

City of Seward

2018/2019 Biennial Budget General Fund, Part I



Mayor & Council; City Clerk; Legislative Boards & Commissions;
Community Development; City Manager; MIS; Parks and
Recreation; Police/Jail/Animal Control; Seward Seniors contribution;
Chamber of Commerce funding; Legal/Finance/General Services;
Parking; Harbor and Seward Marine Industrial Center

Budget Calendar



- ❑ September 27: General Fund Part 1, Harbor, SMIC, Parking

- ❑ October 2: General Fund Part 2 (Fire, Building Inspection, Library); Healthcare (CHC, Hospital, SMH); Electric, Motor Pool

- ❑ October 3: Public Works, Municipal Buildings, Water, Wastewater, Capital Improvement Plan and Council direction to administration

- ❑ October 9: Public hearing on budget

- ❑ October 23: Public hearing and adoption of budget (alternate dates Nov. 6 or 20)

General Fund Highlights



Revenue Issues



- ❑ Declining state and federal grant funding
- ❑ State reduced Jail funding > \$300K
- ❑ State reduced revenue sharing > \$100K
- ❑ State vacating city hall offices to save \$
- ❑ US Air Force lease revenues lost \$15K
- ❑ Pending US Army rec camp lease will rise from \$18K/yr. to \$58K/yr. over 10 years

Revenue Issues cont'd



- Property tax increasing from 3.12 to 3.84 mills for road bond, approved by voters
- ASLC PILT reduction to offset higher utility rates (\$8400 2016 to \$33,600 2019)
- What is PILT?
- What is administrative fee?



Personnel Cost Issues

- Personnel costs comprise 70% of GF
- Health insurance consumes 20% of overall GF budget
- Current staffing levels are unsustainable
- No cola for employees in 2016, 2017, 2018 or 2019; 1% bonus in 2016
- Eliminate all overtime and standby time in GF only (except Police at \$20K); not realistic; 4th consecutive year

Staff Reductions



- Eliminating positions impacts services
- Previous position reductions:
 - Project Manager
 - Patrol position
 - Part-time fire, finance, library, P&R
 - Delayed hiring dispatch, jailers, campgrounds, parks



This budget proposes:

- Budget \$150K vacancy factor; delay hiring to achieve cost savings (General Services dept)
- Do not fill Finance payroll position for 2 years
- Privatize city hall and annex custodial begin April 2018; reduces two FTEs
- Do not fill P&R program supervisor; replace w/ lower pay admin asst
- Consolidate electric and city shop mechanics over 2 years; reduce one FTE June 2018 due to retirement, and another through attrition

Salary & Benefits



- Jail - if no addtl funding from State propose close Jan 2020
- Health insurance est. up 3%/yr.
- PERS costs spread more to depts and less to long-term debt (unfunded liability)
- Workers' comp insurance costs up
- Prior budget delayed hiring resulting in lower 2016/2017 actual costs

Debt



- ❑ No motor pool contributions from GF (4th consecutive year)
- ❑ No GF loan payment to Electric
- ❑ No Water loan payment to GF
- ❑ GF pays SMIC annual deficit (\$420,447 in 2018 w/ \$211,572 due to 2016) and \$200,575 in 2019. \$98,008 is 330-ton boat lift
- ❑ New road bonds \$208K/yr. added cost

Highlights



- Reduce Senior contribution fm \$75K to \$65K
- Reduce B&GC contribution from \$25K to \$15K
- Convert 80 dry to utility RV sites
- Cemetery expansion
- Parking – propose rate increase for vehicle w/trailer

Budget Goals



- ❑ Maintain current service levels
- ❑ Balanced budget without utilization of reserves
- ❑ General Fund reserves within policy band
- ❑ Address deferred maintenance
- ❑ Strategy for SMH future bond payments
- ❑ Self-sufficient in anticipation of declining federal/state funding
- ❑ Protect long-term financial health of City
- ❑ Strengthen health of enterprise funds and meet critical and high-risk capital needs
- ❑ SMIC economic development
- ❑ Implement rate review recommendations for enterprise funds
- ❑ Develop plan for long-term sustainability of infrastructure
- ❑ Fund a capital budget for each Fund

Budget-building Assumptions



- ❑ Anticipate revenue levels for sales tax, camping, bed tax consistent with 2016/2017 actuals
- ❑ Revenues are not estimated conservatively
- ❑ Assume State continues to pay >22% PERS costs
- ❑ Assume no State revenue sharing

Budget Review



- Mayor & Council and City Clerk
- Community Development / Legislative
- City Manager / MIS
- Parks and Recreation and Parking
- Police / Jail / Animal Control
- Seward Senior Center
- Chamber of Commerce
- Legal / Finance/ General Services
- Harbor
- SMIC

The end

