



FINANCE AND BUDGET COMMITTEE

Monday, January 17, 2022 at 5:30 PM

AGENDA

In compliance with the Americans with Disabilities Act, individuals needing special accommodations / during this meeting should notify the City of Dillingham at 907-842-5212 at least three working days before the meeting.

MEETING INFORMATION

FINANCE & BUDGET COMMITTEE MEETING CITY HALL COUNCIL CHAMBERS

Limited Seating Available - Masks Required
141 Main Street, Dillingham, AK 99576 (907) 842-5212

This meeting will also be available at the following online location:
<https://us02web.zoom.us/j/88164054279?pwd=UXBMTjBER0tYkc3dzlwYlJ0bzQ4UT09>
Meeting ID: 881 6405 4279; participant #; passcode: 625884
or dial (346) 248-7799; or (669) 900-6833

CALL TO ORDER

ROLL CALL

APPROVAL OF MINUTES

- [1.](#) Minutes of December 20, 2021, Finance & Budget Committee Meeting

APPROVAL OF AGENDA

STAFF REPORTS

- [2.](#) Staff Report

NEW BUSINESS

- [3.](#) Revenue Options
 - Marijuana
 - DMC Exemptions
 - Fish Tax

PUBLIC/COMMITTEE COMMENT(S)

ADJOURNMENT



FINANCE AND BUDGET COMMITTEE

Monday, December 20, 2021 at 5:30 PM

MINUTES

CALL TO ORDER

The Finance and Budget Committee met on Monday, December 20, 2021, in the City Council Chambers, Dillingham, AK, and via Zoom video conference call. Curt Armstrong called the meeting to order at 5:35 p.m.

ROLL CALL

Committee members present and establishing a quorum (a quorum being four):

| | | |
|--------------|--------------|----------------|
| Alice Ruby | Mark Lynch | Curt Armstrong |
| Perry Abrams | Anita Fuller | |

APPROVAL OF MINUTES

- Minutes of November 15, 2021, Finance & Budget Committee Meeting

MOTION: Anita Fuller moved and Alice Ruby seconded the motion to approve the minutes of November 15, 2021.

VOTING: the motion to approve the minutes passed by unanimous consent.

APPROVAL OF AGENDA

MOTION: Alice Ruby moved and Perry Abrams seconded the motion to approve the agenda.

VOTING: the motion to approve the agenda passed by unanimous consent.

STAFF REPORTS

- Staff Report

- FY21 audit in progress. Expected to be completed mid-January.
- Finance is fully staffed as of December 15th.
- Cash flow to be a tool for budget process.
- Attorney recommends resuming foreclosure actions filed with the AK Courts.
- BBEDC program grant opportunity for additional lost revenue will be explored.
- 2 proposals received on the Grant Writer RFP.

Revenue & Expense Report

- Items +/- 15% reviewed,
- Shared fisheries tax and Community Sharing funds have been received and are higher than originally budgeted.
- Request has been submitted to the SOA for bond debt reimbursement.
- A report will be developed to show the landfill shop replacement items.
- Fund balance shows City finances are stable. Need to determine amount for reserve fund.
- Budget reflects positions filled at 100% and was balanced using the fund balance.
- Strategic Planning with Bill Dann can help focus long term budgeting.

COMMITTEE BUSINESS

3. ARPA Funding Update

- Grant reporting is being submitted, deadline is the end of the year.
- Lost Revenue grant has not been awarded yet.

4. Port Tariff

- Last incremental increase to fees done in 2017.
- Verbiage updates, clarifications, and fee increases reviewed.
- Recommend bringing this to council, and structure increases over three years.

MOTION: Mark Lynch moved and Alice Ruby seconded the motion to move this forward to council as presented and allow for future recommendations.

- The tariff can be revisited after the season to restructure items needed for the next season.
- Report shows a 2% increase each year.
- An updated report will accompany the resolution in the council packet.

VOTING: the motion to approve the minutes passed by unanimous consent.

5. Explore Revenue Options

Marijuana
DMC Exemptions
Fish Tax

- Fish tax examples from Bristol Bay Borough Code provided.
- Tax rate from around the state looked over.
- Attorney memo regarding different types of tax rates given. Excise tax is often easier to implement and manageable by council.
- Items subject to an excise tax can continue to have sales tax collected.
- Cautioned to limit the number of marijuana facilities in Dillingham.
- Noted the black market for marijuana is still active. Concern expressed that higher taxes will increase black market activity. Enforcement was encouraged.
- 1% increase on some tax revenues was recommended.
- Requested information (code) from other communities and include business owners in the conversation.
- Recommend raising the tax cap. Currently there is no reporting on exemptions, this is a problem, move towards all report and then list what exemptions apply.

PUBLIC/COMMITTEE COMMENT(S)

- Concern for the financial state of the city expressed. Infrastructure, short term, and long term focus needs to be addressed.
- Assessments will increase taxes, some not in favor of increasing the mil rate. Place undue burden on working class.
- Easy of excise tax appreciated. However, it will increase burden of reporting.

ADJOURNMENT

The meeting adjourned at 8:11 p.m.

Curt Armstrong, Chair

ATTEST:

Lori Goodell, City Clerk

Approved: _____



MEMORANDUM

DATE: January 17, 2021
TO: City Manager
FROM: Anita Fuller, Finance Director
SUBJECT: Staff Report

STAFF REPORT

- FY21 audit update
- Department staffing
- Asset lists
- Open Items from past meetings
- Budget

FY21 Audit Update:

Auditors were on site week of 10/26/2021. Finance department is working on the final pending list to be completed by the mid-January.

Department staffing:

Account Tech III – Taxes/Collection: Position became Vacant 01/07/2022

Asset List

Ongoing –. Will provide as we begin FY23 Budget.

Open items

None

Budget

FY23 Budget Outline

- December and January – Meet with departments.
- February – Outline Finance and Budget Committee meeting.
- April 4, 2022 Introduce FY23 Ordinance to City Council.
- May 5, 2022 Adopt FY23 Ordinance by City Council.

Proposed Budget Revision #2 (moved another month)

- December – Meet with departments.
- February – Finance and Budget committee review.
- March 3, 2022 Introduce FY22 Budget Amend #2 to City Council.
- April 7, 2022 Adopt FY22 Budget Amend #2 by City Council.

Current Known Amendments

Revenue

| | |
|---|-------------|
| ARPA Amendment | +246,932.39 |
| Increased recovery by \$493,864.78. Half paid in FY22 and half in FY23. | |
| SOA MOA COVID support advertising | +102,574.59 |
| Agreement made 05/2021 not reflected in budget. Will offset expenses in EOC advertising budget. | |
| Increased Shared Fisheries | +336,467.03 |
| COVID relief funding has allowed communities to receive lost revenue support. | |
| SOA Bond Reimbursement | +274,497.00 |
| FY2022 Projected state program allocations based on enacted budget. | |
| Equipment Replacement Transfer | +35,000.00 |
| Transfer in original budget but omitted in error with budget amendment #1 \. | |
| BBEDC Pass Through | +6,000.00 |
| Arctic Tern program for pumpkin patch. | |

Appropriations

| | |
|---|-----------|
| Resolution 2021-19 Outfall Pipe | +72,300 |
| Increase Wastewater Contract line item | |
| Action Memorandum 2020-10 Emergency Communications System | +94,587 |
| \$750,000 - Original Contract | |
| \$182,629 - CARES funding spent in FY21 | |
| \$472,784 - Remaining CARES grant funds | |
| \$ 94,587 – Balance to be paid by General | |
| BBEDC Pass Through | +6,000.00 |
| Arctic Tern program for pumpkin patch | |



MEMORANDUM

DATE: January 13, 2022
TO: Finance & Budget Committee
FROM: Mark Lynch, Interim City Manager
SUBJECT: Marijuana (THC) Tax

After conversations with other communities I have learned that an excise tax based on weight will not work for many of the same reason that were discussed at the meeting last month. However, after speaking to the City Attorney, we have decided the best way to handle this is the same way we handle tobacco at the wholesale level. Tobacco is taxed at 45% of wholesale value. I recommend the City adopt a similar tax on the wholesale value of all THC containing products sold in the City of Dillingham. This type of tax is not a sales tax and is based on products imported to the City of Dillingham from outside the City boundaries. Just as with tobacco, the current 6% sales tax would remain in place as a retail sales tax.

I recommend that the Committee decide what tax percentage they would like to implement, direct the City Manager / City Attorney to develop the appropriate Ordinance to enact the tax, and recommend that to Council for adoption.



MEMORANDUM

DATE: January 14, 2022
TO: Finance & Budget Committee
FROM: Mark Lynch, Interim City Manager
SUBJECT: Fish Tax

I feel it is very important that Dillingham enact a fish tax as soon as possible. The quickest and simplest way to do this is as an excise tax. After discussion with the City Attorney we believe the City may be able to enact a processor tax, very similar to what Bristol Bay Borough has, but based on our code used for tobacco tax.

The total tax in Bristol Bay Borough is 4-1/2%, of which 3% is a raw fish tax and 1-1/2% is a processor tax. Dillingham cannot collect a raw fish tax, but the City can enact and collect a processor tax, modeled after the City's tobacco tax. The percentage will need to be decided by the Committee, but here are some comparables to consider.

| | Bristol Bay Borough | Aleutians East Borough | Lake and Penn Borough | Total Fish Tax |
|-------------|---------------------|------------------------|-----------------------|----------------|
| | 4.5% | 2% | 2% | 4.5% |
| Akutan | | 2% | | 4% |
| Sand Point | | 2% | | 4% |
| King Cove | | 2% | | 4% |
| Chignik | | | 1% | 3% |
| Pilot Point | | | 3% | 5% |
| Egigik | | | 3% | 5% |

The average local fish tax in our region is 4.2%. It seems that a Dillingham processor based tax rate of 4% would be an appropriate starting point.