

**City of Fairbanks
Finance Committee
AGENDA**

Tuesday, July 2, 2019 from 7:00 a.m. - 8:00 a.m. in the Council Chambers

1. Ordinance to present to the qualified voters of the City of Fairbanks the question of an amendment to Charter Section 6.5 to alter the tax cap
2. Plan for council review of city boards and commissions
3. Police department positions
4. Boiler conversion assistance
5. Resolution expressing concern with HB79 which would reestablish a defined benefit retirement plan for certain public employees
6. Finance Committee Members Comments
7. Adjourn [Next Finance Committee Meeting: July 16, 2019]

Year	Revenues	Revenues % change	Expenses	Expense % change	CPI %	Mil	Mil less claims	Mil % change	FNSB assessments - Residential	Assessment % change	Revenue Sharing	Employee (FTE)	% FTE change	Business Licenses Rev	% Business licenses change
2009	\$ 47,205,697.00		\$ 39,115,591.00		1.2	5.927	5.221		\$ 1,132,741,671.00		\$ 1,645,149.00	189.8		\$ 700,100.00	
2010	\$ 50,039,846.00	\$ 0.06	\$ 41,809,573.00	\$ 0.06	1.8	5.803	5.186	-0.006704	\$ 1,241,717,930.00	9%	\$ 1,726,228.00	192	1%	\$ 708,150.00	1%
2011	\$ 42,265,451.00	\$ (0.18)	\$ 43,723,891.00	\$ 0.04	3.2	5.843	5.188	0.0003855	\$ 1,152,896,581.00	-8%	\$ 2,218,347.00	193.2	1%	\$ 759,042.00	7%
2012	\$ 51,572,659.00	\$ 0.18	\$ 43,120,115.00	\$ (0.01)	2.2	5.734	5.184	-0.000771	\$ 1,154,537,084.00	0%	\$ 2,247,507.00	196	1%	\$ 848,973.00	11%
2013	\$ 61,491,449.00	\$ 0.16	\$ 53,412,594.00	\$ 0.19	3.1	5.716	5.178	-0.001157	\$ 1,124,926,958.00	-3%	\$ 1,621,774.00	194	-1%	\$ 861,277.00	1%
2014	\$ 56,173,536.00	\$ (0.09)	\$ 50,874,973.00	\$ (0.05)	1.6	5.549	5.17	-0.001545	\$ 1,128,870,786.00	0%	\$ 1,630,844.00	195	1%	\$ 877,586.00	2%
2015	\$ 49,133,241.00	\$ (0.14)	\$ 51,518,012.00	\$ 0.01	0.5	5.678	5.167	-0.00058	\$ 1,128,811,911.00	0%	\$ 1,525,467.00	183.5	-6%	\$ 990,446.00	11%
2016	\$ 49,923,641.00	\$ 0.02	\$ 49,236,290.00	\$ (0.05)	0.4	5.651	5.162	-0.000968	\$ 1,166,094,555.00	3%	\$ 1,025,398.00	174	-5%	\$ 966,015.00	-3%
2017	\$ 52,814,436.00	\$ 0.05	\$ 44,612,179.00	\$ (0.10)	0.5	5.874	5.156	-0.001162	\$ 1,187,381,837.00	2%	\$ 866,732.00	176	1%	\$ 960,925.00	-1%
2018	\$ 34,561,885.00	\$ (0.53)	\$ 38,939,896.00	\$ (0.15)	3	6.979	5.155	-0.000194	\$ 1,202,693,726.00	1%	\$ 688,551.53	171	-3%	\$ 931,675.00	-3%
2019															
Totals					17.50			-0.012696		5.2%					3.0%
Annual average		-1.2%		-0.51%	1.94	5.8754		-0.001411		0.58%					0.33%

				2018	2018		
Source	2018 audit page ST-10	2018 audit page ST-10	Web - Anchorage CPI	audit page ST-14	audit page ST-14	2018 audit page ST-12	2018 audit page ST-23

	Cost Cutting Ideas			Notes
	Revenues	Expenses	Difference	
Stop Garbage pickup. Residents will need to coordinate with a private company	\$ 2,163,602.00	\$ 2,163,593.00	\$ 9.00	Commerical pick up on Fort Wainwright costs \$21.23 for one can per month. Alaska Waste charges \$56.89/month for one can 96 gall. City charges \$28.66 per month for unlimited cans.
Eliminate Buildings. Do not contract the service, have no code enforcement	\$ 585,500.00	\$ 705,075.00	\$(119,575.00)	Since 2003 the Building Dept. has had 13 years where revenues have exceeded expenses. If you look at a long range historical picture, you will lose money going forward if you execute this plan.
Modify snow removal by only clearing roads until Jan. Then bring on temps to remove the snow		\$ 725,500.00	\$(725,500.00)	Costs & issues to City/residents due to snow piling up includes: increased vehicle accidents, pedestrian vs car risk, bus stop access, businesses not getting customers
Cancel ESP		\$ 120,500.00	\$(120,500.00)	Cost would shift to the FD and PD, making the police manpower issue worse and the FD stacking and overtime worse.
Terminate the parking authority	\$ 176,794.00	\$ 223,234.00	\$ (46,440.00)	Would have to close the garage, turn off the power to save the money.
Return to ambulance stacking by eliminating 4 postions within the FD.		\$ 420,000.00	\$(420,000.00)	Stacking of ambulance calls will happen or you run two ambulances and have no fire protection when both ambulances are on the road. Also, other Fire Services areas will not provide us mutual aid for medical. Overtime expenses may increase offsetting savings

Police Hiring

The Police have been short personnel for years and recruitment has been a serious struggle. The Council and FPD have worked hard at developing tools to improve the hiring situation. Here is the current situation regarding police hiring.

Authorized 45 Sworn Officers

Vacancies – 8

Currently Non-Funded - 4

Offers made – 2

Nearing end of background checks and ready for offers – 2

Background complete and we can make offers pending final review – 4

Bottom line – At the next budget amendment we will be asking for the 4 non-funded positions to be funded for the rest of the year so that we can finally get the department staffing up. We especially should not delay in making offers to laterals as we need officers with experience.

Boiler Conversion Concept

Information to the Council

Background. The Interior Gas Utility (IGU) is constructing a 5.2M LNG storage tank in Fairbanks. This increased storage capacity will enable the utility to service approximately 1,000 more customers inside the city limits. One of the challenges City residents face is the conversion costs to switch out their boilers from fuel oil to natural gas. Costs range from \$2,000 to \$12,000 per conversion. FNSB currently has a wood stove change-out program. This program offers up to \$10K to remove wood-burning stoves, not conversions of oil-fired boilers to gas boilers.

Financial assistance is needed to make these conversions.

Some of the concepts considered are:

- 1) **Partner with a local bank.** Use the City's fund balance as a financial backstop for the bank to lend money to the homeowners for boiler conversions. The city would draft requirements that the homeowner must meet, the bank would process the loan and collect the payments, a lien would be placed on the home until the loan was retired. The first year of the program would not exceed \$5M, and we would encourage people to sign up before the \$5M is committed. Proceeding years would depend on fund balance and success of the first year.
- 2) **The City becomes the lender.** We change the investment criteria for the Permanent Fund to allow up to \$10M to be invested in this program. We would then charge a return on our money. NOTE: This will require a code change and hiring additional personnel to oversee the loans and the payments.
- 3) **Assessments**
- 4) **Bonding**

Discussions will focus on if we want to do this and if so what avenue should we take.