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May 6, 2021 Regular City Council Meeting

<u>Ongoing Review and Discussion of COVID-19 Mitigation Plan Updates for General</u> <u>Government and Ketchikan Public Utilities - Councilmember Flora</u>



TRANSMITTAL MEMORANDUM

- TO: The Honorable Mayor and City Council
- FROM: Karl R. Amylon, City Manager
- DATE: April 28, 2021

RE: Ongoing Review and Discussion of COVID-19 Mitigation Plan Updates for General Government and Ketchikan Public Utilities

At its meeting of March 18, 2021, the City Council adopted a motion authorizing my office to proceed with General Government and KPU Operating and Capital Budget mitigation plans for substantially reduced or no cruise season conditions in 2021 as detailed in staff's report dated March 10, 2021 and/or as modified by the City Council. During the discussion of this issue, Councilmember Flora requested that any updates regarding the mitigation measures be added to the agenda to allow the City Council to take action if warranted.

Attached for City Council is a memorandum from Finance Director Michelle Johansen, which provides the first updates of the plans that were adopted for General Government and Ketchikan Public Utilities.

Ms. Johansen will attend the City Council meeting of May 6, 2021, in order to address any questions and/or concerns that Councilmembers may have.

Michelle Johansen, Finance Director Camille Nelson, Financial Analyst Phone: (907) 228-5621 Facsimile: (907) 228-5617

TO: Karl R. Amylon, City Manager/KPU General Manager

FROM: Michelle Johansen, Finance Director

DATE: April 27, 2021

SUBJECT: Financial Updates for General Government and Ketchikan Public Utilities – Budget Mitigation Measures

Attached are the financial updates for General Government and Ketchikan Public Utilities for the quarter ended March 31, 2021. The update includes the original mitigation plan, a summary update for the fund, year to date balances for the major revenue sources affected by zero cruise ships and the mitigation measures adjusting expenses/expenditures for each fund identified in the budget mitigation plan.

Fund	Target Savings From Approved Mitigation Plan		Net Savings Realized	Percent of Net Savings	
General Fund	\$	928,342	\$ 181,664	20%	
Hospital Sales Tax Fund		-	-	0%	
Public Works Sales Tax Fund		429,000	429,000	100%	
CPV Fund		865,000	865,000	100%	
Port Fund		409,461	10,285	3%	
KPU Fund		1,078,195	886,092	82%	

Please let me know if you have any questions.

	GENERAL FUND				
Mitigation Plan		Analysis showi	Analysis showing 3/31/2021 YTD compared to Budget YTD Actual	npared .	to Budget
2021 Budget	General Fund	Original Budget	/21	25%	Variance
Beginning Reserves 1/1/2021	6,780,208	6,780,208	6,780,208		
Revenues	14,216,024	14,216,024	1,558,479	11%	(12,657,545)
Interdepartmental	3,713,721	3,713,721		25%	(2,788,032)
Transfers In	3,394,289	3,394,289	3,394,289 1	100%	ı
Advances	I				
Expenditures/Expenses	(23,482,902)	(23,482,902)		23%	18,049,773
Transfers Out	(867,784)	(867,784)		100%	ı
Capital Projects	(18,000)	(18,000)	(951)	5%	17,049
Projected December 31, 2021 Reserves	3,735,556	3,735,556	6,356,801		2,621,245
	Original Lost				
Possible Revenues Included in the 2021 Budget That Will Not Be Realized	Revenue Estimate	Original Budget	YTD Actual Through 3/31/21	25%	Variance
Sales Tax Revenues	(852,888)	4,184,000	1	18%	(3,449,190)
Charges for Services - Civic Center	(50,000)	50,000	I	%0	(50,000)
Charges for Services - Museum	(137,000)	137,000		%0	(137,000)
Charges for Services - Ambulance		600,000		13%	(519,313)
Charges for Services - Parking and Parking Fines	(128,000) *	135,000	37,681	28%	(97,319)
American Recovery Program Funds	1,718,002	ı	¢	%0	(1,/18,002)
Expected Revenue Decrease	185,114	5,106,000	853,178		(5,970,824)
* \$128,000 reduction in revenue factored in possible retunds for annual permits	permits				
	Original Savings	Expected	Savings Through		Possible Additional
Budget Mitigation Measures	Estimate	Savings	1	I	Savings
Expected Vacancies/Frozen Positions	928,342	928,342	181,664	20%	746,678
Expected Expenditures/Expenses that will not be realized	928,342	928,342	181,664		746,678
Expected Reserves After Mitigation Adjustments	4,849,012				

	HOSPITAL SALES TAX FUND				
Mitigation Plan		Analysis show	Analysis showing 3/31/2021 YTD compared to Budget	mpared t	o Budget
2021 Budget	Hospital Sales Tax Fund	Original Budget	YTD Actual Through 3/31/21	25%	Variance
Beginning Reserves 1/1/2021	3,228,957	3,228,957	3,228,957		1
Revenues	2,800,700	2,800,700	490,721	18%	(2,309,979)
Expenditures/Expenses Transfers Out	(355,140) (2 983 170)	355,140 (2 983 170)	97,750 28% (2 983 170) 100%	28% 100%	(257,390)
Capital Projects	(110,000)	(110,000)		%0	110,000
Projected December 31, 2021 Reserves	2,581,347	3,291,627	834,258		(2,457,369)
	Original Lost Revenue		YTD Actual		
Budget Mitigation Measures Sales Tax Revenues	Estimate (568,592)	Original Budget 2,789,000	Through 3/31/21 489,873	25% 18%	Variance (2,299,127)
Expected Revenue Decrease	(568,592)	2,789,000	489,873		(2,299,127)
Expected Reserves After Mitigation Adjustments	2,012,755				

PUBLIC	PUBLIC WORKS SALES TAX FUND				
Mitigation Plan		Analysis show	Analysis showing 3/31/2021 YTD compared to Budget	mpared t	o Budget
2021 Budget	Public Works Sales Tax Fund	Original Budget	YTD Actual Through 3/31/21	25%	Variance
Beginning Reserves 1/1/2021	3,535,347	3,535,347	3,535,347		1
Revenues	4,201,200	4,201,200	735,812	18%	(3,465,388)
Transfers Out Capital Projects	(2,303,056) (1,816,257)	(2,303,056) (1,816,257)	(2,303,056) (59,226)	100% 3%	- 1,757,031
Projected December 31, 2021 Reserves	3,617,234	3,617,234	1,908,877		(1,708,357)
Possible Revenues Included in the 2021 Budget That Will Not Be Realized	Original Lost Revenue Estimate	Original Budget	YTD Actual Through 3/31/21	25%	Variance
Sales Tax Revenues	(852,888)	4,184,000	734,810	18%	(3,449,190)
Expected Revenue Decrease	(852,888)	4,184,000	734,810		(3,449,190)
	Original Savings	Expected	Savings Through		Possible Additional
Budget Mitigation Measures	Estimate	Savings	3/31/2021		Savings
Capital	429,000	429,000	429,000		ı
Expected Expenditures/Expenses that will not be realized	429,000	429,000	429,000		-
Expected Reserves After Mitigation Adjustments	3,193,346				

	CPV FUND				
Mitigation Plan		Analysis sho	Analysis showing 3/31/2021 YTD compared to Budget YTD Actual	mpared to	o Budget
2021 Budget	CPV Fund	Original Budget	Through 3/31/21	25%	Variance
Beginning Reserves 1/1/2021	7,011,170	7,011,170	7,011,170		1
Revenues	4,900	4,900	ï	%0	(4,900)
Expenditures/Expenses Transfers Out	(30,000) (1,656,960)	(30,000) (1,656,960)	1 1	%0	30,000 1,656,960
Projected December 31, 2021 Reserves	5,329,110	5,329,110	7,011,170		1,682,060
Budget Mitigation Measures Transfers to Port - Loan/Advance Capital	Original Savings Estimate (3,143,685) 865,000	Expected Savings (3,143,685) 865,000	Savings (Costs) Through 3/31/2021 - 865,000	×	Possible Additional Savings/(Costs) (3,143,685)
Expected Expenditures/Expenses that will not be realized Expected Reserves After Mitigation Adjustments	(2,278,685) 3,050,425	(2,278,685)	865,000		(3,143,685)

	PORT FUND				
Mitigation Plan		Analysis showi	Analysis showing 3/31/2021 YTD compared to Budget	mpared 1	o Budget
2021 Budget	General Fund	Original Budget	Through 3/31/21	25%	Variance
Beginning Reserves 1/1/2021	4,116,133	4,116,133	4,116,133		1
Revenues	6,074,329	6,074,329	37,157	1%	(6,037,172)
Transfers In	500,000	500,000	125,000	25%	(375,000)
Advances	379,627	379,627	379,627	100%	I
Expenditures/Expenses	(6,713,299)	(6,713,299)	(468,585)	7%	6,244,714
Transfers Out	(522,000)	(522,000)	(522,000)	100%	I
Capital Projects	(519,000)	(519,000)	(50,427)	10%	468,573
Projected December 31, 2021 Reserves	3,315,790	3,315,790	3,616,905		301,115
	Original Lost Revenue	-	YTD Actual		
Budget Mitigation Measures - Revenues	Estimate	Original Budget	Through 3/31/21	25%	Variance
Port Revenues	(5,959,475)	6,074,329	31,15/	1%	(6,037,172)
Transfers In - Loan/Advance from CPV Fund	3,143,685	Ĩ	I	%0	1
Designated Legislative Grant Froerted Revenue Decrease		6,074,329	37,157		(6,037,172)
				I	
* Designated Legislative Grant -Reappropriation in process					
	Original				Possible
	Savings	Expected	Savings Through		Additional
Budget Mitigation Measures - Expenditures	Estimate	Savings	3/31/2021	I	Savings
Port Director Salaries and Benefits	31,461	31,461	7,785	25%	23,676
Temporary Wages and Benefits	315,000	315,000 63 000	2,000	1% 1%	513,000 62 500
Overtime wages and benefits	000,00	000'00		2	000/100
Expected Expenditures/Expenses that will not be realized	409,461	409,461	10,285		399,176
Expected Reserves After Mitigation Adjustments	2,009,761				

Projected Ketchikan Public Utilities Revenue Impacts Under the Scenario of Zero Cruise Ships

		Sales,					
		Marketing &					Ketchikan
	General	Customer					Public Utilities
2021 Budget	Manager	Service	Electric	Telecom	Water	Other	Fund
Beginning Reserves 1/1/2021							17,281,458
Revenues							
Operating Revenue		-	18,747,600	18,547,000	4,461,450	124,000	41,880,050
Non-Operating Revenue	-	-	-	-	7,848,677	-	7,848,677
Expenditures/Expenses							
Personnel Services and Benefits	(327,282)	(2,168,999)	(6,546,301)	(6,078,902)	(1,781,456)	-	(16,902,940
Supplies	(3,040)	(100,400)	(8,121,500)	(849,000)	(304,511)	-	(9,378,451
Contract/Purchased Services	(6,975)	(772,980)	(1,419,595)	(6,297,455)	(507,925)	-	(9,004,930
Minor Capital Outlay	(20,000)	(7,250)	(32,500)	(18,000)	(3,000)	-	(80,750
Interdepartmental Charges	(4,650)	(27,430)	(1,338,610)	(1,052,930)	(452,516)	-	(2,876,136
Payment in Lieu of Taxes	-		(381,993)	(206,358)	(197,649)	-	(786,000
Debt Service	-	-	(1,139,450)	(1,172,259)	(607,746)	_	(2,919,455
Allocation of Overhead to Operating Utilities	341,947	3,077,059	(971,010)	(2,307,817)	(140,179)	-	(2,525),155
Major Capital Outlay	-	-	(4,031,000)	(2,175,000)	(8,745,377)	-	(14,951,377
Transfer to KPU Facilities and Infrastructure Fund	-		(4,031,000)	(2,175,000)	(0,743,377	(250,000)	
	_	-	-	_	_	(250,000)	(250,000
2021 Operating Deficit by Division	(20,000)	-	(5,234,359)	(1,610,721)	(430,232)	(126,000)	(7,421,312
Projected December 31, 2021 Reserves							9,860,146
Projected Revenues Included in the 2021 Budget That Will Not							
Projected Revenues Included in the 2021 Budget That Will Not Be Realized							
-	<u>_</u>		(240,000)	(503,634)	(67,115)		(810,749
Be Realized		-	(240,000)	(503,634)	(67,115)		(810,749
Be Realized			(240,000)	(503,634)	(67,115)	-	(810,749
Be Realized Unpaid Receivables *						-	
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast		-				-	
Be Realized Unpaid Receivables * Expected Revenue Decrease						-	
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast Revised Projected December 31, 2021 Reserves Without Cruise						-	(810,749
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast Revised Projected December 31, 2021 Reserves Without Cruise		Sales,				-	(810,749 9,049,397
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast Revised Projected December 31, 2021 Reserves Without Cruise	ewater services.	Sales, Marketing &				-	(810,749 9,049,397 Ketchikan
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast Revised Projected December 31, 2021 Reserves Without Cruise	General	Sales, Marketing & Customer	(240,000)	(503,634)	(67,115)	-	(810,749 9,049,397 Ketchikan Public Utilitie
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast Revised Projected December 31, 2021 Reserves Without Cruise	ewater services.	Sales, Marketing &				- - Other	(810,745 9,049,397 Ketchikan Public Utilitie Fund
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise Ships	ewater services. General Manager	Sales, Marketing & Customer Service	(240,000)	(503,634)	(67,115)	-	(810,745 9,049,397 Ketchikan Public Utilitie Fund
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise Ships Possible Expenditures/Expenses Included in the 2021 Budget Tha	ewater services. General Manager	Sales, Marketing & Customer Service	(240,000)	(503,634)	(67,115) Wəter	- Other	(810,745 9,049,397 9,049,397 Public Utilitie Fund 9,049,397
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise Ships Possible Expenditures/Expenses Included in the 2021 Budget Tha Savings re: General Gov't Hiring Freeze & Acting Port Director	ewater services. General Manager	Sales, Marketing & Customer Service	(240,000) Electric	(503,634) Telecom	(67,115) Water 26,444	-	(810,745 9,049,397 9,049,397 Vublic Utilitie Fund 9,049,397 26,444
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast Revised Projected December 31, 2021 Reserves Without Cruise Ships Possible Expenditures/Expenses Included in the 2021 Budget Tha Savings re: General Gov't Hiring Freeze & Acting Port Director Savings re: General Gov't Labor Mitigation Measures	ewater services. General Manager	Sales, Marketing & Customer Service	(240,000) Electric 37,411	(503,634) (503,634) Telecom	(67,115) Wəter	- Other	(810,745 9,049,397 Ketchikan Public Utilitie Fund 9,049,397 26,444 76,345
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise Ships Possible Expenditures/Expenses Included in the 2021 Budget The Savings re: General Gov't Hiring Freeze & Acting Port Director Savings re: General Gov't Labor Mitigation Measures Labor Mitigation Measures	General Manager at Will Not Be Re -	Sales, Marketing & Customer Service	(240,000) (240,000) Electric 37,411 78,385	(503,634) (503,634) Telecom	(67,115) Water 26,444 9,162	- Other	(810,745 9,049,397 9,049,397 9,049,397 9,049,397 26,44 76,349 150,407
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise Ships Possible Expenditures/Expenses Included in the 2021 Budget Tha Savings re: General Gov't Hiring Freeze & Acting Port Director Savings re: General Gov't Labor Mitigation Measures Labor Mitigation Measures Deferral of Major Capital Outlay	General Manager at Will Not Be Re - - 20,000	Sales, Marketing & Customer Service alized - - -	(240,000) Electric 37,411 78,385 605,000	(503,634) Telecom 29,776 72,017 100,000	(67,115) Water 26,444 9,162 - 100,000	- Other - -	(810,749 9,049,393 9,049,393 9,049,393 26,44 76,34 150,40 825,00
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise Ships Possible Expenditures/Expenses Included in the 2021 Budget The Savings re: General Gov't Hiring Freeze & Acting Port Director Savings re: General Gov't Labor Mitigation Measures Labor Mitigation Measures	General Manager at Will Not Be Re -	Sales, Marketing & Customer Service	(240,000) (240,000) Electric 37,411 78,385	(503,634) (503,634) Telecom	(67,115) Water 26,444 9,162	- Other	(810,749 9,049,397 9,049,397 Public Utilitie Fund 9,049,397 26,444 76,345 150,407 825,000
Be Realized Unpaid Receivables * Expected Revenue Decrease * Total Utility shortfall is \$432,900 includes Solid Waste and Wast Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise Ships Possible Expenditures/Expenses Included in the 2021 Budget Tha Savings re: General Gov't Hiring Freeze & Acting Port Director Savings re: General Gov't Labor Mitigation Measures Labor Mitigation Measures Deferral of Major Capital Outlay	General Manager at Will Not Be Re - - 20,000	Sales, Marketing & Customer Service alized - - -	(240,000) Electric 37,411 78,385 605,000	(503,634) Telecom 29,776 72,017 100,000	(67,115) Water 26,444 9,162 - 100,000	- Other - -	(810,749 9,049,397 Ketchikan Public Utilitie

	TID Actual ti	100611 3/ 3 1/ 2	2021 - 25%				
		Sales,					
		Marketing &					Ketchikan
	General	Customer					Public
	Manager	Service	Electric	Telecom	Water	Other	Utilities Fund
Beginning Reserves 1/1/2021							17,281,458
Revenues							
Operating Revenue			5,581,430	4,839,201	1,053,838		11,474,469
Non-Operating Revenue			84,146	22,078	981		107,205
Expenditures/Expenses							
Personnel Services and Benefits	(78,837)	(491,859)	(1,368,987)	(1,394,045)	(399,464)	-	(3,733,192
Supplies	(50)	(25,304)	(1,537,311)	(377,371)	(42,347)	-	(1,982,383
Contract/Purchased Services	(1,004)	(111,915)	(396,547)	(1,116,082)	(94,734)	-	(1,720,282
Minor Capital Outlay	-	(712)	-	(2,588)	-	-	(3,300
Interdepartmental Charges	(1,163)	(6,858)	(334,653)	(263,233)	(113,129)	-	
Payment in Lieu of Taxes	-	-	(95,498)	(51,590)	(49,412)	-	(196,500
Debt Service	-	-	(288,800)	(294,417)	(155,874)	-	
Allocation of Overhead to Operating Utilities	81,054	636,648	(190,635)	(500,632)	(26,435)	-	
Major Capital Outlay	•	Annual Annual Contract And Contract	(119,779)	(298,612)	(145,565)	-	
Transfer to KPU Facilities and Infrastructure Fund							
2021 Operating Deficit by Division	-		1,333,367	562,710	27,859	-	1,923,936
Projected December 31, 2021 Reserves							19,205,394
Projected Revenues Included in the 2021 Budget That Will Not Be Realized							
Projected Revenues Included in the 2021 Budget That Will Not Be Realized Unpaid Receivables *			(648)		(181)		(825
Realized		-	(648)	-	(181)		(829
Realized Unpaid Receivables * Expected Revenue Decrease			(648)	-	(181)		(825
Realized Unpaid Receivables *			(648)	-	(181)		(829
Realized Unpaid Receivables * Expected Revenue Decrease * 4/9/2021 Customers were notified that accounts will be disconne			(648)	-	(181)		
Realized Unpaid Receivables * Expected Revenue Decrease * 4/9/2021 Customers were notified that accounts will be disconno Revised Projected December 31, 2021 Reserves Without Cruise			(648)	-	(181)		
Realized Unpaid Receivables * Expected Revenue Decrease * 4/9/2021 Customers were notified that accounts will be disconno Revised Projected December 31, 2021 Reserves Without Cruise		payment Sales, Marketing &	(648)	-	(181)		(829
Realized Unpaid Receivables * Expected Revenue Decrease * 4/9/2021 Customers were notified that accounts will be disconno Revised Projected December 31, 2021 Reserves Without Cruise	ected for non-	Sales, Marketing & Customer					19,204,569 Ketchikan Public
Realized Unpaid Receivables * Expected Revenue Decrease * 4/9/2021 Customers were notified that accounts will be disconno Revised Projected December 31, 2021 Reserves Without Cruise		payment Sales, Marketing &	(648)	- Telecom	(181)	Other	19,204,56
Realized Unpaid Receivables * Expected Revenue Decrease * 4/9/2021 Customers were notified that accounts will be disconne Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise Ships	ected for non-	Sales, Marketing & Customer				Other	19,204,56 Ketchikan Public Utilities Fur
Realized Unpaid Receivables * Expected Revenue Decrease * 4/9/2021 Customers were notified that accounts will be disconne Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise Ships Mitigation Measures	ected for non-	Sales, Marketing & Customer			Water	Other	19,204,56 Ketchikan Public Utilities Fur 19,204,56
Realized Unpaid Receivables * Expected Revenue Decrease * 4/9/2021 Customers were notified that accounts will be disconne Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise Ships Mitigation Measures Savings re: General Gov't Hiring Freeze & Acting Port Director	General Manager	Sales, Marketing & Customer Service	Electric	Telecom	Water 6,441		19,204,56 Ketchikan Public Utilities Fur 19,204,56 6,44
Realized Unpaid Receivables * Expected Revenue Decrease * 4/9/2021 Customers were notified that accounts will be disconne Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise Ships Mitigation Measures Savings re: General Gov't Hiring Freeze & Acting Port Director Savings re: General Gov't Labor Mitigation Measures	General Manager	Sales, Marketing & Customer Service	Electric	Telecom	Water		<u>19,204,56</u> Ketchikan Public Utilities Fur 19,204,56 6,44 19,08
Realized Unpaid Receivables * Expected Revenue Decrease * 4/9/2021 Customers were notified that accounts will be disconner Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise Ships Mitigation Measures Savings re: General Gov't Hiring Freeze & Acting Port Director Savings re: General Gov't Labor Mitigation Measures Labor Mitigation Measures	General Manager	Sales, Marketing & Customer Service	Electric 9,353 19,596	Telecom 7,444 15,968	6,441 2,290	-	<u>19,204,56</u> Ketchikan Public Utilities Fur 19,204,56 6,44 19,08 35,56
Realized Unpaid Receivables * Expected Revenue Decrease * 4/9/2021 Customers were notified that accounts will be disconne Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise	General Manager	Sales, Marketing & Customer Service	Electric	Telecom	Water 6,441	-	19,204,56 Ketchikan Public Utilities Fur
Realized Unpaid Receivables * Expected Revenue Decrease * 4/9/2021 Customers were notified that accounts will be disconner Revised Projected December 31, 2021 Reserves Without Cruise Ships Revised Projected December 31, 2021 Reserves Without Cruise Ships Mitigation Measures Savings re: General Gov't Hiring Freeze & Acting Port Director Savings re: General Gov't Labor Mitigation Measures Labor Mitigation Measures Deferral of Major Capital Outlay	General Manager	Sales, Marketing & Customer Service	Electric 9,353 19,596 605,000	Telecom 7,444 15,968 100,000	6,441 2,290 - 100,000	-	19,204,56 Ketchikan Public Utilities Fur 19,204,56 6,44 19,08 35,56 825,00

- Defer Capital Spending:
 - Staff looked at various projects that were programmed for 2021, and identified those projects that could be deferred. He indicated this creates a significant amount of savings.

Mr. Amylon went on to say staff has programmed approximately \$865,000 worth of projects and recommended that all of those be placed on hold, noting those funds be set aside for transfer over to the Port Enterprise Fund along with some other CPV reserves for a total of \$3.1 million dollars. He said this will be necessary in order to keep the Port Enterprise Fund solvent through the end of 2021. He indicated the finance director and himself are recommending those funds be transferred in the form of a loan. He said they didn't feel it would be appropriate for that money to be lost in order to bail out the Port Enterprise Fund. He said normally those funds are used for either waterside or upland projects in the immediate downtown area, and that money should be placed on a repayment schedule in order to address those future needs. He said if you take everything together and apply as outlined in the report, staff is able to get the General Fund to a comfortable level moving into 2022 with sufficient reserves. He informed the Port Enterprise Fund is not ideal, but it will be carrying about \$2 million dollar surplus, if the City is successful in appropriating the \$1.1 million COVID response grant that the legislature gave the City early last year. He indicated many municipalities within the State are having trouble with that grant and are petitioning the legislature as we are for re-appropriation. He said if that does happen staff is recommending those funds be applied to port debts service or the Berth IV lease payments. He said the Hospital Sales Tax Fund and the Public Works Sales Tax Fund don't change much in terms of the mitigation measures staff proposed, noting staff is in discussions with PeaceHealth about sharing the expense to replace the bad hospital roof, and they have indicated they are open to that concept. He indicated if the Council adopts the measures that were outlined, we will be fine in those funds.

Mr. Amylon said the KPU Enterprise Fund is not as straight forward as the General Government Funds. He said they tried to put together information based on what has been incurred since the pandemic began in regards to accounts in arrears or delinquent that will not be recouped. He said we are roughly in a position where this fund will need \$810,000 in mitigation measures. He indicated this was put together primarily by keeping a couple positions vacant, and deferring capital projects. He said by doing this staff was able to make up the loss and actually have reserves in the KPU Enterprise Fund.

Mr. Amylon summarized both sides of the government will have hiring freezes, which includes the ten positions identified during budget deliberations and freezing the finance department's Controller position for the time being and a few positons on the KPU side. He said as identified in his manager reports the payroll coordinator is retiring in the fall and we lost an Information Technology employee last week. He felt in those two cases we have to recruit for replacements. He indicated the bottom line is the finance director and himself believe these are reasonable responses under the circumstance, and we are looking for Council concurrence or modification if Council feels there are adjustments that need to be made. He said the finance director and himself will try and answer any questions the Council may have.

Councilmember Flora questioned if the Council accepts staff's plan as presented, what would be the timeline to revisit the results to modify as needed before the end of the year.

In answer to Councilmember Flora, Manager Amylon felt this plan will have to be evaluated and fine-tuned on a monthly basis depending on circumstances. He pointed out we know we have the resources and the CPV funds to keep the Port Fund solvent. He said he agreed with one thing that Mr. Parks stated was this will be a multiyear recovery, and we want to move slowly. He informed as positions become vacant we will need to look at them on a case by case basis, and we will do the same on the KPU side. He indicated we have the luxury of time and have been recruiting for a number of these positions for many months without any luck, noting we may see additional savings

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there that haven't been identified. He said he would speak with the finance director to see if there is a way to provide the Council with a monthly savings or impact report on the mitigation plan to try and identify whether we are achieving the desired levels.

Councilmember Flora said he would like to see this report as an agenda item rather than a managers report in case the Council wants to weigh in, offer suggestions or take action.

Councilmember Gass questioned if we proceed with this mitigation plan are those two positions to be cut are people who are actively working, and will they lose their job. He felt it would be prudent as the Council to take a 1/3 cut for a year, which would set a precedence and shows leadership.

In answer to Councilmember Gass, Manager Amylon said that was correct.

Councilmember Zenge questioned if we reduce the hours for our non-essential services, such as the library, the Ted Ferry Civic Center and the museum and keep essential services would we be able to keep the fireman/EMT position. She felt it didn't make sense to cut a fireman/EMT position with domestic violence on the rise.

Mayor Sivertsen said during budget, he thought the fire chief had said he could eliminate two positions, and still manage shifts.

Manager Amylon said in both the Police and Fire Departments staffing was predicated on a reduction of positions. He said in answer to Councilmember Zenge we can program reduction in hours for non-represented employees, but if we are only talking one position he would recommend keeping the position and let staff find the money another way.

Mayor Sivertsen questioned where we are at with parking enforcement.

Manager Amylon said we not enforcing parking downtown because City Hall is not open to the public which allows them to come in and buy parking permits and file parking appeals. He said City Hall would probably open up shortly under the present conditions as set by the Emergency Operations Center (EOC). He indicated from past comments the Council didn't want to add to peoples worries with parking enforcement, and gave direction to staff to suspend parking enforcement.

Councilmember Bradberry questioned if besides parking did the parking enforcement specialist check the stop signs, yellow marks, no parking and loading zones throughout the community. She also asked if the City would consider selling City owned properties.

In answer to Councilmember Bradberry, Manager Amylon indicated that parking enforcement is primarily done in the downtown area and the parking lots on the west end. He said they do not enforce parking in the residential neighborhoods because they don't have the staff.

Manager Amylon stated in regards to selling City property there had been previous discussion with the Council before on this subject, and the Ketchikan Municipal Code requires us to obtain an appraisal for each property the City wants to sell, which would be time consuming and is not at the top of their list, but it is something staff can look at. He didn't feel this would raise enough in terms of revenue mitigation versus the other things in the mitigation plan on the table tonight. He said he can bring this conversation back to Acting Port & Harbors Director Hilson and City Attorney Seaver for their input.

Councilmember Bradberry said yes it is a lot of work for the smaller properties, but have we ever considered selling the Ted Ferry Civic Center, noting she knows people who would be interested in it, as it costs the City \$750,000 to operate it annually. She wondered if we could look at the larger properties that would continue to operate without the City's ownership to try and save on the labor side, and to continue our essential services throughout the pandemic.