



City and Borough of Juneau  
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TO: Chair Woll and Assembly Finance Committee

DATE: November 29, 2023

FROM: Katie Koester, City Manager

RE: Assembly Retreat – Budget Questions

Finance Chair Woll will pose the following high-level questions for your deliberation and direction at the Assembly Retreat. Please feel free to reach out to the Manager's Office or Finance Director as you develop your thoughts in advance of the retreat.

- How aggressive/conservative are you with revenue forecasting, especially sales tax?<sup>i</sup>
- Levels of service – are there areas you want more, or less?
- How should we manage the debt service mill rate and bond capacity?
- What is your comfort level with spending fund balance on operations, increasing revenue, and/or decreasing services?

### **Recommendation:**

#### Information only ahead of Assembly Retreat

<sup>i</sup> Of the information Finance Director Flick has included in the 11/27/23 AFC packet are a series of budget assumptions that staff would make in under a "status-quo" set of directions from the Assembly. Those are summarized here:

- Inflation – anticipate 'normal' inflation overall for Alaska, perhaps some deflation in some sectors.
  - Impacts: commodities, supplies, services, sales tax revenue
- Tourism – anticipate cruise ship activity to be flat compared to summer 2023.
- Salaries – wage increases per the approved bargaining agreements
- Benefits – projecting a 5% increase to employer-paid benefit costs
- Property Assessments – too early in the assessment cycle to know, assume 2.5% value increase
- General Receipts – programmatic revenue (permits, participation fees, etc.) assume 2.5% growth
- General Fund Lapse – standard \$1M general fund lapse included in assumptions
- Structurally Balanced Budget – recurring revenue is sufficient to pay for recurring expenditures
  - Backing into property tax as the last piece of revenue to balance the budget.