



# City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

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*A Coast Guard City*

## MEMORANDUM

**To:** Mayor Eisenbeisz and Assembly Members

**Thru:** John Leach, Municipal Administrator

**From:** Amy Ainslie, Planning Director *AA*  
Melissa Haley, Finance Director

**Date:** January 19, 2022

**Subject:** Supplemental appropriation for expenses related to the 2022 cruise season

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### **Background**

The Assembly and the Planning Commission met in a joint work session on January 13<sup>th</sup> to review the draft Short-Term Tourism Plan, an effort undertaken by the Planning Commission at the request of the Assembly to address logistical questions raised by the cruise industry's announcement to bring 480,000 cruise passengers to Sitka in the summer of 2022.

While the Assembly indicated that more time would be needed to consider options for Lincoln Street closures/traffic pattern changes, there was apparent consensus that staff should move forward with elements of the plan, particularly those that will require significant lead time to prepare or procure before the start of the cruise season.

### **Analysis**

**Staff:** Seasonal, temporary positions are needed for Harrigan Centennial Hall (HCH – three additional building attendants), Harbor Department (three security officers), Fire Department (two first responders), Police Department (a seasonal sworn officer), and Public Works (two custodial/grounds attendants).

**Supplies:** Additional need for supplies such as toiletries, sanitation, office supplies, additional laundry services, etc., is anticipated.

**Equipment:** Representing the largest category of spending, equipment requested in this appropriation is anticipated to be a one-time expenditure and therefore not necessarily a recurring amount needed on an annual basis. Items in this category include temporary

restrooms, an ATV ambulance, an additional patrol car, two electric custodial vans, a rain cover and additional signage for HCH, Wi-Fi and printing upgrades at the Library, and additional wildlife-proof trashcans and bike racks for the downtown area.

Contracted Services: Funding for a traffic study, additional trash pick-ups by Alaska Waste, and review/restructuring for HCH and downtown vendor permits are included.

Programs: As a strategy to address the lack of restrooms in the downtown area, a grant program to cover supplies and cleaning expenses is envisioned for businesses/entities who are willing to make their restrooms available to cruise passengers. Funding for a program to encourage safe bike commuting downtown as an alternative to personal vehicle use is also included.

### **Fiscal Note**

As much as possible, commercial vessel passenger excise tax (CPET) funds will be used to pay for these expenditures. The current balance in this account is approximately \$1.6 million. Appropriations are made to the appropriate primary fund (e.g. General Fund or Harbor Fund for staff positions, Central Garage for vehicles, IT fund for Wi-Fi and printing equipment, etc.), with reimbursements to those funds from CPET.

- Staff: The wages included for all the temporary positions in this appropriation are through FY22 (ending June 30, 2022). The remainder of wages for the summer season will be in the FY23 budget. It is expected that these additional positions will be able to bill a significant majority of their time to CPET. However, positions in the Fire Department and Police Department are heavily impacted by the frequency/infrequency of emergency situations and availability of other staff to respond, and therefore require flexibility in their deployment. The workload for custodial/grounds positions in Public Works will be heavily impacted by the decision made on Lincoln Street closure – the ability coordinate their workload along with street closure needs ensures that more of their time is clearly trackable to CPET. It's estimated that about 74% of staff time for these positions will be CPET eligible. All department heads will be given information and guidance on having their staff members track time spent on cruise-passenger support to accurately and appropriately bill CPET funds.
- Supplies: Supplies are one of the more difficult areas to justify for CPET reimbursement given that we often order in bulk, and their use can be difficult to track directly to cruise passengers versus use by independent travelers or the general public. To be conservative, 28% was estimated to be eligible for CPET reimbursement.
- Equipment
  - Restrooms: Though this is budgeted as capital for the time being, flexibility to move this into an expense category or into contracted/purchased services is needed based on the availability and feasibility of options; larger units or modular units that can be permanently plumbed will likely be capital, while smaller individual units such as a “port-a-potty” may not reach the threshold for capital and considered an expense. While we did

not receive a response to the RFI in terms of port-a-potty services, we will continue to seek these services if the market can provide them.

- Vehicles: Vehicles will be charged to Central Garage first, and then reimbursed over time via tracked CPET-eligible use. It is anticipated that the ATV ambulance staged at the cruise dock and available for response to the Adventure Park can be reimbursed wholly by CPET funds in FY22.
- The rain cover for HCH is considered capital and expected to be wholly covered by CPET funds, as well as the wildlife-proof trashcans. 90% of signage for HCH is expected to be CPET eligible.
- General Fund items under equipment include Wi-Fi and printing upgrades at the Library, and the additional bike racks.
- Contracted Services: Additional trash pick-up for Alaska Waste expected to wholly CPET reimbursable and is included through June 30, with the remainder to be covered in the FY23 budget. Consultant services for permitting review/restructuring is conservatively estimated at 50% reimbursable. The traffic study is estimated to be wholly CPET reimbursable, though staff will continue to advocate for DOT to execute this study and cover its expense.
- Programs: Bathroom grants are expected to be wholly CPET reimbursable, while the bike incentive program will be solely a General Fund expense.

### **Recommendation**

Approve the supplemental appropriation on first reading.

Encl: Line Item Detail

## BUDGET DETAIL FOR TOURISM SUPPLEMENTAL APPROPRIATION (FY22)

### Employees

Department	Position	Seasonal/FT	# of Employees	Anticipated Funding	Total appropriation	Est. CPET reimbursement	Appropriation fund
Harrigan	Building Attendants	Seasonal		3 CPET/GF	<b>29,970</b>	22,478	100 - General Fund
Harbors	Security Officers	Seasonal		3 CPET	<b>29,970</b>	29,970	240 - Harbor Fund
Fire	First Responders	Seasonal		2 CPET/GF	<b>19,980</b>	14,985	100 - General Fund
Police	Sworn Officer	Seasonal		1 CPET/GF	<b>19,980</b>	9,990	100 - General Fund
Grounds	Custodial/Grounds	Seasonal		2 CPET/GF	<b>24,975</b>	14,985	100 - General Fund
<b>Total Temporary Wage Expense</b>					<b>124,875</b>	92,408	

### Supplies

Category	Estimate	Est. CPET Reimbursement	Appropriation fund
Toiletries	<b>35,000</b>	3,500	100 - General Fund
COVID/Sanitation	<b>20,000</b>	2,000	100 - General Fund
Office Supplies	<b>10,000</b>	1,000	100 - General Fund
Dept. Specific Needs	<b>15,000</b>	11,250	100 - General Fund
Other	<b>10,000</b>	7,500	100 - General Fund
<b>Total Supplies Expense</b>	<b>90,000</b>	25,250	

<u>Equipment</u>	Estimate	Est. CPET Reimbursement	
ATV Ambulance	<b>80,000</b>	80,000	310 - Central Garage (CAPITAL/FIXED)
Patrol Car	<b>65,000</b>	-	310 - Central Garage (CAPITAL/FIXED) (with transfer out from General Fund to 310)
Patrol Car -charge for use	<b>2,500</b>	2,500	100 - General Fund (PD vehicle charges)
Centennial Signage and Traffic Control	<b>15,000</b>	13,500	100 - HCH Supplies
Library Wifi Upgrades	<b>5,000</b>	-	320 - IT Fund
Library Printing & Devices	<b>5,000</b>	-	320 - IT Fund
Temporary Restrooms	<b>300,000</b>	300,000	700 - Capital Project Fund
Bear proof trashcans	<b>15,000</b>	15,000	100 - General Fund (Recreation supplies)
2 Custodial Vans	<b>100,000</b>	-	310 - Central Garage (CAPITAL/FIXED) (with transfer out from General Fund to 310)
2 Custodial Vans-charge for use	<b>5,000</b>	5,000	100 - General Fund (Recreation vehicle charges)
Bike racks	<b>10,000</b>	-	100 - General Fund (Recreation supplies)
Rain Cover for HCH	<b>70,000</b>	70,000	700 - Capital Project Fund
<b>Total Equipment Expense</b>	<b>672,500</b>	486,000	

<u>Contracted Services</u>	Estimate	Est. CPET Reimbursement	
Additional trash pick-ups	<b>9,100</b>	9,100	100 - General Fund (Recreation-utilities)
Traffic Study	<b>150,000</b>	150,000	100 - General Fund (Streets - contract/purchased services)
HCH Permitting Overhaul	<b>15,000</b>	7,500	100 - General Fund (HCH contract/purchased services)
Vending Permit Overhaul	<b>15,000</b>	7,500	100 - General Fund (HCH contract/purchased services)
<b>Total Contracted Services</b>	<b>189,100</b>	174,100	

<u>Programs</u>	Estimate	Est. CPET Reimbursement	
Bike incentive	<b>10,000</b>	-	100 - General Fund (HCH other expenses)
Bathroom grant	<b>50,000</b>	50,000	100 - General Fund (HCH contract/purchased services)
<b>Programs Total</b>	<b>60,000</b>	50,000	
	<b>1,136,475</b>	<b>827,758</b>	

CPET transfer out to reimburse General Fund	347,788
CPET transfer out to reimburse Harbor Fund	29,970
CPET Transfer out Capital Project Fund	370,000
CPET Transfer out to Central Garage	80,000
	827,758
GF transfer out to Central Garage	165,000

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2022-01  
 AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA MAKING SUPPLEMENTAL  
 APPROPRIATIONS FOR FISCAL YEAR 2022  
 (expenses related to increase in cruise passengers for 2022)

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 make a supplemental Operations appropriation for FY2022.

4. **ENACTMENT.** In accordance with Section 11.10 (a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriation for the budget period beginning July 1, 2021 and ending June 30, 2022.

<b><u>FISCAL YEAR 2022 EXPENDITURE BUDGETS</u></b>	
<b>GENERAL FUND</b>	
<b>Harrigan Centennial Hall – Operations/Personnel: Increase appropriations in the amount of \$29,970 for temporary personnel; increase appropriation in amount of \$105,000 in supplies; increase appropriation in the amount of \$30,000 in contracted services for permitting overhaul; increase appropriations in the amount of \$60,000 in other expenses for bike incentives and bathroom grant.</b>	
<b>Fire Department – Operations/Personnel: Increase appropriations in the amount of \$19,980 for temporary personnel.</b>	
<b>Police Department – Operations/Personnel: Increase appropriations in the amounts of \$19,980 for temporary personnel and \$2,500 in transportation and vehicles.</b>	
<b>Streets Department – Operations: Increase appropriations in the amount of \$150,000 in contracted/purchased services for traffic study.</b>	
<b>Public Works Recreation – Operations/Personnel: Increase appropriations in the amounts of \$24,975 for temporary personnel; \$5,000 in transportation and vehicles; \$25,000 in supplies for bike racks and bear proof trashcans; \$9,100 in contracted/purchased services.</b>	
<b>Interfund Transfers – Operations: Increase appropriations in the amount of \$165,000 transferring funds to the Central Garage Fund.</b>	
<b><u>ENTERPRISE AND INTERNAL SERVICE FUNDS</u></b>	
<b>Harbor Fund – Operations/Personnel: Increase appropriations in the amount of \$29,970 for Temporary personnel.</b>	
<b>Information Technology Fund – Operations: Increase appropriation in the amount of \$10,000 in tools and equipment.</b>	

<b>Central Garage Fund – Fixed Assets: Increase appropriations in the amount of \$245,000 for vehicles.</b>
<b>CAPITAL PROJECTS</b>
<b>Fund 700 – 2022 Tourism Projects: Increase appropriations in the amount of \$370,000 for temporary restrooms (\$300,000) and rain cover for Harrigan Centennial Hall lot (\$70,000).</b>
<b>SPECIAL REVENUE FUNDS</b>
<b>Fund 194 – Commercial Passenger Vessel Excise Tax Fund – Operations: Increase appropriations in the amount of \$347,788 to transfer to General Fund; \$29,970 to Harbor Fund; \$370,000 to Fund 700 – Capital and \$80,000 to Central Garage Fund.</b>

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**EXPLANATION**

All appropriations support the need for expanded services related to significant increase in cruise passengers to Sitka beginning in the Spring of 2022. In some cases (such as the appropriation for restrooms) whether or not a purchase will be capital will be dependent on availability. These items have been budgeted as capital/fixed assets but will be moved to an operating expense if available equipment does not meet the capital or fixed asset threshold.

**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 8th day of February 2022.

**ATTEST:**

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Steven Eisenbeisz, Mayor

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Sara Peterson, MMC  
Municipal Clerk

**1<sup>st</sup> reading: 1/25/2022**  
**2<sup>nd</sup> and final reading: 2/8/2022**

**Sponsor: Administrator**