

**ASSEMBLY FINANCE COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA
Thursday, August 11, 2016, 5:30 PM.
Assembly Chambers**

Meeting has been rescheduled from 8/10/2016 to 8/11/2016.

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. ITEMS FOR DISCUSSION**
 - a. Complete Packet Upload for August 11, 2016**
- IV. NEXT MEETING DATE**
 - a. Wednesday, September 7, 2016**
- V. ADJOURNMENT**

ADA accommodations available upon request: Please contact the Clerk's office 72 hours prior to any meeting so arrangements can be made to have a sign language interpreter present or an audiotape containing the Assembly's agenda made available. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org

City and Borough of Juneau
Assembly Finance Committee Meeting
Thursday, August 11, 2016, 5:30 p.m.
Assembly Chambers

- I. Call to Order**
- II. Roll Call**
- III. Approval of Minutes** Wednesday, May 11, 2016 (pgs. 2-7)
- IV. Manager's Budget Message** (pgs. 8-10)
- V. CBJ Operating Budget Issue Paper** (pg. 11)
 - A. Financial Update**
 - 1. FY17 & 18 Budget Update After State Government Action (pg. 12)
 - 2. Available Fund Balance (pg. 13)
 - 3. Budget Reserve Balance & Guidelines (pgs. 14-16)
 - B. Funding Options FY17** (pgs. 17-19)
 - C. FY18 & 19 Budget Planning Process** (pgs. 20-21)
- VI. Next Meeting Date**
Wednesday, September 7, 2016
- VII. Adjournment**

DRAFT
City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, May 11, 2016, 5:30 p.m.

I. Call to Order

The meeting was called to order at 6:11 PM (immediately following the adjournment of the Full Assembly sitting as the Human Resources Committee Meeting) by Jerry Nankervis, Chair.

II. Roll Call

Committee Members Present: Ken Koelsch, Jesse Kiehl, Debbie White, Jerry Nankervis, Maria Gladziszewski, Kate Troll Jamie Lynn Bursell, and Loren Jones,
Committee Members Participating Telephonically: Mary Becker.
Committee Members Absent: None.

Staff Present: Rorie Watt, City Manager; Mila Cosgrove, Deputy City Manager; Bob Bartholomew, Finance Director; Rob Steedle, CDD Director; Matt Lillard, Ski Manager, Eaglecrest; Robert Barr, Juneau Public Library Director; Jean Hodges, Assistant Controller; and Elisabeth Jensen, Budget Analyst.

III. Approval of Minutes

The May 4, 2016 minutes were approved as presented.

IV. Changes to the Order of the Day

Add Info Item D. to Information Items – Staff Report on PSEA Negotiations.
Without objection.

V. FY17/18 Proposed CBJ Budget as of April 6, 2016

Bob Bartholomew presented the current Proposed Budget and answered questions from the committee members. .

VI. Pending List – School District FY17 Proposed Budget & 2 Increments

Discussion ensued.

Kate Troll, moved to fund \$925,102 outside the cap for the Juneau School District.
Ms. Troll withdrew the motion.
Without objection.

Kate Troll, moved to approve \$839,500 outside the cap, for the Manager’s recommended Juneau School District Funding.
Without objection.

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Mary Becker, moved to approve \$86,200 outside the cap, in additional funding for Middle School activities to the Juneau School District.

Mr. Jones and Ms. White objected.

Roll call votes:

Ayes: Troll, Jones, Bursell, Gladziszewski, Kiehl, Becker, Nankervis and Mayor Koelsch.

Nays: White.

Absent: None.

Motion PASSED 8-1.

Jesse Kiehl, moved to approve \$124,900 to provide relief to the Juneau School District for indirect costs.

Mr. Jones objected.

Roll call votes:

Ayes: Kiehl, Becker, Bursell and White.

Nays: Jones, Gladziszewski, Troll, Nankervis and Mayor Koelsch.

Absent: None.

Motion FAILED 4-5.

Loren Jones, moved to refer the Juneau School District budget as amended to the full Assembly for approval and asked for unanimous consent.

Without objection.

VII. Pending List – Juneau Arts & Humanities Council (JAHC) Proposed Budget & Increment
Discussion ensued.

Loren Jones, moved to increase the General Fund support to the Juneau Arts & Humanities Council (JAHC), by \$13,000; urging a no-vote.

Ms. Gladziszewski, Mr. Kiehl, Ms. Troll and Ms. Becker objected.

Roll call votes:

Ayes: None.

Nays: Becker, Bursell, Gladziszewski, Kiehl, Troll, White, Jones, Nankervis and Mayor Koelsch.

Absent: None.

Motion FAILED 0-9.

Debbie White, moved to refer the Manager's recommended Juneau Arts & Humanities Council (JAHC) to the full Assembly for approval and asked for unanimous consent.

Without objection.

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VIII. Pending List – Juneau Park Foundation Initial Seed Funding Request

Discussion ensued.

Kate Troll, moved to fund an increment of \$50,000 to the Juneau Park Foundation.

Ms. White objected.

Ms. Troll rescinded the motion.

Without objection.

Kate Troll, moved to fund an increment of \$50,000 to the Juneau Park Foundation in FY17, by reducing the CIP “Vehicle and Equipment Wash Bays Planning and Design” by \$50,000 (pg. 3 of CIP Resolution, found on pg. 23 of AFC 5/11/2016 Packet).

Mr. Jones objected.

Roll call votes:

Ayes: Kiehl, Gladziszewski, Bursell, Troll, White and Mayor Koelsch.

Nays: Becker, Jones and Nankervis.

Absent: None.

Motion FAILED 6-3.

Maria Gladziszewski, moved to refer the initial seed funding of \$50,000 to the Juneau Park Foundation in the FY17 Budget to the full Assembly for approval.

Without objection.

IX. Pending List – Juneau Economic Development Council (JEDC) – 2 Increments

Discussion ensued.

Loren Jones, moved to approve an increment of \$65,000 for the Juneau Economic Development Council (JEDC)’s work on the Juneau Economic Plan.

Ms. Gladziszewski objected.

Roll call votes:

Ayes: Troll, Jones, and Bursell.

Nays: Becker, White, Kiehl, Gladziszewski, Nankervis and Mayor Koelsch.

Absent: None.

Motion FAILED 3-6.

Loren Jones, moved to move \$65,000 to the Manager’s Office for work on the Economic Plan including contracts, etc.

Mr. Jones withdrew his motion.

Jesse Kiehl, moved to provide the Juneau Economic Development Council an increment of \$30,000 in FY17 towards the Juneau Economic Plan.

Mr. Jones objected.

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Roll call votes:

Ayes: Troll, White, Bursell, Becker, Kiehl, Gladziszewski and Mayor Koelsch.
Nays: Jones and Nankervis.
Absent: None.

Motion PASSED 7-2.

Loren Jones, moved to provide the Juneau Economic Development Council (JEDC) an increment of \$60,000 in FY17 for Statewide STEM Education/FIRST Robotics Program. Ms. Gladziszewski objected.

Roll call votes:

Ayes: Bursell, Jones, Becker, Troll, Kiehl, Nankervis and Mayor Koelsch.
Nays: White and Gladziszewski.
Absent: None.

Motion PASSED 7-2.

Loren Jones, moved to refer the incremental funding to Juneau Economic Development Council (JEDC) in the amounts of \$30,000 in FY17 for the Juneau Economic Plan, and \$60,000 in FY17 for Statewide STEM Education/FIRST Robotics Program; to the full Assembly for approval. Without objection.

The meeting recessed at 8:20 PM.

The meeting reconvened at 8:28 PM.

The Assembly sang Happy Birthday to Mayor Koelsch.

X. Capital Improvement Projects Program Budget / Plan

Discussion ensued.

Jesse Kiehl, moved to add the Court Plaza Building Canopy contribution in the amount of \$120,000 to the FY17 Unscheduled Funding Requests in the CIP list (page 25 in the AFC Packet 5/11/2016). Without objection.

Kate Troll, moved to provide \$15,500 from Better Capital Cities towards funding Gavel to Gavel.

Mayor Koelsch objected.

Roll call votes:

Ayes: Bursell, Gladziszewski, Kiehl and Troll.
Nays: Becker, White, Jones, Nankervis and Mayor Koelsch.
Absent: None.

Motion FAILED 4-5.

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Loren Jones, moved to refer the CIP budget as amended (minus \$50,000 from "Vehicle and Equipment Wash Bays Planning and Design", and plus \$120,000 for the Court Plaza Building Canopy - unfunded project) to the full Assembly for approval and asked for unanimous consent.

Without objection.

XI. Property Tax Mill Rate FY17/18

The committee members discussed the topic.

Mary Becker, moved to maintain the mill rate at 10.76, as we have it now, with Operating at 9.36 and Debt Service at 1.4.

Mr. Kiehl objected.

Loren Jones, moved to amend the motion to lower the mill rate to 10.66.

Mr. Jones withdrew the motion to amend.

Roll call votes:

Ayes: Bursell, Troll, White, Becker, Nankervis and Mayor Koelsch.

Nays: Gladziszewski, Jones, and Kiehl.

Absent: None.

Motion PASSED 6-3.

Maria Gladziszewski, moved to allocate \$940,000 in additional revenue from Property Tax in FY17, with \$696,000 going to deferred maintenance and the balance of \$244,000 going to fund balance.

Mr. Kiehl objected.

Roll call votes:

Ayes: Bursell, Gladziszewski, White, Becker, Jones and Nankervis.

Nays: Kiehl, Troll and Mayor Koelsch.

Absent: None.

Motion PASSED 6-3.

Debbie White, moved to refer Ordinance 2016-08, An Ordinance Establishing the Rate of Levy for Property Taxes for Calendar Year 2016 Based Upon the Proposed Budget for Fiscal Year 2017, to the full Assembly for approval.

Without objection.

Jesse Kiehl, moved to refer Ordinance 2016-09 as amended, An Ordinance Appropriated Funds from the Treasury for the FY17 City and Borough Operations, to the full Assembly for approval.

Without objection.

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- XII. FY16 Supplemental Review – Ordinance 2015-20(AR) – An Ordinance Appropriating to the Manager the Sum of \$53,100 as Additional Funding for the Airport Rescue and Fire Fighting (ARFF) Cost Center; Funding Provided by the Juneau International Airport Operating Revenues.**

Loren Jones, moved to refer Ordinance 2015-20(AR) to the full Assembly for approval. Without objection.

XIII. Info Item – PERS/TRS Unfunded Pension Liability

Bob Bartholomew presented the PERS/TRS Unfunded Pension Liability. The total unfunded liability at 6/30/15 was \$270 million with CBJ recording \$104 million in our annual financial statements and the State of Alaska recording \$166 million on our be-half.

XIV. Info Item - Renninger Subdivision Pacific Development Group Proposal

Kate Troll mentioned that the Lands Committee would be discussing the topic at a meeting on Monday, May 16, 2016.

XV. Info Item – AFC Meeting Schedule

The next AFC meeting date is now scheduled for Wednesday, August 10, 2016.

XVI. Info Item – Staff Report on PSEA Negotiations

Mila Cosgrove stated that a tentative agreement has been reached.

XVII. Next Meeting Date

Wednesday, August 10, 2016

XVIII. Adjournment

Meeting was adjourned at 10:38 PM



City and Borough of Juneau
City & Borough Manager's Office
155 South Seward Street
Juneau, Alaska 99801
Telephone: 586-5240 Facsimile: 586-5385

TO: Chair Nankervis, Assembly Finance Committee

DATE: August 11, 2016

FROM: Rorie Watt, P.E., City Manager

A handwritten signature in black ink, appearing to read "Rorie Watt".

RE: FY17 & FY18 Budget Update

As you are well aware, the final State adopted budget including the Governor's vetoes results in a negative hit to the CBJ budget of \$4.4M and to the School District of \$450K.

Our FY17 budget that was adopted on July 1 is no longer balanced, and we must respond to these difficult changes. By Charter, our mil levy was set and may not be changed. Therefore, we may not significantly raise revenue this fiscal year. We have two basic choices: cut services and spend savings. In reality, we need to do both and we need to do it well.

Because this and prior Assemblies have planned well and have accrued savings, we have the resources to make a smooth transition for the community. Financially speaking we have three communication goals:

Communicate to the State our Dissatisfaction. The \$4.9M reduction represents about 0.1% of the State's budget problem, yet it represents about 25% of our budget reserve savings. Shifting costs to Alaskan communities is not a budget solution, but it does hurt our ability to responsibly plan for the community. The State has the resources to solve the State budget problem; the communities do not.

Communicate to the Juneau public that we have Local Resources to Manage Our Financial Transition. And show the public that we are going to do that in a way that has the least impact to our local economy. As a big player in our economy, we need a disciplined and smooth transition process to maintain our underlying economic stability.

Economic Realism: Just because we have carefully saved doesn't mean that we can keep all of our public services into the future. We have a number of ongoing processes that will steer us to community decisions that will allow for sustainable budgets. Those processes include:

Empowered Aquatics Board – A board has been formed and empowered to determine the best way to run our two swimming pools. It may be that Juneau can't afford both, but we need to give the board its term to show the upside of the ability to limit the need for public subsidy for the pools.

School Facility Plan – The joint Assembly/School Board Committee is taking a hard look at our School Facilities, enrollment numbers and School Finances. This process will lay the ground work for potentially difficult decisions about our ability to maintain our existing school facilities.

Land Management Plan – The recently adopted plan calls for significant disposal of municipal lands to private sector owners. Moving land out of public ownership will allow for further private sector investment in raw land, growth in our property tax base and new housing opportunities.

Parks & Recreation Comprehensive Planning – Similar to the Schools plan, this process will help us determine what facilities are of priority to the community.

Juneau Economic Development Plan & Housing Action Plan – These plans provide important strategic steps in creating and maintaining a vibrant and economically diverse community. As decisions get made about what public services to offer, impact on the factors that make Juneau a desirable place to live and work need to be taken into consideration.

While the above five examples may be easily criticized as a lot of planning, I would remind the Assembly of its power to implement plans when they are well crafted, unanimously supported and based on sound community planning. Two examples of plans that served for many years are the Long Range Waterfront Plan and the Dimond Park Master Plan. When the Assembly puts in the effort and supports good planning efforts, difficult decisions will be achievable.

Processes to Avoid. I also want to take a minute to identify a number of poor budget gap solution measures that we should avoid on an across the board basis:

Departmental Efficiencies – Looking for operational efficiencies should be considered a normal part of the Department's and the Manager's duties. Costs, regulations and public interest in City operations are dynamic and the goal is to nurture and grow organizational strength so that we are able to better and continuously respond to the evolving nature of public service. Significant reductions due to identified efficiencies have already been taken over the last several budget cycles, beginning in earnest in FY09. The Assembly should not focus on this as a budget solution, but the Assembly should hold me accountable for achieving ongoing results in this area during my annual evaluation.

Elimination of Support Staff – This is short sighted. Whatever programs and services we provide, we should provide well. Every CBJ program should be well run; starving all of our programs of administrative support is counter-productive to that goal.

Capital Projects – Most of our capital spending goes to building and infrastructure maintenance, and as we spend that money we are an important player in the local construction economy. Failing to properly care for our infrastructure means that we are deferring those costs to future generations. Additionally, during tougher

economic times we obtain better contractor pricing; this is exactly the time that we should promote capital spending as a support to the local private sector economy.

Hiring Freeze/Vacancy Elimination – Hiring freezes mean you subject your programs to random weakening, often unintentionally cutting in areas that need to remain stable to deliver services. Additionally, even during tougher times it will make sense to add staff to selected program areas. It makes more sense to take a structured approach to staffing.

As stewards of the town and as a major player in the local economy, we must make these decisions in a thoughtful and deliberate manner. At this Finance Committee we will propose a process of service prioritization and ultimately a path towards a realignment of levels of public service.

City and Borough of Juneau
ASSEMBLY FINANCE COMMITTEE
Plan/Strategy for Addressing the FY17 & 18 CBJ Budgets
August 11, 2016

Issue:

CBJ FY18 budget was adopted initially, as a placeholder budget, drawing approximately \$1.2 million more from fund balance than is sustainable. Goal was to come back in the interim, after the state had completed their budget, and address the excess \$1.2 million draw and any other changes.

Subsequent to CBJ's adoption, May 23, 2016, of a balanced FY17 budget there were events that could cause a \$4.8 million one-time deficit. Details are provided on the next page.

Analysis:

FY17 Operating Budget

In the short term for the FY17 general government budgets CBJ needs to determine the best way to cover the potential \$4.8 million unsustainable draw on fund balance. Assembly actions to cut costs and raise new revenues taken during the FY15 & 16 budget processes, to create a sustainably balanced budget, put CBJ in a strong/stable financial position. Rather than have to react in crisis to reduce costs 2 months after the fiscal year has begun Management recommends an initial approach to reduce costs modestly and use savings and reserves to cover the loss of revenue. The Governor's vetoes meet the qualifying criteria to make a withdrawal from the Budget Reserve if the Assembly so desires. Using these options should allow enough time to review current programs and services and strategically reposition the organization to move forward.

FY18 & 19 Operating Budgets

For the FY18 & 19 budgets CBJ needs to establish a sustainable budget process for the Assembly, staff and the public to weigh in on. The process is necessary to allow CBJ budgets to adjust for the expected continued decline in state funding and loss of local tax revenue due to a decline in the overall economy. Management will propose a multi-step process to quantify and attempt to prioritize programs and services provided to the public. The objective is make sustainable reductions, as necessary, over the next several years while continuing to provide a safe and satisfying quality of life for Juneau citizens and visitors.

Current Status:

To begin the discussion and some initial recommendations the following information is provided in the packet:

1. CBJ general government FY17 & 18 update.
2. Available fund balance status
3. Budget reserve balance and guidelines
4. An initial list of options for addressing the FY17 deficit
5. A process for evaluating the current budget to: 1) identify cost savings, 2) adequacy of user fees and 3) prioritize the level/type of services provided. The process needs to provide time for public input and discussion.

**Assembly Finance Committee
FY17/18 Budget Update
as of August 11, 2016**

	FY17			FY18		
	Subsequent Budget Impact			Subsequent Budget Impact		
	Adopted	Impact	Total	Adopted	Impact	Total
General Government Operating Budgets						
Assembly Adopted Unsustainable Draw on Fund Balance to Balance Budget	\$0		\$0	\$ (1,200,000)		(1,200,000)
Community Revenue Sharing (SB210)		(294,746)	(294,746)		(468,674)	(468,674)
Debt Retirement (Governor Veto)		(3,075,566)	(3,075,566)		-	-
Pupil Transportation (Governor Veto)		(248,764)	(248,764)		-	-
Pupil School Funding (Governor Veto)		(212,938)	(212,938)		-	-
Subtotal Direct State Impacts	-	(3,832,014)	(3,832,014)		(468,674)	(468,674)
PFD Impact on Sales Tax (Governor Veto)		(1,000,000)	(1,000,000)			
Total Impacts / Budget (Deficit)	\$0	(\$4,832,014)	(\$4,832,014)	(\$1,200,000)	(\$468,674)	(\$1,668,674)

City and Borough of Juneau
General Government Available Fund Balance
June 30, 2016 Unaudited

	General Governmental Funds	Sales Tax Fund	Total Available
FY16 Unaudited Available Fund Balance	10,563,400	1,797,000	12,360,400

* **Note:** In FY16 the Assembly appropriated \$1.8 million as "bridge financing" for Juneau Housing First Corp project. In the unaudited fund balance available at the end of FY16 it was assumed that \$500,000 of the financing would be used and \$1.3 million would be released. If the project ends up using more than the projection, the Available Fund Balance would need to be reduced by the additional amount needed.

CBJ Restricted Budget Reserve

	General Government
FY16 Budget Reserve (unaudited)	<u>13,410,000</u>
FY17 Contribution	<u>1,400,000</u>
Projected Balance June 30, 2017	<u>14,810,000</u>
FY18 & 19 Scheduled Contributions	<u>1,450,000</u>
Projected Budget Reserve June 30, 2019	<u>\$ 16,260,000</u>

Presented by: The Manager
Introduced: 10/08/2012
Drafted by: J.W. Hartle

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2629

A Resolution Establishing Guidelines for the Amount, Use, and Replenishment of the City and Borough Budget Reserve.

WHEREAS, in 1990, a Mayor's Fiscal Task Force was created to establish a framework for City and Borough management of any significant loss in State revenue; and

WHEREAS, the Mayor's Task Force determined that a budget reserve is appropriate and necessary to ensure adequate resources in the event of an emergency or significant unanticipated reduction in revenues; and

WHEREAS, the 1990 task force recommended that a budget reserve of at least \$10 million be maintained; and

WHEREAS, in 2011, a Mayor's Task Force was created to make recommendation on the following three issues:

- Whether the budget reserve should be maintained;
- At what amount the reserve should be maintained; and
- Under what circumstances should the reserve be accessed.

WHEREAS, the 2011 Task Force held public meetings on this issue and reported to the Assembly with a draft resolution and transmittal letter; and

WHEREAS, the Assembly has reviewed the work of the Task Force and reached the following conclusions.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. It is the intent of the Assembly that the amount of the CBJ budget reserve be adjusted on an annual basis based on general governmental revenues from the most recently-audited annual financial statements, using the Government Finance

Officers Association's recommended reserve target of not less than two months (16.7%) of annual operating revenues.

Section 2. It is further the intent of the Assembly that use of the budget reserve be limited to the following circumstances:

- To provide for temporary funding of unforeseen needs of an emergency or nonrecurring nature; or
- To permit orderly budget reductions and/or tax adjustments, for a period not to exceed two fiscal years, when funding sources are lost or substantially reduced.

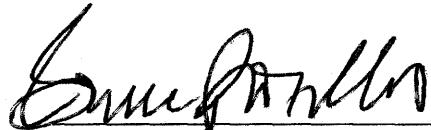
Section 3. It is further the intent of the Assembly that approval by the Assembly shall be required prior to any use of the reserve.

Section 4. It is further the intent of the Assembly that, in the event the budget reserve falls below the target as determined under Section 1, a plan for replenishment be developed by the City Manager and presented to the Assembly that allows for orderly budget reductions and/or tax adjustments.

Section 5. It is further the intent of the Assembly that reserve replenishment take priority over tax reductions, and accordingly that the Assembly not reduce the mill rate or other tax rates when reserves are below target.

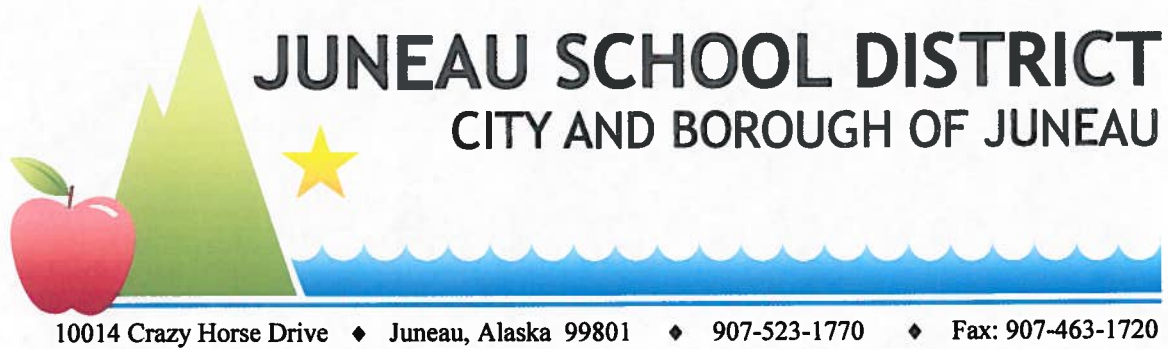
Section 6. Effective Date. This resolution shall be effective immediately upon adoption.

Adopted this 8th day of October, 2012.


Bruce Botelho, Mayor

Attest:


Laurie J. Sica, Clerk



August 2, 2016

Mr. Bob Bartholomew
Finance Director
City and Borough of Juneau

Dear Bob,

Governor Walker partially vetoed the State Operating Budget affecting Alaskan school districts and their municipalities. There were four reductions that affected Juneau with three of them affecting the District's budget and one impacting the City and Borough of Juneau's budget:

Program Affecting School District	Estimated Fiscal Impact
State Foundation	\$200,000
Pupil Transportation	\$250,000
HB256 Section 32	No budget impact; funds not budgeted

In addition, Governor Walker partially vetoed funds that reimburse municipalities for payments on their school construction bonds. The Alaska Department of Education & Early Development (DEED) estimates that at \$3.076 million to the City and Borough of Juneau.

The estimated fiscal impact of Governor Walker's vetoes is a small percentage of our overall budget. The veto to the state foundation program does not affect the limitation ("cap") that the City and Borough of Juneau may appropriate from its general fund to the School District because the veto did not change state law.

Both the State Foundation and Pupil Transportation revenues are based on the actual student enrollment taken during this fall. After our enrollment reports are submitted and verified, DEED will summarize the enrollment data from every district and allocate proportionally funds to districts based on their entitlements. I anticipate it will be December before we have an idea of the actual fiscal impact, and it will be March before DEED determines the final impact.

Mr. Bob Bartholomew

August 2, 2016

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At this time the District anticipates using fund balance to cover the two reductions although it will take a transfer from our Operating Fund to the Pupil Transportation fund to cover the reduction to the Pupil Transportation revenue. The school year will begin in a short while allowing us to more accurately estimate our student enrollment for the year. We will also know in September our fund balance carryover from FY 2016.

I have not begun to consider the implications for the FY 2018 budget. The State Operating Budget is an annual budget, and there are many different factors affecting it until it will be final.

Sincerely,



David Means

Director of Administrative Services

CC: Superintendent Mark Miller
Board of Education

**City and Borough of Juneau
Assembly Finance Committee**

August 11, 2016

Budget Deficit Funding Options		One-Time Amounts	Sustainable Amounts	Total
FY17 Operating Budgets				
1	FY17 GG Department Operating Budget Savings	500,000		500,000
2	FY17 School District Savings/Fund Balance	450,000		450,000
3	Budget Reserve (Requires payback plan)	3,100,000		3,100,000
4	Available Fund Balance (Also potential source of Reserve payback if request for State Supplemental funding for school debt service commitment fails)	86,000		86,000
5	FY17 Property Tax Revenues Initially Allocated to CIP Facility Deferred Maintenance (pending completion of State Govt Budget)	696,000		696,000
6	Other ?			
FY17 Total		4,832,000	0	4,832,000

FY18 Operating Budgets

1	Parks & Recreation Master Plan Process		X	
2	School Facility Maintenance & Utilization Study		X	
3	Process to Review & Prioritize Public Services		X	
4	Reduce Sales Tax Revenues allocated to CIP	X		
5	Available GG Fund Balance	X		
6	Other ?			
FY18 Deficit as of August 1, 2016				\$1,700,000

**City and Borough of Juneau
Assembly Finance Committee Meeting
August 11, 2016
Sustainable Budget Process for FY18 & 19**

Desired Outcome:

A balanced sustainable budget that meets the current and future needs of the community.

Overview:

It is critical that as we go down the path of adjusting CBJ's budgets, to reflect the greatly diminished state revenues and potential economic contraction, that we do so with the understanding that we've created a solid foundation from which to examine our options. We must take the time to respond thoughtfully and strategically as we consider next steps. This is the time to make policy decisions that will help us realign our services and meet the evolving needs of the organization and the community. The assembly should remember their goals for the community and make decisions that support the long-term sustainability and viability of Juneau as Alaska's Capital City.

It is important to note that while service reductions are a likely possibility, there may well be other areas where additional staff or resources are required to assure continued operations or to meet identified priorities moving forward. It is the Manager's Office recommendation that reductions be done in a way that is sustainable for the long term. As an example, while it may be less sensitive to the public to reduce support staff, many of the staff reductions that are possible have already been taken in these areas. Further elimination of staff in these areas will seriously hamper the city's ability to support the front-line department's work to effectively deliver services to the community.

Initial Sustainable Budget Process Actions:

1. **Current operations** - Department Directors continue ongoing analysis of current operations. Objectives include: identify process improvements that reduce costs, restructure and share services/resources across departments, help increase awareness of public programs to increase participation and raise revenues and review user fees on a regular basis. Specific FY17 goal to identify \$500,000 in cost reductions.
2. **Inventory and prioritization of programs and services.** Objective is to get started on what will be a multi-year process to develop budget prioritization information for Assembly and public. The information provides the basis for cost reduction decisions. For the FY18 budget we need to be prepared to address the current projected deficit of \$1.8 million.
 - a. **Program/Services Inventory** - Each department will prepare a complete list of programs offered with a brief description of the program. Identify if the program area crosses department lines and, if so, identify the other departments that also provide resources to the program. Due date September 2016.

- b. Develop detailed program information and metrics to aide in prioritization.**
Due date October 2016.
- c. Initial allocation of programs into priority categories.** Due date November 2016.
- d. Present preliminary results to Assembly Finance Committee and public.** Due date November through March 2017.
- e. FY18 budget Process:** Service realignment is incorporated into the FY18 revised budget. April – June 2017.