, steam, cable communications, natural gas, and refuse collection for businesses.

Natural gas prices remain low. The City levies a 6% utility business tax on gross sales of natural gas and on sales of steam which has natural gas as an energy source. The bulk of revenue from the natural gas tax is received from Puget Sound Energy (PSE). PSE's natural gas rates are approved by the Washington Utilities and Transportation Commission (WUTC). Another tax is levied on consumers of gas delivered by private brokers. It is also assessed at 6% on gross sales. Spot prices, those paid for delivery in the following month, continue to be low. Temperatures play a key role in gas related revenues and are inversely related to natural gas usage and subsequent tax receipts.

Telecommunications tax revenues continue to decline. The utility business tax is levied on the gross income of telecommunication firms at a rate of 6%. Revenue from traditional land-line services has been on a steady decline. This was counteracted by the increasing prevalence of mobile/wireless phones. While new smartphone users have added to the wireless tax revenue base, the increased use of data and internet services which are not taxable have caused declines in the revenue streams.

As more and more wireless phone users are using the devices for data transmission instead of voice or text applications, and telecom companies change their rate plans to respond to this consumer behavior, the City may continue to see tax revenue declines. Some recent court decisions have altered what types of wireless phone calls the City can tax; the City may no longer assess a tax on interstate and international phone calls. There are continued pressures on this revenue stream.

Cutting the cord is affecting Cable Tax revenues. The City has franchise agreements with cable television companies operating in Seattle. Under the current agreements, the City levies a 10% utility tax on the gross subscriber revenues of cable TV operators, which accounts for about 90% of the operators' total revenue. The City also collects B&O taxes on miscellaneous revenues not subject to the utility tax. The imposition of a 4.4% franchise fee makes funds available for cable-related public access purposes. This franchise fee is deposited into the City's Cable Television Franchise Fund. Cable revenues have been declining year over year for some time. Increased competition from satellite and streaming services appear to be taking customers away from traditional cable providers. That is expected to continue and will be a drag on revenues.

Utility Business Tax - Public Utilities

The City levies a tax on most revenue from retail sales collected by City-owned utilities (Seattle City Light and Seattle Public Utilities). Tax rates range from a State-capped 6% on City Light up to a current 15.54% on the City Water utility. The COVID-induced recession is having a small impact on commercial revenues for the utilities, while residential usage is resilient. The 2022 Adopted Budget assumes moderate growth in usage and utility rates yielding an approximately 4.0% growth in 2022 for all public utility revenues compared to 2021 revised expectations, to a combined $177.7 million. This includes Council changes in the 2022 Adopted Budget from the 2022 Proposed Budget reducing expected Water utility revenues by $911,000 from $34.1 million to $33.2 million and increasing Sewer utility revenues by $520,000 from $57.8 million to $58.3 million.

Revenue Overview

Other Notable Taxes

Admission Tax. The City imposes a 5% tax on admission charges to most Seattle entertainment events, the maximum allowed by state statute. This revenue source is highly sensitive to swings in attendance at events and is dependent on economic conditions, as people's ability to spend money on entertainment is influenced by the general prosperity in the region. The COVID-19 pandemic has almost completely wiped out admissions tax revenue in 2020. Full recovery is expected by 2022, aided by the revenue generated by the new Climate Pledge Arena. Beginning in 2022, all admissions tax revenues will be receipted into the Arts & Culture Fund. The Office of Arts and Culture section of this document provides further detail on the office's use of Arts Account revenue from the admission tax and the implementation of this change.

New Heating Oil Tax delayed. Effective September 1, 2020, Council imposed a $0.236 per gallon tax on heating oil service providers for every gallon of heating oil sold and delivered within Seattle. In consideration of the pandemic's effects on households and businesses, Council delayed implementation until September 1, 2021 and then further delayed until April 1, 2022. This tax is estimated to generate approximately $780,000 in 2022. The revenues primarily support low-income household oil furnace conversion programs administered by the Office of Sustainability and Environment.

New Transportation Network Company Tax. In November 2019, Council approved a tax on transportation network companies (TNC), such as Uber and Lyft, effective July 1, 2020. As approved, the tax of $0.57 per trip is owed for all rides originating in Seattle by TNC's with more than 1 million rides per calendar quarter. Council has reduced the ride threshold to 200,000 rides per quarter effective in October 2020. The first proceeds are not expected until the first quarter of 2021. This tax is estimated to raise $5.5 million in 2021 and $9.1 million in 2022.

Licenses and Permits

The City requires individuals and companies conducting business in Seattle to obtain a City business license. In addition, some business activities, such as taxi cabs and security systems, require additional licenses referred to as professional and occupational licenses. The City also assesses fees for public-safety purposes and charges a variety of fees for the use of public facilities and rights-of-way.

In 2005 the City instituted a two-tier business license fee structure. The cost of a license, which had been $80 per year for all businesses, was raised to $90 for businesses with worldwide revenues of more than $20,000 per year and lowered to $45 for businesses with worldwide revenues less than $20,000 per year. The City increased the fees for 2015 license renewals to $110 and $55, respectively. To provide funding for additional police officers, a new business license fee structure took effect for 2017 licenses. Fees increased for businesses that have a taxable income (reported for B&O tax purposes) greater than $500,000. Fees for all other businesses remain at 2016 levels until 2020. Fee increases were being phased in over a three-year period, 2017–2019, and will increase with inflation annually thereafter.

Revenue Overview

Figure 17. Business License Fee Schedule, 2016 – 2021

Taxable income	2016*	2017	2018	2019	2020	2021	2022
Less than $20,000	$55	$55	$55	$55	$56	$56	$59
$20,000 - $500,000	$110	$110	$110	$110	$113	$114	$120
$500,000 - $2 mil.	$110	$480	$480	$500	$511	$515	$543
$2 mil. - $5 mil.	$110	$1,000	$1,000	$1,200	$1,227	$1,238	$1,306
More than $5 mil.	$110	$1,000	$2,000	$2,400	$2,455	$2,476	$2,613

*2016 fee is based on worldwide gross income, not taxable income.

Parking Meters/Traffic Permits

As part of the overall response to the Corona virus, the City suspended on-street parking rates as of April 4, 2020. On July 13 the system was restarted with rates set at $0.50 per hour and are anticipated to increase gradually at intervals as occupancy levels increase with the recovery into 2021 and 2022. Overall, 2020 revenue losses, relative to 2019 Actuals were about $28 million, falling from $38.3 million to $10.4 million. 2021 revenues are anticipated to increase slightly to $11.3 million, then more substantially in 2022 to $21.2 million as rates continue to rise in response to greater demand for on street parking. In response to the updated forecast, Council increased 2022 Adopted Budget parking meter revenues $1.8 million from the 2022 Proposed Budget of $19.3 million.

Street Use and Traffic Permits. Traffic-related permit fees, such as meter hood service, commercial vehicle load zone, truck overload, gross weight and other permits are tied to construction and trade services primarily. These revenues are projected to increase modestly as service work returns more fully in 2021 and 2022 but construction activity slows. The 2022 Adopted Budget assumes revenues of approximately $4.8 million in 2021 and $7.4 million in 2022.

Court Fines

Typically, between 50% and 60% of court fine revenues collected by the Seattle Municipal Court are from parking citations written by Seattle Police Department parking enforcement (PEOs) and traffic officers. Fines from photo enforcement in selected intersections and school zones now comprise approximately 35-45% of revenues and 5-10% comes from traffic and other non-parking related citations.

Total 2022 General Fund court fines and fees revenues are projected at $20.2 million in 2022, and $17.5 million in 2021, up from $17.0 million in 2020. Previous forecast in the 2022 Proposed Budget was for total court fines and fees revenues of $26.7 million in 2022 and $24.7 in 2021. Of this total, red-light camera enforcement revenues (i.e., non-school zone cameras) are anticipated to be $3.9 million in 2022. The 2020 red-light camera revenue is fully recognized in the General Fund. Beginning in 2021 the City will again direct 20% of red-light camera revenues to the School Safety Traffic and Pedestrian Improvement (SSTPI) Fund after Council suspended this transfer for 2018-20. These transfer amounts into the SSTPI Fund are estimated at $940,000 in 2021 and $984,000 in 2022. Non-camera fine revenues are projected at approximately $15.9 million in 2022, which is an increase from expected 2021 revenues of $13.5 million.

The 2022 Adopted Budget includes revenues from 3 new school zone speeding enforcement cameras active for the fall 2021 term. This is a downward revision from previous plans to install 10 new cameras at 6 schools effective January 2021. The 2022 Proposed Budget did not include any additional cameras or revenue in 2021 or 2022 and forecast 2022 revenues at $10.6 million and 2021 revenues at $5.4 million. Council increased revenues in the 2022 Adopted Budget to $6.9 million in 2021 and $14.2 million in 2022. School zone camera revenues are accounted for in the School Safety Traffic and Pedestrian Improvement (SSTPI) Fund.

Interest Income

Through investment of the City's cash pool in accordance with state law and the City's own financial policies, the General Fund receives interest and investment earnings on cash balances attributable to several of the City's funds that are affiliated with general government activities. Many other City funds are independent, retaining their own interest and investment earnings. Interest and investment income to the General Fund varies widely, subject to significant fluctuations in cash balances and changes in earnings rates dictated by economic and financial market conditions. Rates are projected to increase gradually coming out of the current period as the economy stabilizes and the Federal Reserve tapers off its actions in response to the recession. This revenue will remain reduced at about $2.2 million in 2021 and 2022.

Revenue from Other Public Entities

Washington State shares revenues with Seattle. The State of Washington distributes a portion of tax and fee revenue directly to cities. Specifically, portions of revenues from the State General Fund, liquor receipts (both profits and excise taxes), and motor vehicle fuel excise taxes, are allocated directly to cities. Revenues from motor vehicle fuel excise taxes are dedicated to street maintenance expenditures and are deposited into the City's Transportation Fund. Revenues from the other taxes are deposited into the City's General Fund.

Criminal Justice revenues. The City receives funding from the State for criminal justice programs. The State provides these distributions out of its General Fund. These revenues are allocated on the basis of population and crime rates relative to statewide averages. These revenues have been affected by State budget changes in the recent past and, while not expected, could be affected in future budgets out of Olympia.

Marijuana related revenues are being shared with local jurisdictions. As part of the State's 2016 budget, marijuana related tax revenues are being shared with local jurisdictions for public safety purposes. The state has adopted a complicated allocation of these revenues, but in general only those cities in counties that have legalized marijuana sales will receive excise tax distributions based on both their jurisdictions proportion of marijuana related sales as well as a per capita basis. Because this is a relatively new revenue stream with a growing tax base, the forecast is imprecise.

State budget restores liquor related revenues to cities. Cities in the state of Washington typically receive two liquor related revenues from the State. One is related to the liquor excise tax on sales of spirits and the other is a share in the State Liquor and Cannabis Board's profits accrued from the operation from their monopoly on spirits sales. The State no longer holds the monopoly in liquor sales in the state due to the passing of Initiative 1183 in November of 2011. The initiative guaranteed the cities would continue to receive distributions in an amount equal to or greater than what they received from liquor board profits prior to the implementation of the initiative as well as an additional $10 million to be shared annually. There was no guarantee concerning liquor excise taxes. In recent budgets the State has eliminated, on a temporary basis, the sharing of liquor excise taxes. The most recent State budget has restored fully the excise tax funding to cities.

Service Charges and Reimbursements

Internal service charges reflect current administrative structure. In 1993, the City Council adopted a resolution directing the City to allocate a portion of central service expenses of the General Fund to City utilities and certain other departments not supported by the General Fund. The intent is to allocate a fair share of the costs of centralized general government services to the budgets of departments supported by revenues that are largely self-determined. These allocations are executed in the form of payments to the General Fund from these independently supported departments. More details about these cost allocations and methods are detailed in the Cost Allocation section of this budget.

Interfund Transfers

Interfund transfers. Occasionally, transfers from departments to the General Fund take place to pay for specific programs that would ordinarily be executed by a general government department or to capture existing unreserved fund balances. A detailed list of these transfers is included in the General Fund revenue table. This includes the transfer of school zone camera revenues described under Court Fines above.

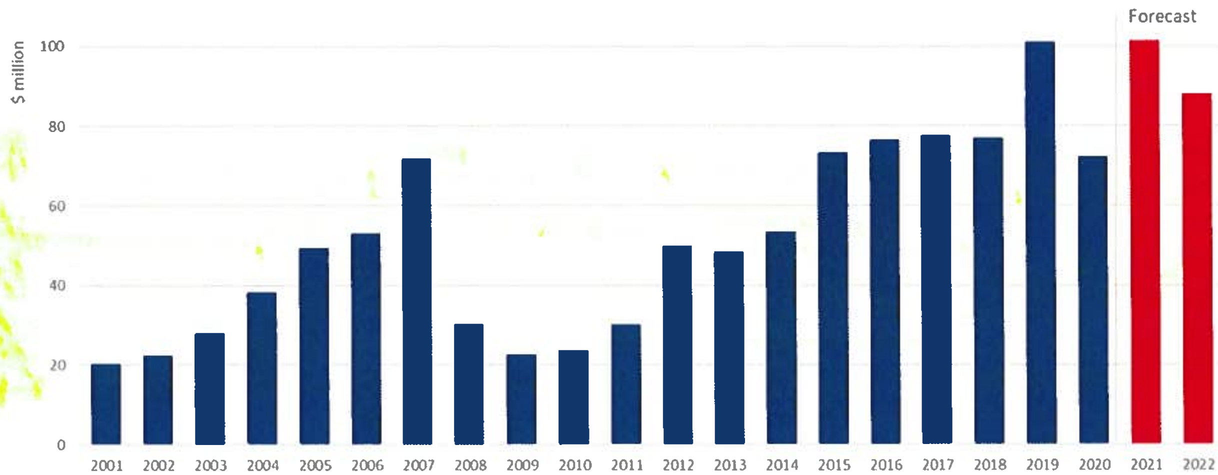
Cumulative Reserve Fund – Real Estate Excise Tax

Cumulative Reserve Fund resources are used primarily for the maintenance and development of City general government capital facilities. These purposes are supported mainly by revenues from the Real Estate Excise Tax (REET), but also, to a lesser degree, by the proceeds from certain property sales and rents, street vacation revenues, General Fund transfers, and interest earnings on fund balances.

The REET is levied by the City at a rate of 0.5% on sales of real estate measured by the full selling price. Because the tax is levied on transactions, the amount of revenue that the City receives from REET is determined by both the volume and value of transactions.

REET revenue spiked in 2019, as sellers, particularly those of large real estate, rushed to close sales before the scheduled increase in state tax rates in January 2020. This, and the increased uncertainty brought about by the pandemic, led to a large drop in 2020 revenue from real estate valued above $10 million. But in 2021 a number of large properties were sold again, together with rising home prices and the generally high residential sales, this led to a significant upward revision of the REET forecast. The Adopted Budget anticipates $101.5 million in revenue in 2021 followed by $88.0 million in 2022 as the housing market begins to cool.

Figure 18. REET Revenues



Revenue Overview

Sweetened Beverage Tax Fund

On June 5, 2017, the City Council approved the Sweetened Beverage Tax (SBT) effective January 1, 2018. Distributors of sweetened beverages are liable for the tax of $0.0175 per fluid ounce of sweetened beverage distributed into the city of Seattle for final sale to the consumer. Sweetened beverages include sodas, energy drinks, sweetened juices and teas, sport drinks and ready-to-drink coffee drinks. The 2022 Proposed Budget included revenues of $22.3 million in 2022 and $20.7 million in 2021. Based on the November forecast, Council reduces these amounts in the 2022 Adopted budget to $20.38 million in 2022 and $18.2 million in 2021. Although restaurant consumption is anticipated to increase somewhat in 2021 and further in 2022, this growth has proven slower than previously anticipated. The City received $15.6 million in 2020 and $24.1 million in 2019. Revenues will be used to fund educational and food access programs primarily through the Department of Education and Early Learning (DEEL), the Human Services Department (HSD) and the Office of Sustainability and Environment (OSE). Beginning in 2020 these revenues and associated expenditures are moved from the General Fund to the Sweetened Beverage Tax Fund in the City's accounting system.

Short-Term Rental Tax Fund

Effective January 1, 2019, the State legislature authorized the public facilities district that is the Washington State Trade and Convention Center to impose a 7% tax on the sale of or charge made for the furnishing of lodging (including but not limited to any short-term rental). The proceeds generated from short-term rental charges in Seattle are distributed to the City of Seattle to support community-initiated equitable development and affordable housing programs. These revenues have been severely affected by the significant reduction in travel due to COVID-19 concerns. Under general expectations of a gradual reopening of travel and tourism, the 2022 Adopted Budget assumes 2021 and 2022 revenues of $7.2 million and $9.8 million respectively. Beginning in 2020 these revenues and associated expenditures are moved from the General Fund to the Short-Term Rental Tax Fund in the City's accounting system.

JumpStart Payroll Expense Tax Fund

On July 6, 2020 the City Council approved the Payroll Expense Tax (PET) effective January 1, 2021. The tax is on businesses with $7 million or higher Seattle payroll expense in the prior year. The tax rates are tiered according to the size of the businesses payroll (less than $100 million/$100 million to less than $1 billion/$1 billion or more) and the employee's compensation (less than $150,000/$150,000 to less than $400,000/$400,000 or more). Tax rates range from 0% for employees with annual compensation less than $150,000, regardless of the size of the business' overall payroll, to 2.4% for employees with annual compensation of $400,000 or more, working in businesses with total payroll of $1 billion or greater. For 2021, businesses will consolidate quarterly filing information and report and pay on a single tax return due January 31, 2022. For 2022 and going forward the PET will be reported and paid on a quarterly basis. The 2022 Adopted Budget anticipates 2021 revenues of $200.1 million and $233.9 million in 2022. This is a new tax and these estimates are uncertain due to the lack of available data on where individuals work and what their compensation is. Estimates should improve over time as businesses adjust to paying the tax and the data improve. Beginning in 2022 the PET revenues and associated expenditures are moved from the General Fund to the JumpStart Payroll Expense Tax Fund in the City's accounting system.

Revenue Overview

Figure 19. Seattle City Tax Rates

	2017	2018	2019	2020	2021
Property Taxes (Dollars per $1,000 of Assessed Value)					
General Property Tax	$1.35	$1.25	$1.13	$1.12	$1.16
Families & Education	0.18	0.16	0.16	0.34	0.34
Parks and Open Space					
Low Income Housing	0.22	0.19	0.19	0.16	0.16
Transportation	0.52	0.45	0.45	0.38	0.38
Pike Place Market					
Library	0.09	0.08	0.08	0.12	0.12
Pre-School For All	0.08	0.07			
Election Vouchers	0.02	0.01	0.01	0.01	0.01
City Excess GO Bond	0.16	0.14	0.14	0.09	0.09
Other Property Taxes related to the City					
Seattle Park District	0.28	0.23	0.23	0.21	0.21
Emergency Medical Services	0.26	0.24	0.24	0.26	0.26
Retail Sales and Use Tax	0.85%	0.85%	0.85%	0.85%	0.85%
Transportation Benefit District Sales and Use Tax	0.10%	0.10%	0.10%	0.10%	0.15%
Business and Occupation Tax					
Retail/Wholesale	0.219%	0.222%	0.222%	0.222%	0.222%
Manufacturing/Extracting	0.219%	0.222%	0.222%	0.222%	0.222%
Printing/Publishing	0.219%	0.222%	0.222%	0.222%	0.222%
Service, other	0.423%	0.427%	0.427%	0.427%	0.427%
International Finance					
City of Seattle Public Utility Business Taxes					
City Light	6.00%	6.00%	6.00%	6.00%	6.00%
City Water	15.54%	15.54%	15.54%	15.54%	15.54%
City Drainage	11.50%	11.50%	11.50%	11.50%	11.50%
City Wastewater	12.00%	12.00%	12.00%	12.00%	12.00%
City Solid Waste*	14.20%	14.20%	14.20%	14.20%	14.20%
City of Seattle Private Utility B&O Tax Rates					
Cable Communications (not franchise fee)	10.00%	10.00%	10.00%	10.00%	10.00%
Telephone	6.00%	6.00%	6.00%	6.00%	6.00%
Natural Gas	6.00%	6.00%	6.00%	6.00%	6.00%
Steam	6.00%	6.00%	6.00%	6.00%	6.00%
Commercial Solid Waste*	14.20%	14.20%	14.20%	14.20%	14.20%
Other Taxes					
Admissions	5.00%	5.00%	5.00%	5.00%	5.00%
Amusement Games (less prizes)	2.00%	2.00%	2.00%	2.00%	2.00%
Bingo (less prizes)	10.00%	10.00%	10.00%	10.00%	10.00%
Punchcards/Pulltabs	5.00%	5.00%	5.00%	5.00%	5.00%
Cable Franchise Fee	4.40%	4.40%	4.40%	4.40%	4.40%
Fire Arms Tax (Dollars per weapon)	$25.00	$25.00	$25.00	$25.00	$25.00
Ammunition Tax (Dollars per round)	$0.05	$0.05	$0.05	$0.05	$0.05
Sweetened Beverage Tax (Dollars per fluid ounce)		$0.0175	$0.0175	$0.0175	$0.0175

*Increase effective April 1, 2017

Anchorage

MUNICIPALITY OF ANCHORAGE

ASSEMBLY INFORMATION MEMORANDUM

AIM No. 77 - 2023

Meeting Date: April 11, 2023

From: **MAYOR**

Subject: **Report Recommending Utility Revenue Distribution to the General Government – Anchorage Water and Wastewater Utility, Port of Alaska, and Solid Waste Services**

Anchorage Municipal Code (AMC) 26.10.065 provides that if a municipal utility has net income accrue in any year, a portion may be pledged by inclusion in the utility and general government budgets. It also requires those municipal utilities that pledge a portion of their net income submit a signed report to the Assembly by not later than the first quarter budget process. This report is required to provide a best estimate of achieved return on equity and any shortfalls of returns; effect of the proposed distribution on the utility's current and future capital structure; and how the proposed distribution is consistent with prudent business-like operations.

In compliance, this memorandum submits to the Assembly the proposed utility revenue distribution calculations from Anchorage Water and Wastewater Utility, Port of Alaska, and Solid Waste Services for its approval. These calculations are reflected in the 2023 1st Quarter budget revisions for General Government and the Utility/Enterprise Activities (AR 2023-102 and AR 2023-103).

The administration and the utility and enterprise departments recommend the Assembly's approval.

Prepared by:	Office of Management and Budget (OMB)
Concur:	Courtney Petersen, Director, OMB
Concur:	Kent Kohlhase, Acting Municipal Manager
Respectfully submitted:	Dave Bronson, Mayor

MEMORANDUM

DATE: April 5, 2023

TO: Anchorage Assembly

THRU: Kent Kohlhase, Acting Municipal Manager, Municipality of Anchorage (MOA) KK

THRU: Mark A. Corsentino, P.E., General Manager, Anchorage Water & Wastewater Utility (AWWU)

FROM: Jack Broyles, Jr., C.P.A., Director, Finance Division, AWWU JBJ

SUBJECT: Report of Utility Revenue Distribution from AWWU

This memorandum has been prepared to present the results of the utility revenue distribution determination for AWWU to the MOA in compliance with Assembly Ordinance (AO) 2017-97. AWWU consists of two utilities: Anchorage Water Utility (AWU) and Anchorage Wastewater Utility (ASU).

The 2023 Approved Enterprise and Utility Budget for the MOA, adopted on November 22, 2022, on AO 2022-089, did not include distributions from ASU to general government because at that time the Sewer utility was restricted from the payment of dividends by the Regulatory Commission of Alaska (RCA).

On December 20, 2018, the RCA granted AWWU's petition to remove the dividend restriction imposed on AWU since 1980. AWWU proposes a revenue distribution of $1,500,000.00 from AWU to general government in 2023. AWWU currently faces several uncertainties that may negatively impact the financial health of AWU in the near future including the potential for additional expenses associated with the current COVID-19 situation as well as ongoing repairs associated with earthquake damage on November 30, 2018 and ongoing recovery timeline from FEMA. We believe this recommendation to be consistent with the business-like operations of the utility.

In accordance with AMC 26.10.065.A.3.d, ASU shall not pay a dividend because ASU remains under a dividend restriction proscribed by the RCA under AS 42.05.521.

Legal Background

In 2017 the Administration recommended, and the Assembly approved, AO 2017-97, amending the Anchorage Municipal Code Sections 26.10.025 and 26.10.065 to update the method with which municipal utilities calculate revenue distribution (dividend transfers) to the MOA. This ordinance was established to ensure that such distributions do not cause the capital of the MOA Utility to become impaired, and to revise the calculation of Municipal Utility Service Assessments (MUSA).

AO 2017-97 also established a formal process a utility must take in order to propose a revenue distribution to the MOA.

The ordinance requires the utility to provide a signed report to the Assembly that documents:

(a) the utility's achieved return on equity, and any shortfalls of achieved returns, as compared with approved or target returns;

(b) the effect of the proposed distribution on the utility's current and future capital structure, in light of planned expenditures; and,

(c) a description of how the proposed distribution is consistent with prudent, business-like operations.

The ordinance further provides:

(a) that a utility may not pay a distribution if

1. the utility's change in net position for the prior year is negative;
2. the utility's equity-capitalization percentage is less than 30 percent; or
3. the utility's bond rating is below investment grade, or
4. the utility is subject to an order of the Regulatory Commission of Alaska to cease the payment of dividends;

and

(b) that a utility may not pay a distribution in excess of 75% of its change in net position, unless, among other things, a distribution is necessary to prevent the utility from increasing its equity capitalization percentage, defined in terms of the ratio of the utility's equity to its total book value, above 65%.

AWWU's Financial Background

Anchorage Municipal Code 4.80.020 calls for the AWWU Utility Board of Directors to exercise its power to:

A. Plan the utility's capital improvement program and maintenance strategy and operations and make recommendations to the Mayor, and

B. Plan the utility's operating budget and make recommendations to the Mayor, and

C. Oversee creation of the utility's long term fiscal plan, and make recommendations to the Mayor.

AWWU's long range financial plan for AWU and ASU balances operational needs against the utilities abilities to fund needed capital projects and maintain reasonable rates to customers. Financial metrics are derived from the long range financial plan to identify trends in financial stability over time.

In 2018, AWWU's Board of Directors recommended the following policies to support the long term financial sustainability of AWU and ASU:

- Maintain bond ratings of at least "AA" from Fitch Ratings and/or S&P Global.
- Review rates on an annual basis and adjust as necessary to ensure that revenue levels adequately fund AWU's and ASU's financial, capital and operational goals, objectives, and requirements.
- Manage the Anchorage Water Utility to achieve a target capital structure of 67% debt and 33% equity over the planning horizon,
- Manage the Anchorage Wastewater Utility to achieve a target capital structure of 67% debt and 33% equity over the planning horizon,
- Maintain a minimum of 180 days of operating cash,
- Target a total debt service coverage of 1.3x or greater per utility over the planning horizon. Maintain a minimum total debt service coverage of 1.15x, or as necessary to satisfy bond and loan covenants.
- Target a level at or above 30% for equity funding for the capital programs of AWU and ASU to mitigate AWWU's reliance on debt.
- Maintain debt service as a percentage of revenue at or below 35% of gross operating revenues to ensure sufficiency of revenues above debt requirements.
- Strengthen the debt profile of both AWU and ASU by gradually reducing debt per customer account over the planning horizon.

The utility dividends proposed in the long range financial plan for 2023 are as follows:

2023 Target-Level Utility Distributions

AWU	$1,500,000
ASU	$0

AWWU Recommendation

In accordance with AO 2017-97, AWWU reports the following for AWU. ASU is prohibited from paying a dividend at this time and is not addressed in AWWU's recommendation.

Debt/Equity Capital Structure

[AMC 26.10.065A.1.b]

AWU outperformed its minimum equity target of 33% in 2022, however, AWU does continue to have a lower level of equity than the average of its comparator group of water public utilities, which average an equity level of approximately 50%.

AWU

	Current (2022 Preliminary)	Proposed (2023 Budget LRFP)
Debt	52%	50%
Equity	48%	50%

Targeted and Achieved Equity Returns

[AMC 26.10.065A.1.a]

On February 7, 2023, the RCA accepted a stipulation between AWWU and the Attorney General authorizing a rate increase of 1.75% for AWU in 2022 and a Return on Equity (ROE) of 10.0%. The ROE accepted in this stipulation is reported as the Targeted ROE for 2022. The Targeted ROE for 2023 of 10.00% is the proposed ROE used in the calculation of AWU's 2022 rates that are approved by the RCA.

AWU

	Targeted ROE	Achieved ROE
2022	10.00%	10.1%
2023	10.00%	TBD

Change in Net Position

[AMC 26.10.065A.2; A.3.a]

<u>Change in Net Position for 2022 (preliminary)</u>

AWU	$ 17,425,399

Prudent, Business-like operation of the Utilities

[AMC 26.10.065A.1.c]

AWWU uses its long range financial plan for AWU and ASU to balance operational needs against the utilities abilities to fund needed capital projects and maintain reasonable rates to customers.

AWWU proposes a revenue distribution of $1,500,000 from AWU to general government in 2023. AWWU believes this recommendation to be consistent with the business like operations of the utility.

Appendix

Table 1 – Summary of Economic Effects: Anchorage Water Utility

	2022 Actual (preliminary)	2023 1st QTR Budget Revision
Change in Net Position	$ 17,425,399	$ 8,691,094
Data required by AO 2017-97:		
Achieved Return on Equity	10.1%	N/A
Targeted Return on Equity (authorized by the RCA in the calculation of user rates)	10.00%	10.00%
Budgeted Return on Equity	4.60%	4.70%
Debt	52%	50%
Equity	48%	50%
Total Capitalization	100%	100%
Dividend to be paid	$0	$1,500,000
Dividend as a percent of 2022 Net Position	0%	11.6%
Dividend as a percent of 2023 Net Position		5.8%
Effect of Proposed Dividend on **Current and Future** Capital Structure	$0	$0
Orders from Regulatory Agencies	APUC Letter Order dated September 18, 1980 Imposing a Dividend Restriction on AWU	RCA Order U-17-095(8) Removing Dividend Restriction for AWU

The periods shown in this memorandum cover fiscal years 2022 and 2023 for AWU. Note that at the time this memorandum is issued, information shown for 2022 is very preliminary and unaudited and 2023 financial data represents the forecast used to set AWU budgets and the AWU's 2023 rates. Based on that information, following is a discussion of the financial results as required by AO No. 2017-97:

a) There are several environmental regulations and other uncertainties that may negatively impact the financial health of AWU in the near future. AWWU also continues to fund a portion of its capital program with equity. Due to these factors, and more, AWWU's 2023 revenue distribution for AWU is contingent upon the approval of AWWU's proposed first quarter budget revisions. AWWU is required to file an Equity Management Plan with its Annual Operating Report to the RCA. AWWU's Equity Management Plan is in alignment with this recommendation for AWWU's filing to the RCA.
b) Although, AWU outperformed its minimum equity target of 33% in 2022, AWU has an equity level similar to that of its comparator group of water public utilities, which average an equity level of approximately 50%.

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2000 Anchorage Port Road
Anchorage, Alaska 99501
907-343-6200
PortOfAlaska@Muni.org
PortOfAlaska.com

Memorandum

Date: April 4, 2023

To: Anchorage Assembly

Thru: Kent Kohlhase, Acting Municipal Manager, Municipality of Anchorage (MOA) kk 04/05/2023

From: Steve Ribuffo, Director, Port of Alaska SR 04/04/2023

Re: Utility Revenue Distribution from the Port of Alaska (POA)

The Port of Alaska proposes a dividend distribution in 2023 to general government in the amount of $736,369.

The Port believes the amount calculated and to be transferred to the general government is consistent with business like operations of the utility. Upon finalization of the annual audit, public hearings and the approval of the Administration and Assembly, Port of Alaska will transfer the dividend to general government.

In 2022, the utility achieved return on equity consistent with its targeted return as shown on Exhibit EE-36. The return is based on Assembly approved operating budget for the Port of Alaska.

The proposed utility revenue distribution effect on the current and future capital structure shows a manageable debt to equity percentage relative to the total capitalization of the utility as reflected in the attached EE-35-EE37 Draft financial statements.

Preliminary projections of the 2022 financial statements show the Port of Alaska fund will have $17,707,472 in cash at December 31, 2022 and will exceed 90 days of operating cash which is required by debt covenants.

Please note: Attachments used for this memo are considered ***"DRAFT"***

MUNICIPALITY OF ANCHORAGE, ALASKA
Port Fund
Comparative Statements of Net Position
December 31, 2022 and 2021

DRAFT

	2022	2021
CURRENT ASSETS		
Cash	$ 500	$ 650
Cash and Investments in Central Treasury	10,770,836	12,066,195
Equity in Bond and Grant Capital Acquisition and Construction Pool	-	3,323,241
Accrued Interest on Investments	9,009	55,196
Accounts Receivable, Net	1,045,446	923,910
Prepaid Items and Deposits	109,233	139,973
Parts Inventory	329,025	329,025
Total Unrestricted Current Assets	12,264,049	16,838,190
Restricted Assets:		
Investments Held for Debt Service	(156,386)	671,299
Total Restricted Current Assets	(156,386)	671,299
Total Current Assets	12,107,663	17,509,489
NONCURRENT ASSETS		
Assets Held for Resale	242,093	242,093
Net OPEB Asset	1,064,242	1,064,242
Capital Assets:		
Capital Assets, at Cost	508,722,502	327,443,928
Less: Accumulated Depreciation	(159,954,580)	(152,917,587)
Net Capital Assets	348,767,922	174,526,341
Construction Work in Progress	21,868,072	172,710,184
Total Capital Assets, Net	370,635,994	347,236,525
Total Unrestricted Noncurrent Assets	371,942,329	348,542,860
Restricted Assets:		
Cash Legal Settlement Set Aside	1,950,000	1,950,000
Investments Held for Debt Service	5,142,522	5,021,836
Investments Held for Capital Project	-	-
Intergovernmental Receivables	5,936,546	22,544,779
Total Restricted Noncurrent Assets	13,029,068	29,516,615
Total Noncurrent Assets	384,971,397	378,059,475
Total Assets	397,079,060	395,568,964
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pension	135,667	135,667
Related to OPEB	23,758	23,758
Total Deferred Outflows of Resources	159,425	159,425
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 397,238,485	$ 395,728,389
CURRENT LIABILITIES		
Accounts Payable and Retainages	$ 371,475	$ 387,521
Capital Acquisition and Construction Accounts and Retainages Payable	2,639,997	1,792,357
Compensated Absences	148,383	167,472
Accrued Payroll Liabilities	84,697	122,914
Accrued Interest Payable	318,229	190,051
Unearned Revenues and Deposits	-	37,500
Total Current Liabilities	3,562,781	2,697,815
NONCURRENT LIABILITIES		
Other Noncurrent Liabilities	1,734,106	1,747,630
Compensated Absences	122,294	122,294
Revenue Bonds Payable (net of Unamortized Premiums)	68,898,340	69,045,251
Net Pension Liability	1,468,098	1,468,098
Net OPEB Liability	-	-
Notes Payable	40,000,000	40,000,000
Total Noncurrent Liabilities	112,222,838	112,383,273
Total Liabilities	115,785,619	115,081,088

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MUNICIPALITY OF ANCHORAGE, ALASKA
Port Fund
Comparative Statements of Net Position
December 31, 2022 and 2021

DRAFT

	2022	2021
DEFERRED INFLOWS OF RESOURCES		
Related to Pension	585,445	585,445
Related to OPEB	563,322	563,322
Total Deferred Inflows of Resources	1,148,767	1,148,767
NET POSITION		
Net Investment in Capital Assets	282,834,300	260,135,560
Restricted for Acquisition and Construction	(15,850,097)	758,136
Restricted for Debt Service	4,986,136	5,693,135
Unrestricted	8,333,760	12,911,703
Total Net Position	280,304,099	279,498,534
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 397,238,485	$ 395,728,389

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MUNICIPALITY OF ANCHORAGE, ALASKA
Port Fund
Comparative Statements of Revenues, Expenses and Changes in Net Position
For The Years Ended December 31, 2022 and 2021

DRAFT

	2022	2021
OPERATING REVENUES		
Charges for Sales and Services:		
Dockage	$ 1,257,619	$ 1,273,487
Wharfage, Dry Bulk	341,728	225,369
Wharfage, Liquid Bulk	4,505,188	3,956,808
Wharfage, General Cargo	3,945,833	3,703,672
Storage Revenue	273,419	259,675
Office Rental	44,873	51,307
Utilities	36,838	21,247
Miscellaneous	240,406	181,297
Total Charges for Sales and Services	10,645,904	9,672,862
Other:		
Crane Rentals	130,822	141,913
Industrial Park Lease Rentals	4,736,575	4,509,536
POL Value Yard Fees	464,803	403,063
Total Other	5,332,200	5,054,512
Total Operating Revenues	15,978,104	14,727,374
OPERATING EXPENSES		
Operations:		
Personnel Services	2,715,981	2,774,789
Pension and OPEB On-behalf and Pension and OPEB Expenses		(340,386)
Supplies	203,623	152,501
Other Services and Charges	4,840,394	6,507,748
Charges from Other Departments	1,208,092	1,198,886
Total Operations	8,968,090	10,293,538
Depreciation	7,036,993	7,231,394
Total Operating Expenses	16,005,083	17,524,932
Operating Loss	(26,979)	(2,797,558)
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental Revenue- Pension and OPEB On-behalf		(46,562)
Investment Income- Short Term Investments	(276,796)	7,652
Security Fees	1,544,552	1,502,007
Right of Way Fees	212,290	208,749
Interest on Long-term Obligations	(2,958,989)	(2,123,958)
Long-term Debt Issuance Expense	(7,500)	(209,333)
Security Contract	(1,710,822)	(1,686,747)
Gain on Sale of Capital Assets	19,431	-
Total Nonoperating Revenues (Expenses)	(3,177,834)	(2,348,192)
Loss before Contributions and Transfers	(3,204,813)	(5,145,750)
CONTRIBUTIONS AND TRANSFERS		
Capital Contributions	6,137,298	25,616,270
Transfers to Other Funds:		
Municipal Service Assessment	(1,390,551)	(1,355,911)
Dividend	(736,369)	(689,753)
Total Contributions and Transfers	4,010,378	23,570,606
Change in Net Position	805,565	18,424,856
Net Position, January 1	279,498,534	261,073,678
Net Position, December 31	$ 280,304,099	$ 279,498,534

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EXHIBIT EE-37

MUNICIPALITY OF ANCHORAGE, ALASKA
Port Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

DRAFT

	2022	2021
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES		
Receipts from Customers	$ 15,819,068	$ 14,937,423
Payments to Employees	(2,773,287)	(2,790,316)
Payments to Vendors	(5,042,847)	(7,088,831)
Payments for Interfund Services Used	(1,208,092)	(1,198,886)
Net Cash from Operating Activities	6,794,842	3,859,390
CASH FLOWS FROM (FOR) NON-CAPITAL FINANCING ACTIVITIES		
Transfer to Other Funds	(2,126,920)	(2,045,664)
Security Contract	(1,710,822)	(1,686,747)
Right of Way and Security Fees	1,756,842	1,710,756
Net Cash for Non-Capital Financing Activities	(2,080,900)	(2,021,655)
CASH FLOWS FROM (FOR) CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest Payments on Long-term Obligations	(2,977,722)	(2,267,940)
Acquisition and Construction of Capital Assets	(29,588,822)	(76,749,759)
Proceeds from Sale or Disposition of Capital Assets	19,431	-
Proceeds from Issuance of Debt	-	40,000,000
Principal Payments on Long-term Obligations	-	-
Financing Costs on Long-term Obligations	(7,500)	(209,333)
Capital Contributions- Intergovernmental	22,745,531	18,805,688
Net Cash from (for) Capital and Related Financing Activities	(9,809,082)	(20,421,344)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	(230,609)	9,693
Net Cash from Investing Activities	(230,609)	9,693
Net Increase (Decrease) in Cash	(5,325,749)	(18,573,916)
Cash, January 1	23,033,221	41,607,137
Cash, December 31	$ 17,707,472	$ 23,033,221
COMPONENTS OF CASH		
Cash	$ 500	$ 650
Cash and Investments in Cental Treasury	10,770,836	12,066,195
Cash Legal Settlement Set Aside	1,950,000	1,950,000
Debt Service Investments	4,986,136	5,693,135
Equity in Bond and Grant Capital Acquisition and Construction Pool	-	3,323,241
Cash, December 31	$ 17,707,472	$ 23,033,221
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	$ (26,979)	$ (2,797,558)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation	7,036,993	7,231,394
Pension and OPEB Relief- Noncash Expenses	-	(46,562)
Changes in Assets, Deferred Outflows of Resources, Deferred Inflows of Resources and Liabilities Which Increase (Decrease) Cash:		
Accounts Receivable, Net	(121,536)	172,549
Prepaid Items and Deposits	30,740	41,265
Net OPEB Asset	-	(894,308)
Deferred Outflows of Resources Related to Pensions	-	64,367
Deferred Outflows of Resources Related to OPEB	-	76,700
Unearned Revenues and Deposits	(37,500)	37,500
Accounts Payable and Retainage	(16,046)	(456,323)
Compensated Absences	(19,089)	(16,244)
Net Pension Liability	-	(550,934)
Net OPEB Liability	-	(2,948)
Other Long-term Obligations	(13,524)	(13,524)
Accrued Payroll Liabilities	(38,217)	717

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MUNICIPALITY OF ANCHORAGE, ALASKA
Port Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Deferred Inflows of Resources Related to Pensions	-	585,445
Deferred Inflows of Resources Related to OPEB	-	427,854
Net Cash Flows from Operating Activities	$ 6,794,842	$ 3,859,390
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Capital Purchases on Account	$ 2,639,997	$ 1,792,357
Capital Contributions	5,936,546	22,544,779
Total Noncash Investing, Capital, and Financing Activities	$ 8,576,543	$ 24,337,136

MUNICIPALITY OF ANCHORAGE
Department of Solid Waste Services
MEMORANDUM

DATE: April 5, 2023

TO: Anchorage Assembly

THRU: Kent Kohlhase, Municipal Manager, Municipality of Anchorage (MOA) KK

THRU: Dan Zipay, Director, Department of Solid Waste Services (SWS) DZ

FROM: Susan Kent-Crafts, Chief Financial Officer, SWS SKC

SUBJECT: Report of Utility Revenue Distribution from SWS

This memorandum has been prepared to present the results of the utility revenue distribution determination for SWS to the Municipality of Anchorage (MOA) in compliance with Municipal Code Section 26.10.065.

Formally, SWS consists of two utilities: SWS-Collection (which provides curbside pickup) and SWS–Disposal (which includes the Anchorage Regional Landfill, Central Transfer Station, and Girdwood Transfer station).

The 2023 Approved Enterprise and Utility Budget for the Municipality of Anchorage, adopted on November 22, 2022 on AO 2022-89, as amended, included distributions from the SWS utilities to general government in the following amounts:

SWS-Disposal	$750,000
SWS-Collections	$300,000

SWS proposes dividend distributions in 2023 to general government consistent with the approved 2023 budget amounts.

We believe the amounts calculated and to be transferred to general government are consistent with business like operations of the utility. Upon finalization of the annual audit, public hearings and the approval of the Administration and Assembly, SWS will transfer the dividends to general government.

A) In 2022 The Utility achieved return on equity (minus unexpected investment activity) more than its targeted return as shown on Exhibit 1 & 2 SWS Disposal and Refuse Collections DRAFT Financial. The adjusted activity value is shown at the bottom of each exhibit. The targeted return was based on the Assembly approved operating budget for the Disposal Utility.
B) We anticipate assuming additional debt in 2023 within the Utility as part of the continuation of construction of a new Central Transfer Station.
C) We anticipate ending fiscal year 2022 the Disposal Utility will have sufficient cash operating reserves to meet less than 60 days of cash operating expenses and to meet its cash working

capital requirements, below best practices. The limited dividend allows the Utility to work towards increasing cash reserves in effort to attain best practices.

Exhibit 1 Disposal Utility DRAFT financial.
Exhibit 2 Collections Utility DRAFT financial.

2022 Periods 1 - 13 DRAFT SWS Disposal Fund 562000

Description	Current Budget	Actuals	Difference
406625 Reimbursed Cost-NonGrant Funded	(102,360.00)	(269,649.78)	167,289.78
408080 Landfill Fees	(22,932,573.00)	(23,383,040.78)	450,467.78
408090 Recycle Rebate	11,000.00	(872.85)	11,872.85
408100 Hazardous Waste Fees	(347,139.00)	(180,446.11)	(166,692.89)
408110 Used Oil	(1,355.00)	(1,555.00)	200.00
408120 Refrigerant Handling Fees	(133,010.00)	(575,653.49)	442,643.49
408130 E Waste	(12,000.00)	(4,899.50)	(7,100.50)
408145 Misc Operating Income (SWS)	(20,675.00)	(90.35)	(20,584.65)
408150 Unsecured Loads	(20,985.00)	(42,478.07)	21,493.07
408160 Late Fees	(141,000.00)	(27,345.84)	(113,654.16)
408170 Community Recycle Residential	(397,113.00)	(375,466.00)	(21,647.00)
408180 Community Recycle Commercial	(513,782.00)	(430,109.80)	(83,672.20)
408185 Landfill Gas Fee	(2,500,000.00)	(2,310,919.00)	(189,081.00)
408189 Disposal Lease & Rental Revenue	(45,800.00)	(102,311.28)	56,511.28
408550 Cash Over & Short	-	(112.04)	112.04
440010 GCP Cash Pools Short-Term Int	(215,000.00)	605,039.95	(820,039.95)
440040 Other Short Term Interest	-	(887.83)	887.83
440050 Other Interest Income	(150,000.00)	(208.38)	(149,791.62)
440070 Dividend Income	(300,000.00)	(397,771.03)	97,771.03
440080 Unrealized Gains & Losses on Investments	-	3,344,158.40	(3,344,158.40)
440090 Realized Gains & Losses on Sale of Investments	-	(32,752.83)	32,752.83
460070 MOA Property Sales	(100,000.00)	-	(100,000.00)
*** **Revenue Accounts**	**(27,921,792.00)**	**(24,187,371.61)**	**(3,734,420.39)**
* **FULL Labor**	**6,591,261.43**	**6,725,972.29**	**(134,710.86)**
* **Non Labor**	**7,433,292.38**	**7,300,487.58**	**(430,751.88)**
* **Debt Service**	**1,290,314.19**	**1,277,890.28**	**12,423.91**
580510 Muni Util Svc Assessment	1,158,888.00	1,158,887.67	0.33
580520 Dividend to MOA	750,000.00	750,000.00	-
* **Transfer to Other Funds**	**1,908,888.00**	**1,908,887.67**	**0.33**
** **Direct Cost Full Accrual**	**17,223,756.00**	**17,213,237.82**	**(553,038.50)**
** **Intra Governmental Charges**	**3,796,271.00**	**3,551,962.41**	**244,308.59**
*** **Function Cost Full Accrual**	**21,020,027.00**	**20,765,200.23**	**(308,729.91)**
*** **Depreciation Amortization**	**5,550,000.00**	**4,514,021.24**	**1,035,978.76**
540530 Future LF Closure Cost	1,510,686.00	1,510,686.00	-
*** **Non Cash Accounts**	**1,510,686.00**	**1,510,686.00**	**-**
**** **NRP Not Relevant Program**	**158,921.00**	**2,602,535.86**	**(3,007,171.54)**
***** BALANCE	**158,921.00**	**2,602,535.86**	**(3,007,171.54)**

Remove Investment Activity from Budgeted activity

440010 GCP Cash Pools Short-Term Int		605,039.95	
440040 Other Short Term Interest		(887.83)	
440050 Other Interest Income		(208.38)	
440070 Dividend Income		(397,771.03)	
440080 Unrealized Gains & Losses on Investments		3,344,158.40	
440090 Realized Gains & Losses on Sale of Investments		(32,752.83)	
		3,517,578.28	

Actual Disposal Activity minue Investments

Actual Budgeted and expected activity level	**158,921.00**	**(915,042.42)**

2022 Periods 1 - 13 DRAFT SWS Refuse Collections Fund 560000

Description	Current Budget	Actuals	Difference
408040 Commercial Collection	(8,037,671.00)	(8,101,454.43)	63,783.43
408050 Residential Collection	(4,477,576.00)	(4,343,312.88)	(134,263.12)
408060 Other Collection Revenues	(41,660.00)	-	(41,660.00)
408140 Container Rental Fees	(531,948.00)	(573,422.32)	41,474.32
408145 Misc Operating Income (SWS)	(10,000.00)	(64,833.50)	54,833.50
408160 Late Fees	(78,500.00)	(86,691.09)	8,191.09
440010 GCP Cash Pools Short-Term Int	(37,000.00)	128,861.41	(165,861.41)
440040 Other Short Term Interest	-	(499.41)	499.41
***** Revenue Accounts**	**(13,214,355.00)**	**(13,041,352.22)**	**(173,002.78)**
*** FULL Labor**	**3,299,068.00**	**3,242,419.02**	**56,648.98**
*** Non Labor**	**4,368,010.53**	**4,309,210.60**	**10,548.06**
*** Debt Service**	**633,115.47**	**633,115.47**	**-**
580510 Muni Util Svc Assessment	213,532.00	212,983.86	548.14
580520 Dividend to MOA	300,000.00	300,000.00	-
*** Transfer to Other Funds**	**513,532.00**	**512,983.86**	**548.14**
**** Direct Cost Full Accrual**	**8,813,726.00**	**8,697,728.95**	**67,745.18**
**** Intra Governmental Charges**	**2,923,121.00**	**2,580,380.54**	**342,740.46**
***** Function Cost Full Accrual**	**11,736,847.00**	**11,278,109.49**	**410,485.64**
***** Depreciation Amortization**	**1,257,000.00**	**1,525,058.25**	**(268,058.25)**
****** NRP Not Relevant Program**	**(220,508.00)**	**(238,184.48)**	**(30,575.39)**
******* BALANCE**	**(220,508.00)**	**(238,184.48)**	**(30,575.39)**

Remove Investment Activity from Budgeted activity

440010 GCP Cash Pools Short-Term Int		128,861.41	
440040 Other Short Term Interest		(499.41)	

Actual Disposal Activity minue Investments

Actual Budgeted and expected activity level	**(220,508.00)**	**(366,546.48)**	

Juneau

GENERAL GOVERNMENTAL FUND SUMMARY

	FY22	FY23		FY24	
	Actuals	Amended Budget	Projected Actuals	Approved Budget	Revised Budget
EXPENDITURES					
Personnel Services	$ 50,067,300	58,410,500	54,841,400	56,395,000	62,060,800
Commodities and Services	23,878,200	29,432,300	29,538,000	28,719,500	31,647,800
Assembly Grants	6,850,400	6,490,000	6,349,100	5,826,100	6,741,100
Assembly Special Contracts	135,400	175,000	165,000	175,000	220,000
Capital Outlay	127,500	720,500	850,600	127,400	494,400
Support to Other Funds	68,195,900	34,396,200	34,396,200	31,796,200	34,080,800
Total Expenditures	**149,254,700**	**129,624,500**	**126,140,300**	**123,039,200**	**135,244,900**
FUNDING SOURCES					
State Support					
State Shared Revenue	591,200	365,400	1,202,400	365,400	444,700
ASHA in Lieu of Taxes	78,100	78,100	76,300	78,100	76,300
Miscellaneous Grants	2,065,500	3,320,200	21,906,300	2,938,500	3,298,100
Total State Support	**2,734,800**	**3,763,700**	**23,185,000**	**3,382,000**	**3,819,100**
Federal Support					
Federal in Lieu Taxes	2,527,500	2,527,500	2,677,900	2,527,500	2,677,900
Secure Rural Schools/Roads	546,100	550,000	550,000	550,000	550,000
Miscellaneous Grants	601,300	465,600	662,300	415,600	415,600
Total Federal Support	**3,674,900**	**3,543,100**	**3,890,200**	**3,493,100**	**3,643,500**
Local Support					
Property Taxes	49,749,300	52,439,800	52,439,800	52,439,800	57,468,100
Vehicle Registration Taxes	715,700	762,000	762,000	762,000	762,000
Charges for Services	2,764,300	2,712,700	2,928,800	2,741,100	3,019,000
E911 Surcharge	805,600	800,000	800,000	800,000	800,000
Contracted Services	2,536,400	1,916,500	1,917,200	1,947,100	2,200,100
Licenses, Permits, Fees	939,300	822,800	827,300	828,400	844,400
Sales	45,800	37,700	33,900	40,000	37,800
Fines and Forfeitures	346,300	256,200	348,200	256,200	355,600
Rentals and Leases	518,700	582,200	560,300	601,300	574,500
Donations and Contributions	63,800	113,000	123,100	88,000	98,100
Private Grants	266,600	321,200	249,400	267,500	314,100
Investment and Interest Income/(Loss)	(3,579,900)	1,699,000	1,940,400	1,699,000	3,306,400
Other Revenue	97,200	87,800	94,200	92,400	119,200
Capital Projects Indirect Cost Allocation	599,900	700,000	550,000	700,000	550,000
Interdepartmental Charges	4,422,400	4,913,500	4,881,700	4,949,200	5,481,700
Total Local Support	**60,291,400**	**68,164,400**	**68,456,300**	**68,212,000**	**75,931,000**
Total Revenues	**66,701,100**	**75,471,200**	**95,531,500**	**75,087,100**	**83,393,600**

Juneau

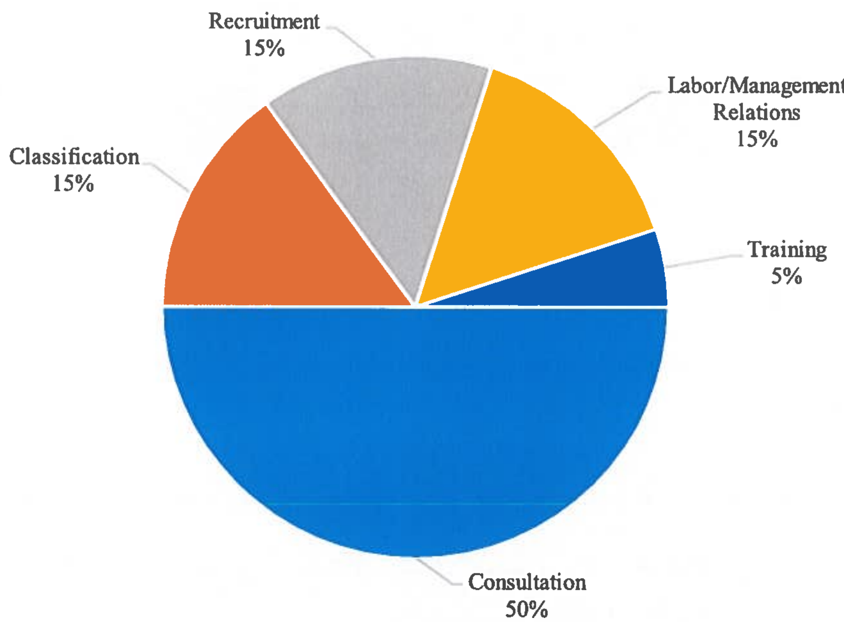
HUMAN RESOURCES

Mission Statement

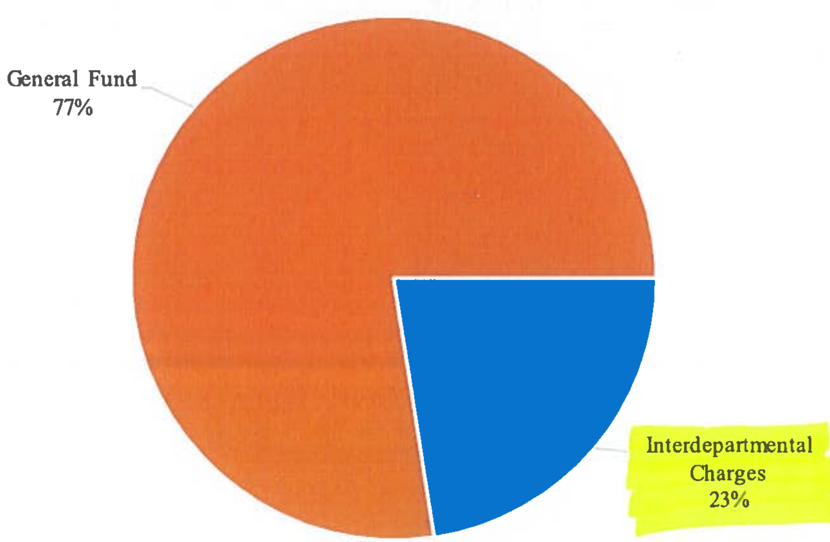
To provide employment/human resource services to the public and CBJ departments.

FY24 Revised Budget $ 940,500

Core Services



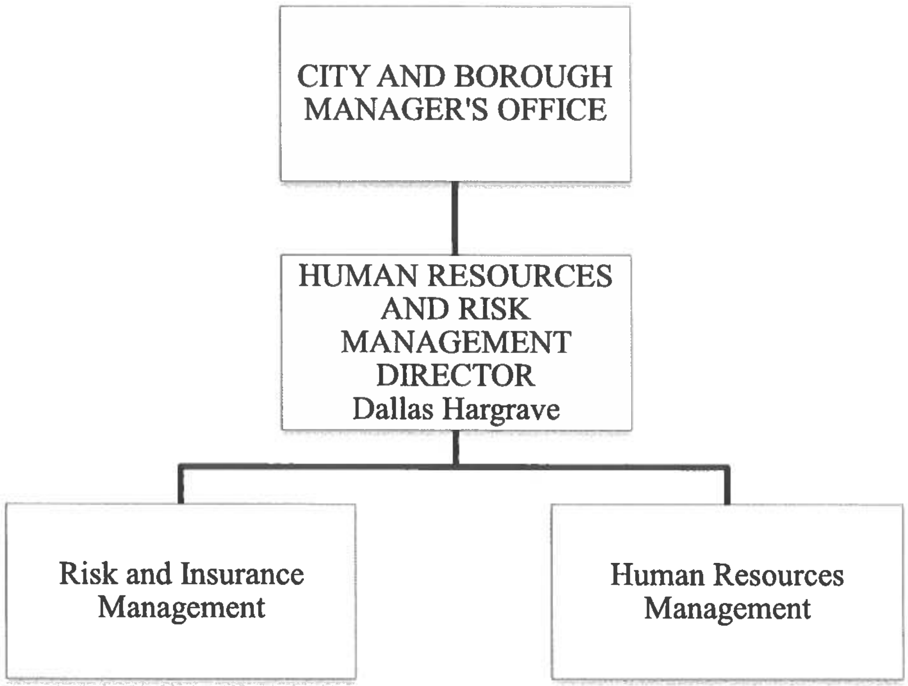
Funding Sources



See the Glossary for definitions of terms.

HUMAN RESOURCES

FUNCTIONAL ORGANIZATION CHART



Risk and Insurance Management

- Safety and Loss Control
- Claims Management
- Health Benefits, Group Life, and Wellness
- Employment Security
- Administrative Support

Human Resources Management

- Staffing and Recruitment
- Employee and Labor Relations
- Organization Development
- Records Administration
- Contract Administration and Negotiations
- HR Technology and Process Improvement
- Maintenance and Update of CBJ Code and Personnel Rules
- Supervisory/Management Training
- Employee Development and Performance Management
- Position Classification and Pay Systems

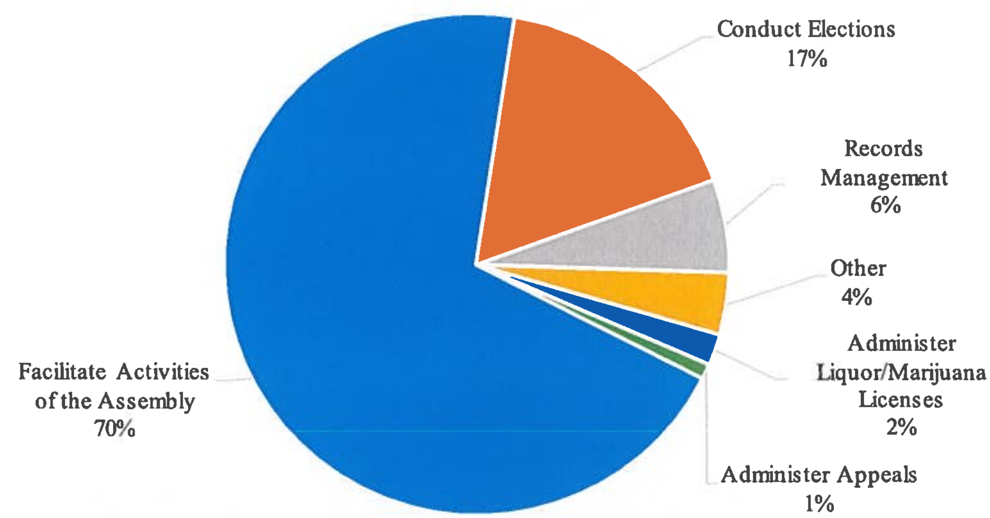
CITY CLERK

Mission Statement

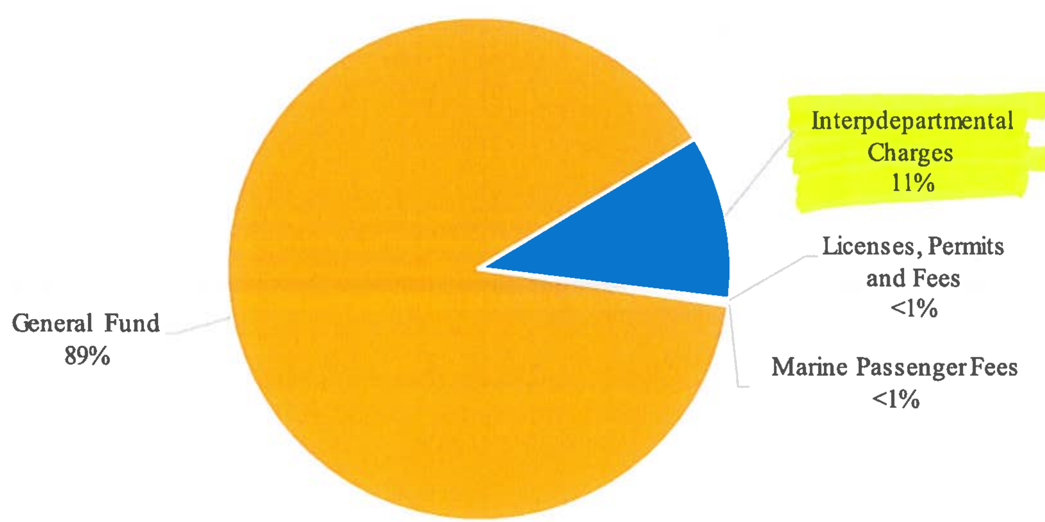
The Municipal Clerk provides access to the work of the Assembly and ensures fair and accurate elections.

FY24 Revised Budget $ 921,100

Core Services



Funding Sources



See the Glossary for definitions of terms.

CITY CLERK

COMPARATIVES

	FY22	FY23		FY24	
	Actuals	Amended Budget	Projected Actuals	Approved Budget	Revised Budget
EXPENDITURES					
Personnel Services	$ 338,300	494,500	464,900	478,300	548,700
Commodities and Services	192,600	294,000	207,700	294,500	372,400
Capital Outlay	21,000	14,000	2,000	7,000	-
Total Expenditures	**551,900**	**802,500**	**674,600**	**779,800**	**921,100**
FUNDING SOURCES					
Interdepartmental Charges	81,900	81,900	81,900	81,900	97,000
Licenses, Permits and Fees	1,200	1,000	2,500	1,000	1,000
Other Income	2,200	-	-	-	-
Support from:					
Marine Passenger Fees	2,500	2,500	2,500	2,500	2,500
General Fund	464,100	717,100	587,700	694,400	820,600
Total Funding Sources	**$ 551,900**	**802,500**	**674,600**	**779,800**	**921,100**
STAFFING	**2.68**	**4.36**	**4.36**	**4.36**	**4.50**

FUND BALANCE

The City Clerk and Elections Division is a component of the General Fund. See the General Fund fund balance in the "Changes in Fund Balances" schedule.

BUDGET HIGHLIGHTS

The City Clerk FY24 Revised Budget shows an increase from the FY24 Approved Budget of $141,300 (18.1%).

The significant budgetary changes include:

FY24 Revised Budget

- Personnel services increased $70,400 (14.7%) primarily due to the addition of part-time election workers and negotiated wage and merit increases.
- Commodities and services increased $77,900 (26.5%) primarily due to establishing a fleet and equipment reserve account for the City Clerk Division in FY24.

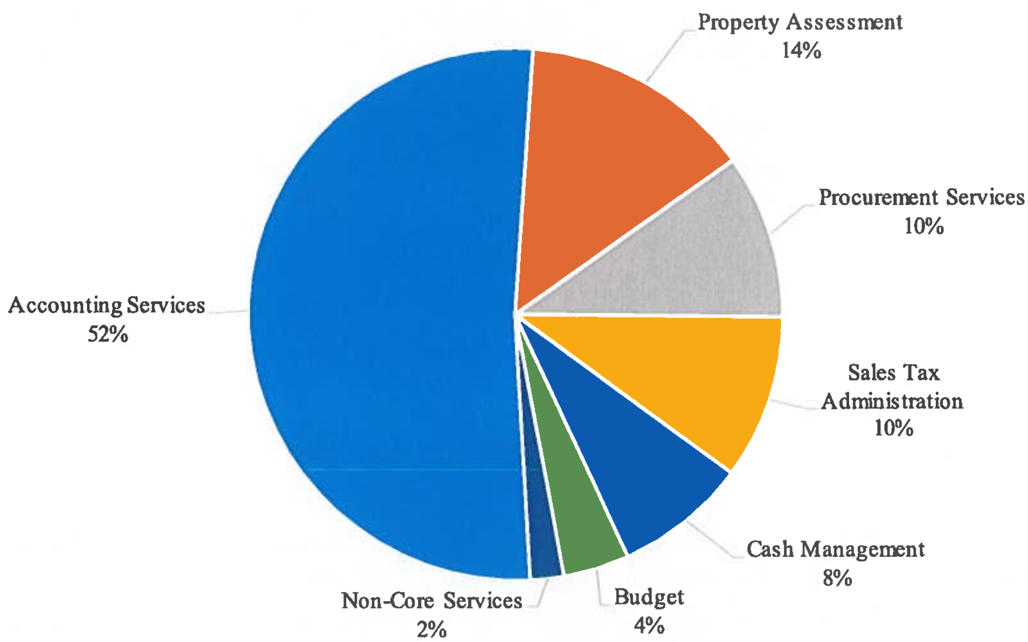
FINANCE

Mission Statement

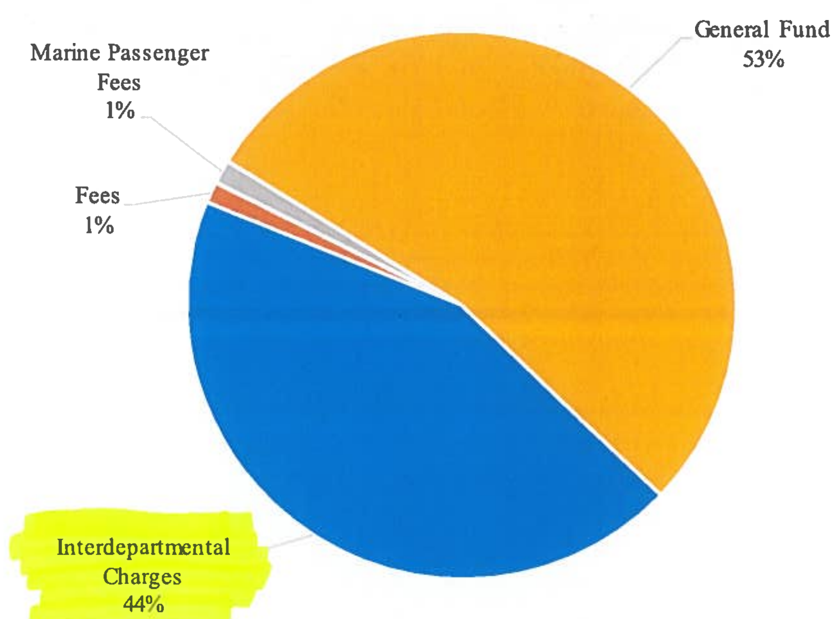
Provide financial services to enhance the operations of the CBJ.

FY24 Revised Budget $ 7,223,500

Core Services



Funding Sources



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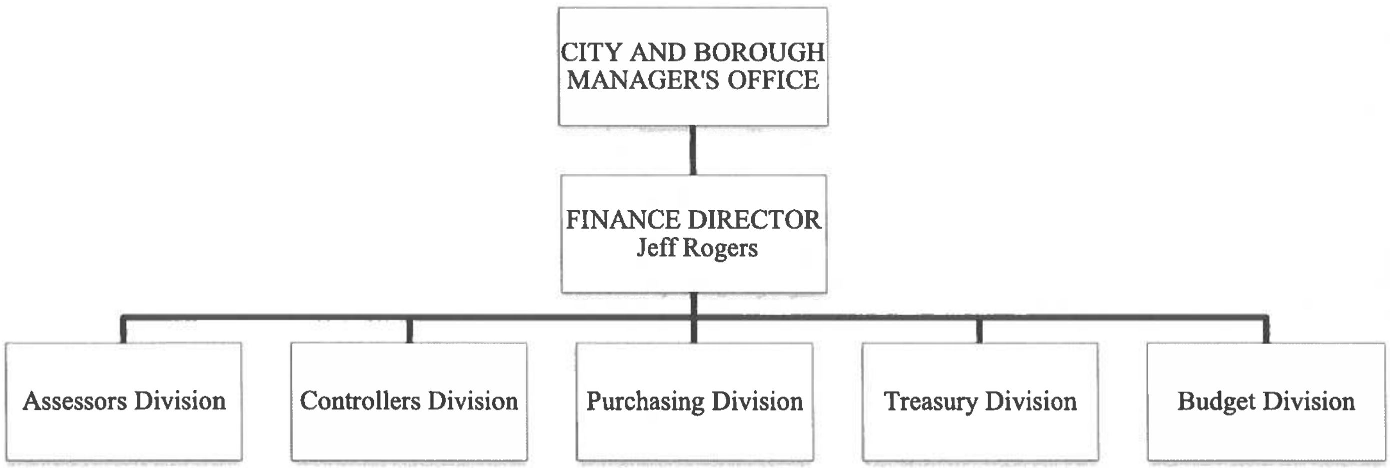
FINANCE

FUNCTIONAL ORGANIZATION CHART



Property Records	Accounts Payable	Purchasing Service	Sales Tax Filing	Budget Development
Real Property Assessments	General Accounting	Asset Liquidation	Sales Tax Audits	Appropriation Management
Personal Property Assessments	Grants & Contracts		Personal Property Audits	Departmental Administration
	Payroll		Accounts Receivable	
			Cash Control	
			Collections	
			Investments	
			Mailroom	

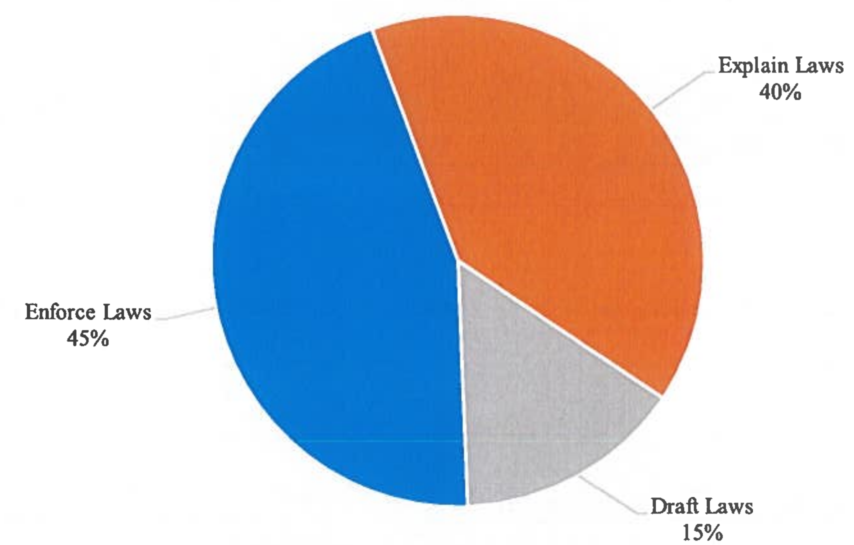
LAW

Mission Statement

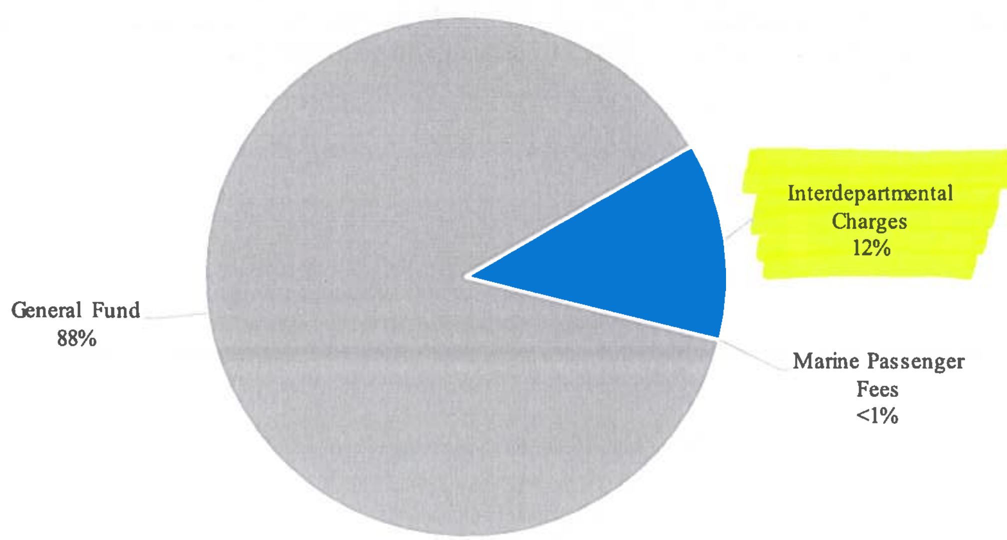
The mission of the Law Department is to empower policymakers by drafting, explaining, and enforcing the law.

FY24 Revised Budget $2,572,400

Core Services



Funding Sources



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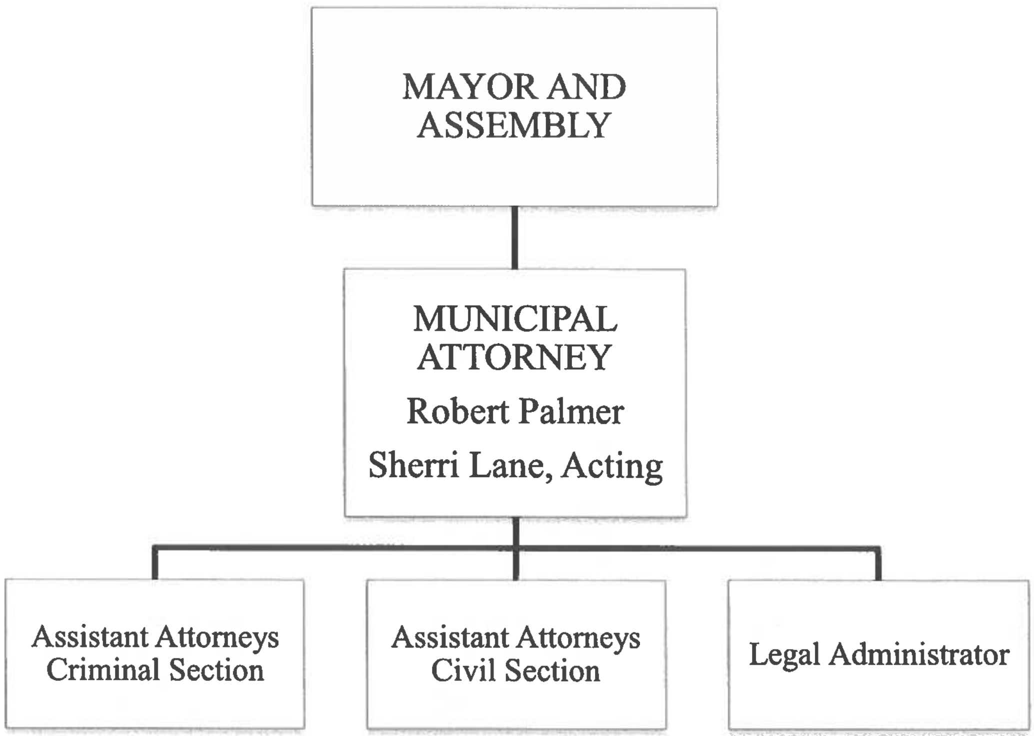
FUNCTIONAL ORGANIZATION CHART



Legal Advice to Assembly, Manager, CBJ commissions and boards, and CBJ staff

Legislative Drafting

General Legal Drafting

Criminal Enforcement

Criminal and Civil Enforcement

Civil Litigation

Administration of Law Department

Sitka

GENERAL FUND - SUMMARY BY ORGANIZATION

	2019 Actual Amount	2020 Actual Amount	2021 Actual Amount	2022 Amended Budget	2022 Projected Amount	2023 Budget
Fund: 100 General Fund						
Revenue						
100-300-301 - Property Tax	6,777,625	6,852,247	7,242,612	6,924,300	7,200,260	7,321,141
100-300-302 - Sales Tax	13,309,205	12,139,374	13,115,998	11,730,971	14,572,130	15,668,226
100-300-303 - Bed Tax	-	-	-	-	-	-
100-300-310 - State Revenue	1,018,052	960,286	935,595	852,644	937,372	1,065,985
100-300-315 - Federal Revenue	1,302,574	1,712,269	4,063,471	1,501,000	3,231,072	2,285,072
100-300-320 - Licenses & Permits	126,810	123,353	170,554	133,450	163,366	195,300
100-300-330 - Services	1,054,420	1,053,160	988,571	1,030,200	1,060,162	1,514,900
100-300-340 - Operating Revenue	704,450	614,974	337,763	363,500	411,289	417,000
100-300-360 - Uses of Prop & Investment	997,168	1,330,114	1,145,794	848,500	833,273	973,000
100-300-370 - Interfund Billings	2,695,448	2,663,479	2,705,560	2,784,694	2,784,694	2,861,120
100-300-380 - Miscellaneous	162,184	132,571	1,156,022	130,800	130,263	139,700
100-300-390 - Cash Basis Receipts	2,698,374	2,094,844	1,591,364	1,168,054	1,155,854	5,104,041
Revenue Totals	**$ 30,846,310.87**	**$ 29,676,670.64**	**$ 33,453,303.85**	**$ 27,468,113.00**	**$ 32,479,735.00**	**$ 37,545,485.00**
Expenditures						
100-500-001 - Administrative,Administrator & Assembly	1,328,169	737,141	947,471	1,268,741	1,052,655	1,403,623
100-500-002 - Attorney	969,937	511,063	378,701	441,108	413,384	447,650
100-500-003 - Municipal Clerk	404,283	430,351	420,812	463,272	507,825	546,101
100-500-004 - Finance	1,798,963	1,916,507	2,165,907	2,393,648	2,287,518	2,714,686
100-500-005 - Assessing	427,628	402,258	414,721	438,275	434,159	444,017
100-500-006 - Planning	204,921	240,930	263,257	282,953	285,732	581,534
100-500-007- General Office	503,770	556,224	636,686	689,563	689,563	772,980
100-500-008 - Other Expenditures	306,596	316,097	273,233	333,087	327,907	345,200
100-520-021-800 - Police	4,346,766	4,003,054	4,589,549	4,970,717	4,796,351	5,346,829
100-520-022-800 - Fire Protection	1,684,580	1,795,463	1,716,812	1,953,571	1,919,436	2,195,310
100-520-023 - Ambulance	289,523	302,939	309,393	415,650	376,159	457,995
100-520-024 - Search and Rescue	26,378	25,958	28,563	37,094	26,466	38,008
100-530-031 - Public Works Administration	676,754	630,695	698,618	738,210	730,828	965,586
100-530-032-800 - Engineering	919,428	876,846	559,726	941,390	743,698	633,790

Ketchikan

projections remain conservative due health and safety concerns as well as the economic conditions and rising inflation facing the Country. The increasing cost of goods and services could push travelers to travel closer to home in an effort to save money.

Charges For Services: Charges for services accounts for 39.6% of the City's total operating revenue and is the second largest source of operating revenues. It includes user fees for general government and utility services provided by the City. Fees for services include building inspections and plan reviews, parking, emergency medical services including transportation, harbor moorage, port dockage, library facilities for residents and nonresidents of the City, solid waste collection and disposal, and wastewater. The following table summarizes the major categories of charges for services.

	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
Parking	$ 74,560	$ 90,000	$ 98,000	$ 98,000
Ambulance	653,004	600,000	854,000	700,000
E-911 Services	394,141	390,000	390,000	390,000
Borough Library Services	523,051	516,326	522,275	519,998
UAS Library Services	44,526	-	-	-
Civic Center	17,293	105,000	89,000	85,000
Solid Waste Fees	3,465,352	3,755,440	3,800,621	3,879,845
Wastewater Fees	3,459,403	3,467,350	3,491,200	3,491,000
Harbor Fees	1,550,342	1,579,000	1,609,000	1,609,000
Port Fees	1,353,021	9,960,950	10,728,820	11,793,200
Museum Fees	46,854	152,500	202,564	212,100
Tideland Leases	108,997	55,000	55,000	55,000
Other	106,687	374,000	163,969	168,022
Total	$ 11,797,231	$ 21,045,566	$ 22,004,449	$ 23,001,165

Total charges for services for 2023 have been projected to increase from 2022 by $1.96 million, or by 9.3%, to $23.0 million. Most of the revenues from fees for service will remain unchanged for 2023, except for the following:

- Fees for the port, museum and ambulance services have been projected to collectively increase by $1.9, or 18.6%, due to the resumption of the cruise ship season. Port fees accounts for 92.0% of the increase. The projections for 2023 are based on a cruise ship season operating at slightly higher than 2022 levels after factoring in the loss of about 26.7% of traffic volume to the berthing facilities located at Ward Cove.

Interdepartmental Charges: Interdepartmental charges are fees assessed against the revenue generating and enterprise funds that collect fees from users and other funds of the City. The General Fund and the Self-Insurance Fund provides certain services for these funds. The services include City Council, City Clerk, Legal, Engineering, Central Garage, Finance, Information Technology, Human Resources, and Risk Management. Since KPU maintains a separate garage, it is not charged for this service.

Ketchikan

	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
KPU	$ 2,099,442	$ 2,412,607	$ 2,293,513	$ 2,832,500
Port Fund	232,068	277,760	260,137	332,523
Harbor Fund	130,510	170,210	151,613	206,790
Solid Waste Fund	305,131	399,640	344,725	433,900
Wastewater Fund	397,414	530,410	459,090	594,430
Self Insurance Fund	1,954,215	2,077,710	2,021,380	2,247,990
Total	$ 5,118,780	$ 5,868,337	$ 5,530,458	$ 6,648,133

Interdepartmental charges are determined using a variety of methods. The amount charged for the cost of services provided to KPU is based on a model developed by a consultant engaged by the KPU Telecommunications Division. Services charged to other revenue generating funds of the City are based on labor. An increase of $779,796 for Interdepartmental charges has been programmed in 2023. Premiums for property and liability insurance continue to rise because of poor claims experience at the national level and replacement values have been impacted by the rising cost of construction and building materials. As a result, insurance premiums have been projected to increase by $170,280. For information about insurance premiums, please refer to the Risk Management section of the 2023 Budget. The increase in other interdepartmental services of $609,516 is a result of increased personnel services and the overall cost of goods and services for those divisions that provide services to the KPU, Port, Harbor, Solid Waste and Wastewater Funds.

TRANSFERS IN FROM OTHER FUNDS – ALL FUNDS

Transfers in from other funds include operating subsidies, the movement of financial resources from one fund to another, in order to share the cost of programs or activities accounted for in another fund and the transfer of financial resources for debt service. For 2023, $8.9 million has been programmed for transfers in from other funds to the funds listed below.

	2021 Actual	2022 Budget	2022 Estimate	2023 Budget
General Fund	$ 3,362,497	$ 3,347,451	$ 3,517,617	$ 3,486,666
Community Grant Fund	134,375	134,375	157,890	180,000
Major Capital Improvements Fun	-	-	-	580,000
CPV Capital Improvement Fund	-	865,000	794,151	100,000
GO Bond Debt Service Fund	3,539,307	3,623,114	3,507,990	3,622,404
Port Fund	479,774	420,911	482,627	27,500
Port Repair & Replacement Fund	521,051	522,000	522,000	522,000
Self Insurance Fund	-	78,901	78,901	390,101
Total	$ 8,037,004	$ 8,991,752	$ 9,061,176	$ 8,908,671

For detailed information about transfers in, please refer to the Transfers and Advances section of the 2023 Budget.

Kenai

City of Kenai
Fiscal Year 2019 Operating Budget

General Fund
Expenditure Summary

	FY2017 Actual	Original Budget FY2018	Amended Budget	Council Adopted FY2019	Increase (Decrease) FY18 Original	% Change
General Government						
01 City Clerk	$ 269,306	$ 298,355	$ 298,355	$ 311,005	$ 12,650	4.24%
03 Visitor Center	177,795	182,404	182,404	180,251	(2,153)	(1.18%)
11 Legislative	164,434	169,955	169,955	174,150	4,195	2.47%
12 Legal	302,161	354,743	354,743	359,998	5,255	1.48%
13 City Manager	350,859	350,254	350,254	352,446	2,192	0.63%
14 Human Resources	-	-	-	169,809	169,809	-
15 Finance	603,313	685,410	685,410	709,531	24,121	3.52%
16 Land Administration	26,620	17,740	17,740	24,337	6,597	37.19%
18 Non-Departmental	581,874	655,125	655,125	903,077	247,952	37.85%
19 Planning and Zoning	203,539	231,455	231,455	226,876	(4,579)	(1.98%)
20 Safety	2,420	21,150	21,150	6,400	(14,750)	(69.74%)
Total General Government	$ 2,682,321	$ 2,966,591	$ 2,966,591	$ 3,417,880	451,289	15.21%
Public Safety						
21 Police	2,640,497	2,921,899	2,921,899	3,107,201	185,302	6.34%
22 Fire	2,935,855	3,103,846	3,103,846	3,171,122	67,276	2.17%
23 Communications	726,457	854,200	854,200	858,551	4,351	0.51%
29 Animal Control	376,981	419,777	419,777	422,192	2,415	0.58%
Total Public Safety	6,679,790	7,299,722	7,299,722	7,559,066	259,344	3.55%
Public Works						
31 Public Works Administration	215,606	233,669	233,669	185,811	(47,858)	(20.48%)
32 Shop	627,020	647,332	647,332	669,652	22,320	3.45%
33 Streets	846,987	985,460	985,460	1,077,437	91,977	9.33%
34 Buildings	304,240	341,444	341,444	386,950	45,506	13.33%
35 Street Lighting	154,579	167,409	167,409	172,819	5,410	3.23%
Total Public Works	2,148,432	2,375,314	2,375,314	2,492,669	117,355	4.94%
Library						
40 Library	839,714	912,585	919,585	892,033	(20,552)	(2.25%)
Parks and Recreation						
60 Boating Facility	66,018	93,348	93,348	74,783	(18,565)	(19.89%)
45 Parks, Recreation & Beautification	1,079,155	1,119,256	1,122,256	1,107,167	(12,089)	(1.08%)
Total Parks and Recreation	1,145,173	1,212,604	1,215,604	1,181,950	(30,654)	(2.53%)
Total Operating Expenditures	13,495,430	14,766,816	14,776,816	15,543,598	776,782	5.26%
Transfers to other funds						
Senior Citizen Fund	183,291	196,730	151,385	216,944	20,214	10.27%
Debt Service	140,439	142,058	146,898	143,402	1,344	0.95%
Employee Health Care Fund	100,000	-	-	-	-	-
Other non-operating	321,400	488,000	528,505	262,083	(225,917)	(46.29%)
Total Transfers to other funds	745,130	826,788	826,788	622,429	(204,359)	(24.72%)
Total General Fund	**$ 14,240,560**	**$ 15,593,604**	**$ 15,603,604**	**$ 16,166,027**	**$ 572,423**	**3.67%**

City of Kenai
Fiscal Year 2019 Operating Budget

General Fund Central Administration Cost Allocation

	FY 2018	FY 2019	Difference	Percent
Water	$ 110,300	$ 91,800	$ (18,500)	(16.77%)
Sewer	55,200	50,200	(5,000)	(9.06%)
Sewer Treatment	119,800	123,300	3,500	2.92%
Airport - Airfield	816,300	864,900	48,600	5.95%
Airport - Administration Including Land	51,500	54,200	2,700	5.24%
Airport - Terminal	68,600	71,600	3,000	4.37%
Senior - Access	25,900	22,300	(3,600)	(13.90%)
Senior - Cong Meals	26,700	33,300	6,600	24.72%
Senior - Home Meals	26,000	41,600	15,600	60.00%
Senior - Transportation	21,000	16,100	(4,900)	(23.33%)
Senior - Choice Waiver	58,600	53,400	(5,200)	(8.87%)
Dipnet - Public Safety	73,300	61,200	(12,100)	(16.51%)
Dipnet - Streets	3,900	6,300	2,400	61.54%
Dipnet - Parks, Recreation & Beautification	27,100	32,200	5,100	18.82%
Dipnet - Dock	8,200	8,500	300	3.66%
Congregate Housing	39,000	43,300	4,300	11.03%
Total	$ 1,531,400	$ 1,574,200	$ 42,800	2.79%

Property Maintenance 10-70

			FY 2015 Budget	FY 2016 Budget
PERSONNEL				
R6	22101	Building Maintenance Foreman	77,664	77,664
R4	22102	Maintenance Worker	60,370	60,370
R4	22103	Maintenance Worker	54,765	54,765
R4	22104	Maintenance Worker	52,157	52,157
		SALARIES	244,956	244,956
		Annual Increases	-	-
		Overtime/Shift Differential	30,000	20,000
		Subtotal	30,000	20,000
		Leave Cashout/Payout (5% of Base Salary) + $10,000	12,248	22,248
		Social Security (6.2% of Temp Salary)	-	-
		Medicare (1.45% of Salary)	3,987	3,842
		Employee Group Health Benefit ($1,381 per month x 12 months x 4 FTE)	52,800	66,288
		Unemployment (0.80% of Salary)	2,200	1,960
		Workers' Compensation	14,000	14,000
		PERS On Behalf Of Contribution	39,596	40,893
		PERS (22.00% of Salary)	60,490	58,290
		Utility Benefits ($425 per month x 12 months x 4 FTE x 76%)	9,809	15,504
		BENEFITS AND TAXES	195,129	223,025
		TOTAL PERSONNEL	470,085	487,981

Property Maintenance 10-70

			FY 2016 Budget	FY 2017 Budget
PERSONNEL				
R6	22101	Building Maintenance Foreman	77,664	81,206
R4	22102	Maintenance Worker	60,370	63,123
R4	22103	Maintenance Worker	54,765	57,272
R4	22104	Maintenance Worker	52,157	54,535
		SALARIES	244,956	256,136
		Annual Increases	-	-
		Overtime/Shift Differential	20,000	20,000
		Subtotal	20,000	20,000
		Leave Cashout/Payout (5% of Base Salary)	22,248	22,807
		Social Security (6.2% of Temp Salary)	-	-
		Medicare (1.45% of Salary)	3,842	4,004
		Employee Group Health Benefit ($1,600/month x 12 months x 4 FTE)	66,288	76,800
		Unemployment (0.80% of Salary)	1,960	2,049
		Workers' Compensation	14,000	14,000
		PERS On Behalf Of Contribution	40,893	40,893
		PERS (22% of Salary)	58,290	60,750
		Utility Benefits ($425/month x 12 months x 4 FTE x 76% x 1.03%)	15,504	15,969
		BENEFITS AND TAXES	223,025	237,272
		TOTAL PERSONNEL	487,981	513,408

Property Maintenance (10-70)

			FY17 Budget	FY18 Budget
PERSONNEL				6.15
		Public Works Director 5%		5,450
R6	22101	Building Maintenance Foreman	81,206	81,206
R4	22102	Maintenance Worker	63,123	63,123
R4	22103	Maintenance Worker	57,272	57,272
R4	22104	Maintenance Worker	54,535	54,535
R4	18104	Maintenance Worker	-	39,710
		Wages	256,136	301,296
R1	18901	Temp Maint Worker (5.15 - 10.15, 800 hrs @ 17.32/hr)	-	13,856
R1	18902	Temp Maint Worker (5.15 - 10.15, 800 hrs @ 14.86/hr)	-	11,888
		Overtime/Shift Differential	20,000	20,000
		Subtotal	20,000	45,744
		Total Wages	276,136	347,040
		Leave Cashout/Payout 5% of Union FTE Base Wages	22,807	14,792
		Social Security (6.2% of Temp Salary)		1,596
		Medicare @ 1.45% of Total Wages	4,004	5,032
		Unemployment Ins @ 2.23% of Wages (W/ $39,800 cap)	2,049	4,480
		Employee Group Benefits @ $2,160/mo/ FTE @ 5.05	76,800	130,896
		Workers' Compensation @ 4.5210/$100	14,000	15,690
		PERS @ 22% of FTE Wages	60,750	70,685
		Utility Benefit @ $380/mo/ FTE @ 5.05	15,969	23,028
		BENEFITS AND TAXES	196,379	266,199
		TOTAL PERSONNEL	472,515	613,239

Property Maintenance (10-70)

			FY18 Budget	FY19 Approved Budget
PERSONNEL				
MIII	19401	Public Works Director 5%	5,450	5,614
R4	19101	Admin Assistant 5%		2,189
R6	22101	Building Maintenance Foreman	81,206	62,078
R4	22102	Maintenance Worker	63,123	48,259
R4	22103	Maintenance Worker	57,272	41,696
R4	22104	Maintenance Worker	54,535	66,279
R4	18104	Maintenance Worker	39,710	53,205
		Wages	301,296	279,320
R1	18901	Temp Maint Worker (5.15 - 10.15, 800 hrs @ 17.60/hr)	13,856	14,080
R1	18902	Temp Maint Worker (5.15 - 10.15, 800 hrs @ 17.60/hr)	11,888	14,080
		Overtime/Shift Differential	20,000	30,000
		Subtotal	45,744	58,160
		Total Wages	347,040	337,480
		Leave Cashout/Payout 5% of Union FTE Base Wages	14,792	13,685
		Social Security (6.2% of Temp Salary)	1,596	1,746
		Medicare @ 1.45% of Total Wages	5,032	4,893
		Unemployment Ins @ 2.23% of Wages (W/ $39,800 cap)	4,480	4,781
		Employee Group Benefits	130,896	112,171
		Workers' Compensation @ 4.5210/$100	15,690	15,257
		PERS @ 22% of FTE Wages	70,685	68,050
		Utility Benefit @ $380/mo/ FTE @ 5.05	23,028	23,028
		BENEFITS AND TAXES	266,199	243,612
		TOTAL PERSONNEL	613,239	581,092

Property Maintenance Personnel				
			FY19 Approved Budget	FY2020 Budget
PERSONNEL				
MIII	**19401**	Public Works Director 5%	5,614	6,068
R4	**19101**	Admin Assistant 5%	2,189	2,360
R6	**22101**	Building Maintenance Foreman	62,078	63,630
R4	**22102**	Maintenance Worker	48,259	49,465
R4	**22103**	Maintenance Worker	41,696	42,738
R4	**22104**	Maintenance Worker	66,279	67,936
R4	**18104**	Maintenance Worker	53,205	54,535
R1	**18901**	Temp Maint Worker (5.15 - 10.15, 800 hrs @ 17.60/hr)	14,080	14,080
R1	**18902**	Temp Maint Worker (5.15 - 10.15, 800 hrs @ 17.60/hr)	14,080	14,080
		Wages	307,480	314,893
		Merit Increases 2.5% (Bargaining Unit only)		6,958
		Overtime/Shift Differential	30,000	30,750
		Subtotal	30,000	37,708
		Total Wages	337,480	352,601
		Leave Cashout/Payout 5% of Bargaining Unit FTE Base Wages	15,093	15,441
		Social Security (6.2% of Temp Salary)	1,746	1,746
		Medicare @ 1.45% of Total Wages	4,893	5,113
		Unemployment Ins @ 2.23% of Wages (W/ $39,900 cap)	4,781	4,538
		Employee Group Benefits @ $2009 per month X 5.10 FTE	112,171	122,951
		Workers' Compensation @ 4.3451/$100	15,257	15,321
		PERS @ 22% of FTE Wages	74,246	77,572
		Utility Benefit @ $380/mo/ FTE @ 5.05	23,028	23,028
		BENEFITS AND TAXES	251,216	265,710
		TOTAL PERSONNEL	588,695	618,311

Property Maintenance Personnel (10-70)			FY20 Budget	FY21 Budget
PERSONNEL				
MIII	19401	Public Works Director 5%	6,068	6,220
R4	19101	Admin Assistant 5%	2,360	2,360
R6	22101	Building Maintenance Foreman	63,630	63,630
R4	22102	Maintenance Worker	49,465	49,465
R4	22103	Maintenance Worker	42,738	42,738
R4	22104	Maintenance Worker	67,936	67,936
R4	18104	Maintenance Worker	54,535	54,535
R1	18901	Temp Maint Worker (5.15 - 10.15, 800 hrs @ 17.60/hr)	14,080	14,080
R1	18902	Temp Maint Worker (5.15 - 10.15, 800 hrs @ 17.60/hr)	14,080	14,080
R4		Maintenance Worker		-
		Wages	314,893	315,045
		Merit Increases 2.5% (Bargaining Unit only)	6,958	7,017
		Overtime/Shift Differential	30,750	35,000
		Subtotal	37,708	42,017
		Total Wages	352,601	357,062
		Leave Cashout/Payout 5% of Bargaining Unit FTE Base Wages	15,441	15,752
		Social Security (6.2% of Temp Salary)	873	1,746
		Medicare @ 1.45% of Total Wages	5,113	5,177
		Unemployment Ins @ 2.23% of Wages (W/ $39,900 cap)	4,538	4,538
		Employee Group Benefits @ $2119 per month X 5.10 FTE	122,951	129,683
		Workers' Compensation @ 4.3451/$100	15,321	16,459
		PERS @ 22% of FTE Wages	77,572	72,358
		Utility Benefit @ $380/mo/ FTE @ 5.10	23,028	23,256
		BENEFITS AND TAXES	264,837	268,969
		TOTAL PERSONNEL	617,439	626,031

PROPERTY MAINTENANCE (10-70)			FY21 Budget	FY22 Budget
PERSONNEL:				
MIII	19401	Public Works Director 5%	6,220	6,407
R4	19101	Admin Assistant 5%	2,360	2,478
R6	22101	Building Maintenance Foreman	63,630	66,812
R4	22102	Maintenance Worker	49,465	51,938
R4	22103	Maintenance Worker	42,738	44,875
R4	22104	Maintenance Worker	67,936	71,333
R4	22107	Maintenance Worker	54,535	57,262
R1	18901	Temp Maint Worker (5.15 - 10.15, 800 hrs @17.60/hr)	14,080	14,080
R1	18902	Temp Maint Worker (5.15 - 10.15, 800 hrs @17.60/hr)	14,080	14,080
R4		Maintenance Worker	-	-
	501	**SALARIES AND WAGES**	315,044	329,264
		Merit Increases (Bargaining Unit only)	7,017	
	502	Overtime	35,000	40,000
		Subtotal of miscellaneous wages	42,017	40,000
		TOTAL GROSS WAGES	357,061	369,264
	508	Leave Cashout: (BW*2%) of FTEs (FTE=5.1) (Salaries reflect FTE)	15,752	6,408
	509	Social Security (6.2% of Temp Salary)	1,746	1,746
	510	Medicare: 1.45% of Total Wages	5,177	5,354
	511	Employee Group Benefits: (2119*12)*FTE (FTE=5.1)	129,683	129,683
	512	Unemployment Insurance: 1.78%*TW	4,538	5,861
	515	Workers' Compensation: (TW/100)*2.5833	16,459	9,539
	516	PERS Contributions: TW*22%	72,358	81,238
	518	Utility Benefit: (380*12)*FTE (FTE=5.1)	23,256	23,256
		BENEFITS AND TAXES	268,969	263,085
		TOTAL PERSONNEL	626,030	632,349

PROPERTY MAINTENANCE

		(100-70)	FY19 Actuals	FY20 Actuals	FY21 Budget	FY21 Actuals	FY22 Budget	January FY22 Actuals	FY23 Budget
PERSONNEL:									
MIII	19401	Public Works Director 5%			6,220		6,407		6,631
R4	19101	Admin Assistant 5%			2,360		2,478		2,540
R6	22101	Building Maintenance Foreman			63,630		66,812		68,482
R4	22102	Maintenance Worker			49,465		51,938		53,237
R4	22103	Maintenance Worker			42,738		44,875		45,997
R4	22104	Maintenance Worker			67,936		71,333		73,116
R4	22107	Maintenance Worker			54,535		57,262		58,693
R1	18901	Temp Maint Worker (5.15 - 10.15, 800 hrs @17.60/hr)			14,080		14,080		14,432
R1	18902	Temp Maint Worker (5.15 - 10.15, 800 hrs @17.60/hr)			14,080		14,080		14,432
R4		Maintenance Worker			-		-		-
	6000	SALARIES AND WAGES	261,541	298,447	315,044	311,573	329,264	200,288	337,559
		Merit Increases (Bargaining Unit only)			7,017				8,273
	6010	Overtime	46,450	89,424	35,000	69,060	40,000	46,502	50,000
		Subtotal of miscellaneous wages	**46,450**	**89,424**	**42,017**	**69,060**	**40,000**	**46,502**	**58,273**
		TOTAL GROSS WAGES	**307,991**	**387,872**	**357,061**	**380,633**	**369,264**	**246,790**	**395,833**
	6023	Leave Cashout: (BW*2%) of FTEs (FTE=5.1) (Salaries reflect FTE)	-	9,424	15,752	6,866	6,408	12,403	6,751
	6030	Social Security (6.2% of Temp Salary)	1,040	623	1,746	831	1,746	201	1,790
	6031	Medicare: 1.45% of Total Wages	4,619	6,014	5,177	5,967	5,354	4,021	5,740
	6032	Unemployment Insurance: 1.78%*TW (W/ $39,900 cap)	-	-	4,538	-	5,861	-	7,046
	6033	Workers' Compensation: (TW/100)*2.5833	-	-	16,459	8,307	9,539	7,118	10,226
	6034	PERS Contributions: TW*22%	45,985	82,053	72,358	78,189	81,238	55,897	87,083
	6040	Employee Group Benefits: (2119*12)*FTE (FTE=5.1)	98,196	129,902	129,683	134,206	129,683	94,771	129,683
	6041	Utility Benefit: (380*12)*FTE (FTE=5.1)	13,293	19,716	23,256	27,975	23,256	21,990	23,256
		BENEFITS AND TAXES	**163,133**	**247,732**	**268,969**	**262,341**	**263,085**	**196,402**	**271,574**
		TOTAL PERSONNEL	**471,125**	**635,604**	**626,030**	**642,973**	**632,349**	**443,192**	**667,406**

Committee Name 2023 Attendance

Regular Meetings

Member Name	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Rose Henderson (Mayor)	E	P	P	E								
CarolAnn Willard (Chair)	E	P	E	E								
Robert Rey (Vice Chair)	P	P	P	P								
John Hamilton	E	P	P	P								
Farah Sears	P	E	P	E								
Xavier Mason - Ex Officio	P	P	P	P								
Alexandra Batchelor Ex Officio	P	P	P	P								

Special Meetings

Member Name	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.

Vacancy shall be declared by the body when a member: Fails to attend 3 regular meetings without being excused by the body Fails to attend 3 special meetings without being excused by the body Fails to attned 65% of regular meetings	**P=Present** **E=Excused** **U=Unexcused**	Chair determines excused/unexcused during roll call. If a member disagrees with the the chair, a motion to overule the decision of the chair can be made.