



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members
Thru: John Leach, Municipal Administrator *John Brantley*, Acting
From: Brooke Volschenk, Finance Director
Date: February 4, 2026
Subject: Mid-Year Supplemental Appropriation for FY2026

Background

Now that we are more than halfway through FY2026, staff have identified several areas where adjustments to adopted appropriations are necessary. These changes fall into two general categories:

1. Previously unbudgeted costs that require additional appropriations
2. Reallocations between expenditure categories that require Assembly approval under Charter, even when total departmental funding is unchanged.

This mid-year supplemental ordinance addresses both needs to ensure continued operations, compliance with contractual and regulatory requirements, and completion of critical projects.

Analysis

Previously Unbudgeted Costs (Increase in Appropriations)

The following items require increases in appropriations to fund costs not included (or underestimated) in the adopted FY2026 budget.

General Fund

- **Employee Agreement – Administration (\$27,500)**
Increase in personnel to fund the new Employee Agreement between the City and Borough of Sitka and John Leach, dated January 14, 2026.

- **Labor Negotiations & Legal Support – Human Resources (\$13,500)**
Increase in legal expenses to support upcoming labor negotiations with a bargaining unit and ensure adequate access to HR-related legal counsel.
- **Telecommunications Code Update – Planning & Community Development (\$35,000)**
Increase in contracted services to complete a telecommunications-related code update.

Visitor Enhancement Fund

- **Community Survey & Impact Study (\$70,000)**
Increase in contracted services to fund a Community Survey and Economic Impact Study inadvertently omitted from the adopted FY2026 budget. This represents the Visitor Enhancement Fund's 50% share, with the remaining 50% funded by the CPV Fund. No additional appropriation is needed in the CPV Fund as the appropriation is in the approved FY2026 budget.

Cemetery Fund

- **Remittance of Interest Earnings (\$3,350)**
Increase in other expenses to remit interest earnings to the Sitka Cemetery Association.

Solid Waste Fund

- **Hazardous Household Waste Cleanup Event (\$40,000)**
Increase in contracted services to support a second HHW cleanup event in FY2026.
- **Scrapyard Shipping Costs (\$50,000)**
Increase in contracted services due to higher than anticipated shipping costs driven by fuel surcharges.
- **Garbage Collection Costs (\$50,000)**
Increase in contracted services due to an annual CPI increase that is higher than anticipated.

IT Fund

- **Employee Harassment Prevention Plan Software (\$16,000)**
Increase in repairs and maintenance to fund the purchase of employee harassment prevention software. Cost will be allocated across departments with personnel through the FY27 IT allocation.

Central Garage Fund

- **Replacement of Vehicle #404 (\$200,582)**

Increase fixed asset appropriations for the replacement of vehicle #404 (Streets International Dump Truck). This vehicle was originally intended to be included in the FY2027 budget but is experiencing significant mechanical issues and the cost of required repairs is no longer justifiable. The purchase will be funded entirely from the vehicle sinking fund.

Reallocations Within Existing Budgets (Net Zero)

The following items reallocate existing appropriations between expenditure categories and do not increase total department budgets.

General Fund

- **Temporary Staffing – Parks and Receptions (\$18,500)**

Reallocation from contracted services to personnel (no net increase) to support temporary staffing for programs previously facilitated by AmeriCorps.

- **Ventilator – Ambulance (\$8,000)**

Reallocation from supplies to fixed assets (no net increase) for the purchase of a new ventilator.

Transfers to Other Funds for Implementation

Each item below includes an increase in appropriations in the originating fund, a corresponding transfer to the destination fund, and an increase in appropriations in the destination fund to authorize spending.

General Fund

- **Plan Review Workstations – Centralized Permitting System (\$25,000)**

Increase in General Fund appropriations to fund the purchase of plan review workstations for Building Officials in support of the centralized permitting software. Funds will be transferred to the IT Fund for purchase of the equipment.

- **Governmental Capital Project Fund: Additional Funding for Centralized Permitting Software Project (\$32,000)**

Increase in General Fund capital appropriations to fund FY2026 subscription costs for the centralized permitting software. Funds will be transferred to the capital project fund for payment under the existing capital project (91031).

School Building Infrastructure Fund

- **Governmental Capital Project Fund: Funding for PAC Theater Controls Upgrade (\$125,000)**

Increase in School Building Infrastructure Fund appropriations to fund an upgrade

for the Performing Arts Center (PAC) lighting controls. The PAC is on the verge of becoming unusable because the lighting control system is experiencing progressive failure. The system has been unsupported since 2010, and replacement parts are no longer available. If it crashes, the system will be completely inoperable and unable to be repaired. This request was approved by the School Board on December 3rd, 2025. Funds will be transferred to the governmental capital projects fund (through the General Fund), and a new project will be created.

This project was originally included in the list of FY2027 school capital projects. If this request is approved by the Assembly, the FY2027 recommended appropriation will be reduced to \$430,000.

Electric Fund

- **Capital Project Fund: Additional Funding for Blue Lake Intake Structure Project (\$25,000)**

Increase in Electric Fund capital appropriations for foundation repairs and boat ramp design costs due to degradation of the site and expansion of FERC requirements. Funds will be transferred to the capital project fund for implementation under the existing capital project (91050).

- **Capital Project Fund: Additional Funding for Marine Street Substation (\$30,000)**

Increase in Electric Fund capital appropriations for transformer replacement. Additional funds are needed due to an underestimate of contractor efforts to complete the work. Funds will be transferred to the capital project fund for implementation under the existing capital project (91052).

- **Capital Project Fund: Additional Funding for Islands – Replace Submarine Cable CR0 (\$50,000)**

Increase in Electric Fund capital appropriations for unforeseen environmental permitting that is required to move forward with breaking ground for the Sea Walk project. This permitting was not anticipated in the original budget. Funds will be transferred to the capital project fund for implementation under the existing capital project (91112).

Fiscal Note

Net impacts shown below reflect the combined effect of operating increases, reallocations with no net impact, and interfund transfers authorized by this ordinance.

- **General Fund:** \$68,000 increase in personnel and operating appropriations, \$8,000 increase in fixed asset appropriations, and \$182,000 increase in transfers out to other funds, with \$125,000 of the transfers out funded by the School Building

Infrastructure Fund (\$133,000 total net impact to General Fund)

- **Visitor Enhancement Fund:** \$70,000 increase in operating appropriations
- **Cemetery Fund:** \$3,350 increase in operating appropriations
- **Solid Waste Fund:** \$140,000 increase in operating appropriations
- **Electric Fund:** \$105,000 increase in transfers out to the capital project fund
- **Information Technology Fund:** \$16,000 increase in operating appropriations and \$25,000 increase in fixed asset appropriations, with \$25,000 funded by the General Fund (\$41,000 total)
- **Central Garage Fund:** \$200,582 increase in fixed asset appropriations, fully funded by the vehicle sinking fund
- **Governmental Capital Project Fund:** \$32,000 increase in appropriations for project 91031, funded by the General Fund and \$125,000 increase in appropriations for a new project (PAC Theater Controls Upgrade).
- **School Building Infrastructure Fund:** \$125,000 increase in transfers to the General Fund for capital project funding for the PAC Theater Controls Upgrade.
- **Electric Capital Projects Fund:** \$25,000 increase in appropriations for project 91050, \$30,000 increase in appropriations for project 91052, \$50,000 increase in appropriations for project 91112, all funded by the Electric Fund (\$105,000 total)

Recommendation

Approve Ordinance 2026-03 making supplemental appropriations to the FY2026 budget.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2026-03
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA MAKING SUPPLEMENTAL
APPROPRIATIONS FOR FISCAL YEAR 2026
(Mid-year Supplemental Appropriations)

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. SEVERABILITY. If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. PURPOSE. The purpose of this ordinance is to make a supplemental Operation and Capital appropriation for FY2026.

4. ENACTMENT. In accordance with Section 11.10 (a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriation for the budget period beginning July 1, 2025 and ending June 30, 2026.

Table with 1 column and multiple rows detailing fiscal year 2026 expenditure budgets for the General Fund, including items like Administration - Personnel, Human Resources, Planning & Community Development, Parks & Recreation, Ambulance, and Fixed Assets.

VISITOR ENHANCEMENT FUND
Visitor Enhancement Fund -Operations: Increase appropriations for contracted/purchase services by \$70,000 to support the Community Survey and Economic Impact Study.
CEMETARY FUND
Cemetery Fund – Operations: Increase appropriations in other expenses by \$3,350 to remit interest earnings to the Cemetery Association.
ENTERPRISE AND INTERNAL SERVICE FUNDS
Solid Waste – Operations: Increase appropriations in contracted/purchase services by \$40,000 to support a second HHW clean up event and \$50,000 to support the garbage contract annual CPI increase.
Solid Waste – Operations: Increase appropriations in contracted/purchase services for the scrapyard subdepartment by \$50,000 for increased shipping costs.
Information Technology – Operations: Increase appropriations in repairs and maintenance by \$16,000 for employee harassment prevention plan software.
Information Technology – Fixed Assets: Increase appropriations in fixed assets by \$25,000 for Plan Review Workstations to support the Centralized Permitting Software.
Central Garage – Fixed Assets: Increase appropriations in fixed assets by \$200,582 to replace vehicle #404 International Dump Truck for Streets, with 100% of the funding from the vehicle sinking fund.
Transfers Out – Electric Fund: Increase transfers out to the capital project fund by \$105,000 with \$25,000 being transferred to the Capital Project Fund for project 91050 -Blue Lake Intake Structure, \$30,000 being transferred for project 91052 – Marine Street Substation, and \$50,000 being transferred for project 91112 – Islands – Replace Submarine Cable CR0.
School Building Infrastructure Fund
Transfers Out – School Building Infrastructure Fund: Increase transfers out to the general fund by \$125,000 for capital project funding for the PAC Theater Controls Upgrade.
CAPITAL PROJECTS
Fund 700 – General Fund - Increase appropriations by \$157,000 with \$32,000 transferred from the General Fund for project 91031 – Centralized Permitting Software and \$125,000 for the PAC Theater Controls Upgrade.
Fund 710 - Electric Fund – Increase appropriations by \$105,000 transferred from the Electric Fund with \$25,000 for project 91050 - Blue Lake Intake Structure, \$30,000 for project 91052 – Marine Street Substation, and \$50,000 for project 91112 – Islands – Replace Submarine Cable CR0.

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EXPLANATION

The need for additional funding or to reallocate existing appropriations has been identified as FY2026 has progressed.

31 **5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its**
32 **passage.**

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34 **PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka,**
35 **Alaska this 24th day of February 2026.**

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38 **ATTEST:**

Steven Eisenbeisz, Mayor

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Sara Peterson, MMC

43 **Municipal Clerk**

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45 **1st reading: 2/10/2026**

46 **2nd and final reading: 2/24/2026**

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48 **Sponsor: Administrator**

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