

PROPOSED 2009 GENERAL GOVERNMENT ANNUAL BUDGET

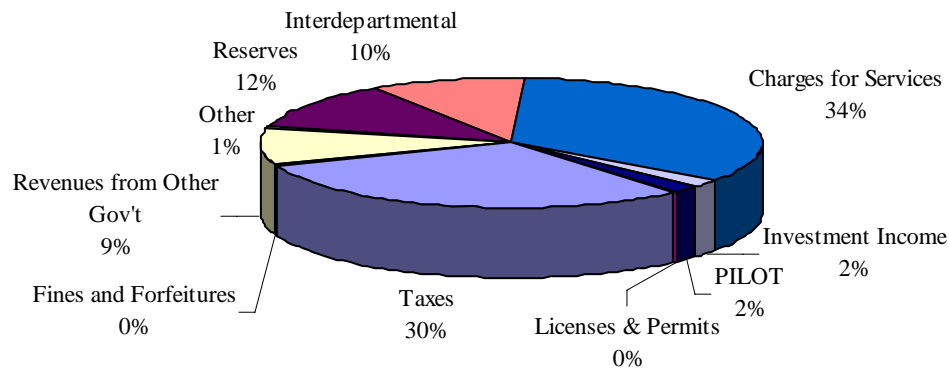
The mission of the City of Ketchikan government is to provide quality municipal services as efficiently and effectively as possible within guidelines established by federal and state law; the Charter of the City of Ketchikan; the Ketchikan Municipal Code and the citizens of Ketchikan as represented by the City Council. The proposed 2009 General Government Annual Budget, which was submitted to the City Council on November 6, 2008, is the spending plan developed to ensure that these goals and objectives will be met in 2009.

How the Budget is Developed

- The departments of the City developed the programs and services contained within the proposed spending plan for 2009.
- The proposed spending plan was reviewed and modified as necessary by the Office of the City Manager and the Finance Director to ensure compliance with the General Government mission statement and direction from the City Council
- Additional direction from the City Council and input from the general public will be considered prior to finalization of the proposed spending plan.

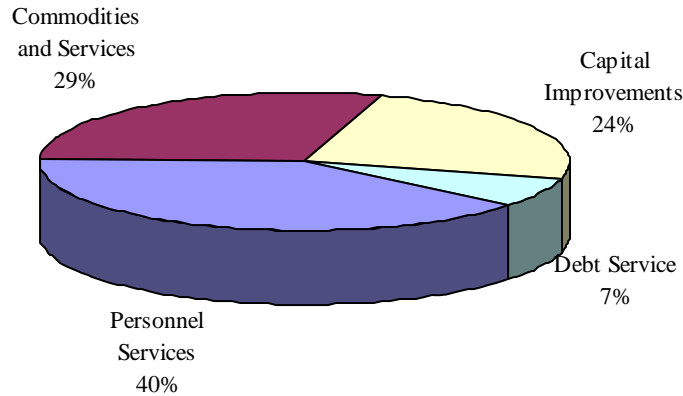
Where the Money Comes From

The proposed 2009 General Government Annual Budget is projecting revenues of \$45.7 million and requesting \$51.6 million in appropriations, net of transfers and reserves. The money to finance the proposed 2009 General Government Annual Budget comes from nine major revenue categories plus reserves. The graph below identifies each category and their contribution to proposed 2009 General Government Annual Budget.



Where the Money Goes

The money that is raised to finance the proposed 2009 General Government Annual Budget can be categorized into four major expense categories. The graph below identifies each category and its respective share of the overall spending plan.



Financial Highlights for 2009

- A record \$10.68 million in sales tax receipts have been projected.
- Tourism continues to expand and create economic development activities. A record 934,000 cruise ship passengers visited Ketchikan in 2008 and a similar number of visitors has been projected for 2009.
- The mill levy will remain at 6.1 mills or \$6.10 per \$1,000 of assessed value. Property values are not expected to increase. This will be the 20th consecutive year that the City has not raised its mill rate.
- City will begin paying debt service on a portion of its \$5.5 million ADEC Clean Water Loan which paid for wastewater improvements.
- Capital spending totaling \$12.38 million has been programmed. Approximately \$7 million has been dedicated for port, harbors and street improvements.
- The City will employ full-time 216 employees, a reduction of 2 employees from 2008. Total gross payroll is estimated at \$13.3 million
- The City will receive almost \$500,000 in State Revenue Sharing, which will be placed in the General Fund in order to keep the mill rate at 6.1.

- There will be no increases in fees for general government services.
- Approximately \$5.9 million in reserves will be needed to balance the overall budget. The City's 23 funds will end 2009 with a combined projected \$22.55 million in reserves.
- General Fund reserves will decrease from \$4.3 million to \$3.1 million.

Important Budget Issues for 2009

- Port - The rehabilitation of Berths I and II continues to be a high priority as both facilities are needed to support the growing tourism industry. The City will need to decide whether it should repair or replace the existing facilities and how to finance the improvements.
- Harbors - Funding harbor infrastructure continues to be an on going issue as the City wrestles with correcting safety and structural issues arising from years of neglect while the harbors were under State ownership. The City is tasked with balancing the immediate need to improve the harbors against limited available resources while keeping harbor rates low and affordable.
- Gateway Center for Human Services is no longer able to support its programs without increased subsidies from the Hospital Sales Tax Fund. It will be necessary to explore other ways to finance Gateway's programs. This will become more important as the City moves forward with implementing the master plan that is being developed for the Ketchikan General Hospital since the needs of the Hospital take priority over the use of the proceeds from the Hospital Sales Tax.
- Facilities - The City is planning the development of new facilities for the library, fire and museum departments. The City needs to prioritize these projects and seek voter approval to issue bonds soon if it desires take advantage of low cost financing.

The City Council will begin deliberations on the proposed 2009 General Government Annual Budget in November 2008. The budget is scheduled for adoption on December 18, 2008. Budget deliberations are open to the public and the public is invited to attend. If you have questions or would like to submit comments, please contact the City Manager's Office at 228-5603 or karla@city.ketchikan.ak.us.