

# GG Budget Update No. 11



## TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting City Manager

DATE: December 16, 2021

RE: **2022 General Government Operating and Capital Budget Update No. 11 – Carry Over of 2021 Funding for Operations, Grants & Capital Projects**

The motion detailed below was prepared at the request of Financial Analyst Camille Nelson, who asked that it be placed before the City Council for consideration at its meeting of December 16, 2021. If adopted, the motion provides for the carry over of \$35,000 in operational expenses for professional services associated with the recruitment of a City Manager/General Manager, as well as funds needing to be carried over for grants of the Fire Department, Museum, and various General Government Capital Projects to 2022. The rationale for the motion is detailed in Ms. Nelson's transmittal memorandum and requires no elaboration on the part of my office. I concur with the Financial Analyst's recommendation.

A motion has been prepared for City Council consideration.

### **RECOMMENDATION**

It is recommended the City Council adopt the motion amending the 2022 General Government Operating and Capital Budget by approving the carry over of \$35,000 for the City Manager Operations Division Management and Consulting Services account (Account No. 640.04); Fire and Museum Department's grant funded projects; Police, Public Health, Public Works Streets, and Port Department unfinished capital projects; and providing an appropriation for the Harbors Department's grant funded Bar Harbor South Pumpout Station capital project, as outlined in the Financial Analyst's report dated December 15, 2021.

**Recommended Motion:** I move the City Council amend the 2022 General Government Operating and Capital Budget by approving the carry over of \$35,000 for the City Manager Operations Division Management and Consulting Services account (Account No. 640.04); Fire and Museum Department's grant funded projects; Police, Public Health, Public Works Streets, and Port Department unfinished capital projects; and provide an appropriation for the Harbors Department's grant funded Bar Harbor South Pumpout Station capital project, as outlined in the Financial Analyst's report dated December 15, 2021.

**MEMORANDUM****Finance Department**

Office of the Finance Director

Michelle L. Johansen, Finance Director

Camille Nelson, Financial Analyst

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TO: Lacey G. Simpson, Acting City Manager/KPU General Manager

FROM: Camille Nelson, Financial Analyst

THRU: Michelle L. Johansen, Finance Director

DATE: December 15, 2021

**SUBJECT: 2022 General Government Operating and Capital Budget Update No. 11:  
Carry Over of 2021 Funding for Operations, Grants & Capital Projects**

During the course of compiling the proposed 2022 General Government Annual Budget, department heads were required to provide estimates for operational costs, capital and grant projects that were programmed in the 2021 General Government Operating and Capital Budget. The City's budget policies require estimates for current year projects expected to be completed or encumbered by the end of the current year budget cycle. Costs and projects that cannot be completed or encumbered are required to be included in the subsequent year budget cycle if the projects are still warranted.

The City Manager Operations Division's planned for a \$35,000 expense in 2021 for professional services associated with the City Manager/General Manager recruitment. The \$35,000 estimate is reflected in the 2022 budget document as a management and consulting services (Account No. 640.04) for 2021. Unfortunately, it will not be possible to encumber the funds for these services before December 31, 2021 and will be necessary to carry over the funds to 2022.

Staff has identified one Fire Department grant that will not be completed or encumbered as originally estimated by December 31, 2021. Staff is requesting that the City Council approve the shift in funding from 2021 to 2022 to reflect the change in spending for 2021. The proposed adjustments will not impact the end of year projections for 2022 because the completion or encumbrance of the grant projects by the close of the 2021 year will be offset by a similar decrease in expenses from removing the projects for 2022.

SAFER GRANT			
	2021	2022	Net Change
Safety Program Supplies	\$ 600	\$ (600)	\$ -
Total	\$ 600	\$ (600)	\$ -

Staff has identified three Museum Department grants that will not be completed or encumbered as originally estimated by December 31, 2021. Staff is requesting that the City Council approve the shift in funding from 2021 to 2022 to reflect the change in spending for 2021. The proposed adjustments will not impact the end of year projections for 2022 because the completion or encumbrance of the grant projects by the close of the 2022 year will be offset by a similar decrease in expenses from removing the projects for 2021.

<b>Projected Change in 2021 Estimates</b>				
	<b>Colorful Characters</b>	<b>Historic Preservation Plan Project</b>	<b>Grant in Aid Exhibit Case Retrofit</b>	<b>Total</b>
Technical Services	(6,000)	(6,000)	(2,000)	(14,000)
Total	(6,000)	(6,000)	(2,000)	(14,000)

<b>Projected Change in 2022 Budget</b>				
	<b>Colorful Characters</b>	<b>Historic Preservation Plan Project</b>	<b>Grant in Aid Exhibit Case Retrofit</b>	<b>Total</b>
Technical Services	6,000	6,000	2,000	14,000
Total	6,000	6,000	2,000	14,000

Staff has identified three capital projects that will not be completed in 2021 as initially estimated. The Public Health Department Ketchikan Medical Center Expansion project was initially estimated to close the 2021 year with \$11,573 in expenses, a revised 2021 estimate exceeds that amount by \$89,750. As a result the funding available for the Ketchikan Medical Center Expansion project in 2022 is reduced by \$89,750. Staff is requesting that the City Council approve the shift in funding from 2021 to 2022 to reflect the change in spending for 2021. The proposed adjustments will not impact the end of year projections for 2022 because the completion or encumbrance of the capital projects by the close of the 2022 year will be offset by a similar decrease in expenses from removing the projects for were initially projected to be completed in 2021.

The Harbor Department's Bar Harbor South Pumpout Station capital project will not be complete by December 31, 2021. The 2021 revised estimate has increased by \$1,748 from the original estimate, \$1,311 coming from grant funds and \$437 funded from the Harbor Construction Fund. The department has also requested the remaining capital project funds of \$56,887 (\$42,666 grant and \$14,221 local match funds) be carried over into 2022.

Additional expenses are anticipated for both the 2021 and 2022 calendar years. The good news is that the expenses associated with the grant funded portion is offset by grant revenues. The local match for this grant will increase the cost reflected in the 2022 Operating and Capital Budget that the Harbor Department will pay to complete this project for 2021 and 2022 in the amounts of \$437 and \$14,221, respectively.

Council action will be required to make the adjustments for the carry over of 2021 operating costs, grants and capital projects to 2022 as discussed in this memorandum. Council action is also required to reflect the revised estimate of the Harbor Department's Bar Harbor South Pumpout Station capital project for 2021.

Lacey G. Simpson  
December 15, 2021  
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**Recommended Motion:**

I move the City Council amend the 2022 General Government Operating and Capital Budget by approving the carry over from 2021 to 2022 for the City Manager Operations Division Management and Consulting Services (Account No. 640.04) in the amount of \$35,000; Fire and Museum Department's grant funded projects; Police, Public Health, Public Works Streets, and Port Department unfinished capital projects; and providing a 2022 appropriation for the Harbor Department's grant funded Bar Harbor South Pumpout Station capital project as outlined in this memorandum and accompanying schedules.

City of Ketchikan  
2022 ANNUAL BUDGET  
General Government Capital Improvement Program  
2021 Project Estimate and Potential Impact on 2021 Budget by Reappropriation of Funding

Project Description	Fund	Capital Project Category Account #	2021 Adopted Budget	2021 Amended Budget	2021 Projected Estimate	2021 Revised Estimate	2021 Funding Available for Carry Over to 2022 Budget (As Reflected in Original Budget)	Original Proposed Carryover of 2021 to 2022 Budget	Original Projected Additional Funding for 2022	Projected Add'l 2021 Carry Over Funding Available for 2022 Budget	Proposed Add'l 2021 Carry Over Funding Available for 2022 Budget	2022 Revised Budget
<b><u>Police</u></b>												
Replace One Police Vehicle	111	720.00	65,112	65,112	65,112	42,968	-	-	-	22,144	22,144	22,144
<b><u>Public Health</u></b>												
Ketchikan Medical Center Expansion	340	705.00	1,099,821	1,099,821	11,573	101,323	1,088,248	1,088,248	-	(89,750)	(89,750)	998,498
<b><u>Public Works-Streets</u></b>												
Schoenbar Creek Culvert Repairs	111	730.00	400,000	400,000	250,000	-	150,000	150,000	-	250,000	250,000	400,000
Public Works Sales Tax Fund	111	730.00	2,100,000	2,100,000	-	-	2,100,000	2,100,000	400,000	-	-	2,500,000
<b><u>Harbors</u></b>												
Bar Harbor South Pumpout Station	320	730.00	16,242	16,242	1,584	2,021	14,658	-	-	(437)	14,221	14,221
Harbor Construction Fund	320	730.00	48,728	48,728	4,751	6,062	43,977	-	-	(1,311)	42,666	42,666
<b><u>Port</u></b>												
Berth I Guard Shack & Security Cameras	510	730.00	19,000	19,000	19,000	10,315	-	-	-	8,685	8,685	8,685
TOTAL			<u>3,748,903</u>	<u>3,748,903</u>	<u>352,020</u>	<u>162,689</u>	<u>3,396,883</u>	<u>3,338,248</u>	<u>400,000</u>	<u>189,331</u>	<u>247,966</u>	<u>3,986,214</u>