

**October 29, 2021**

**TO: Mayor and Council**

**FROM: Chris Hladick, Interim City Manager**

**RE: Workshop November 4, 2021**

There will be a workshop before the council meeting on November 4 to discuss next steps with regard to the development of a long term Financial Sustainability Plan. In the packet I have provided a flow chart that was produced by Tod Larson some time ago and also a memo from Todd to the Finance and Budget Committee dated October 15, 2019. These are provided as historical perspective but also to show that Tod was on the right path. There is also a slide that I will place on the screen Thursday night that I will talk through depicting four steps for the Sustainability Plan.

As you know we are in a deficit situation with the current budget. If you planned long term budget assumptions on the current budget you will never reach your goals. I am assuming for this presentation that your goal is to stabilize the current situation and at minimum get back to a balanced budget. If you want to take on projects, fix problems in buildings and grounds, provide economic development etc. you will need to explore and identify the means to get there. What I will provide next Thursday evening is a possible path to get there. A new city manager may want to make changes to the approach and that is ok. I think it is important to keep moving forward.

There are hard choices to make in this process, nobody said it was going to be easy. You will be deciding what things you want to invest in and what makes no sense. How much risk are you willing to take? The list that follows under budget considerations may grow or shrink based on what you think is relevant, you may think of more that needs to be included. The Council needs to take ownership of the process.

**Step 1: Budget Considerations**

These are issues I have either heard the council talk about or you may want to consider in your budget planning. Topics such as:

Salary Schedule

Vehicle Replacement Plan

Capital Projects Priority

Reorganization

Schools

State Funding

Recommended Improvement Projects

Savings

Community Partners

Economic Development

Housing

## **Step 2: Optimize Revenues**

In this process you will need to optimize revenues. Some of this work has already begun

Sales Tax

Real and Personal Property Tax

Internet

Marijuana

Gaming

Lodging

Investment Policy

Rate Studies

## **Step 3: Explore New Revenue**

In the past there were initiatives on boroughization, annexation. What about other revenue sources? It would be good to have Brooks Chandler develop a historical perspective on the borough and annexation processes to date for new council members. The question is what services does the city want to provide and then where will the revenue come from to support those services. The do nothing alternative will result in Step 4.

## **Step 4: Classify Expenses**

If you do nothing you will end up cutting the budget. If the City runs out of cash from Fund Balance you won't make payroll for General Fund positions. This will be a bad day. You will need to make hard choices on what stays and what goes and having been through this process many times it is very hard to pit say the police department against the school contribution. Defaulting on a bond issue?

It is going to take years to get to where you want to go. One thing is certain if clear goals are not set no goals will be met.

I would recommend that you hire Bill Dann from Professional Growth Systems to lead council training on roles and responsibilities and to plan this project. This is a very complex project involving lots of moving parts. Once a new city manager is on board you should find dates to do this training and I would be happy to participate with concurrence of the new city manager. Sorting out which thing to do first, second and so on is critical to success. I look at this process as an opportunity. This community has always meant a lot to me and it has been an honor to work here again for the past six months. I look forward to a bright future for Dillingham and it will take everyone in the community pulling together to make it happen.

**Mayor**  
Alice Ruby

**Manager**  
Tod Larson



**Dillingham City Council**  
Chris Napoli  
Bill Rodawalt  
Aksel Buholm  
Curt Armstrong  
Andy Anderson  
Gregg Marxmiller

## MEMORANDUM

**Date:** October 15, 2019  
**To:** City of Dillingham Finance and Budget Committee  
**From:** Tod Larson, City Manager  
**Subject:** Draft Table of Contents for the Dillingham Long-Term Financial Plan

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I was tasked with developing a Long-Term Financial Plan for the City of Dillingham. The first thing I did was to contact Joan Miller, the President of the Alaska Government Finance Officers Association in order to see if I could obtain information on any Alaska municipalities that have a plan. Ms. Miller's response was that she wasn't aware of any Alaska municipalities that have a Long-Term Financial Plan and I found this to be common across the nation. That doesn't mean it isn't a worthy endeavor – there just aren't many municipalities that have a plan.

My next step was to conduct extensive internet research to determine what are the components of a long-term financial plan for a municipality. During that research, I found a book on the national Government Finance Officers Association website titled Financing the Future, Long-Term Financial Planning for Local Government and purchased a copy. I was also able to find a number of articles online and have included a few with this memo that discuss the topic.

In my research, I found that the 'gold standard' for a Long-Term Financial Plan for a municipality is San Clemente, California. Many of the plans I was able to find came from the State of California. I understand that we are not San Clemente, California and in fact are far from the size and we have completely different visions, goals, and objectives. That said, we cannot build an effective and successful plan for Dillingham without understanding the bigger picture of what others have successfully accomplished. After studying this information including a number of municipal plans, I was able to select what I felt fit Dillingham from these 'best practice' plans along with our own input to build a draft table of contents for the committee to review.

This is my first draft and I'm sure it will go through multiple iterations as I write our financial plan. This is a start point for our discussion. I plan on holding meetings during the day with committee and councilmembers, key staff, interested community members, and business leaders as we move this project forward. This is not a project that we can write something in a couple of days and call it a Long-Term Financial Plan.

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*Our Vision. To have an infrastructure and city workforce that supports a sustainable, diversified and growing economy. We will partner with others to achieve economic development and other common goals that assure a high quality of living, and excellence in education.*

To do it justice will require a significant amount of effort and time. My recommendation is to write it with an implementation date of July 1, 2020 with a five- or ten-year planning horizon. We have some of the raw data in place already as I track financial data back to FY 14 in a running audit analysis. Once this plan is complete, it can be presented to the City Council for them to use in their decision process.

Below is a compilation of my research and initial recommendation for a draft Table of Contents for the City of Dillingham’s Long-Term Financial Plan:

**Table of Contents**

Mayor Introductory Letter.....

City Manager Introductory Letter.....

Executive Summary.....

    Introduction.....

    Financial SWOT Analysis.....

    Summary and the Road Ahead.....

Introduction.....

    Background.....

    Purpose.....

    Scope.....

    Process.....

    Frequency.....

    Time Horizon.....

Demographic Analysis.....

Economic Analysis.....

Organizational Chart.....

History.....

    Capital Assets.....

    Long-Term Debt.....

    Net Pension Liability (PERS).....

    Investment Policy and Analysis.....

    Reserve Analysis.....

    Insurance.....

    General Fund.....

Revenues.....

Expenditures.....

General Fund Entities.....

Special Revenue Funds.....

    Dock.....

    Water and Sewer.....

    Landfill.....

    Harbor.....

    Enhanced 911 Services.....

    Asset Forfeiture.....

    Senior Center.....

    Library.....

    Mary Carlson Estate Permanent Fund.....

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- Fund Balances.....
- Grants Policy.....
- Human Capital.....
  - Wages.....
  - Retirement Benefits.....
  - Medical and Other Miscellaneous Benefits.....
- Long-Term Revenue Forecast.....
- Long-Range Expenditure Forecast.....
- Financial Risk Management.....
- Internal Controls.....
- Procurement Policies.....
- Capital Planning Policies.....
- Finance and Budget Committee.....
- Public Participation.....
- Infrastructure Analysis.....
- Metrics.....
- Annexes.....
  - A. Tariff Schedule.....
  - B. Vehicle Plan.....
  - C. Revenue Projections.....
  - D. Dillingham City School District Support.....
  - E. Collective Bargaining Agreements.....
    - 1. Public Employees Local 71.....
    - 2. Public Safety Employees Association.....
  - F. Gravel Road Management Plan.....
  - G. Staffing Study.....
  - H. Wage Study.....
  - I. Capital Improvement Project List.....
  - J. Information Technology Plan.....
  - H. Fee Schedule.....

This Table of Contents and associated information serves as a start point for the Finance and Budget Committee’s discussion of the City of Dillingham’s Long-Term Financial Plan. I look forward to our discussion of this topic. Questions, comments, and concerns can be directed to me at (907) 842-5148 or at [manager@dillinghamak.us](mailto:manager@dillinghamak.us) .

Respectfully submitted,



Tod Larson  
City Manager

Encl  
GFOA Long-Term Financial Planning  
GFOA Adopting Financial Policies  
Why Municipalities Need Long-Term Financial Plans

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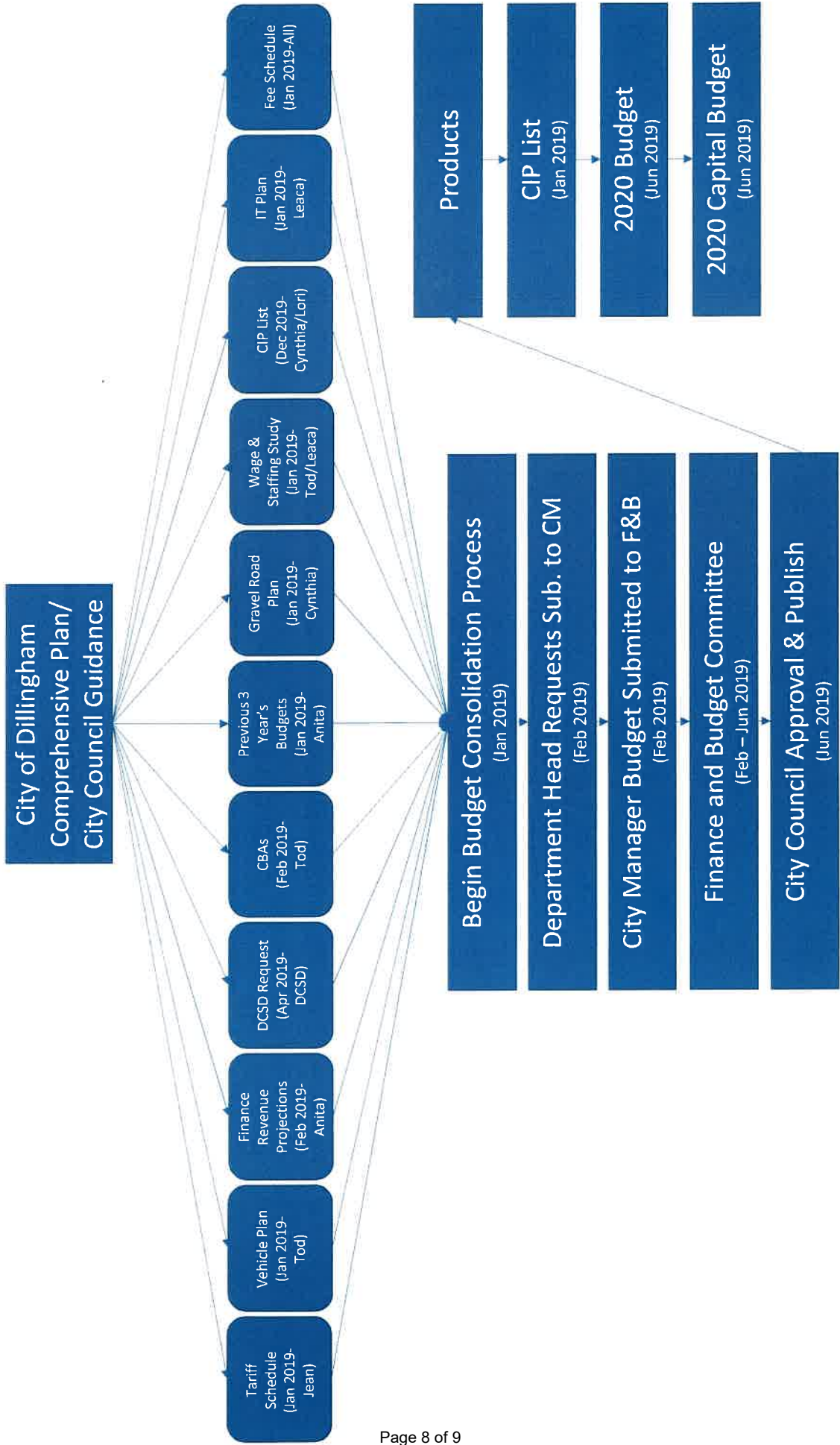
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## STEP 1

### BUDGET CONSIDERATIONS

- Salary Schedule
- Vehicle Replacement Plan
- Capital Projects Priority
- Reorganization
- Schools
- State Funding
- Recommended Improvement Projects
- Savings
- Community Partners
- Economic Development
- Housing

## STEP 2

### OPTIMIZE REVENUE

- Sales Tax
- Real & Personal Property Tax
- Internet
- Marijuana
- Gaming
- Lodging
- Investments
- Rate Study

## STEP 3

### EXPLORE NEW REVENUE

- City Attorney
- Auditors

## MULTI YEAR BUDGET PLAN

## STEP 4

### CLASSIFY EXPENSES

- Possible cuts

**IMPLEMENT & MONITOR**