

**KENAI CITY COUNCIL WORK SESSION
FY2020 BUDGET
APRIL 18, 2019 – 2:00 P.M.
KENAI CITY COUNCIL CHAMBERS
210 FIDALGO AVE., KENAI, AK 99611
MAYOR GABRIEL, PRESIDING**

NOTES

Council present: Mayor Gabriel, Vice-Mayor Navarre, J. Glendening, H. Knackstedt, R. Peterkin, G. Pettey

Others present: City Manager P. Ostrander, Finance Director T. Eubank, City Attorney S. Bloom, City Clerk J. Heinz, Human Resources Director S. Brown, City Planner E. Appleby, Public Works Director S. Curtin, Buildings Official M. Wesson, Airport Director M. Bondurant, Parks & Recreation Director B. Frates, Senior Center Director K. Romain, Library Director M. Joiner, Acting Fire Chief T. Prior, Police Chief D. Ross

A. Call to Order

Mayor Gabriel called the work session to order at 2:00 p.m.

B. Budget Introduction – Paul Ostrander, City Manager

City Manager Ostrander provided an introduction on the FY2020 Budget process, noting the budget maintains the same level of services provided by the City. He added that there were no additions or deletions in staffing and revenue shortfalls would be managed through attrition. Ostrander noted that Department Heads were directed to achieve a 5% budget cut and, when impacts outweighed the benefits, the cuts were not incorporated. He also provided an overview of the efficiency initiative for FY2019. Ostrander added that the City was continuing the development of its land management plan and exploring development incentives for businesses. He noted that despite challenging times at the state level, the City was on solid financial ground and health care and infrastructure would be areas to focus on going forward.

C. General and Revenue Overview Presentation – Terry Eubank, Finance Director

Finance Director Eubank provided a general overview including operational factors of employee salaries, health benefits, and on-behalf PERS funding changes at the state level. He also discussed the general fund revenues, special and capital expenditures, and Fund Balance Policy compliance.

D. Department Presentations

1. City Manager

City Manager Ostrander provided an overview of his mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget noting there were no changes to his budget.

Visitor Center – an overview of the visitor center mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget was provided.

Land Administration – overview of the land administration mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget was provided. Recommendations for the Section 36 subdivision, partially owned by the City, were discussed.

2. Human Resources

Human Resources Director Brown provided an overview of the Human Resources mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget. It was noted the changes to the budget were mostly due to the initial office set up.

3. Planning & Zoning

City Planner Appleby provided an overview of the Planning and Zoning mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget. Sign code and GIS mapping projects were discussed.

4. Finance

Finance Director Eubank provided an overview of the Finance Department mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget. Technology protections were discussed. Eubank also noted the possibility of the development of a fleet replacement fund.

Non-Departmental - an overview of the Non-Departmental budget was provided noting insurance increases, special projects, and capital improvement projects.

5. Legal

City Attorney Bloom highlighted the Legal Department's mission, FY19 Goals and FY20 Goals from the draft budget.

6. Police

Chief Ross provided an overview of the Police Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget noting recruitment and retention was a top priority. Also highlighted grants received over the past year which don't appear in the budget.

Communications – an overview of the Communication Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget noting they were focusing on improving standards of calls and the base station radio would need replaced in the next few years; applying for grants regularly.

Animal Control - an overview of the Animal Control Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget noting the number of animals taken in hadn't changed much; had a robust training process for volunteers. He added the department was continuously trying to increase patrols and responsible ownership trainings.

7. Fire

Acting Chief Prior provided an overview of the Fire Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget noting recruitment and retention was a top priority. It was noted the department had a need to replace aging air packs; continually applying for grants.

8. Public Works

Public Works Director Curtin provided an overview of the Public Works Administration's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget noting the addition of roof replacement plans and HVAC replacement plans by building. A clarification of training opportunities was provided.

Safety – an overview of the Safety Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget was provided noting staff coordinated with OSHA; expressed appreciation for the City's departments buying in to the programs.

Shop - an overview of the Shop Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget was provided noting the significant number of pieces of equipment and other machines the shop maintains.

Streets – an overview of the Streets Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget was provided noting a policy change to improve snow removal operations. Combining street paving projects with AC pipe replacement was discussed.

Buildings – an overview of the Buildings Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget was provided noting they were trying to get away from paper processes where they could.

Street Lighting - an overview of the Street Lighting Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget was provided noting staff ensured all lights were operational by Halloween. It was also noted that retrofits to LED lighting was happening on a regular basis.

Boating Facility – an overview of the Boating Facility Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget was provided.

9. Library

Director Joiner provided an overview of the Library Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget. Staffing for operation on Sunday was discussed. Clarification was provided regarding the methodologies for purchasing and discarding books. Joiner also provided an overview of a project to incorporate RFID chips.

10. Parks, Recreation & Beautification

Director Frates provided an overview of the Parks, Recreation, & Beautification Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget noting the increase in the FY19 performance measures was due to the FY19 goals.

11. City Clerk

City Clerk Heinz provided an overview of the City Clerk Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget noting significant decrease in budget due to changing vendors for webcasting and video archiving meetings. Use of the state's election equipment was also briefly discussed.

Legislative – an overview of the Legislative Department's mission, FY19 Goals, FY20 Goals, and future considerations from the draft budget noting reductions to travel and grants.

It was asked that the travel and \$2,000 for miscellaneous grants be put back into the budget.

12. Personal Use Fishery Fund

a. General, Revenue, and Department Overview

Director Eubank noted a significant reduction in revenue for the Personal Use Fishery Fund for FY19. Fees, reserves, staffing, expenditures over revenues, and future adjustments were discussed.

13. Water & Sewer Fund

a. General and Revenue Overview

Director Eubank advised 97% of water & sewer fund revenues were usage fees, and fees would be increasing by the Consumer Price Index. Special and capital expenditures proposed for the FY20 budget, including a master plan and rate study, SCADA system integration, software replacement, and capital improvements were reviewed.

b. Water & Sewer Departments

Public Works Director Curtin provided an overview of staffing, operations, and projects.

c. Sewer Treatment Plant

An overview of staffing and proposed projects was provided.

14. Airport Fund

a. General and Revenue Overview

Director Eubank presented highlights on the Airport Fund, including revenue sources, the fund balance, and special and capital expenditures.

b. Airport Departments

Director Bondurant provided an overview of the five Airport Department budgets missions, FY19 Goals, FY20 Goals, and future considerations from the draft budget noting current challenges from the Terminal Rehabilitation Project, TSA requirements, seasonal staffing, wildlife hazard plan, grants the department applied for, runway conditions, and float plane basin operations.

15. Senior Citizen Fund

a. General and Revenue Overview

Director Eubank provided an overview of revenue sources noting most funding came from state and other grants, expenditures, and fund balance supplements.

b. Senior Citizen Fund Departments

Director Romain provided an overview of the Senior Citizen Fund Departments missions, FY19 Goals, FY20 Goals, and future considerations from the draft budget providing an overview of services provided and discussing how losses of seniors affected the budget. The utilization of local farmers was also discussed.

16. Congregate Housing

a. General and Revenue Overview

Director Eubank provided an overview of revenue sources and expenditures for the congregate housing fund.

b. Congregate Housing Fund Departments

Director Romain provided an overview of the Senior Citizen Fund Departments missions, FY19 Goals, FY20 Goals, and future considerations from the draft budget noting recent surveys showed satisfaction. Clarification was provided that the boilers were slated for replacement and unit upgrades would be considered in the future.

17. Employee Health Care Fund

a. General, Revenue, and Department Overview

Director Eubank provided an overview of the Employee Health Care Fund noting it was built expecting a 10% increase, annually. Projected revenue sources, the need for protecting the reserves, utilization, and fund balance were discussed.

18. Equipment Replacement Fund

a. General, Revenue, and Department Overview

Director Eubank provided an overview of the Equipment Replacement Fund noting it had served the City well. The departments that participated in use of the fund and a schedule of replacement were discussed. A possible plan for leasing some graders in the winter months allowing for diversion of funds to capitalize the start of a fleet replacement fund was also discussed.

19. Permanent Funds

a. General, Revenue, and Department Overview

Director Eubank noted earnings of the General Land Sale Permanent Fund and the projected draw for the General Fund. He also provided an overview of the earnings for the Airport Land Sale Permanent Fund and the projected draw for that fund. He noted the upcoming changes to the funds which were intended to "inflation-proof" the funds.

20. Capital Plan

Director Eubank noted the development of a Capital Plan for FY2020 was being developed.

21. Debt Service

Director Eubank noted the debt service was for the library bonds debt and annual payments were made out of the general fund.

E. Public Comment

There was no one wishing to be heard.

F. Council Comments

The exceptional work of the staff was noted

Council Member Peterkin expressed gratitude for the thorough explanations.

Council Member Pettey expressed gratitude for the exceptional work accomplished and the "inflation-proofing" administration was working toward accomplishing.

Vice-Mayor Navarre was supportive of the capitalization of a fleet replacement fund; added that it was prudent for the City to maintain its infrastructure even if the state was not offering assistance in the future.

Council Member Glendenning noted the City had an obligation to the residents to provide a level of service and expressed appreciation for the identification of revenues and efficiencies.

Council Member Knackstedt expressed gratitude to staff for implementing and accomplishing the work of the City noting it reflected well on the City Manager.

Mayor Gabriel expressed appreciation for time spent with the department heads and that they were empowered to present their department's budgets. He added that he felt better about the City's budget than the State's.

G. Adjournment

The work session adjourned at 10:05 p.m.

Notes were prepared by:

Jamie Heinz

Jamie Heinz, CMC
City Clerk

