



MATANUSKA-SUSITNA BOROUGH

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MEMORANDUM

DATE: June 5, 2024
TO: Mayor and Assembly
FROM: Michael Brown, Borough Manager
RE: Manager's Weekly Post

West Susitna Access Site Visit: On Sunday, June 2, the Governor's Mat-Su Director Todd Smoldon, Senator Mike Shower, Representative Kevin McCabe, the Borough Manager, and others were guests of Alaska Industrial Development and Export Authority (AIDEA) for a fly-in to Skwentna for a West Susitna Access Road meeting for local community members. The meeting included an AIDEA update on the project as well as updates from two of the mining companies on their progress.

Borough Bond Rating: On May 31, 2024, the Borough was notified by Fitch Ratings that they had upgraded the Borough's bond rating from AA to AA+. The Borough's bond rating can be compared to an individual's credit rating. The higher it is, the better your creditworthiness is viewed, in addition to your financial stability.

In the Fitch Ratings release on the Borough's improved rating, they discussed some items that could impact the rating. They included Financial Resilience, Revenue Volatility, Demographic and Economic Strength, Unemployment, Educational Attainment and Median Household Income, Economic Concentration, and Population Size, and finally Long-Term Liability Burden. We earned their strongest ratings in Financial Resilience, Demographic and Economic Strength, Economic Concentration, and Population Size. We were weak in Revenue Volatility and Unemployment, Educational Attainment, and Median Household Income.

Two things that were specifically called out were fund balance levels and long-term liabilities increasing without commensurate revenue increases. Fund balance reserves in their analysis should be greater than 10% of spending. In their report, they calculated 12.2% Fund Balance to Expenditure Ratio for Fiscal Year 2023 (audited). They also stated that this was the lowest in 5 years. In the FY24 budget and the FY25 budget, that percentage is projected at 15.11% and 14.17%. This only looks at the general fund. We should be looking at the minimum fund balance for all Borough operations. Those amounts for FY23, FY24, and FY25, respectively, are 11.39% (audited), 14.6%, and 13.05%. This amount will continue to decrease as expenditures increase,

and the minimum fund balance reserve of \$25,000,000 remains unchanged. At some point we need to right size this to reflect growth.

The other component was long-term debt. As of July 1, 2024, the Borough's total debt is \$188,620,000. Per their analysis, if debt increases by nearly 30% without a commensurate increase in resident personal income, governmental spending, or revenues, the bond rating could decrease. A 30% increase in long-term debt is \$56,586,000. That increase or even a larger increase must be coupled with increased tax revenues. The Borough's legal debt capacity, as set by code, is \$941,912,897. We are well below that limit.

Public Affairs Media Flyover:

Health

- [Assemblyman calls out Mat-Su Health Foundation](#)
Alaska Watchman
- [Sen. Sullivan holds fentanyl roundtable at MyHouse](#)
Frontiersman

Fisheries

- [Updates from Mat-Su fishing 'hotspots'](#)
Frontiersman
- [Commercial fishing groups bring new legal action over Cook Inlet's federal waters](#)
KDLL
- [Commercial drift gillnet vessels cannot participate in both Federal and State fisheries on the same day](#)
Peninsula Clarion

School District

- [MSBSD School Board introduces ordinance to remove Student Advisory Board Rep.](#)
Frontiersman

Port MacKenzie

- [Peltola submits FY25 spending requests including funds for Port MacKenzie](#)
The Cordova Times

Assembly

- [Assembly approves new road service contracts](#)
Frontiersman
- [Mat-Su's Legislative races may shift people, but not party affiliation and Philosophy](#)
Frontiersman

State Legislature

- [Mat-Su's Legislative races may shift people, but not party affiliation and Philosophy](#)
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Top Facebook Posts

- [Memorial Day Service at Veteran's Wall in Wasilla \(photos\)](#)
Reach: 12k
- [Bogard Rd. Closure Notice](#)
Reach: 32.2k
- [Tour of Jonesville Public Use Area \(photos\)](#)
Reach: 15k