

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2023-07

A RESOLUTION OF THE UNALASKA CITY COUNCIL APPROVING THE COUNCIL'S GOALS FOR THE FY24 BUDGET

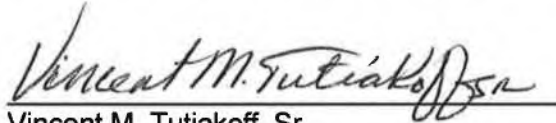
WHEREAS, budget guidelines help to ensure that the budget is prepared in a manner consistent with City Council desires; and

WHEREAS, the City Council has discussed and selected the attached set of budget goals for FY24; and

WHEREAS, management will utilize the adopted goals as guidelines when developing the FY24 budget.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council adopts the attached goals as a guideline for developing the FY24 budget.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on February 14, 2023.



Vincent M. Tutiakoff, Sr.
Mayor

ATTEST:



Marjie Veeder, CMC
City Clerk



**CITY COUNCIL
FY24 BUDGET GOALS**

Personnel Goals

The FY23 budget included 171.96 full-time equivalent (FTE) positions. Any proposed increase to the total number of full-time equivalent (FTE) positions will be fully evaluated and justified during the budget approval work sessions.

The FY24 goal represents no change from the approved FY 2023 budget goal.

General Fund Surplus/Deficit

The General Fund operations will be budgeted without a deficit. The Council may appropriate additional funds from surplus to cover costs of capital projects.

The FY24 goal represents no change from the approved FY 2023 budget goal.

Proprietary Funding

Staff will continue to seek ways to balance budgets in the proprietary funds.

The FY24 goal represents no change from the approved FY 2023 budget goal.

Operating Expenses

The City Manager's proposed FY24 General Fund budget shall not increase more than 5 percent for non-personnel expenditures.

The total amount available to fund the Community Support Program grants will continue to follow the formula of up to 3.5% of the five-year average revenue for the General Fund and up to all of the Bed Tax Fund balance for the most recently completed fiscal year. Additionally, all of the tobacco excise tax fund balance for the most recently completed fiscal year may be used for any public health programs or tobacco education and cessation programs that are applied for through the Community Support Grant Program. (Revenues do not include Other Financing Sources.)

City management shall continue to examine ways to reduce expenditures without significantly impacting the level and quality of services to the public.

City management shall continue to examine ways to reduce inventory without significantly impacting the level and quality of services to the public.

The FY24 goal proposes to increase the maximum increase in non-personnel expense from 3% to 5%.

Capital Projects

New capital assets or maintenance of existing capital assets will be limited to projects approved by Council in the CMMP, which will include projects that are mandated or required by statute, projects that maintain our existing infrastructure, projects that address life, safety, or health issues, and projects that support the economic development of Unalaska.

The replacement and maintenance plans for all existing capital assets will be reviewed annually.

The vehicle and heavy equipment fleet requirements will be reviewed annually and reduced where appropriate without significantly impacting services provided to the public.

The FY24 goal represents no change from the approved FY 2023 budget goal.

Revenues

Proprietary Fund rate studies will be completed every three years and presented to council.

The mil rate will be reviewed annually to establish an appropriate mil rate to maintain infrastructure and operations.

The FY24 goal represents no change from the approved FY 2023 budget goal.

Debt Service

The City will not incur new debt without appropriate analysis to show impacts to rates or taxpayers, and will not incur new debt unless the capital asset is eligible for a debt reimbursement program; is mandated by State or Federal government; or is needed to address life, safety or health issues.

The City may incur debt for its Proprietary Funds provided there is a documented plan to pay the debt through rate adjustments.

The FY24 goal represents no change from the approved FY 2023 budget goal.

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Clay Darnell, Interim Finance Director
Through: Chris Hladick, Interim City Manager
Date: February 14, 2023
Re: Resolution 2023-07: Approving the Council's Goals for the FY24 Budget

SUMMARY: This memo provides information regarding recommended FY24 Budget Goals. The FY24 Budget Goals are attached to the resolution and will be utilized to help direct the preparation of the budget once approved. Resolution 2023-07 formally adopts these budget goals. Staff recommends approval.

PREVIOUS COUNCIL ACTION: The City Council has reviewed budget goals at the beginning of each budget cycle since about 2002. The City Council considered the FY24 Budget goals during a work session at the January 27, 2023 Council meeting.

BACKGROUND: Much of what we do as a municipal government is legislatively or code driven. City staff will continue seek ways to perform our services to the community more efficiently, in an effort to reduce costs and increase our effectiveness.

DISCUSSION: The City Council Goals for the FY24 Budget are attached. Staff addressed the following key points on various issues impacting the budget goals on January 27:

Personnel: In FY23, Council authorized a total of 171.96 full time equivalent (FTE) employees, which does not include the Natural Resource Analyst and the Building Inspector that were identified as authorized but unfunded positions.

Administration will have a more detailed discussion with the Council during the budget presentation regarding approval for any proposed new positions.

General Fund Surplus/Deficit: Staff will work to develop a budget in which the General Fund will operate without a deficit. To accomplish this, and other related Council Budget Goals, Directors are working to limit increases to no more than 5%.

Proprietary Funds: Staff will continue to review operating expenditures so as to budget and operate at a break-even point. However, increased revenue is most likely the only way proprietary fund budgets will operate without a deficit in the near term. City owned housing is used as an incentive for recruitment and retention, therefore, while we conservatively budget operations and renovations, a gap in funding will continue. In addition, the cost to operate the airport continues to increase faster than the revenue gains.

Operating Expenses: Although the goal is set at a maximum increase of 5% for non-personnel expenses, the Directors will prepare their proposed budgets understanding any non-personnel increases will have to be justified and evaluated to ensure that the level and quality of services to the public is maintained or improved. Certain departments may request one-time increases in order to purchase items that do not qualify as a capital purchase, but would otherwise not be purchased at their existing operating budget levels.

As described in the previous goal, this will be the fourth year in a row where staff has been charged with reducing costs wherever possible, while at the same time striving to maintain the level of service the community has come to know and expect. Staff has been able to do so while also experiencing an overall rise in prices of goods and services. The 5% increase in this goal is related to inflation. Generally speaking, our operating budgets have not, and are not this year, fully accounting for inflation.

Capital Projects: The CMMP is currently being developed. A presentation of the initial draft projects, with a special focus on FY24, was provided to Council at the January 27 meeting. Projects proposed for FY24 are focused on maintaining our current infrastructure and continuing currently funded projects. The draft CMMP will be discussed again at a future Council meeting.

Revenues: Projected FY24 General Fund revenues were presented on January 24, 2023. Council considers the property tax millage rate annually as part of the budget process. Projected revenues for the Proprietary Funds will be presented along with the draft budget later in the budgeting process.

Debt Service: As Council is aware, the City has incurred debt in the Ports Fund for the UMC, Positions 3 and 4 Project.

ALTERNATIVES: Various alternatives exist. As Staff traverses the budget process we will seek ways to perform our work more efficiently in an effort to reduce costs and increase our effectiveness.

FINANCIAL IMPLICATIONS: Financial implications will be brought forward during the budget presentations.

LEGAL: None.

STAFF RECOMMENDATION: Staff recommends approval of the FY24 Budget Goals through Resolution 2023-07.

PROPOSED MOTION: I move to adopt Resolution 2023-07.

CITY MANAGER COMMENTS: I support Staff's Recommendation.