KETCHIKAN GATEWAY BOROUGH

1900 First Avenue, Suite 115, Ketchikan, Alaska 99901
• Telephone: (907) 228-6605 • Fax (907) 228-6697
Office of the Borough Mayor

March 29, 2021

Re: Request for community financial information

In preparation of future meetings where the Assembly will discuss budget deficits, I am requesting staff assistance creating a document that outlines all the known *"potential"* tax and financial liabilities of the citizens of the Borough. I realize that some of the following questions may only be answered with *"estimates or guesses"* and others will require the voluntary participation of City officials.

Specifically:

Borough:

- Total deficit this year in the LEF
- Estimated deficit next year in the LEF
- Property tax increase required to address the LEF deficit, e.g. mill rate increase and what percentage increase that represents. I know that staff is recommending a phased increase, so information on that would be helpful.
- Total deficit in each other fund in deficit mode and mill rate and what % increase that represents to balance the fund.
- Do we have any capital projects that are not budgeted for, but will likely be required and will put that fund into deficit spending?
- What is this years increase in the RLC and what is the total tax?
- What is the status of the common collector outfall issue <u>and if</u> that issue was pushed by the State what is the potential cost to the island?
- The current Federal administration is imposing new regulations in a number of sectors of the economy…do we anticipate any new costs to the borough?

Community:

- Eventually some citizens will be required to purchase FEMA flood insurance. What is the latest information on when that will be required and what is the estimated cost to our community/economy?
- What are the recent increases to shipping (barge) costs? I seem to recall staff reporting this was about 28%
- What are the recent cost increases to lumber and building supplies? I have heard this was between 40-140%
- Do we have any information on food or general inflation on this island?
- Local unemployment rate and jobs/citizens lost during the pandemic?
- Staff narrative on the concerns with the recent merger of local fuel distributors and what impact that will/could have on energy costs.

- Any information on new costs being passed on by the state? Potential for a broad based tax this legislative session and the impacts to our island if passed.
- Do we know of any potential liability or anticipated cost increases to the Mt. Point water/wastewater systems? What is the worst case scenario and how would that affect rates?
- Any planned or recent increases in service district costs?
- Any information on the number of businesses that have closed since the pandemic?
- What are the total numbers of property owners that have been late or in default on property tax payments during the pandemic?
- What was the amount of CARES act funds we spent on rental/mortgage assistance and how many homeowners did we help?
- Total number of households in the borough?

City Information:

Because the City is in the borough and their finances/liabilities greatly effect our decisions, I was hoping that you could reach out to the City and obtain the following information:

- The city funds in deficit mode and the needed mill rate and % increase in each fund required to balance.
- The current status with the City's water treatment issue. I seem to recall from a recent city meeting that they have entered a "consent decree?" I may have the technical term wrong, but they had an executive session recently to discuss this and I believe they are getting close to legal action to fight a requirement to construct a water filtration plant. Per the City Manager at a recent meeting he quoted $70 mill, plus $2-3 mill per year to operate. Can staff verify with the city and provide a short narrative of the risk that the community will be forced into this? Also, per the City Mayor, if they were forced the cost would be spread over about 2500 customers. What would this likely mean for the customer? Double…triple water bill?
- What are the issues with City wastewater treatment? What is the risk that capital expenditures will be required to address this and any idea of the potential costs?
- Any major city capital costs needed, but not budgeted for? I seem to recall that anti corrosion work on the local docks is needed.
- What is the recent increase in water/wastewater and electrical rates?
- Additional City concerns?

This list is not all inclusive and I am hoping that Borough staff/City will add any potential liabilities/concerns they are aware of that I have not mentioned. The goal is to give an accurate overview of the financial risks the community faces to the Assembly as they decide how to address these concerns.

The community feedback I am receiving suggests that tax increases will be a hard sell to the public. Many feel that the brunt of the financial impacts from the pandemic have been borne by the private sector and that local government has been largely unaffected. Regardless of if this is an accurate perception or not, an open and serious discussion of our community risks can only serve to improve the trust the community has in local government.

Additionally, I believe and hope this information will be of benefit for the City Council and leadership. One body can not increase costs on the citizens…*in a vacuum*…thinking that they will not be impacted by other local governments needs as well.

Thank you in advance for your assistance in this matter…please build upon this request and add any information you feel is relevant. Also feel free to forward this letter to any you see fit.

Sincerely,

Rodney Dial
Ketchikan Gateway Borough Mayor