

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2025-04

CREATING BUDGET AMENDMENT #3 TO THE FISCAL YEAR 2025 BUDGET, APPROPRIATING \$771,500 FROM THE GENERAL FUND FOR AN INCREASE OF \$175,000 TO THE FINANCE OPERATING BUDGET, INCREASE OF \$86,500 TO THE CITY MANAGER'S OPERATING BUDGET, DECREASE OF \$75,000 TO THE CITY ADMINISTRATION OPERATING BUDGET; INCREASE OF \$17,000 TO THE CLERKS OPERATING BUDGET; INCREASE OF \$287,000 TO THE PUBLIC WORKS OPERATING BUDGET; INCREASE OF \$213,000 TO THE PCR OPERATING BUDGET; INCREASE OF \$50,000 TO THE PUBLIC SAFETY COMMUNICATIONS OPERATING BUDGET; INCREASE OF \$50,000 TO THE PUBLIC SAFETY CORRECTIONS OPERATING BUDGET; DECREASE PUBLIC SAFETY POLICE OPERATING BUDGET BY \$100,000; INCREASE OF \$68,000 TO THE GENERAL FUND TRANSFERS TO ENTERPRISES; ACCEPTING \$3,442,069.92 IN CRAB DISASTER RELIEF FUNDS; ACCEPTING STATE OF ALASKA DEPARTMENT OF FAMILY AND COMMUNITY SERVICES GRANT FOR \$60,000 TO FUND A PORTION OF THE COST RELATED TO THE NEW FIRE STATION FEASIBILITY STUDY IN THE AMOUNT OF \$60,000; APPROPRIATING SOLID WASTE UNRESTRICTED NET ASSETS OF \$25,000; INCREASE OF \$25,000 TO SOLID WASTE OPERATING BUDGET; APPROPRIATE PORTS AND HARBORS UNRESTRICTED NET ASSETS OF \$7,000; INCREASE OF \$7,000 TO THE PORTS AND HARBORS OPERATING BUDGET; INCREASE OF \$68,000 TO THE HOUSING FUND OPERATING TRANSFERS FROM GENERAL FUND; DECREASE HOUSING FUND UNRESTRICTED USE OF NET ASSETS BY \$68,000

BE IT ENACTED BY THE UNALASKA CITY COUNCIL

Section 1. Classification: This is a non-code ordinance.
Section 2. Effective Date: This ordinance becomes effective upon adoption.
Section 3. Content: The City of Unalaska FY25 Budget is amended as follows:

- A. That the following sums of money are hereby accepted and the following sums of money are hereby authorized for expenditure.
B. The following are the changes by account line item.

Amendment No. 3 to Ordinance 2024-08

	Current	Requested	Revised
I. OPERATING BUDGETS			
A. General Fund			
Sources:			
Grant Revenue	\$ -	\$ 60,000.00	\$ 60,000.00
Disaster Crab Relief	270,826.00	3,442,069.92	3,712,895.92
Appropriated Fund Balance	187,008.00	771,500.00	958,508.00
	<u>\$ 457,834.00</u>	<u>\$ 4,273,569.92</u>	<u>\$ 4,731,403.92</u>
Uses:			
City Manager's Office	\$ 544,111.00	\$ 86,500.00	\$ 630,611.00
City Administration	2,282,200.00	(75,000.00)	2,207,200.00
Clerks	699,496.00	17,000.00	716,496.00
Finance	1,481,549.00	175,000.00	1,656,549.00
Public Safety - Police	4,603,639.00	(100,000.00)	4,503,639.00
Public Safety - Communications	985,149.00	50,000.00	1,035,149.00
Public Safety - Corrections	1,198,789.00	50,000.00	1,248,789.00
Fire/EMS	2,596,042.00	60,000.00	2,656,042.00
Public Works - Streets & Roads	3,617,082.00	33,000.00	3,650,082.00
Public Works - Veh & Equip Maintenance	1,329,397.00	118,000.00	1,447,397.00
Public Works - Facilities Maintenance	177,303.00	136,000.00	313,303.00
PCR - Admin	291,890.00	34,000.00	325,890.00
PCR - Community Center Operations	1,252,469.00	52,000.00	1,304,469.00
PCR - Library	1,119,536.00	38,000.00	1,157,536.00
PCR - Aquatics Center	699,589.00	89,000.00	788,589.00
Transfers Out - Operating	-	68,000.00	68,000.00
	<u>\$ 22,878,241.00</u>	<u>\$ 831,500.00</u>	<u>\$ 14,654,475.00</u>

B. Proprietary Funds**Sources:**

Solid Waste - Budgeted Use of Unrestricted Net Assets	\$ 922,062.00	25,000.00	\$ 947,062
Ports & Harbors - Budgeted Use of Unrestricted Net Assets	1,757,529.00	7,000.00	1,764,529.00
Housing - Transfers from General Fund	-	68,000.00	68,000.00
	<u>\$ 2,679,591.00</u>	<u>\$ 100,000.00</u>	<u>\$ 2,779,591.00</u>

Uses:

Solid Waste Operations	\$ 2,170,550.00	25,000.00	\$ 2,195,550
Ports & Harbors Veh & Equip Maintenance	109,981.00	7,000.00	116,981.00
Housing - Budgeted use of Unrestricted Net Assets	690,522.00	(68,000.00)	622,522.00
	<u>\$ 2,971,053.00</u>	<u>\$ (36,000.00)</u>	<u>\$ 2,935,053.00</u>

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on June 10, 2025.


Vincent M. Tutiakoff, Sr.

Mayor

Attest:


Estkairen P. Magdaong, OMC
City Clerk



City of Unalaska, Ordinance 2025-04
Summary of Budget Amendment and Schedule of Proposed Accounts
FY25 Budget Amendment 3

- 1) General Fund - Operating Budget
 - Add \$60,000 to General Fund Other State Revenue
 - Add \$3,442,069.92 to PSM Disaster Commission Revenue
 - Add \$771,500 to General Fund Appropriated Fund Balance
 - Add \$11,500 to CM - Custodial Services/Supplies to account for under budget
 - Add \$75,000 to CM - Salaries & Wages to recognize allocation of Deputy City Manager personnel costs while acting as City Manager
 - Decrease Admin - Salaries & Wages by \$75,000 to recognize allocation of Deputy City Manager personnel costs while acting as City Mgr
 - Add \$25,000 to Finance - Audit & Accounting for completion of two audits during fiscal year
 - Add \$25,000 to Finance - Investment Management Svcs; portfolio growth increases management fee
 - Add \$125,000 to Finance - Other Professional to recognize consultant assistance related to audit completion
 - Add \$50,000 to PS - Communications Salaries and Wages by \$50,000
 - Add \$50,000 to PS - Corrections Salaries and Wages by \$50,000
 - Add \$17,000 to Clerks - Salaries and Wages due to Council approved COLA increase to Title III employees
 - Add \$33,000 to PW - Streets & Roads Salaries and Wages due to Council approved COLA increase to Title III employees
 - Add \$118,000 to PW - Veh & Equip Maintenance Salaries & Wages due to Council approved COLA increase to Title III employees
 - Add \$136,000 to PW - Facilities Maintenance Salaries and Wages due to Council approved COLA increase to Title III employees
 - Add \$34,000 to PCR - Admin Salaries and Wages due to Council approved COLA increase to Title III employees
 - Add \$52,000 to PCR - Community Center Salaries and Wages due to Council approved COLA increase to Title III employees
 - Add \$38,000 to PCR - Library Salaries and Wages due to Council approved COLA increase to Title III employees
 - Add \$89,000 to PCR - Aquatics Center Salaries and Wages due to Council approved COLA increase to Title III employees
 - Add \$60,000 to Fire/EMS - Other Professional Svcs related to grant award; Fire Station feasibility study
 - Decrease PS Police Salaries and Wages by \$100,000; re-allocating to Communications and Corrections
 - Add \$68,000 to General Fund - Transfers to Enterprise Operations to account for lost revenue and expenses due to vacant housing
- 2) Solid Waste Fund - Operating Budget
 - Add \$25,000 to Solid Waste Budgeted Use of Unrestricted Net Assets
 - Add \$25,000 to Solid Waste - Operations Salaries and Wages due to Council approved COLA increase to Title III employees
- 3) Ports & Harbors Fund - Operating Budget
 - Add \$7,000 to Ports & Harbors Budgeted Use of Unrestricted Net Assets
 - Add \$7,000 to Ports Vehicle & Equipment Mntnce Salaries & Wages due to Council approved COLA increase to Title III employees
- 4) Housing Fund - Operating Budget
 - Add \$68,000 to Housing Transfers from the General Fund
 - Decrease Housing - Budgeted Use of Unrestricted Net Assets by \$68,000

	Org	Object	Project	Current	Requested	Revised
1) <u>General Fund - Operating Budget</u>						
Sources:						
Misc. State Op Grants - PS	01011041	42199		\$ -	\$ 60,000.00	\$ 60,000.00
PSM Disaster Commission Revenue	01010041	42370		270,726.00	3,442,069.92	3,712,795.92
Appropriated Fund Balance	01010049	49900		187,008.00	771,500.00	958,508.00
				\$ 457,734.00	\$ 4,273,569.92	\$ 4,731,303.92
Uses:						
CM - Custodial Services/Supplies	01020252	54230		\$ 58,500.00	\$ 11,500.00	\$ 70,000.00
CM - Salaries & Wages	01020251	51100		202,193.00	75,000.00	277,193.00
Admin - Salaries & Wages	01020351	51100		573,793.00	(75,000.00)	498,793.00
Finance - Audit & Accounting	01020652	53210		175,000.00	25,000.00	200,000.00
Finance - Investment Management Svcs	01020652	53220		175,000.00	25,000.00	200,000.00
Finance - Other Professional	01020652	53300		160,000.00	125,000.00	285,000.00
DPS - Police	01021151	51100		1,955,654.00	(100,000.00)	1,855,654.00
DPS - Communication	01021251	51100		510,802.00	50,000.00	560,802.00
DPS - Corrections	01021451	51100		606,598.00	50,000.00	656,598.00
Clerks	01020551	51100		355,947.00	17,000.00	372,947.00
PW - Streets & Roads	01022251	51100		1,059,945.00	33,000.00	1,092,945.00
PW - Vehicle & Equipment Maintenance	01022851	51100		526,720.00	118,000.00	644,720.00
PW - Facilities Maintenance	01022951	51100		580,155.00	136,000.00	716,155.00
PCR - Administration	01023151	51100		161,799.00	34,000.00	195,799.00
PCR - Community Center	01023351	51100		521,798.00	52,000.00	573,798.00
PCR - Library	01023451	51100		419,396.00	38,000.00	457,396.00
PCR - Aquatics Center	01023551	51100		371,147.00	89,000.00	460,147.00
Fire/EMS - Grants - Services	01021552	56455		-	60,000.00	60,000.00
GF - Transfers Out	01029854	59930		-	68,000.00	68,000.00
				\$ 8,414,447.00	\$ 831,500.00	\$ 9,245,947.00
2) <u>Solid Waste Fund - Operating Budget</u>						
Sources:						
Budgeted Use of Unrestricted Net Assets	53016549	49910		\$ 922,062.00	\$ 25,000.00	\$ 947,062.00
Uses:						
Solid Waste Operations	53024051	51100		\$ 225,072.00	\$ 25,000.00	\$ 250,072.00
3) <u>Ports & Harbors Fund - Operating Budget</u>						
Sources:						
Budgeted Use of Unrestricted Net Assets	54017049	49910		\$ 1,757,529.00	\$ 7,000.00	\$ 1,764,529.00
Uses:						
Ports & Harbors Veh & Equip Maintenance	54022851	51100		\$ 28,690.00	\$ 7,000.00	\$ 35,690.00
4) <u>Housing Fund - Operating Budget</u>						
Sources:						
Transfers from General Fund	56019848	49100		\$ -	\$ 68,000.00	\$ 68,000.00
Uses:						
Budgeted Use of Unrestricted Net Assets	56018049	49910		\$ 690,522.00	\$ (68,000.00)	\$ 622,522.00

MEMORANDUM TO COUNCIL

Updated June 10, 2025

To: Mayor and City Council Members
From: Jim Sharpe, Interim Finance Director
Through: William Homka, City Manager
Date: June 10, 2025
Re: Ordinance 2025-04: Creating FY 2025 Budget Amendment #3 to the Fiscal Year 2025 budget, appropriating \$771,500 from the General Fund for an increase of \$175,000 to the Finance Department Operating Budget, increase of \$86,500 to the City Manager's Operating Budget, decrease of \$75,000 to the City Administration Operating Budget; increase of \$17,000 to the Clerks Operating Budget; increase of \$287,000 to the Public Works Operating Budget; increase of \$213,000 to the PCR Operating Budget; increase of \$50,000 to the Public Safety Corrections Operating Budget; decrease Public Safety Police Operating Budget by \$100,000; increase of \$68,000 to the General Fund Transfers to Enterprises; accepting \$3,442,069.92 in Crab Disaster Relief Funds; appropriating Solid Waste Unrestricted Net Assets of \$25,000; increase of \$25,000 to Solid Waste Operating Budget; appropriate Ports and Harbors unrestricted net assets of \$7,000; increase of \$7,000 to the Ports and Harbors Operating Budget; and accepting a State of Alaska Department of Family and Community Services grant for \$60,000 to fund a portion of the cost related to the new fire station feasibility study in the amount of \$60,000

MODIFICATIONS SINCE FIRST READING: The ordinance presented on May 27, 2025 contained an error in the amount of crab disaster relief funding being accepted; and mistakenly appropriated that funding to the Ports capital project. The correct amount of crab disaster relief funding being accepted in the budget amendment is \$3,442,069.92. It is unnecessary to appropriate this funding to the Ports capital project because that was accomplished by the adoption of the CMMP. Because this is a change to the proposed ordinance, Council should, after moving to adopt the ordinance, approve an amendment to the ordinance. Suggested language is included below under "Proposed Motion".

There were two errors in the May 27 version of this memo, but the ordinance was correct. Those amounts are highlighted in yellow below related to the requests for the Finance Department and the City Manager Department.

An explanation for the requested transfers within the Public Safety Department has also been added.

SUMMARY: Ordinance 2025-04 will:

- Accept a State of Alaska grant in the amount of \$60,000
- Accept Crab Disaster Relief funds of \$3,442,069.92
- Appropriate General Fund balance of \$771,500
- Increase the City Manager's budget by \$86,500

- Decrease the City Administration budget by \$75,000
- Increase Clerks budget by \$17,000
- Increase the Finance Department budget by \$175,000
- Decrease Public Safety Police budget by \$100,000
- Increase Public Safety Communications and Corrections budgets by \$50,000 each
- Increase EMS budget for costs related to the new fire station feasibility study
- Increase Public Works budget by \$287,000
- Increase PCR budget by \$213,000
- Increase General Fund Operating Transfers Out by \$68,000
- Appropriate Solid Waste Fund Unrestricted Net Assets of \$25,000
- Appropriate Ports and Harbors Unrestricted Net Assets of \$7,000
- Increase Housing Transfers in from the General Fund by \$68,000
- Increase Solid Waste budget by \$25,000
- Increase Ports and Harbors budget by \$7,000
- Decrease Housing Budgeted use of Unrestricted Net Assets by \$68,000

BACKGROUND and DISCUSSION:

Crab Disaster Relief Funds: In January 2025, the City received the final installment of Crab Disaster Relief Funds in the amount of \$3,442,069.92. The purpose of the amendment is to accept those monies.

Title III COLA: In December 2024, City Council elected to provide a 3% COLA increase to Title III employees; however, only 2% was anticipated when the FY 2025 budget was adopted. This budget amendment is necessary, so the Clerks, Public Works and PCR personnel costs do not exceed existing budget amounts. Furthermore, it allows the Solid Waste Operations and Ports and Harbors Vehicle and Equipment Maintenance personnel costs to remain within budget.

Finance Department: In January 2025, the City contracted with Espelin & Associates LLC to provide an interim finance director. These costs were not contemplated when the fiscal year 2025 budget was adopted in 2024.

In recent years, the City's audit has been delayed. To bring the City current with audits, we contracted with BDO to complete a second audit during the fiscal year. In order to meet an accelerated timeline, the City contracted with Espelin & Associates LLC to provide additional resources related to audit preparation.

While the City remains on track to complete the fiscal year 2024 audit prior to June 30, 2025, the additional cost associated with a second audit and contracted audit preparation services requires an additional \$25,000 for audit and accounting and \$125,000 for other professional services.

The City's contract with Alaska Permanent Capital Management provides a fee structure based on assets under management. As such, the monthly fee increases as the City's investment portfolio increases. The fiscal year 2025 budgeted amount of \$175,000 did not represent a change from fiscal year 2024 and as the portfolio has grown, so has the fee. The requested budget increase of \$25,000 is sufficient to cover the remaining two months of the fiscal year.

City Manager & City Administration Departments: Each budget includes salaries and wages for the City Manager and Deputy City Manager, specific to their position. However, when the City Manager is off-island and the Deputy City Manager is the Acting City Manager, salary and related

fringe is allocated to the City Manager's budget, which is not included in the adopted budget for each department. This portion of the budget amendment does not result in an appropriation of fund balance but instead moves budgetary capacity from one budget to another in recognition of how costs were actually allocated.

Based on a review of year-to-date personnel costs related to the Deputy City Manager projected through the end of the fiscal year, a \$75,000 adjustment to each department's personnel budget (increase to City Manager and decrease to City Administration) should be sufficient to keep each budget in line with anticipated costs.

City Manager: The custodial services line covers both the contract for janitorial services, and the purchase of paper and related products for City Hall restrooms. Due to increased cost of paper products and related shipping, the budgeted amount for the custodial services budget line is no longer sufficient to cover the last two months of the fiscal year. Therefore, a budget increase of **\$11,500** is necessary to meet anticipated costs for May and June.

Public Safety: At the time the fiscal year 2025 budget was approved, negotiations had not yet concluded between the City and PSEA. Therefore, Public Safety's FY 2025 personnel budget was prepared and subsequently adopted by the Council using Staff's best estimate of anticipated wage increases. Negotiations were not completed until March of 2025 and included increases greater than the original budget amounts. Additionally, a long-time employee in the Corrections Department retired in April 2025 and had a significant amount of accrued leave that was paid out at retirement. As a result of these two items, Corrections and Communications are now expected to exceed their budgeted personnel amounts.

Throughout fiscal year 2025, the Police Department has not been fully staffed. Lack of staffing has led to budgetary capacity within the Police budget in an amount that exceeds the proposed increases to Corrections' and Communications' budgets. Rather than appropriate fund balance to accommodate these increases, it was decided to move budgetary capacity between divisions yielding a net zero impact to the department's overall budget. While strictly an administrative action, a budget amendment is required, rather than a line-item transfer, because the City's budgetary control is set at the Division level.

Fire/EMS: The Fire Department was awarded a \$60,000 grant from the State of Alaska Department of Family and Community Services, specifically from their Crisis Service Institutional Readiness Program. These awarded funds are designated to support the feasibility, design, and construction services necessary for the development of the new facility.

Securing this grant award is a direct result of our proactive efforts to identify and obtain external funding, augmenting local resources and demonstrating a fiscally responsible approach to advancing this Council-directed initiative. This initial achievement follows through on our commitment to pursuing all available funding avenues and shows tangible progress towards making this critical infrastructure project a reality for our community, aligning with strategies that improve community resilience and emergency response capabilities.

The planned facility extends beyond traditional fire services to address broader community needs identified as critical for resilience. The integrated design includes capabilities for emergency sheltering during natural disasters, provides a necessary temporary holding space for individuals experiencing mental health crises, and establishes a post-secondary education site for undergrads to pursue a career in emergency medical care.

The Fire Department remains fully committed to aggressively pursuing additional grant opportunities and partnerships to fully fund and realize this essential project. We now formally request the Council's approval to accept the \$60,000 grant awarded by the State of Alaska Department of Family and Community Services. Your acceptance will allow us to apply these funds directly to the ongoing planning and future development phases, moving us closer to constructing this necessary piece of critical infrastructure.

Housing: In August 2024, the City Council approved new City Housing Policy and Procedures, which states:

City-owned housing may be held vacant to recruit critical positions, as determined by the City Manager. Rent, heating, fuel, utilities, cleaning and maintenance costs related to the recruitment vacancies shall be reimbursed to the Housing Proprietary Fund by the General Fund.

During fiscal year 2025, it is estimated that lost revenue and costs associated with holding housing units for recruitment purposes is \$68,000, which is the amount included in this budget amendment. Due to the uncertainty around estimating this amount during the prior year budget process, an amount must be calculated closer to fiscal year end, necessitating this item's inclusion in the budget amendment.

ALTERNATIVES: Council could elect to adopt the budget amendment as presented, adjust amounts or not adopt the budget amendment. Failure to adopt the budget amendment could hamper the City's ability conduct business with vital service providers.

FINANCIAL IMPLICATIONS: An appropriation of \$771,500 from the General Fund, acceptance of \$3,442,069.92 in Crab Disaster Relief Funds, appropriating \$25,000 in Solid Waste Unrestricted Net Assets, appropriating \$7,000 in Ports and Harbors Unrestricted Net Assets, along with acceptance of \$60,000 in State of Alaska funding.

LEGAL: None

STAFF RECOMMENDATION: Staff recommends adoption of Ordinance 2025-04.

PROPOSED MOTION: First reading has been accomplished. The proposed motion for June 10, second reading, is: I move to adopt Ordinance 2025-04.

MOTION TO AMEND: Due to the changes made in the ordinance related to the crab disaster funding amount, a motion to amend the ordinance is needed. The version of the ordinance in the packet for tonight's meeting already includes these changes.

Motion to Amend: I move to amend Ordinance 2025-04 to change the amount of crab disaster relief funding being accepted to \$3,442,069.92; to delete the increase of \$3,712,795.92 to the Ports and Harbors Capital Projects Fund Transfers from General Fund; and to delete the increase of \$3,712,795.92 to the Ports and Harbors Capital Projects expenses

CITY MANAGER COMMENTS: I support the staff recommendation.

ATTACHMENTS: None