




City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

To: Mayor McConnell and Assembly Members

From: Mark Gorman, Municipal Administrator 

Date: April 12, 2016

Subject: Annual Report Card

Administrator's Report Card to the Assembly Key Events/Products/Processes April 2015 - April 2016

Introduction

This has been a very active 12 months. In reflecting on key milestones and events, I thought it would be helpful to the Assembly to highlight what I felt to be the prominent successes and challenges that the Municipality has encountered this past year. I have attempted to make it more an outline than narrative and added the traffic light icon to each heading to indicate my status assessment (*If a heading receives more than one traffic light, this indicates trending direction and should be read from left to right*).



2016 Budget

- Increased School Budget by \$1 million
- Balanced General Fund Budget after implementing \$750,000 in operational reductions
- Increased sales cap from \$1500 to \$3000
- \$1.5 million in capital projects
- Anticipating \$500,000 end of year balance



2017 Budget Development

- Will be a dynamic process for the next two months as the legislature and Governor finalize state FY 2017 budget
- All indications are that Sitka will be significantly impacted by state budget reductions



Revenue Collections

- Engaged a new national collections firm
- Have increased efforts to collect on overdue accounts resulting in several hundred thousand dollars of debt being collected
- Have generated increased enmity for City Hall by some as our collection efforts become more assertive



Landslide

- The August 18 landslide was a disaster and tragedy of profound dimension for our community. Through this adversity, Sitka has shown its resilience, courage and collective spirit. To paraphrase Winston Churchill: As we look back on this devastating event, we will remember *this as our finest hour*.



Jarvis Diesel Spill

- This event was eclipsed by the August 18 landslide, but the multiagency response and collaboration was text book perfect and prevented a relatively small diesel spill into Sitka Sound from developing into a significant environmental hazard.



Fire Department

- 112 volunteers total (90 active)
- Successful integration of Fire, EMS, SAR, Dive



Police Tazering Event

- The civil case has been settled at \$350,000
- As of this writing, the FBI investigation has yet to be concluded
- Increased emphasis on training in department and enhanced focus on community policing and engagement



Citizen's Taskforce (CTF)

- The CTF has been very engaged in its Assembly charge and completed its mission, delivering its final report to the Assembly at a special April 12 meeting
- CTF may be a good model for future citizen and civic engagement



Sitka Convention and Visitor Services

- In September, the Assembly awarded a contract to the Greater Sitka Chamber of Commerce to provide Sitka Convention and Visitor Services. The transition has gone well.



Boards and Commissions

- The Tourism Commission and Sitka Convention and Visitor Bureau Board were sunsetted
- Several Commissions are struggling to maintain membership
- The Sitka Community Hospital Board was reorganized and recommissioned by the Assembly



Blue Lake and Electric Fund

- The Blue Lake expansion was formally commissioned by Governor Walker May 2015
- Blue Lake Bond Covenant is not being met, creating a \$2 million shortfall that needs to be covered by rate increase and/or subsidization
- Decreasing community wide electrical consumption
- The need to invest about \$18 million in transmission and distribution capital improvements in the next ten years
- Increased efforts to transition commercial and residential users from oil to electric heat.



Other Enterprise Funds

- All Enterprise funds will need to be supported by annual fee increases through annual rate into the future
- Harbor Fund is particularly stressed given the State's underfunding of the Harbors matching grant fund



Public Work Projects

- Library Renovation completed
- Harrigan Centennial Hall remodel initiated August 2015, anticipated to finish four months ahead of schedule
- Transient Float replacement scheduled for completion May 2016
- UV Facility completed
- Edgcumbe Drive 95% completed
- Increasing concern that our basic infrastructure will continue to degrade unless there is an increased and sustainable infusion of funds to support our key capital project requisites



CBS Workforce

- This past twelve months saw a two fold increase in staff turnover (30%) including key department heads (Planning, Municipal Clerk, Government Relations, Assessing, and Electric Utility)
- There has been a strong chorus of citizen dissatisfaction with the services provided by City Hall. This has been expressed at Assembly meetings, the press and social media. It has taken its toll on staff morale.



Unions

- As of this report, negotiations with CBS' three unions are in progress. Administration continues to bargain in good faith.
- The unionized work force is well served by union representation in terms of salaries and benefits
- The unions' involvement in employee performance issues is often problematic



Bulk Water and the Industrial Park

- As of this writing, there is no bulk water contract in place. GPIP is planning to issue a new RFP
- Bulk water remains a commodity with which a market has yet to be developed
- Demand for Park properties remains weak
- A plan is advancing for the construction of a dock



Community Engagement

- Staff has been actively engaged in all boards and commissions
- Proactive in public information with increased use of social media and press releases
- Increased town hall style meetings and Assembly work sessions
- Open and increased access to a CBS departments and administration



Economic Development

- Mayor and Administrator continue to engage with the cruise ship industry to encourage increased Sitka traffic
- Staff worked to support the sale of the Sitka Hotel
- Staff actively engaged with the CEO of Aspen Hotels and a local realty firm to support the entry of this hotel chain into Sitka. Construction is set to commence this summer.



Mt. Edgcumbe and Sitka Community Hospitals Collaboration

- Ongoing dialogue between City Hall, SEARHC and Sitka Community Hospital
- Assembly support for closer and meaningful collaboration between two hospitals

Comprehensive Plan

- A staff facilitated revision of our comprehensive plan has been initiated. The process is anticipated to last 12-15 months.

Conclusion

As we look forward, I am reminded of the sage thoughts that Gary Paxton offered me: ***“Too often what is right is neither easy to determine or easy to do”***. We are facing turbulent times. An increasing strata of Sitka is feeling squeezed economically. At the same time, the costs of providing basic services to our citizens is increasing and will continue to do so. This is exacerbated by the decline in Federal and State support to our municipality.

On the positive side, we have a resilient, innovative and largely optimistic citizenry; we have cohesive and dedicated political leadership; and we have the unparalleled fortune to live in one of the most spectacular places in the world. With these incredible assets, Sitka will rally and we, as a community, will summon the strength and the resources to meet the demands before us.