

Presented by: The Manager  
Introduced: 02/08/2016  
Drafted by: A. G. Mead

## RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2741

### **A Resolution Urging the Alaska Legislature to Adopt a Balanced, Sustainable, and Predictable State Budget Plan for FY2017 and Future Years.**

WHEREAS, due to the drastic drop in the global oil prices the State of Alaska is facing a \$3.5 billion budget deficit for FY16; and

WHEREAS, production of Alaska North Slope crude oil has steadily decreased over the past 25 years; and

WHEREAS, global oil prices have dropped significantly over the past two years and are projected to remain relatively low for the foreseeable future; and

WHEREAS, the drop in oil prices has resulted in the State funding its budget in large part with its savings; and

WHEREAS, the cash reserves currently being used by the State to cover the existing deficit will be depleted in just a few years, threatening the State's annual dividend program and potentially the State's Permanent Fund itself; and

WHEREAS, the State of Alaska has been duly warned by Standard & Poor's that due to the current fiscal imbalance, the State's credit rating will continue to be downgraded if the Legislature fails to take appropriate action in 2016; and

WHEREAS, while the State enjoys robust savings it is estimated those budget reserves will be drained by the end of FY18 if prices continue to remain low and a sustainable budget is not adopted by the Legislature and Governor; and

WHEREAS, in FY16, due to such low oil prices, the Legislature made considerable cuts to both the State's Operating and Capital budgets and the Governor found efficiencies along with instituting program cuts and reductions in some state services; and

WHEREAS, the Legislature and the Governor are expected to continue to make service cuts and find further operating efficiencies within state government; and

WHEREAS, while it is expected further cuts to the State's Operating and Capital budgets will reduce the cost of government, cuts alone will not solve the State's enormous fiscal gap; and

WHEREAS, the City and Borough of Juneau is concerned about the State's fiscal challenge and recognizes that all levels of government must contribute to the fiscal solution; and

WHEREAS, because of the State's fiscal challenges more responsibilities are and will likely continue to be passed to the local level; and

WHEREAS, notwithstanding the State's fiscal challenge, the City and Borough of Juneau must continue to provide public services while also reducing its costs and raising new revenues; and

WHEREAS, Alaska's municipalities and economy need fiscal certainty from the Legislature to allow for budget planning and the development of sustainable local budgets that provide for public services.

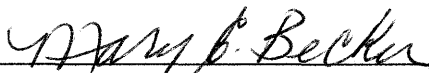
NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

**Section 1.** The Assembly of the City and Borough of Juneau calls upon the Alaska State Legislature to take affirmative and immediate action this year to enact a package of initiatives that will provide for a sustainable and predictable balanced state budget for the foreseeable future.

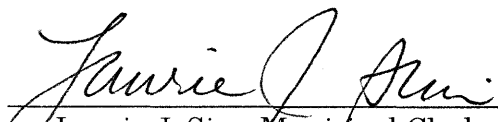
**Section 2.** The City and Borough of Juneau believes a sustainable budget plan should include action this legislative session to increase state revenue, including some use of Permanent Fund earnings to maintain state services.

**Section 3. Effective Date.** This resolution shall be effective immediately after its adoption.

Adopted this 8<sup>th</sup> day of February, 2016.

  
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Mary E. Becker, Mayor

Attest:

  
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Laurie J. Sica, Municipal Clerk