

Potential Budget Discussion Items

- Reduction of operating hours of 8 hours a week for the Library and Parks & Recreation
The estimated savings for the Library would be \$15,000 on an annualized basis. The Library schedule would tentatively be: M-Th 11am-8pm, Fri 2-6, & Sat 11-2pm, pending discussion by the library board and an analysis of customer use prior to the actual schedule change. While these hours have been chosen for minimum impact, reduced hours would have direct impact on public access library services (collections, meeting rooms, internet, etc), services that are current heavily used by the community. Reduced hours on Saturdays would especially affect many families who frequent the library together. Borough Manager Giesbrecht is asking that the new schedule would go into effect depending upon turnover in the department and as determined by the Director. There would be no reduction in existing employee hours to lessen the direct impact on our employees. As turnover occurs, Director Alcock will adjust schedules of the remaining employees to efficiently meet the reduced operating schedule.

The estimated savings for Parks & Recreation would be \$19,000 on an annualized basis. After reviewing the membership swipes and daily drop-in usage data of our facility over the last year, it would appear that closing on Sundays from 1-7pm & Monday's from 8-9pm would be the least impactful to the majority of our users.

While these hours have been chosen for minimum impact, reduced hours would have direct impact on multiple offerings and community members; this would include the availability of Open Gym 1-5pm, rentals for birthday parties and classes, canceling the Ragnarök Roller Derby Group's practice 5-7pm, decreasing weight room/ cardio equipment availability, and would cancel the Open Swim from 1-3pm. These reduced hours on Sundays would especially affect many families who frequent the Community Center together.

Borough Manager Giesbrecht is asking that the new schedule would go into effect as determined by the Director and depending upon turnover in the department. There would be no reduction in existing employee hours to lessen the direct impact on our employees. As turnover occurs, Director Thornburg will adjust schedules of the remaining employees to efficiently meet the reduced operating schedule.

- Addition of an EMT3 full time employee
The addition of a full time EMS Coordinator (Firefighter/ EMT3) is necessary to make up for a continuing decline in trained volunteers for our ambulance service. Director Dixson has made herself available to respond to "code red" EMS calls an average of three 12 hour shifts per week and averaged an additional 1 hour a week responding to EMS calls outside of her normal work schedule. The annualized cost for adding this person, including benefits, will be approximately \$94,946.61. With the addition of this trained person, the department would have the following schedules in place;

Sandy Dixson (Director) Mon-Thurs 7 a.m. – 5 p.m.

Ryan Welde Wed-Sat 7 a.m. – 5 p.m.

Added position Sun-Wed 7 a.m. – 5 p.m.

- Paid Compensatory Time for Fire/EMS Director to cover EMS calls
It is important to note that all three positions (Sandy, Ryan and the proposed new position) will likely be asked to respond to EMS calls outside of their above schedules. For Ryan and the new EMT3, they will be paid Overtime. For Director Dixson who is exempt from Overtime, I am recommending paid compensatory time for any time worked as an EMT outside of her normal schedule. The rate would be the equivalent of her current salary, but not include an overtime adjustment. This would be an additional annual cost to the Borough of \$1,800. (This increase is an estimate for Sandy at 50 hours. OT costs for Ryan would not need to be increased as OT is already factored into the budget, as was done with the proposed new position.)
- Reductions in Community Services or TRT budgets (School, Chamber of Commerce, KFSK, Museum, Mountain View Food Services, etc.)
The Borough currently provides funding to the School, Chamber of Commerce, KFSK, Clausen Museum and Mountain View Food Services. The table below shows the amount of funding and its source.

	General Fund	TRT (Transient Room Tax)	Other (SRS)	Total
School	\$1,695,005		\$400,000	\$2,095,005
Chamber of Commerce		\$42,750		\$42,750
KFSK	\$33,250			\$33,250
Clausen Museum	\$39,900			\$39,900
Mountain View Food Services	\$11,400			\$11,400

In the case of TRT and General Fund expenditures, the Assembly can choose to allocate money differently based upon the Assembly's priorities. For example, TRT money could be used to fund the maintenance costs on the downtown flower baskets, Buschmann Park and Eagles Roost. Some of the General Fund money given to the School or Food Services could be allocated to the Manor or the Police Department. These are decisions for the Assembly. As an example, if the Assembly cut funding by 5% for each community services organization, it would be \$89K for the General Fund, and \$2.1K for TRT. The Minimum local contribution for the School is \$1,187,467, and the maximum is \$2,854,082. The Borough currently contributes \$2,095,005 (2018), or 73.4% of the maximum.

- Elimination of snow removal outside Service Area 1
The Borough currently provides snow removal on approximately 2.4 miles of road outside Service Area 1. These roads include many of the shared driveways in the Papke's Landing area and one shared driveway at 9 mile. Snow removal on these roads often involves the use of a smaller plow truck that was outfitted specifically for this purpose and is made more difficult by roads that are not up to Borough standards. We estimate this will save up to 80 man-hours a year in snow removal time. This will help free up our part time maintenance/public works employee, to be able to spend more time on maintenance duties which is needed.

- Reduction of operating hours at the Baler

Some Baler Facts – An average of 109 paying customers use the Baler each week, or 18 per day, some of whom make multiple trips over the scale to drop off different commodities. These customer numbers are derived from our financial tracking software and do not reflect the number of non-paying customers who come to drop off recyclables or ask questions etc. So, the total number of customers using our baling facility will be somewhat higher than what is reflected here. The current schedule for public access is 12 noon – 3pm Monday-Friday, and 9am-3pm on Sunday.

I am recommending a reduction in the Baler hours by 3 hours a week to give staff some dedicated hours to perform maintenance on the plant, machinery and equipment. Currently, sanitation staff are running collection routes, doing line orders or serving customers for most of each workday, leaving little time for other important functions. Maintenance on the building, trucks and equipment is squeezed in between other tasks and is often interrupted when the phone rings or there are customers to serve. Certain critical maintenance tasks, such as changing or adjusting the shear blades on the baler, require at least two personnel to perform safely. This is very difficult or impossible to do when other operations are ongoing. Closing the baler on Wednesday afternoons would allow staff a few hours to concentrate on vital maintenance tasks without having to simultaneously attend to other mission critical operations like collections or customer service.

- Increase in Ambulance rates

The Petersburg Borough Ambulance Rates would be increased to the maximum allowable to help cover the costs of the Ambulance Service. These rates should, if allowable, include the offsets for the cost of the ambulance, staff, bad debt and general operating expenses. The Borough currently collects approximately \$41,000 annually in Ambulance fees, and it is estimated by Director Dixson that the recommended increase will raise an additional \$10,000 annually.

Proposed Ambulance Fee Increase (Jan 2019)

The fee for ambulance service has not been increased since 2002. Currently the Petersburg Borough ambulance fee is a flat rate of \$300, set by resolution. Federal billing requirements have changed, and we must bill for patient loaded mileage. Initially we met this requirement by adjusting the bill to read \$295 for ambulance service and \$5 for mileage, thus maintaining the \$300 fee set by resolution. We were notified by our billing company recently informing us that we had to charge for actual patient loaded mileage and not a flat rate (\$5), so this may exceed our \$300 flat rate.

It is my recommendation that we increase the ambulance fees to be, at a minimum, consistent with the “Medicare allowable reimbursement”. Many communities use this as a basis for the ambulance fees. The rates will be fluid and change occasionally to meet the national standard. In addition, the rates will be more consistent with level of care provided and not a flat rate for every encounter (transport vs emergent advanced life support).

I would also recommend we bill for “treated, no transport” calls. Currently, we do not bill for service if we do not transport the patient.

The proposed fee schedule (current Medicare allowable reimbursement) would be as follows:

(A0428)	BLS Non-Emergent	=	\$250.44
(A0429)	BLS Emergent	=	\$400.70
(A0426)	ALS Non-Emergent	=	\$300.53
(A0427)	ALS Emergent (level 1)	=	\$475.84
(A0433)	ALS Emergent (level 2)	=	\$688.71
(A0425)	Mileage (patient loaded)	=	\$ 7.41

Some recommendations from Omni EMS Billing, our ambulance billing company:

In reviewing Petersburg Borough current fee schedule for ambulance transports, the following were observed:

- ✓ *All charges do not maximize reimbursements from Medicare – To receive full reimbursement from Medicare, charges must exceed Medicare allowable. Note: Medicare will reimburse at 80% of allowable or your current charge, whichever is lower.*
- ✓ *There is no charge for “Treat and No Transport” patients – Establish a charge for Treat and No Transport of \$100.00. **Reasoning:** You incur cost each time you respond on a call. For those patients that may request assistance frequently those costs can add up. This is not a charge that Medicare or Medicaid will reimburse. Some commercial insurance may pay this charge, but in most cases this charge will be the responsibility of the patient.*

- *Future PMEA Contract stance (will not be a budgetary issue in the 2019-20 Budget, but staff will need to begin negotiations near the end of this upcoming budget year)*

Need direction from the Assembly

- *Direction on Department Head merit increases (single payment or percentage increase, or nothing)*

The Assembly removed the department head merit increases from this current year’s budget with the understanding the issue would be revisited after the PMEA contract was finalized. I will put \$2,000 for each Department Head into the upcoming budget for the consideration of the Assembly during the budget process.

- *Direction on the next steps for Assisted Living (consultant, convert to senior housing only?)*

The Borough’s Assisted Living operation continues to be in a position where the costs are greater than the current revenue. This is despite substantial waiting lists and 100% occupancy. In the Budget year ending June 30, 2018, the Assisted Living operation lost an estimated \$240,117; \$137,980 from operations, and \$102,137 in depreciation. The remaining debt service of \$780,000 will be paid off by December of 2023.

While Director Bell and I will continue to look for efficiencies and ways to save money, I do not feel we will get to a position of breaking even. While Director Bell and I can continue to try different things, my recommendation is for the Assembly to consider bringing in an outside consultant with expertise in this industry. A consultant in this area, could likely help Director Bell and myself better understand our options, and identify opportunities to improve the financial viability of the facility. I have consulted with our Hospital CEO and he has helped me find a potential consultant who could look at our facility. I will be asking for a proposal from an outside consultant to evaluate our operations and provide recommendations. The cost of this

evaluation will be budgeted for in the 2019-20 budget.

- Increase in property tax rate to cover decline in revenue and increase in costs
The Petersburg Borough has a property tax cap of 10 mills, not including voter approved debt service. Our current operational (does not include debt service) mill rate for the 2018 tax year in Service Area 1 was 9.25 mills, leaving only 0.75 mills, or \$205,226 in potential revenue available for funding additional General Fund expenditures from Service Area 1. The Assembly, through the budget process, has authority over adjusting the mill rate within these parameters. The mill rate cap of 10 mills can only be changed by the voters.
- Direction on economic development – what is acceptable, what is not?
This to be discussed by the Assembly in a joint meeting with the Chamber of Commerce and PEDC at a time to be set in February of 2019.
- Elimination of the vacant Police Sergeant position
The Petersburg Police Department is currently budgeted for 9 sworn officers of which one of the positions is funded through 75% SEACAD grant and 25% Jail/DOC, and one vacancy (Sergeant position). This includes the Chief, Captain Holmgrain, Sgt. Thorsen, Open Sgt, 4 Officers and 1 SEACAD Officer. The Department utilizes a working schedule that provides coverage 24/7 with a minimum of 1 Officer, and a maximum of 2-3 sworn Officers on duty depending on the day of the week and time of day.

Officers are currently working 12 hour shifts to ensure there is 24/7 coverage in Petersburg. Currently the Department is working with one Officer per shift. This creates more callouts and overtime with shift coverage.

The elimination of the Police Sergeant position will provide an immediate savings of \$127,224.35 in salary and benefits, however some of this savings will be offset by Overtime costs. This could be mitigated by changes in the employee schedules and reductions in the number of sworn personnel on duty at one time. However, this can have detrimental effects on officer safety and response times to criminal acts and investigations. Fewer Officers also has an impact on employee morale, as scheduling for vacations, holidays, training and special events are impacted due to lack of coverage.

With the elimination of the Police Sergeant Position, the Petersburg Police Department will need to look at not providing the Petersburg Community with 24/7 Police coverage. If you choose this option, it could cause community condemnation if a Police Officer isn't on duty to respond at a moment's notice.

Haines and Cordova do not provide 24/7 on duty coverage. When fully staffed, Wrangell gets by with 7 Officers but must put officers on Standby/Callout status when factoring in vacations, sick days and training days. They have Officers on Standby/Callout status to respond to priority calls. If the call is non-priority it will be handled when the next Police Officer is scheduled on duty. When providing less than 24/7 coverage the Petersburg Borough will have to pay Officers Standby Wages which Haines currently pays Officers \$10.00 hour. If the Officer is called, the Officer receives overtime pay which is factored at time and a half. The departments I spoke with do not like having Officers on Standby/Callout status and would prefer enough Officers for 24/7 coverage. When understaffed departments work their employees too much or limit their family life by standby/callouts it effects the moral of the department and the life of the officer by making them choose between work or family. In turn, the negative moral of the Department and Officer's family life is reflected through the quality of service provided to the community. When properly staffed, the Officers and

Department will provide outstanding service to the community and the positive moral within the department will be reflected through positive interactions and community involvement.

Department Comparisons:

<i>Department</i>	<i>Sworn Officers (budgeted)</i>
<i>Petersburg</i>	<i>8 and 1 SEACAD</i>
<i>Wrangell</i>	<i>7</i>
<i>Haines</i>	<i>5</i>
<i>Cordova</i>	<i>6</i>
<i>Seward</i>	<i>10</i>
<i>Homer</i>	<i>12</i>

One question/ option, rather than filling the vacant sergeant position (\$127,224.35) could be to replace the open Sergeant position with an Officer (\$122,000.41). The estimated salary and benefits would roughly generate a savings of \$5,223.94. Both options have both pros and cons as outlined below.

Pros for the Lateral Police Sergeant Position:

- ✓ *Increased depth of experience/ knowledge within the Department.*
- ✓ *Petersburg Borough doesn't have to pay for a Police Academy with Alaska Certified Lateral Police Sergeant. Cost savings of \$11,000.00 for the Police Academy not including hourly wage and overtime while at the Academy roughly \$18,000.00 to \$20,000.00. Petersburg Borough would save approximately \$28,000.00 to \$31,000.00 by not having to send an officer to the police academy.*
- ✓ *Lateral Police Sergeant Non-Alaska Certified training would cost only \$2,970.00.*
- ✓ *Less overtime and callouts (2hr. Double-time) for current supervisors.*
- ✓ *Increased moral within the department by having adequate shift coverage.*
- ✓ *Better Officer safety by having shifts properly staffed.*
- ✓ *24/7 coverage.*
- ✓ *Ability to mentor subordinates for future growth within the Police Department.*

Pros for replacing the Sergeant with an Officer:

- ✓ *Cost savings of \$5,223.94 a year.*
- ✓ *Still able to provide 24/7 Coverage.*
- ✓ *Properly staffed shifts for Officer Safety.*

Cons for replacing the Sergeant with an Officer:

- ✓ *Petersburg Borough would have to pay approximately \$28,000.00 to \$31,000.00 in training cost, salary (no benefits) to send a non-certified recruit to the police academy.*
- ✓ *Less years of Police knowledge/ experience when making informed decisions.*
- ✓ *Increased callouts on involved cases.*
- ✓ *Increased callouts from junior Officer requesting guidance.*
- ✓ *Less mentoring and grooming of subordinates for future growth within the Police Department.*