

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2019-64

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING AN INCREASE TO THE FORMULA PERCENTAGE GUIDE IN THE COMMUNITY SUPPORT GRANT PROGRAM TO 3.5% OF THE AVERAGE GENERAL FUND FOR THE FIVE MOST RECENTLY COMPLETED FISCAL YEARS, PLUS THE BED TAX FUND FOR THE MOST RECENT COMPLETED FISCAL YEAR

WHEREAS, the City of Unalaska acknowledges, appreciates and supports the services provided to the community by non-profit agencies; and

WHEREAS, the City of Unalaska provides financial aid through the Community Support Grant Program from two sources, the General Fund and the Bed Tax Fund; and

WHEREAS, for many years the City of Unalaska's funding guide for the Community Support Grant program has been 3.4642% of the average General Fund for the five most recently completed fiscal years and the Bed Tax Fund for the most recent completed fiscal year; and

WHEREAS, the City Council wishes to round up the funding guide percentage for the General Fund portion to 3.5% to simplify the calculation.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council authorizes the new funding guide for the Community Support Grant Program to be three and one half percent (3.5%) of the average General Fund for the five most recently completed fiscal years, plus the Bed Tax Fund for the most recent completed fiscal year.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on December 12, 2019.


Vincent M. Tutiakoff, Sr.
Mayor

ATTEST:


Marjie Veeder
City Clerk



MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: William Homka, Planning Director
Through: Erin Reinders, City Manager
Date: December 12, 2019
Re: Resolution 2019-64: Authorizing an increase to the formula percentage guide in the Community Support Grant program to 3.5% of the average General Fund for the five most recently completed fiscal years, plus the bed tax fund for the most recently completed fiscal year

SUMMARY: Each year Council reviews the Community Support Grant Program guidelines, application and supporting documents, and then determines the funding level. During the annual presentation to council on Tuesday, November 26, 2019, Council directed staff to increase the formula percentage from 3.4642% to 3.5%, resulting in a \$16,528 increase in available funds for FY21.

PREVIOUS COUNCIL ACTION: On November 26, 2019, Council requested the City Manager and staff increase the percentage of General Fund money for the Community Support Program from 3.4642% to 3.5% to round the percentage to a single decimal place. In previous years, Council has taken this formula as a guideline and disbursed more in most years, and less in other years.

BACKGROUND: Council sets the annual funding level for the Community Support Program with their budget goals in January. The total community support funding available is calculated using an established formula which is 3.4642% of the average revenue for the General Fund for the five most recently completed fiscal years and Bed Tax fund. At the Council meeting on November 26, 2019, Planning Department staff presented Council with the annual summary for the Community Support Program application materials, schedule and budget. Council suggested staff raise the percentage to 3.5%.

DISCUSSION: In researching the Community Support Grant Program, staff discovered the original funding formula was established in the Community Support Grant Guidelines at the time the program was developed. This is the funding formula that is described in the approved budget goals over the past several years. The guidelines established the funding amount to be 3.4642% of the average of general fund revenues from the previous five years. Revenues do not include "Other Finance Sources." In addition, the amount also includes money obtained from the Bed Tax Fund in the last completed fiscal year. For this year, the Bed Tax Fund would be FY18.

ALTERNATIVES: If City Council chooses not to revise the percentage, the primary alternative would be to maintain the 3.4642% factor, which would make \$1,139,499 available. A second alternative would be to increase or decrease the fund an unspecified amount. The second alternative is not a recommended course of action as it provides no guidance to applicants, staff or Council.

FINANCIAL IMPLICATIONS: If Council increases the formula percentage to 3.5%, it would add an additional \$16,528 to the FY21 program for a total of \$1,150,087. This includes up to all of the Bed Tax collected in FY18. A change of 0.0358% on a \$1.15 million program is negligible in terms of overall scale, but makes the formula more clear, and could make a meaningful difference to a non-profit.

	General Fund	Bed Tax Fund			
FY 2014	34,376,971.00				
FY 2015	34,525,170.00				
FY 2016	30,723,626.00				
FY 2017	34,371,441.00				
FY 2018	<u>30,300,957.00</u>	<u>169,703.00</u>			
	164,298,165.00	169,703.00	-		
Average	32,859,633.00	169,703.00	33,029,336.00	3.4642 1 yr	1,139,499.00
			3.5000%	3.5 1 yr	1,156,027.00
				Difference	16,528.00

STAFF RECOMMENDATION: Staff recommends Council approve the increase of the formula percentage from 3.4642% to 3.5% for the Community Support Grant Program beginning in FY21.

PROPOSED MOTION: I move to adopt Resolution 2019-64.

CITY MANAGER COMMENTS: This resolution helps to clarify the guidance provided to non-profits, staff and City Council participating in and administering the Community Support Program. I support the staff recommendation.