

TO:	Mayor and Borough Assembly; Finance Committee
FROM:	Brad Ryan, Borough Manager
DATE:	November 15, 2022
SUBJECT:	Short-Term Loan / Cash Flow

Mayor and Assembly; Finance Committee

The unexpected expenses to protect the life, health, and safety of citizens and visitors from the Rockslide, and the concurrent desire to provide an alternative mooring plan for large ships in 2023, have created a cash flow issue for the Municipality of Skagway (MOS). The MOS will see additional ARPA revenue in January, CPV revenue in March, and expects the revenue bond monies in March; however, the high upfront cost of the rockslide and mooring projects require cash prior to receipt of those revenues. Until those revenues are available, it will be necessary to issue smaller loans to cover short-term project costs.

According to SMC 4.06.010: the assembly may, without submitting the question to the voters, borrow money to meet appropriations for the fiscal year in anticipation of the collection of revenues for that year. The total of such indebtedness shall never exceed twenty-five percent (25%) of the anticipated revenues in the budget. All debts so contracted shall be paid before the end of the next fiscal year.

I have attached a cashflow forecast through October 2023, which includes a potential \$4.3 million loan in December of 2022 and revenue bond receipts of \$33 million in March of 2023. With this \$4.3 million loan, the MOS can adequately cover its cash flow needs until March, at which time the revenue bond will bear the cost of the mooring project.

I am only recommending the short-term loan due to the lead time of getting a revenue bond issued by March. If it appears that the revenue bond is going to take longer, then the Assembly should expect a request for another short-term loan in 2023. If the Assembly decides against moving forward with the Alternative Mooring Plan for 2023, we will then develop another cash flow model for the Assembly to consider.

I ask for the Assembly's approval to move forward with this short-term loan.

MUNICIPALITY OF SKAGWAY

CASH FLOW FORECAST

OCTOBER 31, 2022

	FY22		FY23										12-MONTH TOTALS
	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	
SALES TAX BALANCE (cash & ametrade)													
Sales Tax			80,000			104,000			2,970,000			3,916,000	7,070,000
Debt Service	(120,000)			(750,000)		(101,350)			(325,000)				(1,626,900)
School Payments	(353,095)	(353,095)	-	-	-	-	-	-	(1,211,721)	(355,526)	(355,526)	(355,526)	(2,984,490)
NET CHANGE- SALES TAX	(473,095)	(353,095)	80,000	(750,000)	-	2,650	-	-	1,433,279	(355,526)	(355,526)	3,229,924	2,458,610
11,271,124	10,798,029	8,944,934	6,524,934	3,674,934	3,674,934	3,677,584	3,677,584	3,677,584	9,110,863	8,755,336	8,399,810	13,229,734	13,229,734
CPV EXCISE TAX BALANCE													
CPV Shared Revenue 2021					3,500,000								3,500,000
10,222,480	9,722,480	9,172,480	7,972,480	2,172,480	5,672,480	5,672,480	5,672,480	5,672,480	5,672,480	5,672,480	5,672,480	5,672,480	5,672,480
ARPA LGLR BALANCE													
9,044,428	9,044,428	9,044,428	6,544,428	5,526,705	5,526,705	5,026,705	5,026,705	5,026,705	4,526,705	4,526,705	4,526,705	4,526,705	4,526,705
WELLS FARGO GENERAL FUND INFLOW													
Utility Payments			243,800			241,000			250,000			243,800	978,600
Property Tax									100,000	2,000,000	100,000		2,200,000
Business Licensing			12,000	4,000	2,000	2,500	1,500						22,000
Port Operations							1,370,500	1,370,500	1,370,500	1,370,500	1,370,500		6,852,500
CAP State Payment		573,000								330,000			903,000
Grant/Loan Reimbursments	1,800,000	667,600	100,000	290,000	200,000	200,000							3,257,600
Yukon Government MSP Design			137,500					137,500					275,000
Port Bond Remainder	1,600,000	707,150											2,307,150
Bank Loan		4,300,000											4,300,000
DHS&EM Grant										1,000,000			1,000,000
Ore Peninsula Revenue Bond					33,000,000								33,000,000
Investment Transfer IN/(OUT) ARPA			2,500,000	1,017,723		500,000			500,000				4,517,723
Investment Transfer IN/(OUT) CPV	500,000	550,000	1,200,000	5,800,000									8,050,000
Investment Transfer IN/(OUT) Sales Tax		1,500,000	2,500,000	2,100,000					(4,000,000)			(1,600,000)	500,000
TOTAL	3,900,000	8,297,750	6,693,300	9,211,723	33,202,000	943,500	1,372,000	1,508,000	(1,779,500)	4,700,500	1,470,500	(1,356,200)	68,163,573
OUTFLOW													
Other Operations	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(900,000)	(900,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(500,000)	(500,000)	(1,000,000)
Insurance Renewal									(470,000)				-
Utilities (phone, electric, fuel, leases)	(95,000)	(102,000)	(95,000)	(95,000)	(102,000)	(95,000)	(95,000)	(102,000)	(95,000)	(95,000)	(102,000)	(95,000)	(197,000)
Contracts (computer, lobbying, assessor)	(25,033)	(25,033)	(25,033)	(25,033)	(25,033)	(25,033)	(25,033)	(25,033)	(25,033)	(25,033)	(25,033)	(25,033)	(50,067)
Payroll Expenses (plus premera)	(945,000)	(945,000)	(945,000)	(945,000)	(945,000)	(945,000)	(985,000)	(985,000)	(985,000)	(985,000)	(985,000)	(945,000)	(1,930,000)
SUBTOTAL	(2,065,033)	(2,072,033)	(2,065,033)	(2,065,033)	(1,972,033)	(1,965,033)	(2,105,033)	(2,112,033)	(2,575,033)	(2,105,033)	(1,612,033)	(1,565,033)	(3,177,067)
PROJECTS													
Rockslide- Shannon & Wilson	(1,200,000)	(1,300,000)	(50,000)	(50,000)	(350,000)	(500,000)	(50,000)						(3,500,000)
Ore Peninsula- KPFF	(220,000)	(335,000)	(250,000)	(245,000)	(170,000)	(170,000)	(164,000)						(1,554,000)
Alternate Mooring Plan- KPFF	(240,000)	(62,000)	(90,000)	(90,000)	(82,000)	(65,000)	(33,000)						(662,000)
Fenders- TekMarine		(627,514)											(627,514)
Capstans- Wintech			(84,100)										(84,100)
Gangway- Mantle Industries (CMI)		(112,350)											(112,350)
Piles- Nucor				(2,381,650)	(1,020,707)								(3,402,357)
Floating Dock- TransPac	(1,883,000)	(1,661,000)	(2,010,000)	(1,091,700)		(272,500)	(51,800)						(7,231,000)
Ore Peninsula- Contractor		(250,000)	(2,000,000)	(2,575,000)	(3,075,000)	(2,790,000)	(2,510,000)						(13,200,000)
Enviro- Cox (drilling)	(102,000)	(102,000)	(100,000)	(290,000)	(200,000)	(200,000)	(150,000)						(1,144,000)
MITAGS Simulation	(104,000)												(104,000)
Harbor Anodes			(150,000)	(175,000)									(325,000)
Solid Waste Transfer Station								(2,500,000)	(2,300,000)	(2,000,000)	(2,000,000)	(300,000)	(9,100,000)
WWTP Upgrades- Design							(400,000)						(400,000)
SUBTOTAL	(3,749,000)	(4,449,864)	(4,734,100)	(6,898,350)	(5,158,707)	(3,997,500)	(3,358,800)	(2,500,000)	(2,300,000)	(2,000,000)	(2,000,000)	(300,000)	(41,446,321)
TOTAL	(5,814,033)	(6,521,897)	(6,799,133)	(8,963,383)	(7,130,740)	(5,962,533)	(5,463,833)	(4,612,033)	(4,875,033)	(4,105,033)	(3,612,033)	(1,865,033)	(65,724,721)
NET CHANGE- WELLS FARGO	(1,914,033)	1,775,853	(105,833)	248,340	26,071,260	(5,019,033)	(4,091,833)	(3,104,033)	(6,654,533)	595,467	(2,141,533)	(3,221,233)	2,438,852
2,673,955	759,922	2,535,774	2,429,941	2,678,281	28,749,541	23,730,507	19,638,674	16,534,641	9,880,107	10,475,574	8,334,041	5,112,807	5,112,807
TOTAL FUNDING BALANCES													
33,211,987	30,324,859	29,697,617	23,471,783	14,052,400	43,623,660	38,107,276	34,015,443	30,911,410	29,190,155	29,430,096	26,933,036	28,541,726	28,541,726