

Overview, Revenues, Reserves

2024 Budget Workshop; October 10th, 2023

Agenda

- Overview

- Fund Balances
- Projections
- City Manager Review

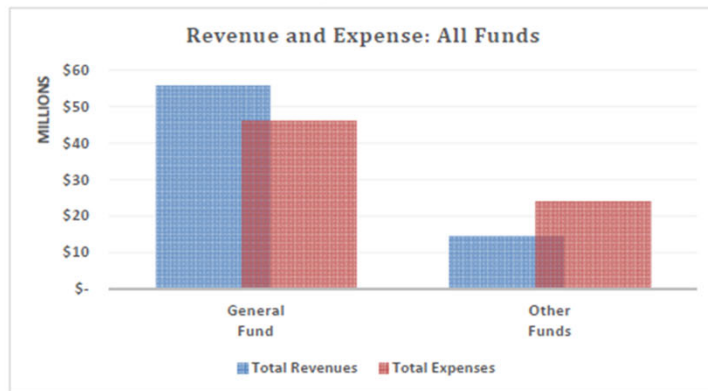
- Appropriations

- Revenues
- Reserves

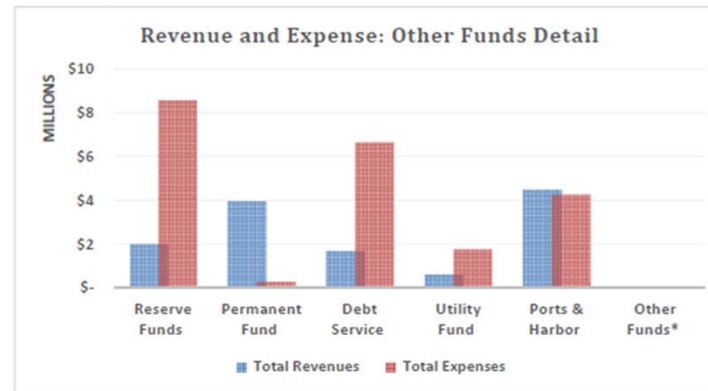
Financial Schedule by Division

All Values in Millions

	General Fund	Reserve Funds	Capital Projects	Permanent Fund	Debt Service	Utility Fund	Ports & Harbor	Other Funds*	Grand Total
Beginning Fund Balance	32.3	56.2	54.3	245.1	4.3	3.1	7.3	23.6	426.1
Property Taxes	49.5	-	-	-	-	-	-	-	49.5
Other	6.2	2.0	1.8	3.9	1.7	0.6	4.5	-	20.7
Total Revenues	55.8	2.0	1.8	3.9	1.7	0.6	4.5	-	70.3
Transfer In (Out)	(8.1)	6.6	0.8	(3.7)	5.0	-	(0.5)	-	-
Operating Subsidy	(1.4)	-	-	-	-	1.1	0.3	-	-
Net of Transfer/Subsidy	(9.6)	6.6	0.8	(3.7)	5.0	1.1	(0.2)	-	-
Division									
Facilities, Fleet & Infrastructure	9.4	2.1	2.6	-	6.6	1.8	-	-	22.5
Administration	10.6	5.9	-	0.3	-	-	-	-	16.8
Support	13.3	-	-	-	-	-	-	-	13.3
Public Safety	9.0	-	-	-	-	-	-	-	9.0
Ports & Harbor	-	0.5	-	-	-	-	4.2	-	4.8
Parks, Recreation & Cultural Services	4.0	-	-	-	-	-	-	-	4.0
Total Expenses	46.2	8.6	2.6	0.3	6.6	1.8	4.2	-	70.3
Net Increase (Reduction)	-	-	-	-	-	-	-	-	-
Ending Fund Balance	32.3	56.2	54.3	245.1	4.3	3.1	7.3	23.6	426.1

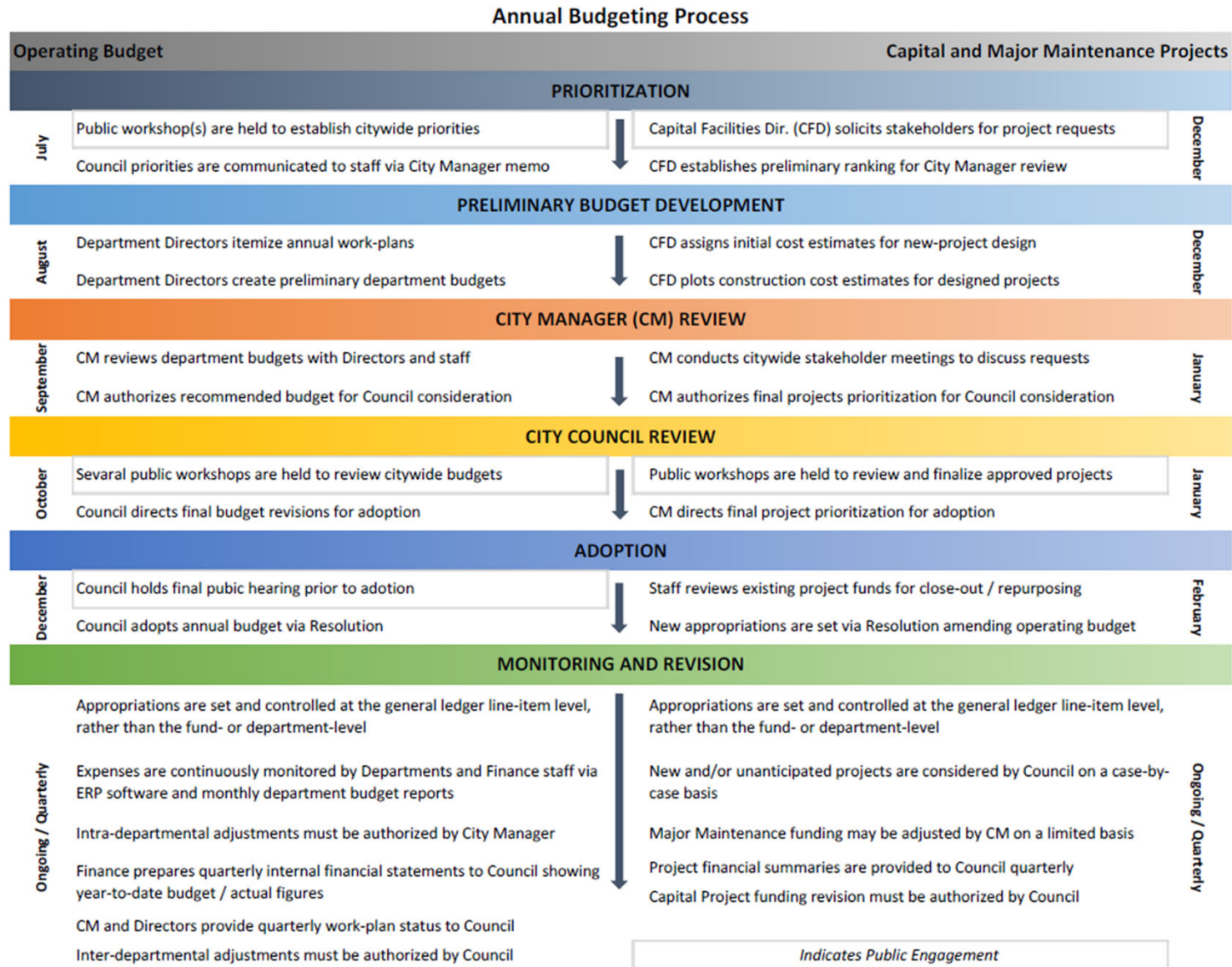


Indicates Major Fund

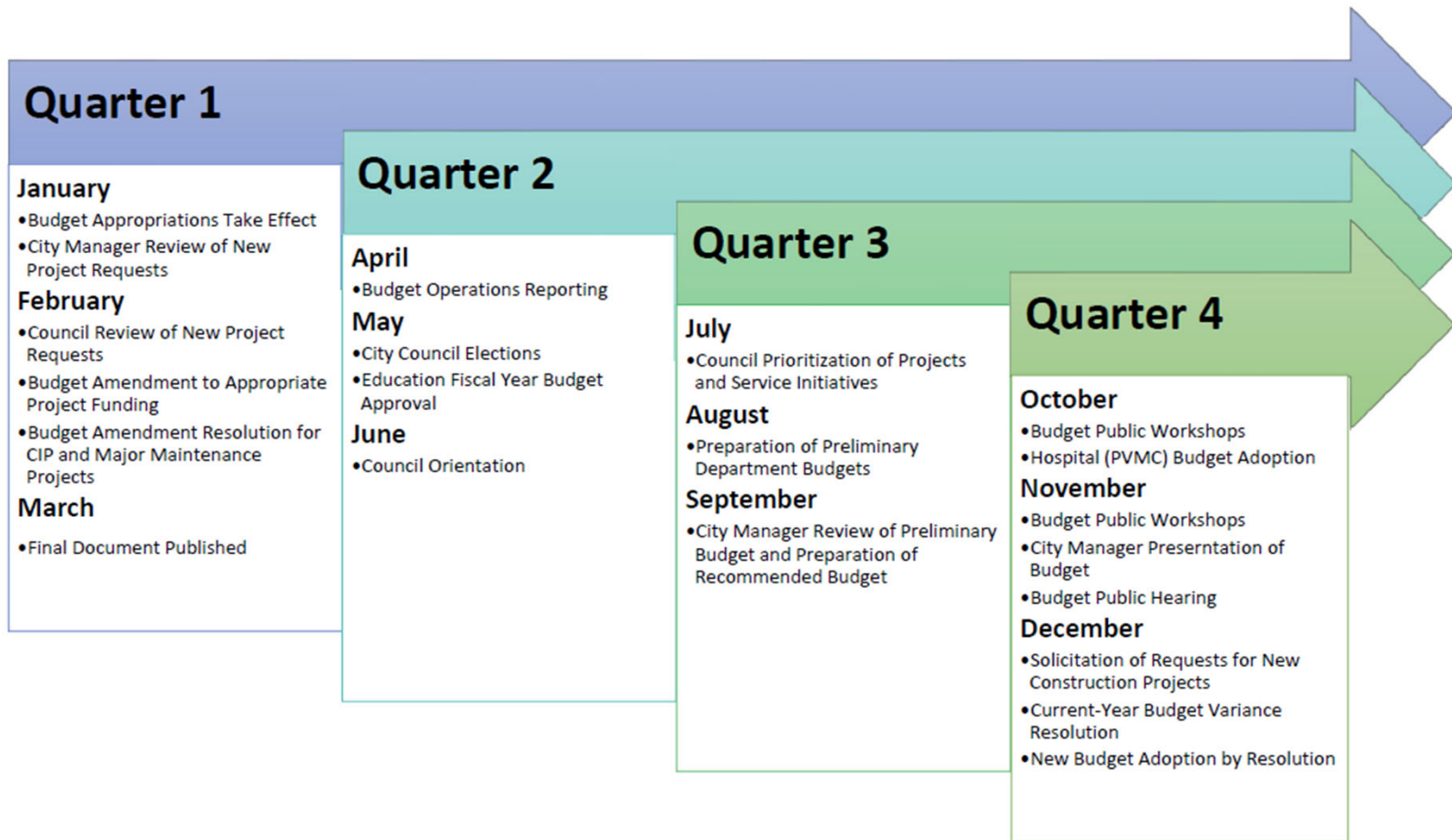


*Other Funds include: Health Insurance, PVMC, Counseling Center, and Museum

Process Overview



Process Overview



Workshop Schedule

2024 Budget Calendar; Workshop Schedule



	Start Time: 6:00 PM	6:30 PM	7:00 PM	7:30 PM	8:00 PM	8:30 PM
Tuesday, October 10	2024 Budget; Overview		Revenues	Debt Service and Reserve Funds		
Monday, October 16	Education	Museum	Administration (Admin, City Clerk, Council, Legal, Finance, HR, Planning, IT)			
Tuesday, October 24	Community Service Organizations					
Thursday, October 26	Parks, Recreation, and Cultural Services		Facilities, Fleet, and Infrastructure Division		Major Equipment Schedule	
Thursday, November 2	Economic Development (VCVB, VFDA, Events)	Public Safety Division		Topics to Revisit (placeholder)		
Thursday, November 9	Ports and Harbor Division		2024 Budget; Recap and/or Revisit Topics			
Tuesday, November 21	Public Hearing and City Manager Presentation of 2024 Budget Regular City Council Meeting					
Tuesday, December 12	Budget Adoption Regular City Council Meeting					

All Meetings Located in Council Chambers

Fund Balances, Financial Schedule, and “The Lines”

Fund Balances

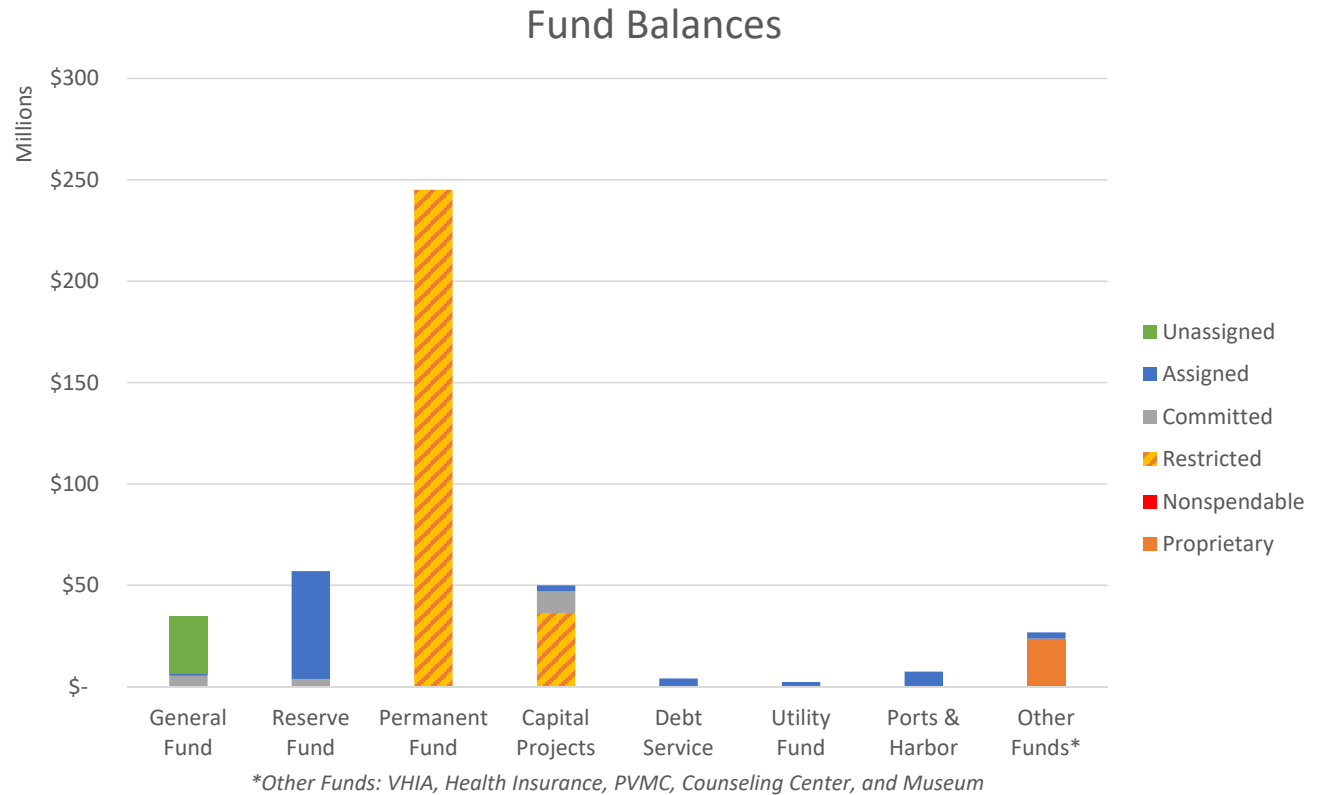
Fund Balances

as of 12/31/2022

- Permanent Fund represents 57% of Citywide Fund Balance
 - Restricted by law

“(1.5%) of the permanent fund’s market value, as determined on the last day of the last accounting year that has been certified by an annual audit, shall be transferred into the general fund for appropriation for operational and capital expenses of the city.”

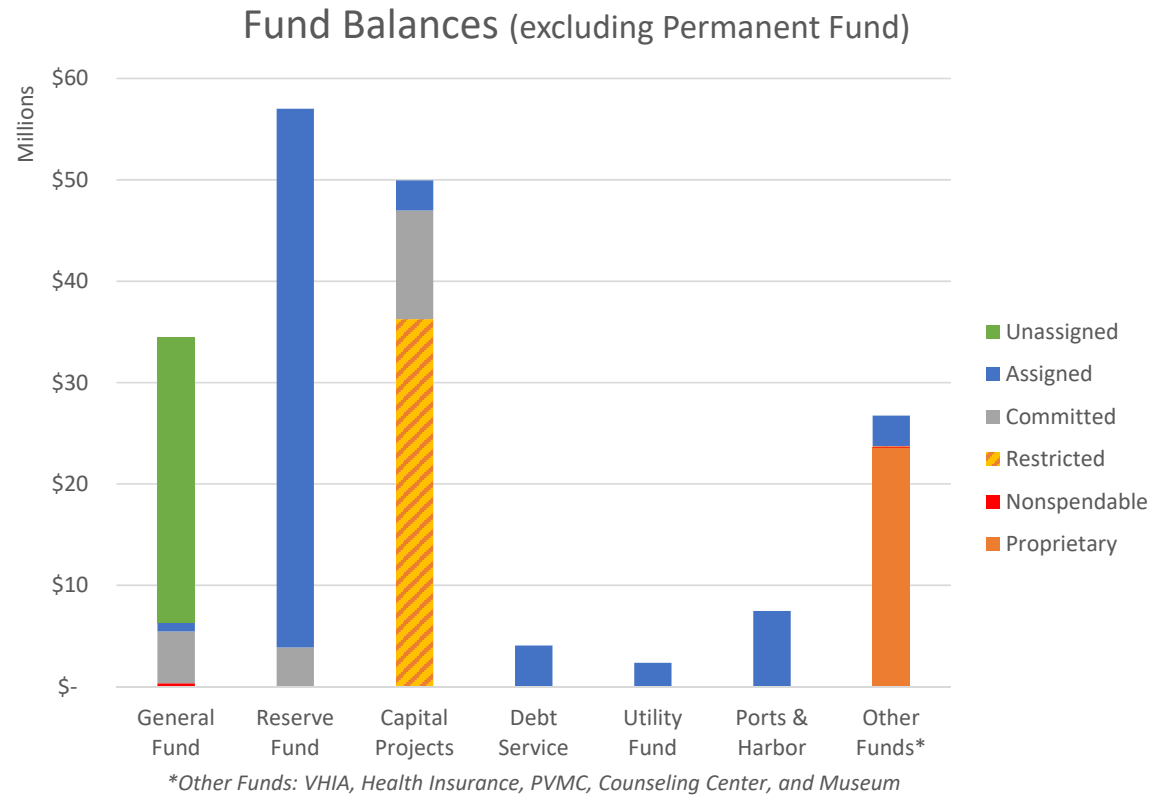
- City Charter, Section 6.7(a)



Fund Balances

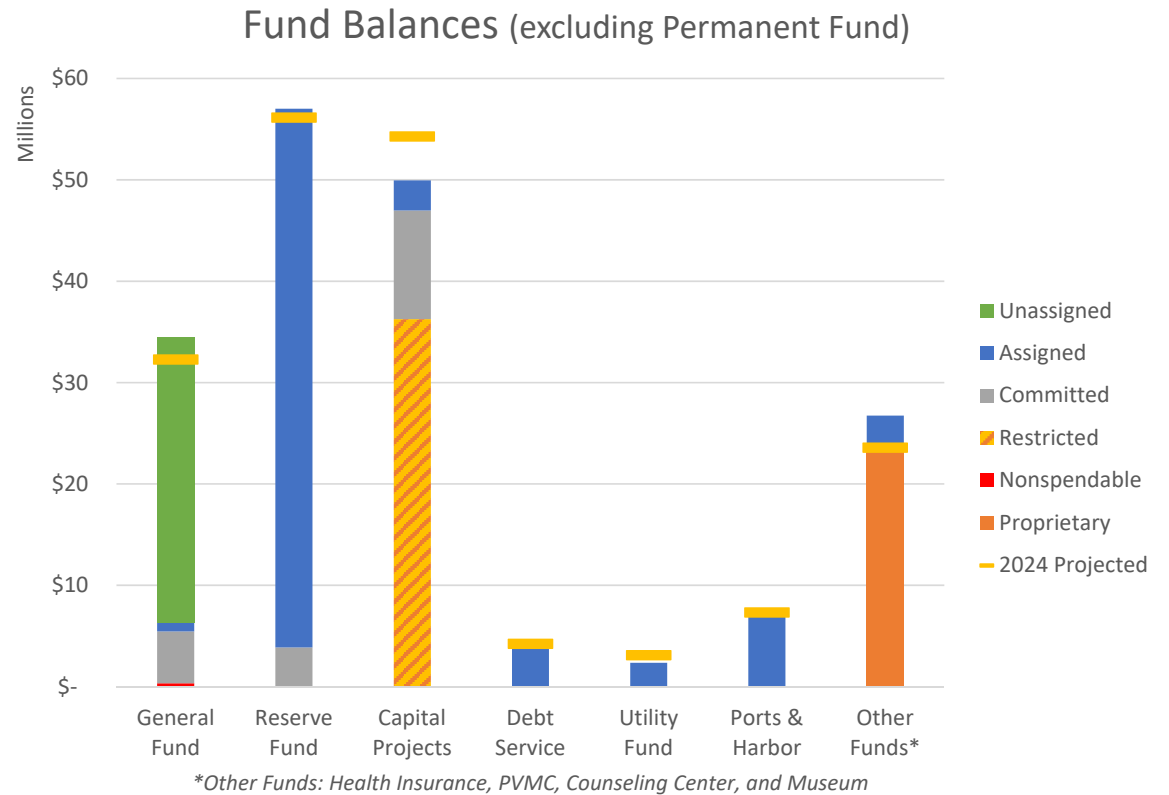
as of 12/31/2022
(excl Perm Fund)

- **Proprietary Funds** account for business-type activities
 - PVMC, PVCC, and Health Insurance
- **Nonspendable**
 - Ex) items that cannot be readily converted into cash; inventory/prepays/etc
- **Restricted**
 - Ex) Bond Proceeds; Sewer Force Main
- **Unrestricted**
 - **Committed**
 - Ex) H-K Replacement Project
 - **Assigned**
 - Ex) Repayment Reserve
 - **Unassigned**
 - Ex) "Savings" \$28.2MM



2024 Projected Fund Balance

- Yellow Bar represents Projected Fund Balance
- Notable Changes
 - Savings to Capital Projects
 - \$2.2MM to H-K Replacement Project
 - Other Funds (VHIA closure) to Reserve
- Excludes Permanent Fund
 - 9/30/2023 Balance: \$252MM

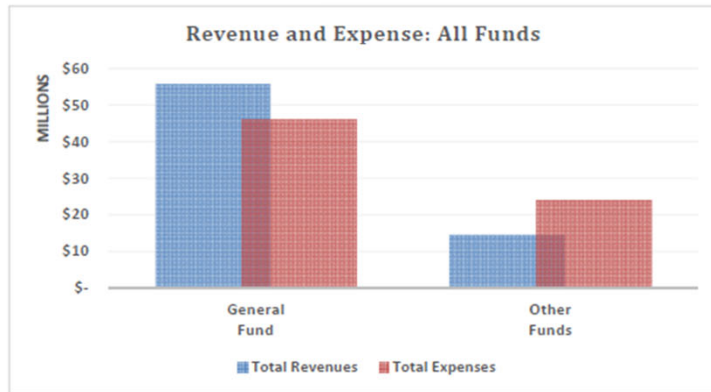


Financial Schedule

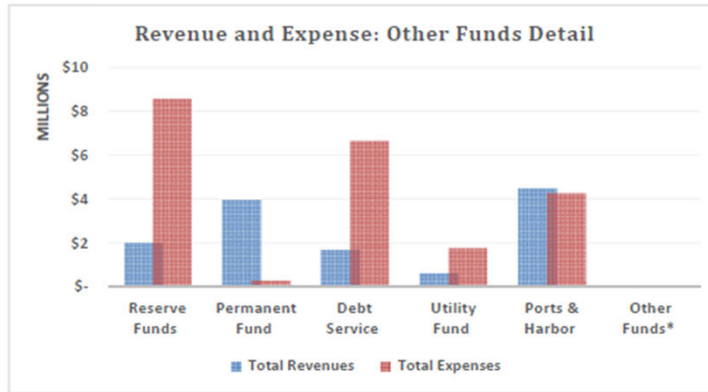
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Facilities, Fleet & Infrastructure	9.4	2.1	2.6	-	6.6	1.8	-	-	22.5
Administration	10.6	5.9	-	0.3	-	-	-	-	16.8
Support	13.3	-	-	-	-	-	-	-	13.3
Public Safety	9.0	-	-	-	-	-	-	-	9.0
Ports & Harbor	-	0.5	-	-	-	-	4.2	-	4.8
Parks, Recreation & Cultural Services	4.0	-	-	-	-	-	-	-	4.0
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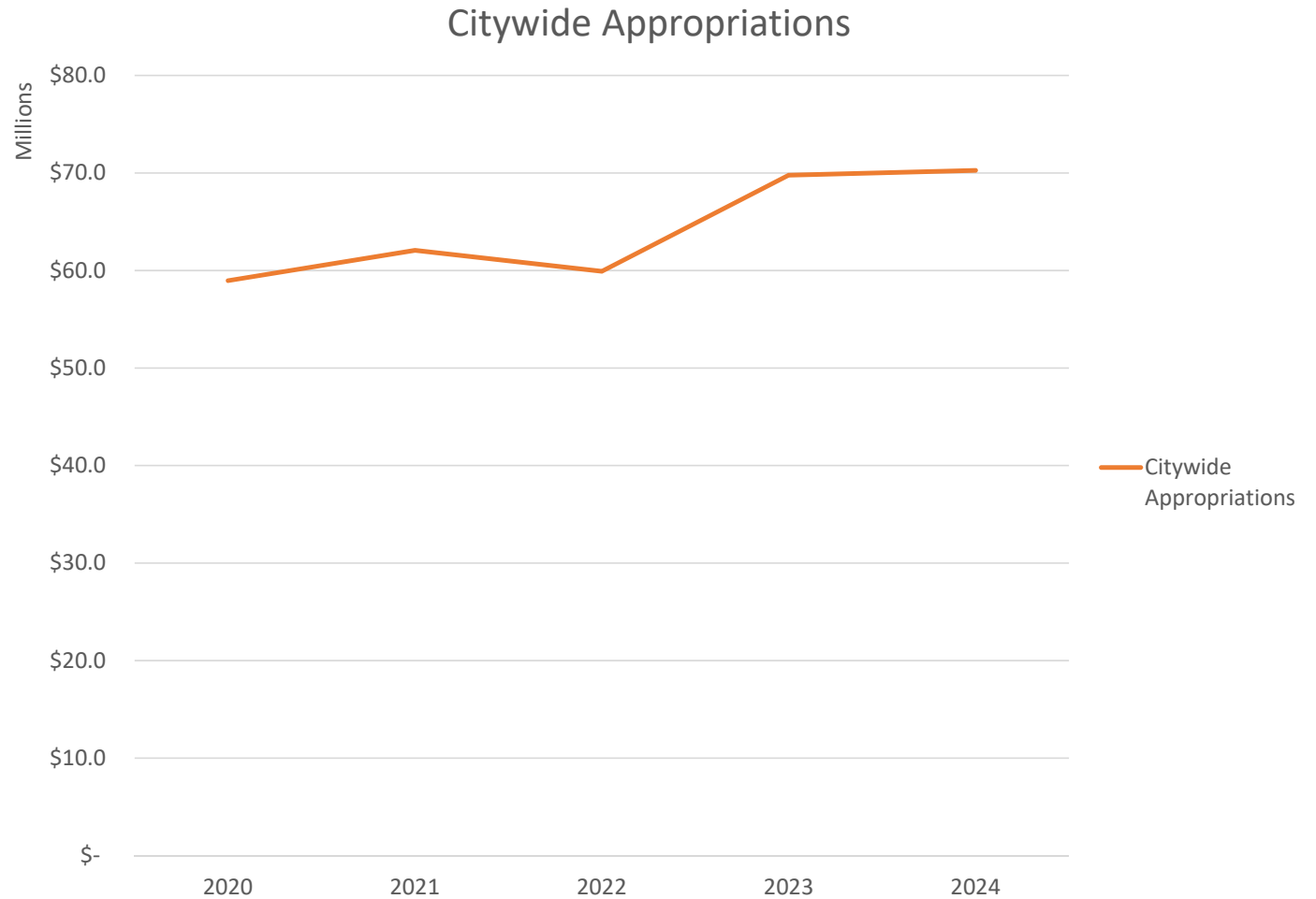
Financial Schedule by Category

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Operating Subsidy	(1.4)	-	-	-	-	1.1	0.3	-	-
Net of Transfer/Subsidy	(9.6)	6.6	0.8	(3.7)	5.0	1.1	(0.2)	-	-
Expense Category									
FTE Payroll	19.3	-	-	-	-	0.9	1.8	-	22.0
Education	12.1	-	-	-	-	-	-	-	12.1
Other Operating	3.1	4.8	-	0.0	-	0.1	0.4	-	8.5
Debt Service	-	-	-	-	6.6	-	-	-	6.6
Contracts	3.7	-	-	0.3	0.1	0.0	0.6	-	4.6
Other Personnel	2.8	-	-	-	-	0.1	0.6	-	3.4
Equipment	-	3.2	-	-	-	-	-	-	3.2
Projects	-	0.5	2.6	-	-	-	-	-	3.1
Utilities	1.4	-	-	-	-	0.6	0.8	-	2.8
Legal	2.0	-	-	-	-	-	-	-	2.0
CSO	1.8	-	-	-	-	-	-	-	1.8
Events	0.2	-	-	-	-	-	-	-	0.2
Total Expenses	46.2	8.6	2.6	0.3	6.6	1.8	4.2	-	70.3
Net Increase (Reduction)	-	-	-	-	-	-	-	-	-
Ending Fund Balance	32.3	56.2	54.3	245.1	4.3	3.1	7.3	23.6	426.1

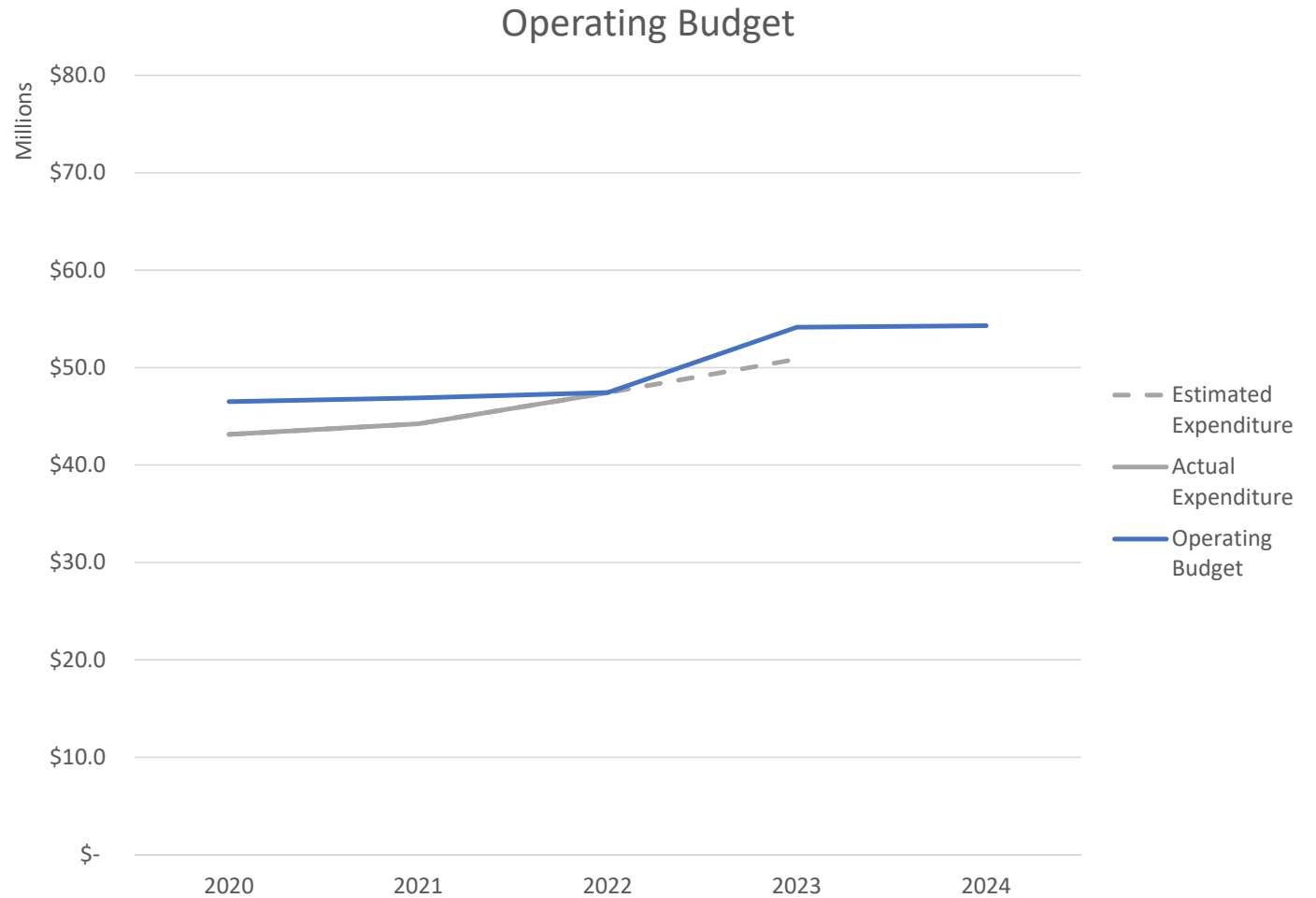
Citywide Appropriations

- Includes authorizations for expenditures with multi-year time horizons
 - Reserve Funds where appropriations do not expire
 - Repayment Reserve
- Includes Special Revenue Funds
 - Airport, Port, Harbor, and Utilities
 - Operations driven by rate environment
 - Direct effect on Operating Budget through Subsidy



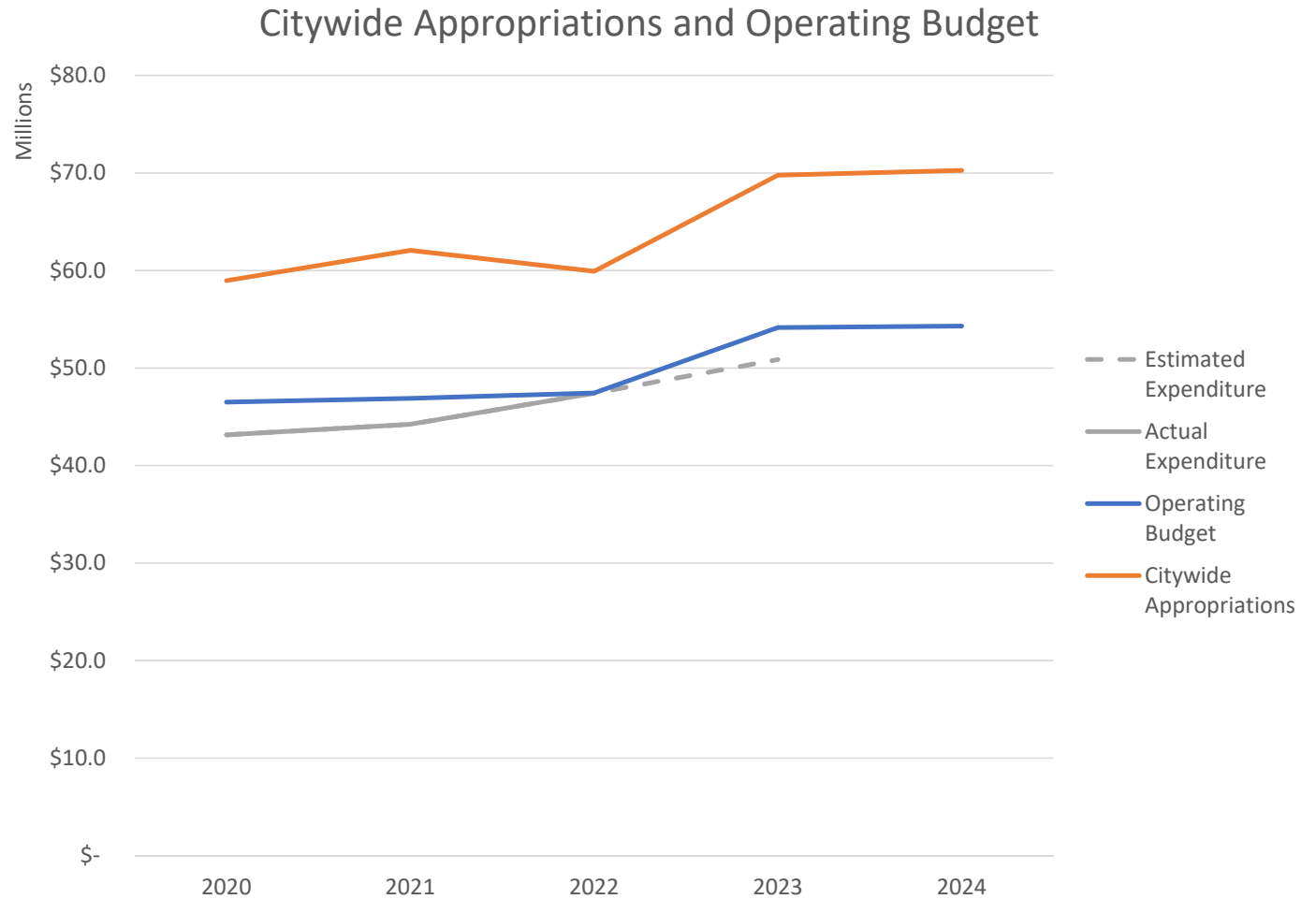
Operating Budget

- Excludes authorizations for expenditures with multi-year time horizon.
 - General Fund – operations
 - Support (Education)
 - Administration
 - Facilities, Fleet, & Infrastructure (excl Utilities)
 - Public Safety
 - Parks, Recreation, & Cultural Services
 - Debt Service
 - Subsidies to Special Revenue Funds



Citywide Appropriations & Operating Budget

- Citywide Appropriations, Annual Operating Budget, and Actual Operating Expenditure
 - Citywide Appropriations are a function of Total Revenue
 - Operating Budget is a function of Service Level Objectives



Why do we care?

	Year					2023 to 2024 Change	
	2020	2021	2022	2023	2024	Dollars	Percent
Citywide Appropriations	59.0	62.1	59.9	69.8	70.3	0.5	0.7%
Operating Budget	46.5	46.9	47.4	54.2	54.3	0.2	0.3%

- **Operating Budget**

- 10K ft; City Manager
 - General Fund
 - Debt Service
 - Subsidies

- **Citywide Appropriations**

- 30K ft; City Council
 - “Citywide”

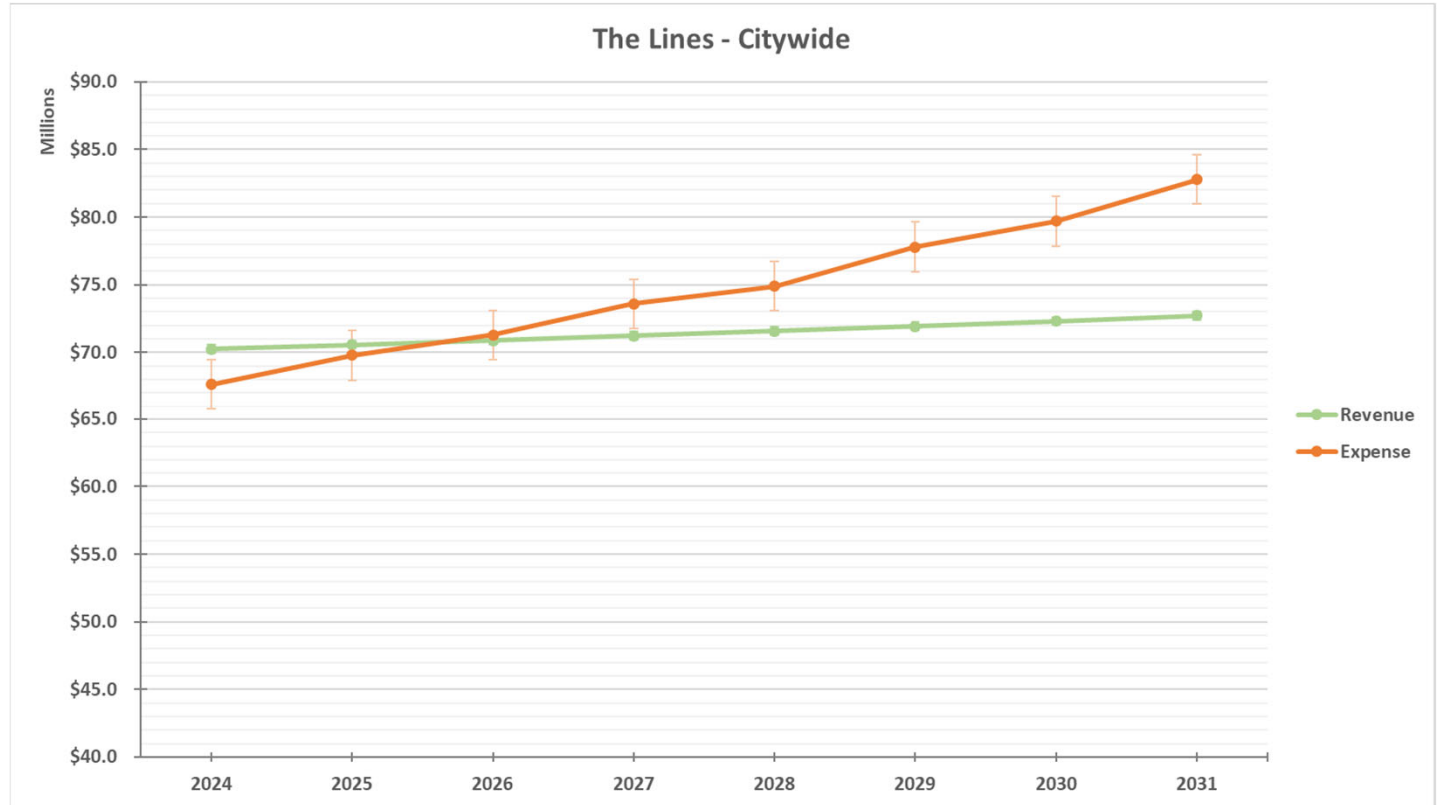
When the Operating Budget increases or decreases it means the cost of operations on annual basis is increasing or decreasing

When Citywide Appropriations change it reflects changing authorizations with respect to expenditures with multi-year time horizons

Projections

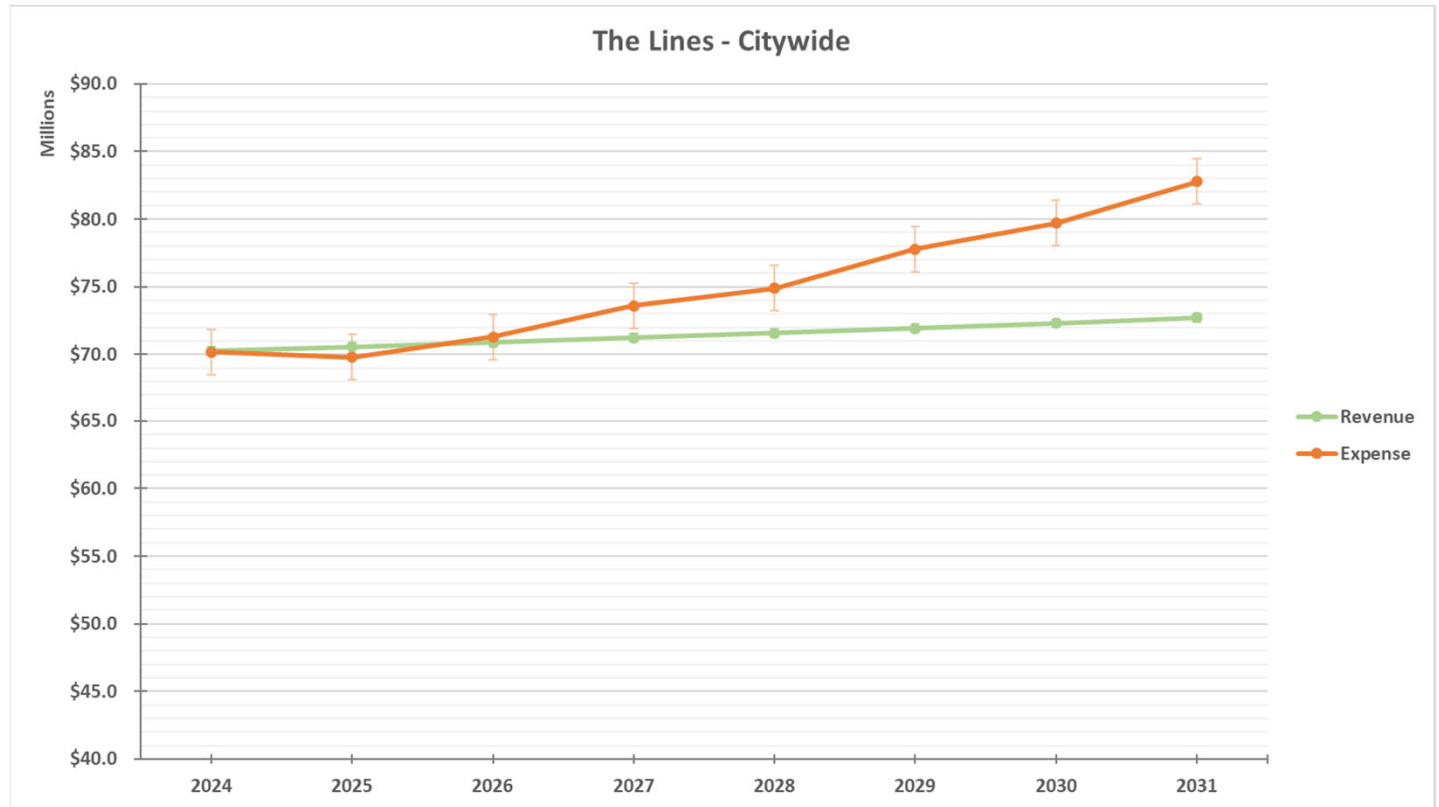
Revenue and Expense

- Revenue appropriations exceed Expense appropriations by \$2.6MM
- School Roof Project estimate is \$10-12MM, no funding source determined



Revenue and Expense

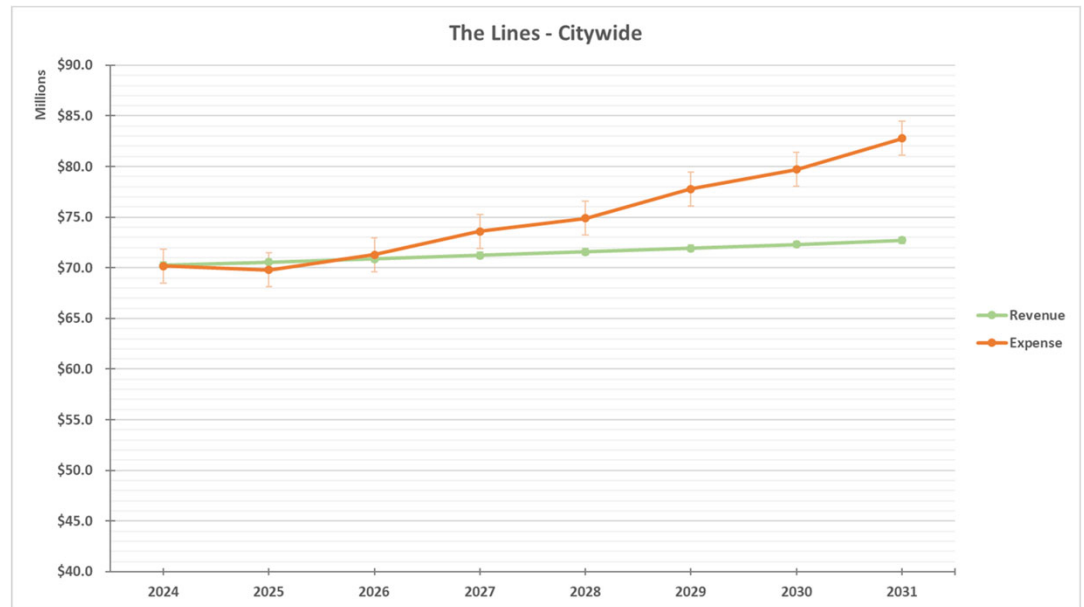
- Revenue appropriations match Expense appropriations
- School Roof Project estimate is \$10-12MM
 - \$2.6MM added in 2024 Budget
 - \$7.4-9.4MM still TBD
 - Revisit on FFI night Oct 26



Revenues

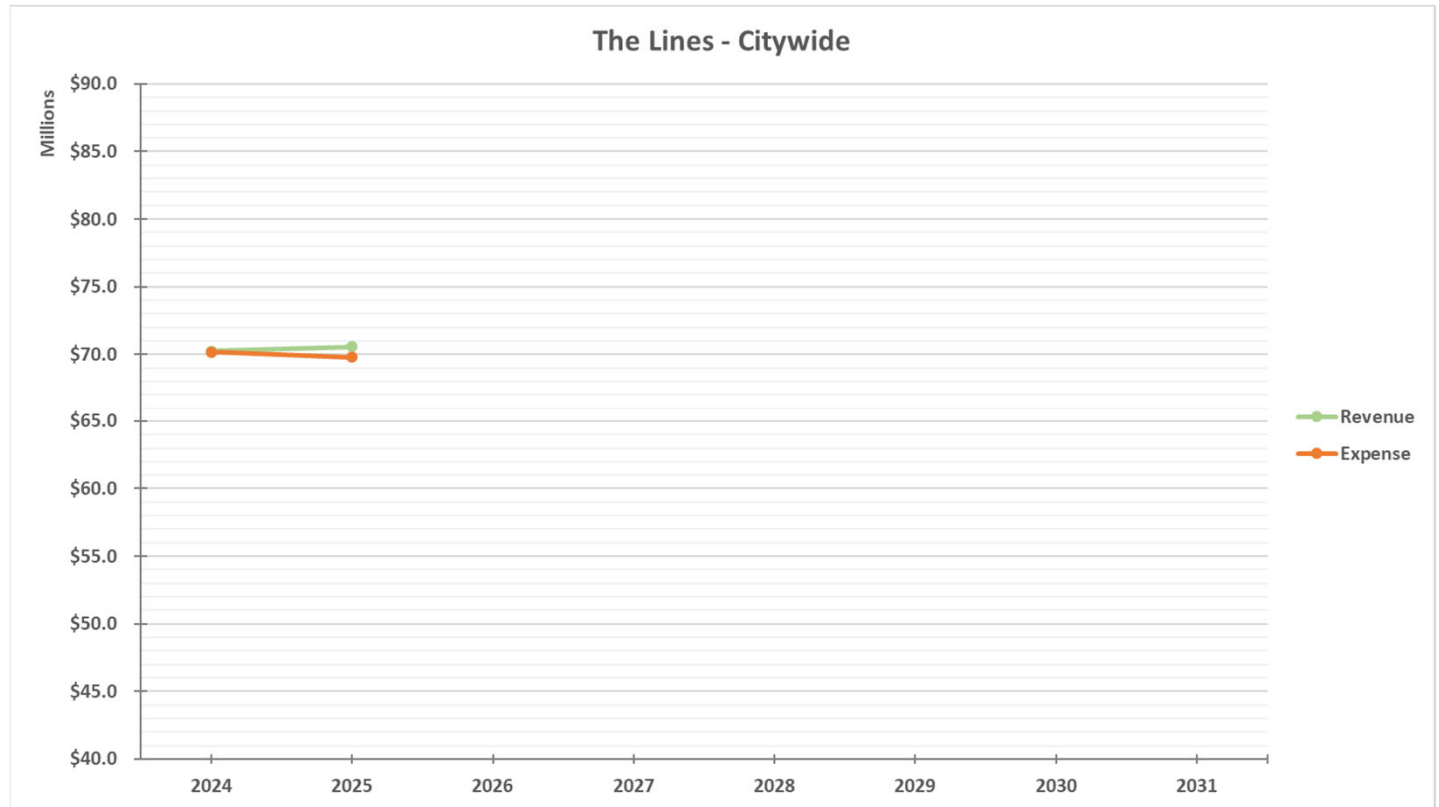
Budget Parameters Resolution

- 20 Mill Tax Levy
 - \$2.6MM in Citywide Revenue exceeding Expense
 - Applied to unfunded School Roof Project



Revenue and Expense

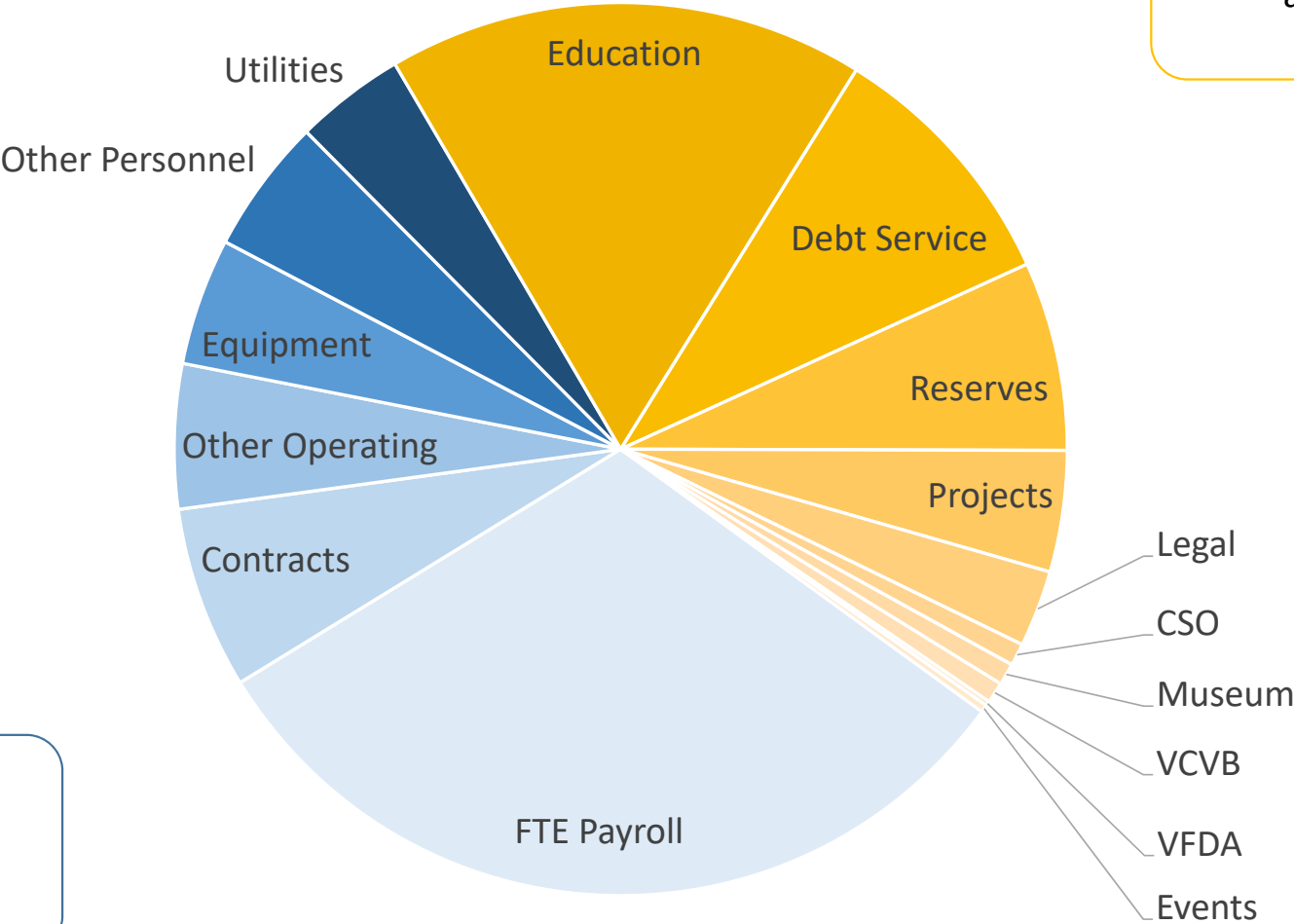
- Unknown beyond 2025
- 5-Year Agreement with TAPS ends after FY25



Budget Process; Requested -> City Manager -> City Council

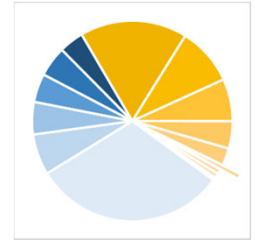
Citywide Expense Appropriations \$70.3MM

Forwarded
as-Received



Reviewed at City
Manager Review

Community Service Organizations (CSOs)



- CSO Working Group meeting Sept 11th, 2023; Agenda included:
 - Not-To-Exceed (NTE) for CSO Program Funding
 - Summary pages for Council Review and Evaluation Process
 - **Oct 24 Workshop Packet is Published**
- NTE to be 2% of “Operating Budget”
 - 2024 Operating Budget: \$54.3MM
 - NTE: \$1.1MM
 - Current Requests: \$569K



Initial Requests to City Manager Operating Budget

- City Manager Review in 2024:
 - City Manager reviews the Operating Budget
 - General Fund
 - Debt Service
 - Subsidies
 - Citywide Appropriations
 - Operating Budget
 - Multi-year authorizations
- Align the budget with historic actual spending and City Council expectations



CM Operating Budget by Division

	Requested Budget	City Manager Review	Dollar Change	Percent Change
Facilities, Fleet & Infrastructure	17,366,842	17,194,150	(172,692)	-1%
Administration	10,635,789	10,577,304	(58,485)	-1%
Support	13,270,548	13,270,548	-	0%
Public Safety	8,747,437	8,995,051	247,613	3%
Parks, Recreation & Cultural Services	4,016,564	3,976,085	(40,479)	-1%
Ports & Harbor	306,517	288,517	(18,000)	-6%
Grand Total	54,343,696	54,301,654	(42,042)	0%

CM Operating Budget by Category

	Requested Budget	City Manager Review	Dollar Change	Percent Change
Education	12,146,964	12,146,964	-	0%
FTE Payroll	18,676,883	19,262,730	585,847	3%
Other Personnel	2,804,110	2,776,320	(27,790)	-1%
Other Operating	3,152,060	3,106,300	(45,760)	-1%
Contracts	4,253,482	3,742,143	(511,339)	-12%
Utilities	1,350,000	1,350,000	-	0%
CSO	1,775,735	1,775,735	-	0%
Events	184,400	184,400	-	0%
Legal	1,950,000	1,950,000	-	0%
Operating Subsidy	1,479,380	1,436,380	(43,000)	-3%
Debt Service	6,570,682	6,570,682	-	0%
Grand Total	54,343,696	54,301,654	(42,042)	0%

Personnel



Position Summary Schedule

• October 16

Authorized Position Count	2020	2021	2022	2023	2024
Administration	30	30	30	30	30
ADMINISTRATION	2.8	2.8	2.8	2.8	2.8
CITY CLERK	5	5	5	5	5
CITY COUNCIL	0	0	0	0	0
ECONOMIC DEVELOPMENT	2.2	2.2	2.2	1.2	1.2
FINANCE	6	6	6	6	6
HUMAN RESOURCES	2	2	2	2	2
INFORMATION SERVICES	5	5	5	6	6
PLANNING	7	7	7	7	7

• October 26

Facilities, Fleet & Infrastructure	37.75	37.5	37	36.5	36.5 *
BUILDING MAINTENANCE	8.75	8.5	8.5	8.5	8.5
ENGINEERING	7.5	7.5	7	6.5	5.5 *
SEWER	2.75	2.75	2.75	2.75	2.75
SOLID WASTE	6.75	6.75	6.75	6.75	6.75
STREETS/SHOP	9.25	9.25	9.25	9.25	10.25 *
WATER	2.75	2.75	2.75	2.75	2.75

• October 26

Parks, Recreation & Cultural Services	17.53	17.78	17.98	18.38	18.38
CIVIC CENTER	4.6	4.6	4.6	4.6	4.6
LIBRARY	4.98	4.98	4.98	4.98	4.98
PARK MAINTENANCE	3.2	3.45	4.65	5.05	5.05
PARKS & RECREATION	4.75	4.75	3.75	3.75	3.75

• November 9

Ports & Harbor	12	12	12	12	12
AIRPORT	1.5	1.5	1.5	1.5	1.5
HARBOR	6.45	6.45	6.45	6.45	6.45
PORT	4.05	4.05	4.05	4.05	4.05

• November 2

Public Safety	37	37	37	38	41 *
ANIMAL CONTROL	3.2	3.2	3.2	3.2	3.2
EMERGENCY MANAGEMENT			1	1.5	1.5
FIRE/EMS	11	11	11	11	14 *
LAW ENFORCEMENT	13.1	13.1	12.3	12.8	12.8
PUBLIC SAFETY	9.7	9.7	9.5	9.5	9.5

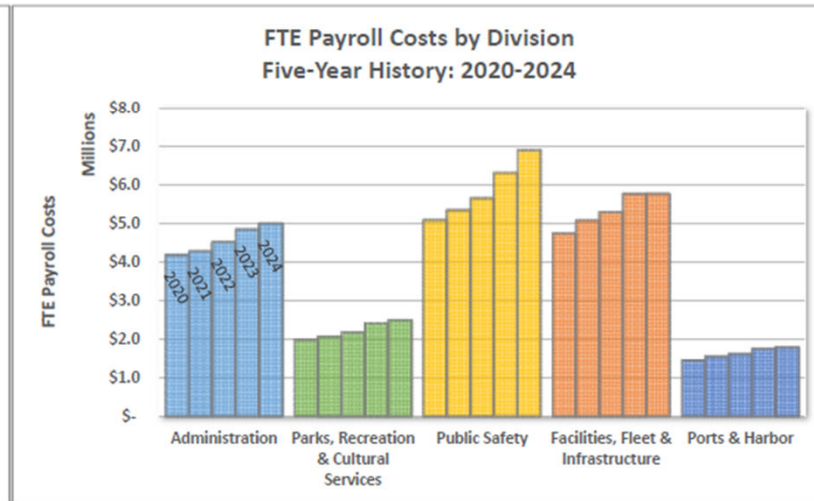
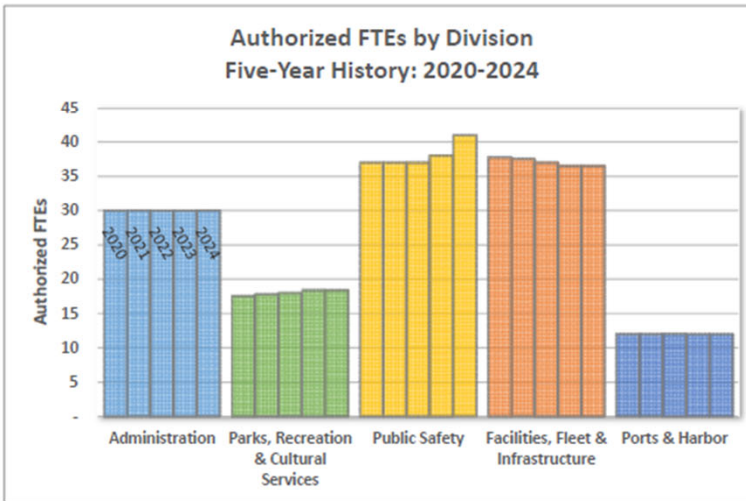
Grand Total	134.28	134.28	133.98	134.88	137.88
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Changes to Staffing Levels

2024 Proposed Budget					Total
Changes to FTE Personnel	FTE Allocation	FTE Payroll Impact	Other Expenses	Offsets	Budgetary Impact
Engineering	(1.0)	(185,555)	-	-	(185,555)
Fire/EMS	3.0	369,936	61,949	(343,205)	88,680
Streets/Shop	1.0	118,739	1,050	-	119,789
Total	3.0	303,120	62,999	(343,205)	22,914

Operational Objective

Vacancy known, Engineering scope reduction
 FEMA SAFER Grant for minimum standards
 Apprentice Mechanic, Succession Planning



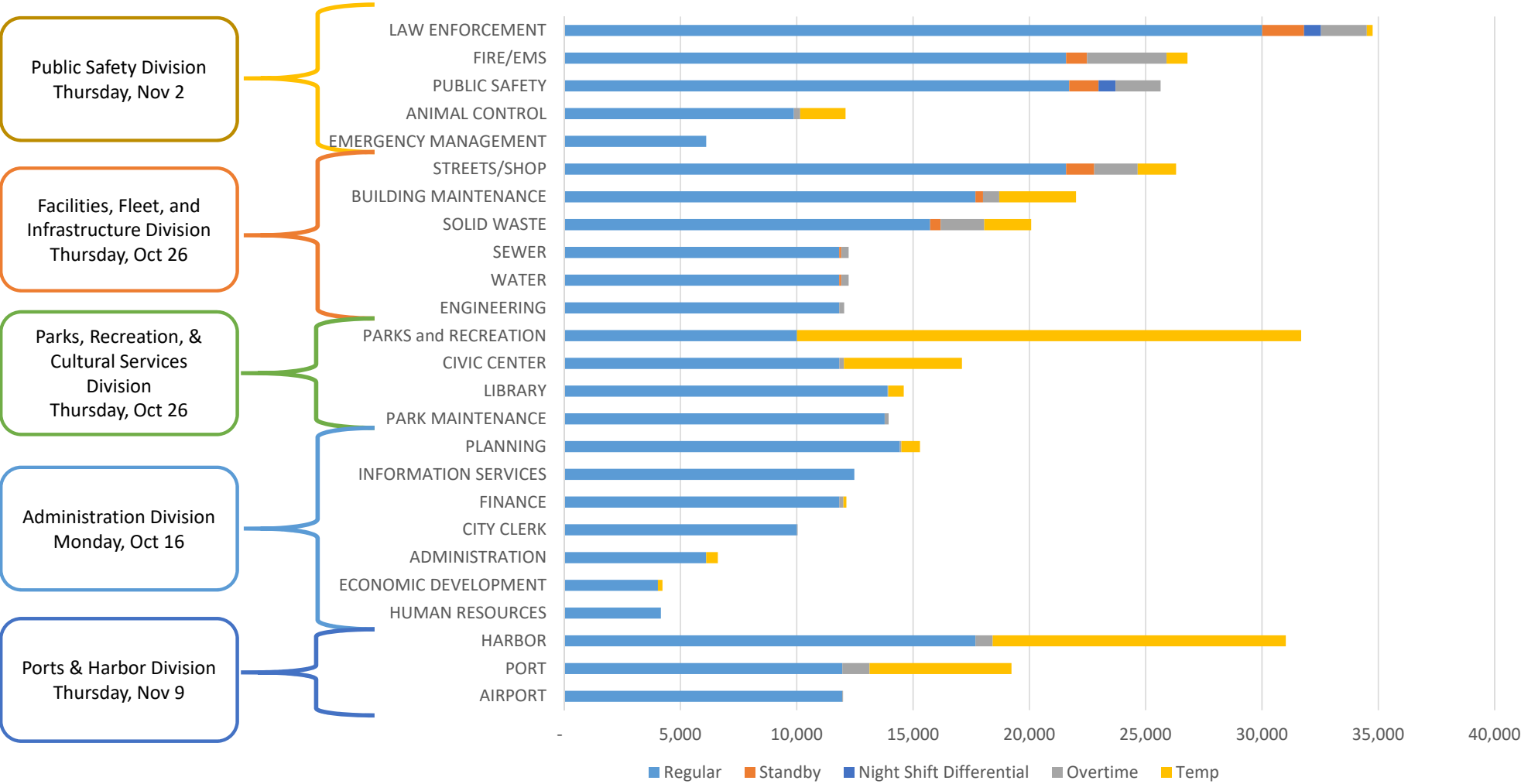
Organization Staffing Needs

Not embedded in Budget					Total
Changes to FTE Personnel	FTE Allocation	FTE Payroll Impact	Other Expenses	Offsets	Budgetary Impact
Administration	0.0	-	-	-	-
Fire/EMS	0.0	170,539	-	-	-
Ports & Harbor Division	0.0	227,905	-	-	-
Total	0.0	398,444	0	0	398,444

Operational Objective

Increased Scope, Grant Manager
 Deputy Fire Chief, Succession Planning
 One maintenance, one operator (Increase to scope 2025)

Regular, Temp, and Overtime Budgeted Hours by Division



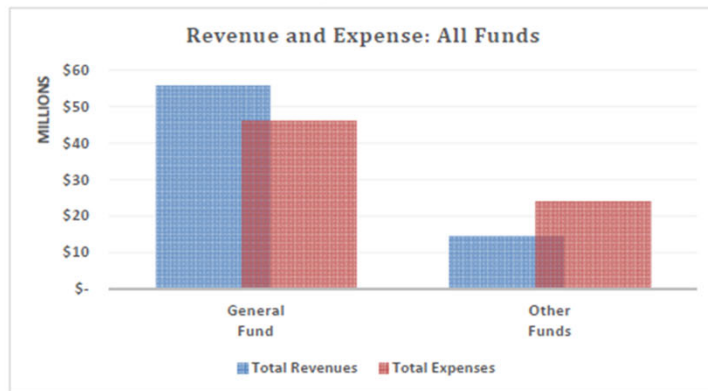
Appropriations

In red

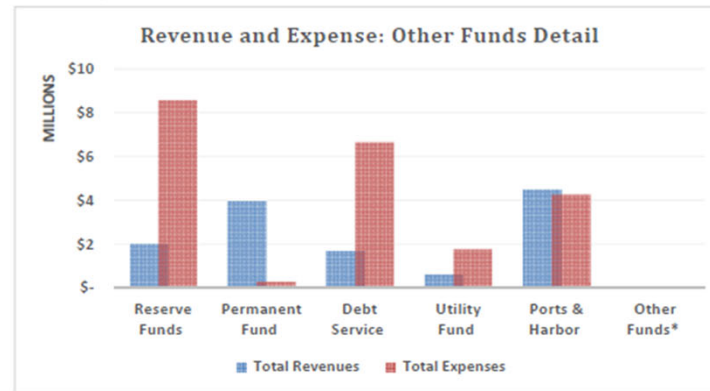
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Support	13.3	-	-	-	-	-	-	-	13.3
Public Safety	9.0	-	-	-	-	-	-	-	9.0
Ports & Harbor	-	0.5	-	-	-	-	4.2	-	4.8
Parks, Recreation & Cultural Services	4.0	-	-	-	-	-	-	-	4.0
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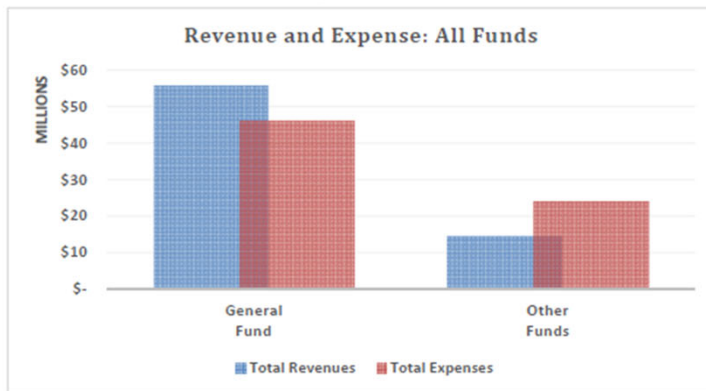
General Fund - Revenues

Fund Name	2023	2024	Dollar Change	Percent Change	Percent of Total	Notes
General Fund	53,183,507	55,770,092	2,586,585	5%	100%	2.6MM, 5% increase in general fund revenue
Taxes	49,151,264	50,145,903	994,639	2%	90%	Subsequent Slide
State Shared Revenue	1,714,362	1,843,769	129,407	8%	3%	Increase reflects add'l National Forest Receipts
Misc Revenue	238,450	1,235,880	997,430	418%	2%	418% increase reflects higher rate environment
Federal and State Grants	623,858	967,063	343,205	55%	2%	Increase is anticipated award of the SAFER fire grant
PILT	660,523	774,226	113,703	17%	1%	1% increase reflects higher Federal PILT payment
Service Charges and Sales	594,450	590,198	-4,252	-1%	1%	Decrease reflects smaller gravel sales
Utilities	116,200	116,200	0	0%	0%	No change in Utilities
Recreational Activities	62,000	75,952	13,952	23%	0%	Reflects increased Parks and Rec Use
Licenses and Permits	17,900	17,900	0	0%	0%	
Fines and Forfeitures	4,500	3,000	-1,500	-33%	0%	

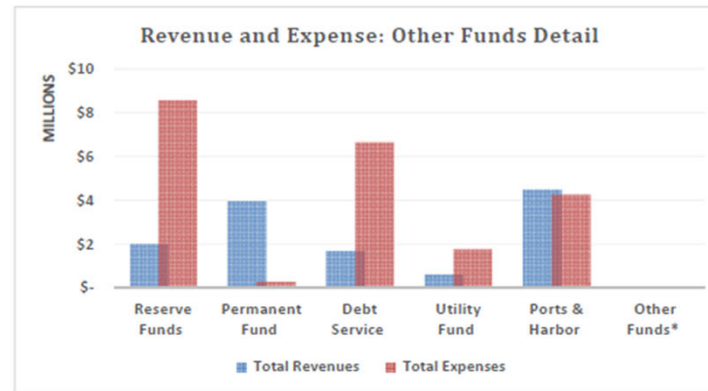
Financial Schedule by Division

All Values in Millions

	General Fund	Reserve Funds	Capital Projects	Permanent Fund	Debt Service	Utility Fund	Ports & Harbor	Other Funds*	Grand Total
Beginning Fund Balance	32.3	56.2	54.3	245.1	4.3	3.1	7.3	23.6	426.1
Property Taxes	49.5	-	-	-	-	-	-	-	49.5
Other	6.2	2.0	1.8	3.9	1.7	0.6	4.5	-	20.7
Total Revenues	55.8	2.0	1.8	3.9	1.7	0.6	4.5	-	70.3
Transfer In (Out)	(8.1)	6.6	0.8	(3.7)	5.0	-	(0.5)	-	-
Operating Subsidy	(1.4)	-	-	-	-	1.1	0.3	-	-
Net of Transfer/Subsidy	(9.6)	6.6	0.8	(3.7)	5.0	1.1	(0.2)	-	-
Division									
Facilities, Fleet & Infrastructure	9.4	2.1	2.6	-	6.6	1.8	-	-	22.5
Administration	10.6	5.9	-	0.3	-	-	-	-	16.8
Support	13.3	-	-	-	-	-	-	-	13.3
Public Safety	9.0	-	-	-	-	-	-	-	9.0
Ports & Harbor	-	0.5	-	-	-	-	4.2	-	4.8
Parks, Recreation & Cultural Services	4.0	-	-	-	-	-	-	-	4.0
Total Expenses	46.2	8.6	2.6	0.3	6.6	1.8	4.2	-	70.3
Net Increase (Reduction)	-	-	-	-	-	-	-	-	-
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Indicates Major Fund



*Other Funds include: Health Insurance, PVMC, Counseling Center, and Museum

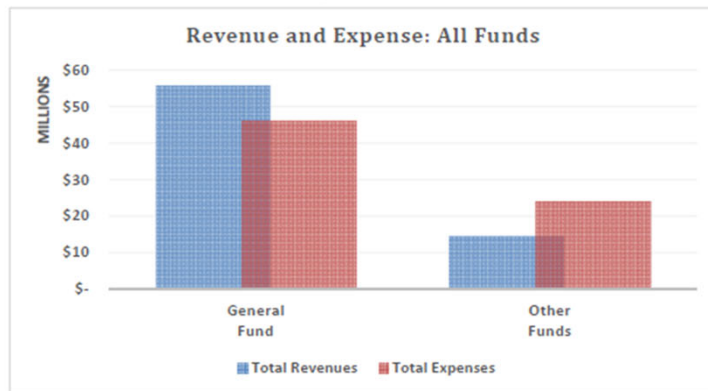
Taxes - Revenues

Fund Name	2023	2024	Dollar Change	Percent Change	Percent of Total	Notes
Taxes	49,151,264	50,145,903	994,639	2%	90%	90% of General Fund Revenue
Real Property Taxes - Current	48,632,564	49,532,108	899,544	2%		Reflects 20 Mill Tax Levy non-Oil & Gas Tax assessments Assessment same as current year
Hotel & Motel Tax	480,000	530,000	50,000	10%		Slight Increase - in line with historic actual trend
Cruise Ship Passenger Tax	30,000	70,543	40,543	135%		Increased Cruise Ships
Penalty & Interest on Delinque	8,000	12,552	4,552	57%		
Reimbursement of Foreclosure C	600	600	0	0%		
Hotel & Motel Tax Penalty & In	100	100	0	0%		

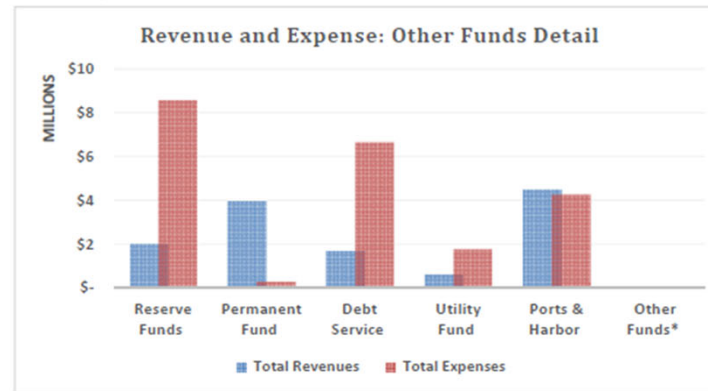
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Administration	10.6	5.9	-	0.3	-	-	-	-	16.8
Support	13.3	-	-	-	-	-	-	-	13.3
Public Safety	9.0	-	-	-	-	-	-	-	9.0
Ports & Harbor	-	0.5	-	-	-	-	4.2	-	4.8
Parks, Recreation & Cultural Services	4.0	-	-	-	-	-	-	-	4.0
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Indicates Major Fund



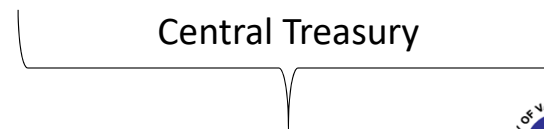
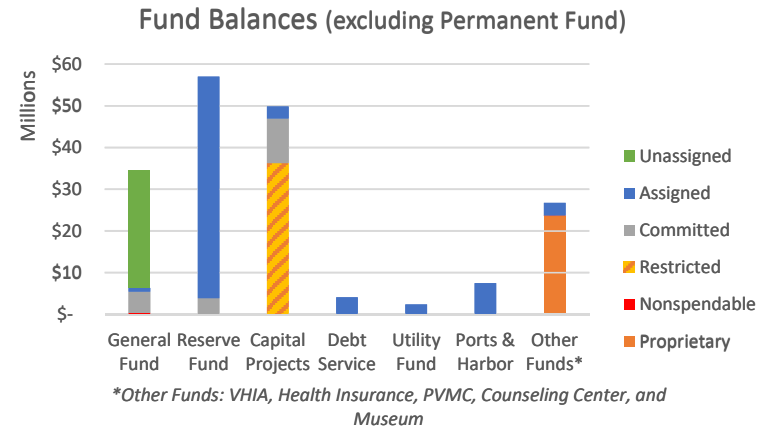
*Other Funds include: Health Insurance, PVMC, Counseling Center, and Museum

Other Funds - Revenues

Fund Name	2023	2024	Dollar Change	Percent Change	Notes
Reserve Fund	410,000	1,995,000	1,585,000	387%	Interest Income; driven by high rate environment
Capital Project Fund	90,000	1,804,972	1,714,972	1906%	Interest Income; driven by high rate environment
Permanent Fund	4,458,836	3,948,081	-510,755	-11%	Reflects Code-driven 1.5% appropriation based on FY2022 Audited Balance
Debt Service Fund	1,601,896	1,668,150	66,254	4%	Driven by interest income

Interest Income

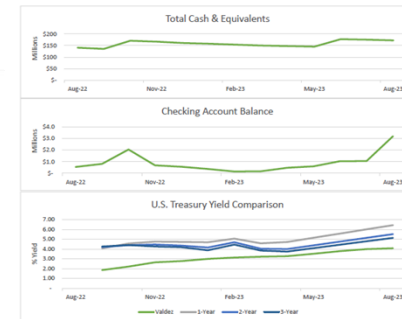
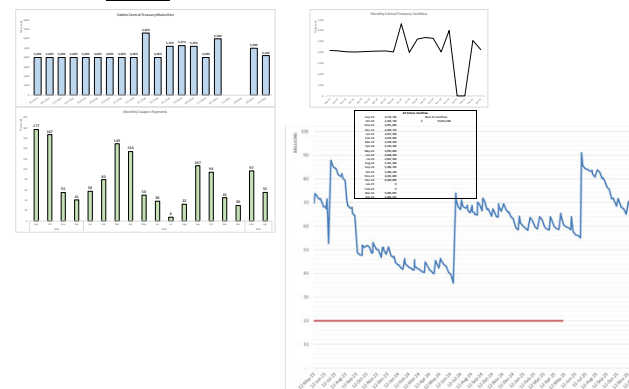
- Increased Balances
 - Investing fund balance or “cash”
 - City Code 3.04.050 City funds, investment, collateralization and treasury management.
 - Investment grade or better
 - Rates at 5% or better
 - “Cash” likely to earn a floor of 3.5%
 - 2024 Revenue totals \$5MM



Account	Balance	Debit	Credit	End Balance	Yield	Rate
Central Treasury	175,123,256	14,899,365	(15,541,767)	172,475,954	4.86%	
Central Treasury Principal	76,973,873	2,698,638	-	79,672,711	2.70%	
Money Market Wells Fargo	95,132,944	412,071	(5,900,000)	89,644,616	5.26%	
Checking Wells Fargo	1,044,941	10,014,115	(7,870,406)	3,188,649	0.00%	
Payroll Wells Fargo	(27,902)	1,764,341	(1,771,361)	(4,922)	0.00%	
Restricted	2,371,840	10,682	(2,377,191)	4,732	5.20%	
Debt Service Principal	2,367,113	10,078	(2,377,191)	-	5.21%	
Police Wells Fargo	4,728	4	-	4,732	0.00%	
Total	175,495,097	14,899,447	(17,918,957)	172,475,586	4.08%	

CITY OF VALDEZ, ALASKA
 Monthly Treasury Report
 Period Ending: August 31, 2023
 Prepared By: Casey Dushoff, Financial Analyst

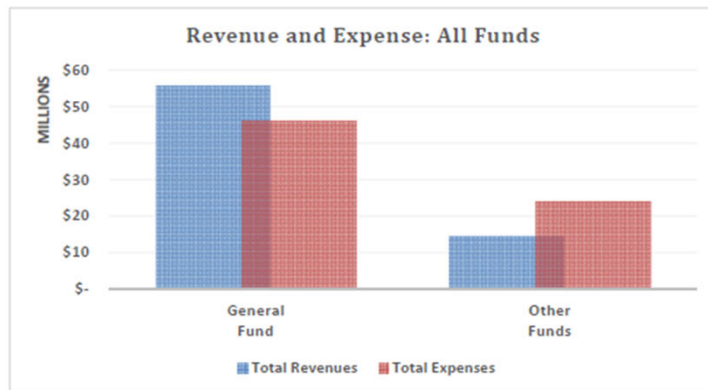
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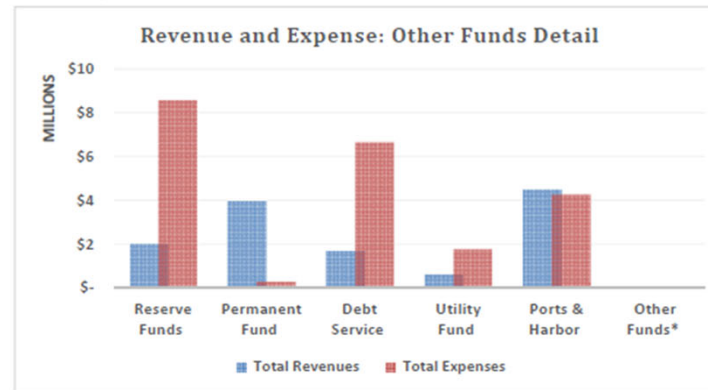
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Other	6.2	2.0	1.8	3.9	1.7	0.6	4.5	-	20.7
Total Revenues	55.8	2.0	1.8	3.9	1.7	0.6	4.5	-	70.3
Transfer In (Out)	(8.1)	6.6	0.8	(3.7)	5.0	-	(0.5)	-	-
Operating Subsidy	(1.4)	-	-	-	-	1.1	0.3	-	-
Net of Transfer/Subsidy	(9.6)	6.6	0.8	(3.7)	5.0	1.1	(0.2)	-	-
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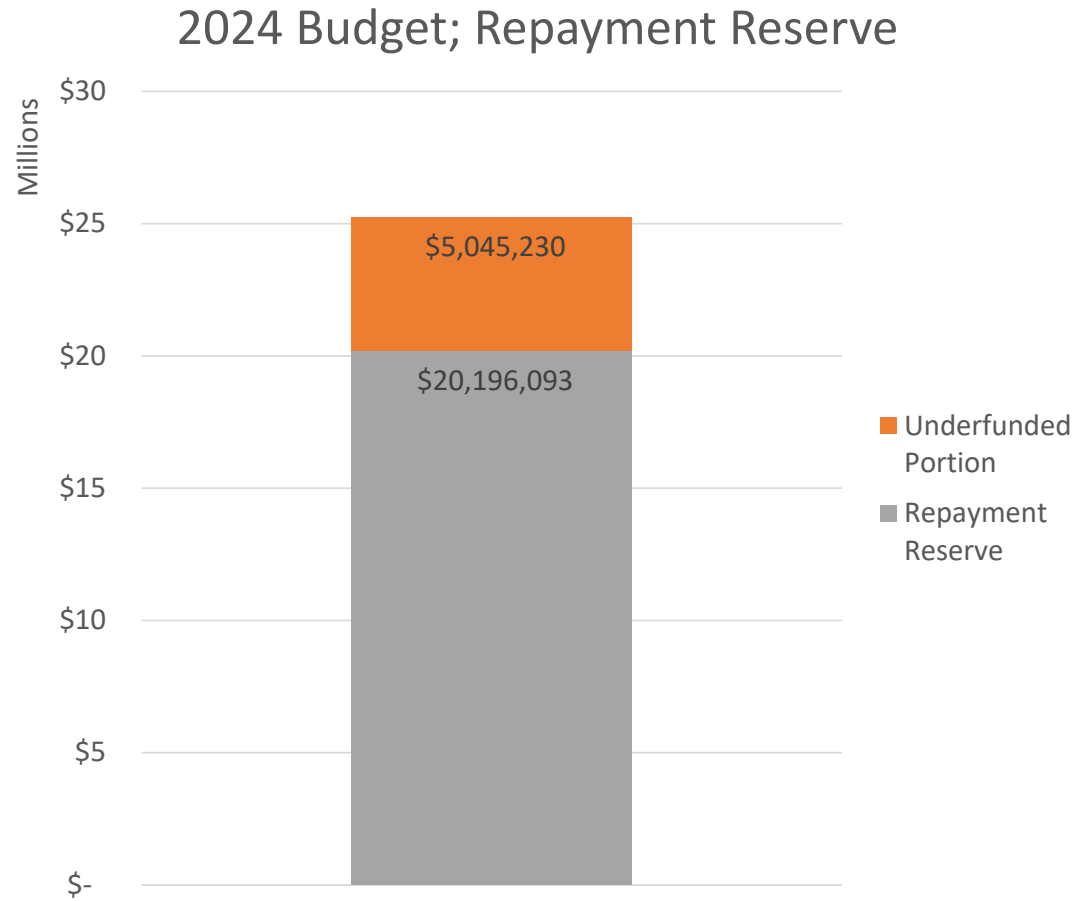
*Other Funds include: Health Insurance, PVMC, Counseling Center, and Museum

Reserve Funds - Appropriations

Reserve Fund	2023	2024	Dollar Change	Percent Change	Notes
Total Funding	11,024,661	8,563,389	-2,461,272	-29%	
Repayment Reserve	2,068,513	3,420,011	1,351,497	65%	Continued allocation for revenue in jeopardy
Major Equipment Reserve	1,851,379	2,120,207	268,828	15%	Covered in detail at subsequent workshop
Technology Reserve	976,201	1,114,642	138,441	14%	Covered in detail at subsequent workshop
Energy Assistance Program	861,383	750,000	-111,383	-13%	Reflects Residential Only payments, slight over-budget in prior year, appropriations do not expire
Leave Liability Reserve	546,745	350,000	-196,745	-36%	Funded to target annually
Port Major Maint & Replace		347,059	347,059	New	Reflects Port budgeted revenues exceeding expenses
Budget Variance Reserve	383,187	235,000	-148,187	-39%	Funded to target annually
Harbor Major Maint & Replace		171,470	171,470	100%	Reflects Harbor revenues exceeding expenses
Beautification Committee	23,417	55,000	31,583	135%	Reflects reallocated Energy Assistance spending
Physicians Assistance	120,000	0	-120,000	-100%	No eligible contracts
Permanent Fund Reserve	4,193,836	0	-4,193,836	-100%	No longer utilized

Repayment Reserve; update

- Total Revenue + Interest “in jeopardy”
 - \$25,241,323
- Total in Repayment Reserve
 - \$20,196,093
- Repayment Reserve established by Resolution #22-77 for revenue in jeopardy
- Underfunded portion reflects usage for legal fees associated with the case, and simple interest accrued at 8%



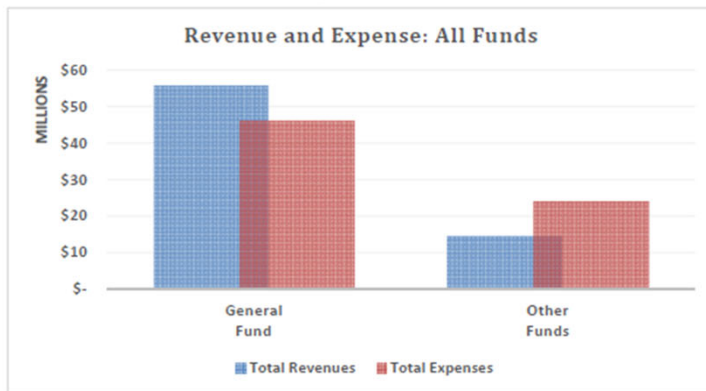
Appropriations – Energy Assistance

- Energy Assistance for **residential only**
 - No commercial applications will be accepted
 - Commercial funding to be re-allocated to a specific Economic Development Initiative
 - Funding for Commercial Energy Assistance: \$55,000 annually
 - Beautification Commission; Tier II Beautification

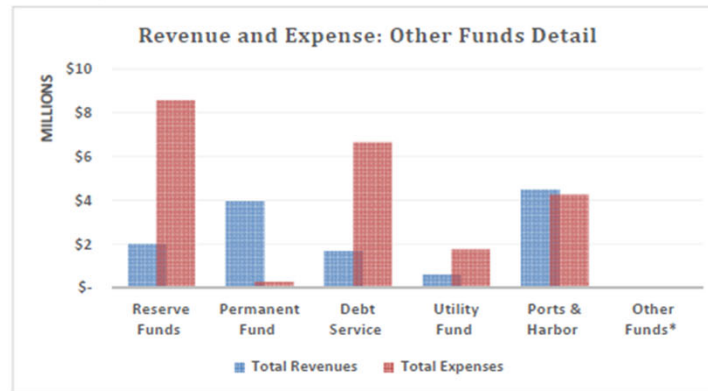
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Indicates Major Fund



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Next workshop Agenda

- Education

- Valdez City Schools
- Prince William Sound College
 - Dual Credit Program

- Administration Division

- Administration (City Manager)
- City Clerk
- City Council
- Legal
- Finance
- Human Resources
- Planning
- Information Services
 - Technology Reserve