

POSSIBLE MOTION

I MOVE TO approve Ordinance 2017-24 on
second and final reading.

City and Borough of Sitka Finance Department

Memo

Thru: Phil Messina, Interim Municipal Administrator

To: Mayor Hunter and Assembly Members

From: Jay Sweeney, Chief Finance and Administrative Officer

Date: July 3, 2017

Re: Funding Source For The Proposed Downtown Visitor Shuttle – Ordinance 2017-24

Mayor Hunter and Assembly Members,

Several possible funding sources exist in order to finance the cost of the downtown visitor shuttle pilot project, which was approved in concept by the Assembly at its June 27th meeting. Of the possible sources, staff recommends the Visitor Enhancement Fund as the most appropriate, and, accordingly has prepared the accompanying budget adjustment ordinance to appropriate funding.

Other possible funding sources include the General Fund, the Commercial Passenger Excise Tax (CPET) Fund, and the Southeast Alaska Economic Development Fund. Each of these three additional funding sources has complicating factors, however, that make its use less than ideal. Use of the General fund would divert resources away from potentially being transferred to the Public Infrastructure Sinking Fund. Use of the CPET Fund would either require restricting operation of the shuttle to hours when cruise ship visitors are in town, or, pro rata partial funding by an additional funding source for the portion of time the shuttle operates when cruise ship passengers are not visiting. Furthermore, every dollar in the CPET fund has already been formally or informally earmarked for another use. Finally, the Southeast Alaska Economic Development Fund could be used, but its primary purpose is to serve as a revolving loan fund and use of the corpus would diminish the amount available for loaning.

The Visitor Enhancement Fund was created as a dedicated funding source for visitor-related expenditures for all visitors, not just cruise ship passengers. Its revenue streams are bed taxes. All bed taxes collected are deposited into the Fund, and, 92% of collected bed taxes are earmarked to pay for the contractual costs of the Convention and Visitors Bureau (retroactively trueed up on an annual basis). The remaining 8% is available for appropriation for any visitor-related purpose. As the shuttle will serve all visitors, not just cruise ship passengers, and be available to residents as well, staff feels that use of the Visitor Enhancement Fund is most appropriate.

As of June 30, 2017, the balance in the Visitor Enhancement Fund was \$83,656.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2017-24
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY18 BUDGET

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. SEVERABILITY. If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. PURPOSE. The purpose of this ordinance is to adjust the FY18 budgets for known changes.

4. ENACTMENT. The Assembly of the City and Borough of Sitka hereby adjusts the FY18 budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2017 and ending June 30, 2018 is hereby adjusted as follows:

Table with 4 rows: FISCAL YEAR 2018 EXPENDITURE BUDGETS, SPECIAL REVENUE FUNDS, Fund 195 - Visitor Enhancement Fund - Operations: This will appropriate \$10,000 from the Visitor Enhancement Fund for the purpose of a downtown shuttle pilot project.

EXPLANATION

Necessary revisions in the FY 2018 budget were identified. These changes involve the increase of expenditure accounts and causes decreased cash flows to the fund balance of various funds. A short explanation of each budget revision is included.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 25th Day of July, 2017.

ATTEST:

Matthew Hunter, Mayor

Sara Peterson, CMC
Municipal Clerk

1st reading 7/11/17
2nd reading 7/25/17

MEMORANDUM OF UNDERSTANDING
between the
SITKA TRIBE OF ALASKA
and the
CITY AND BOROUGH OF SITKA

ARTICLE I. PURPOSE

The Memorandum of Understanding is made and entered into by and between the Sitka Tribe of Alaska (Tribe) and the City and Borough of Sitka (City) to provide shuttle services to the downtown area on cruise ship days as a limited pilot project.

ARTICLE II. STATEMENT OF WORK

In consideration of the above declaration of purpose, the parties agree to the following:

A. THE TRIBE SHALL:

1. Establish a cruise ship passenger shuttle service starting at Harrigan Centennial Hall and following an established route through downtown Sitka. Shuttle will stop at up to three locations on Lincoln Street to let passengers on and off, then return to Harrigan Centennial Hall. Drivers may point out areas of interest and give general directions to various businesses and sites in and around the downtown area.
2. Shuttle will operate on approximately fifteen minute intervals. On days when cruise ships are scheduled to arrive, the shuttle will begin at 8:30 a.m. The last shuttle of the day will return to Harrigan Centennial Hall approximately ninety minutes before the last cruise ship sails.
3. Tribe will collect information on passenger counts.
4. The shuttle service will start July 16, 2017 and will terminate on August 12, 2017.
5. Tribe estimates the project will require approximately 168 hours of service at \$60/Hour, however the project is not to exceed \$10,000.

B. THE CITY SHALL:

1. City will pay the Tribe the sum of \$10,000 for the downtown shuttle pilot project. One-half of the amount will be paid before August 1, 2017 and the balance paid at the end of the project.

2. The City will designate at least four shuttle stops including the first at Harrigan Centennial Hall and up to three in the downtown area. City will supply one sidewalk sign at Harrigan Centennial Hall to indicate "Free Downtown Shuttle".
3. At the end of the project, the City, Tribe and the downtown merchants will evaluate the project and will prepare a final report to the Assembly.

ARTICLE III. TERMS OF AGREEMENT

A. DURATION OF AGREEMENT

The duration of this agreement is from July 16, 2017 to August 12, 2017.

B. REVISION OF AGREEMENT

This agreement may be revised as necessary, by mutual consent of both parties, by issuance of a written amendment, signed and dated by the proper representatives of each government.

C. TERMINATION OF AGREEMENT

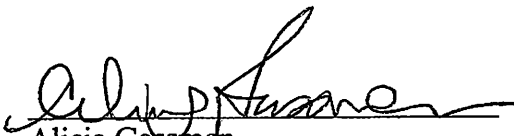
This agreement may be terminated by either government by providing 5 days written notice. In the event of termination prior to the full agreement, City will be responsible to pay for any service hours up to the final day the Tribe provided shuttle service.

ARTICLE IV. EFFECTIVE DATE

In witness of whereof, the Tribe and City have executed this agreement as of the last written date below.

FOR THE SITKA TRIBE OF ALASKA

FOR THE CITY AND BOROUGH OF SITKA



Alicia Gassman
General Manager
Sitka Tribe of Alaska



Phillip M. Messina
Interim Municipal Administrator
City and Borough of Sitka

7/12/17

Date

7-12-17

Date

MEMORANDUM OF UNDERSTANDING
PILOT SHUTTLE SERVICE PROJECT

Page 2 of 2