

**KENAI CITY COUNCIL WORK SESSION
FY2121 BUDGET
APRIL 25, 2020 – 9:00 A.M.
KENAI CITY COUNCIL CHAMBERS
210 FIDALGO AVE., KENAI, AK 99611
MAYOR GABRIEL, PRESIDING**

NOTES

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

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 K. Wolfe, Fire Chief T. Prior, Police Chief D. Ross

A. Call to Order

Mayor Gabriel called the work session to order at approximately 9:00 a.m.

B. Budget Introduction – Paul Ostrander, City Manager

City Manager Ostrander provided an introduction on the FY2021 Budget process, noting the difficulty in preparing the budget given the current pandemic and unknown levels of funding. He added that the capital budget had been decreased and pushed out, a 14-hour per week driver position was eliminated from the Senior Center, the staff share of health insurance benefits was being increased by 1%, and the use of General Fund, Fund Balance of \$XX. Ostrander discussed the Capital Improvement Plan and a 0.9% seasonal sales tax, beginning FY2022, to fund the plan. Focusing on keeping Kenai in the best position possible.

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

Finance Director Eubank provided a general overview including COVID-19 factors, Cost of Living Allowance increase to salaries, health benefits, and on-behalf PERS funding. He also discussed the Capital Projects Funding included in the budget. He also reviewed the transition of staff share of health benefits from 10% to 15% in future years, the fleet replacement plan and a reduction in vehicles being maintained, 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, FY20 Goals, FY21 Goals, and future considerations from the draft budget noting changes in the marketing budget.

Visitor Center – an overview of the visitor center mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget was provided.

Land Administration – overview of the land administration mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget was provided noting finalization of the land management plan and leasing incentive implementation.

2. Human Resources

Human Resources Director Brown provided an overview of the Human Resources mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget. Noting shifts in performance measures and contracts for recruitment software.

3. Planning & Zoning

City Planner Appleby provided an overview of the Planning and Zoning mission, FY20 Goals, FY21 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, FY20 Goals, FY21 Goals, and future considerations from the draft budget noting the fleet replacement plan, the need for additional IT staff, and introduction of electronic timekeeping. 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 PERS on-half funding, the use of airline mileage to reduce travel costs, library bonds, special projects, and capital improvement projects. Eubank also discussed the plan to transition from janitorial contracts to staffing three or four – fourteen hour positions for janitorial.

5. Legal

City Attorney Bloom highlighted the Legal Department's mission, FY20 Goals and FY21 Goals from the draft budget noting an increase to professional services for bond counsel as the library bond is refinanced.

6. Police

Chief Ross provided an overview of the Police Department's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget noting statistics was difficult to track due to changes in the law and now the pandemic. Also noted the school resource officer was able to get back into schools since the department's staffing is sufficient; investigators have caught up on their work and are able to switch to crime prevention.

Communications – an overview of the Communication Department's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget noting they were focusing on speed of dispatching the department was facing loss of long-term staff. Ross also discussed grants.

Animal Control - an overview of the Animal Control Department's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget noting the number of animals taken in had seen an uptick somewhat due to the collaboration with Soldotna Animal Control; continuously trying to increase patrols and responsible ownership trainings.

7. Fire

Fire Chief Prior provided an overview of the Fire Department's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget noting the need for knowing what businesses were located in Kenai to do fire inspections in those establishments, increasing collaboration with senior and assisted living facilities, and with Home Depot for supply of fire alarms and CO detectors.

8. Public Works

Public Works Director Curtin provided an overview of the Public Works Administration's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget noting the implementation of the Capital Improvement Plan and the Fleet Replacement Plan to the best of their ability.

Safety – an overview of the Safety Department's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget was provided noting communications testing due to the pandemic.

Shop - an overview of the Shop Department's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget was provided noting the reduction in pieces of equipment in the Fleet Replacement Plan and reduction in maintenance supplies.

Streets – an overview of the Streets Department's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget was provided noting an intention to lease two graders, reducing the fleet; also Beaver Loop Road coming online, increasing the lane miles that are maintained.

Buildings – an overview of the Buildings Department's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget was provided noting facility maintenance, city-wide, was a focus.

Street Lighting - an overview of the Street Lighting Department's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget was provided noting GIS system was being updated on a regular basis with street light data.

Boating Facility – an overview of the Boating Facility Department's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget was provided noting dock repairs and cathodic protection would be accomplished soon.

9. Library

Director Wolfe provided an overview of the Library Department's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget noting the increase in virtual programming due to the pandemic.

10. Parks, Recreation & Beautification

Director Frates provided an overview of the Parks, Recreation, & Beautification Department's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget noting some of the planned changes to the dipnet fee shack operations which will help the department remain fully staffed and the upcoming work to eliminate and reforest due to spruce bark beetle kill.

11. City Clerk

City Clerk Heinz provided an overview of the City Clerk Department's mission, FY20 Goals, FY21 Goals, and future considerations from the draft budget noting the

Legislative – an overview of the Legislative Department's mission, FY20 Goals, FY21 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 revenue projections for the Personal Use Fishery Fund for FY21. Capital Improvements, efficiencies, and modifications to operations due to the pandemic 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 were not being proposed to be changed. He also reviewed capital improvements and noted the rate survey accomplished in 2011 provided a fund balance which would be utilized to maintain the infrastructure.

b. Water & Sewer Departments

Public Works Director Curtin provided an overview of staffing, upcoming projects, and budget reductions due to purchases made in FY2020. Curtin also noted the master plan documents were set to be updated.

c. Wastewater Treatment Plant

An overview of staffing, operations, the plant's capabilities, and proposed projects was provided.

14. Airport Fund

a. General and Revenue Overview

Director Eubank presented an overview of the Airport Fund, including revenue sources, CARES Act funding, the fund balance, and special and capital projects.

b. Airport Departments

Director Bondurant provided an overview of the five Airport Department budgets missions, FY20 Goals, FY21 Goals, and future considerations from the draft budget noting the desire to bring and keep concessions and leasing to 100%. Bondurant also discussed special project requests, maintaining certain FAA certification, and positive feedback on the new training props at the training facility.

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, explained a discrepancy in the grant from Kenai Peninsula Borough, expenditures, and fund balance supplements.

b. Senior Citizen Fund Departments

Director Romain provided an overview of the Senior Citizen Fund Departments missions, FY20 Goals, FY21 Goals, and future considerations from the draft budget noting cost savings realized in the fleet and the opportunity to make food selections at the Food Bank. Romain also explained a past increase in drivers due to the choice waiver program noting the program had significantly reduced and the reduction in meals drivers followed suit and combining job duties would eliminate any shortfall in the meals delivery. She also explained the reasons behind cancelling the March for Meals fundraiser.

16. Congregate Housing

a. General and Revenue Overview

Director Eubank provided an overview of revenue sources, occupancy, and capital projects related to the congregate housing fund.

b. Congregate Housing Fund Departments

Director Romain provided an overview of the Senior Citizen Fund Departments missions, FY20 Goals, FY21 Goals, and future considerations from the draft budget noting occupancy and turnover which impacted maintenance costs; also noted a possible internal move policy and discussed the waiting list maintenance they have conducted.

17. Employee Health Care Fund

a. General, Revenue, and Department Overview

Director Eubank provided an overview of the Employee Health Care Fund, which was an internal service fund, noting it was in its fourth year and was created to offset annual increases. Projected revenue sources, the need for protecting the reserves, utilization, and fund balance were discussed. The transition to increased staff share was discussed.

18. Equipment Replacement Fund

a. General, Revenue, and Department Overview

Director Eubank provided an overview of the Equipment Replacement Fund noting it funds equipment replacements for General Fund departments; explained how the fund worked and provided an overview of the schedule of replacement.

19. Fleet Replacement Fund

a. General, Revenue, and Department Overview

Director Eubank provided an overview of the Fleet Replacement Fund, explaining its inception, efficiency adjustments made, and a utilization plan. An overview of the amount the fund charged departments and the schedule of replacement was provided.

20. Permanent Funds

a. General, Revenue, and Department Overview

Director Eubank provided an overview of the General Land Sale Permanent Fund noting how it can be utilized and reviewed projected revenues; also explained the recent sharp decline was not reflected in the projections. He also noted the need to maintain in the market despite sharp reductions. Director Eubank also provided an overview of the Airport Land Sale Permanent Fund and the projected revenues for the fund. He also noted the projected draw from the Airport Land Sale Permanent Fund.

21. Debt Service

Director Eubank provided an overview of the debt service methodology noting it was currently being refinanced.

E. Public Comment

There was no one wishing to be heard.

F. Council Comments

The exceptional work of the staff was noted

Council Member Knackstedt expressed gratitude for the process noting he expected a mil rate increase; will be interested in hearing more on the seasonal sales tax in future years; appreciated the fund balance.

Council Member Peterkin expressed gratitude for the work accomplished.

Council Member Pettey expressed appreciation for the budget process and safeguards in place that kept the City financially secure.

Council Member Navarre noted great job on the budget; hopes forecasts are off; believes residents will be happy with the budget.

Council Member Glendening noted he was pleased with what he heard; suggested other agencies might be able to assist with parks and sidewalks.

Vice Mayor Molloy expressed gratitude to staff for the work of administration for the thoughtful budget; appreciated the slides ahead of time; noted good discussion.

Mayor Gabriel expressed appreciation for time spent producing the budget despite the trying circumstances; are on the right course as well as we can be at this time.

G. Adjournment

The work session adjourned at 5:55 p.m.

Notes were prepared by:



Jamie Heinz, CMC
City Clerk

