

CITY OF UNALASKA  
UNALASKA, ALASKA

ORDINANCE 2026-01

CREATING BUDGET AMENDMENT #3 TO THE FISCAL YEAR 2026 BUDGET; ACCEPTING \$40,000 FROM THE STATE OF ALASKA DEPARTMENT OF FAMILY AND COMMUNITY SERVICES, APPROPRIATING \$3,744,225 FROM THE GENERAL FUND FOR A DECREASE OF \$40,000 TO THE FIRE/EMS BUDGET; AN INCREASE OF \$276,963 TO THE CITY MANAGER BUDGET; TRANSFER \$3,507,262 TO THE CAPITAL PROJECTS FUND; ACCEPTING GRANT FUNDING FROM THE ALASKA ENERGY AUTHORITY RENEWABLE ENERGY-VILLAGE ENERGY EFFICIENCY PROGRAM GRANT IN THE AMOUNT OF \$169,308; INCREASE THE PARKS, CULTURE AND RECREATION DEPARTMENT'S BUDGET BY \$147,508 AND TRANSFER \$21,800 TO THE WATER CAPITAL PROJECTS FUND; ACCEPTING ALASKA ENERGY AUTHORITY RENEWABLE ENERGY-VILLAGE ENERGY EFFICIENCY PROGRAM GRANT OF \$210,000 IN THE PORTS AND HARBORS FUND; DECREASING PORTS AND HARBORS FUND UNRESTRICTED USE OF NET ASSETS BY \$210,000; APPROPRIATING \$270,000 FROM THE AIRPORT FUND; INCREASING TRANSFERS TO THE AIRPORT CAPITAL PROJECTS FUND; INCREASING TRANSFERS FROM ENTERPRISE FUNDS IN THE AIRPORT CAPITAL PROJECTS FUND, INCREASING THE AIRPORTS CAPITAL PROJECT FUND BY \$270,000; ACCEPTING \$50,000 FROM THE U.S. ENVIRONMENTAL PROTECTION AGENCY, PASSED THROUGH THE STATE OF ALASKA IN THE WATER FUND, INCREASING WATER FUND OPERATING BUDGET BY \$50,000; ACCEPTING U.S. DEPARTMENT OF ENERGY GRANT FUNDS OF \$2,500,000 IN THE ELECTRIC CAPITAL PROJECTS FUND; INCREASING PROJECT EL26D – SUBTRANSMISSION UPGRADES BY \$2,500,000

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 FY26 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 2025-05**

**I. OPERATING BUDGETS**

**A. General Fund**

	Current	Requested	Revised
<b>Sources</b>			
General Fund - Appropriated Fund Balance	\$ 12,322,709	\$ 3,744,225	\$ 16,066,934
Federal Grants - Unrestricted	-	169,308	169,308
Misc State Operating Grants PS	20,751	40,000	60,751
	<u>\$ 12,343,460</u>	<u>\$ 3,953,533</u>	<u>\$ 16,296,993</u>
<b>Uses</b>			
City Manager's Office	\$ 602,895	276,963	879,858
Parks, Culture & Recreation	5,044,594	147,508	5,192,102
General Fund - Transfers to Capital Projects	-	3,507,262	3,507,262
General Fund - Transfers to Proprietary Capital	3,734,770	21,800	3,756,570
	<u>\$ 9,382,259</u>	<u>\$ 3,953,533</u>	<u>\$ 13,335,792</u>

**B. Proprietary Funds**

	Current	Requested	Revised
<b>Sources</b>			
Ports Capital Projects Fund - Transfers from General Fund	\$ 3,242,070	\$ -	\$ 3,242,070
Electric Capital Projects Fund - Misc Federal Capital Grants	-	2,500,000	2,500,000
Water Fund - Misc State Grants	-	50,000	50,000
Water Capital Projects Fund - Transfers from General Fund	-	21,800	21,800
Airport Fund - Budgeted use of unrestricted net assets	562,973	270,000	832,973
Airport Capital Projects Fund - Transfers from Enterprise Op Fund	-	270,000	270,000
	<u>\$ 3,805,043</u>	<u>\$ 3,111,800</u>	<u>\$ 6,916,843</u>
<b>Uses</b>			
Electric Capital Project Fund - Subtransmission Upgrades	\$ 3,481,044	\$ 2,500,000	\$ 5,981,044
Water Fund - Repairs and Maintenance	140,000	20,000	160,000
Water Fund - Machinery and Equipment	50,000	30,000	80,000
Water Capital Projects Fund - Icy Lake Reservoir Battery Replacement	-	21,800	21,800
Airport Fund - Transfers to Capital Projects	-	270,000	270,000
Airport Capital Projects Fund - Repair and Maintenance Airport Building	-	270,000	270,000
	<u>\$ 3,671,044</u>	<u>\$ 3,111,800</u>	<u>\$ 6,782,844</u>

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on January 27, 2026.

  
Vincent M. Tutiakoff, Sr.  
Mayor

ATTEST:

  
Estelita P. Magdaong, CMC  
City Clerk



**Ordinance 2026-01**  
**Fiscal Year 2026 Budget Amendment #3**

- 1) General Fund - Operating Budget
  - Add \$3,744,225 to Appropriated Fund Balance
  - Add \$169,308 to Federal Grants
  - Add \$40,000 to Miscellaneous State Operating Grants
  - Add \$3,507,262 to transfers to Government Capital Projects
  - Add \$21,800 to Transfers to Enterprise Capital Projects
  - Add \$276,963 to the City Manager Operating Budget
  - Add \$147,508 to the PCR Operating Budget
- 2) General Fund - Capital Projects Budget
  - Add \$3,507,262 to Transfers from the General Fund
  - Add \$3,507,262 to the Citywide Roofing Assessment Project
- 3) Proprietary Funds - Operating Budgets
  - Add \$50,000 to Miscellaneous State Operating Grants in the Water Fund
  - Add \$50,000 to the Water Fund Operating Budget
  - Add \$270,000 to Appropriated Use of Unrestricted Net Assets in the Airport Fund
  - Add \$270,000 to Transfers to Enterprise Capital Projects in the Airport Fund
- 4) Proprietary Funds - Capital Projects Budgets
  - Add \$2,500,000 to Miscellaneous Federal Capital Grants for the Electric Fund Subtransmission Upgrades Project
  - Add \$2,500,000 to the Electric Fund Subtransmission Upgrades Capital Project
  - Add \$21,800 to Transfers from the General Fund for the Water Fund Icy Lake Reservoir Battery Replacement Project
  - Add \$21,800 to the Water Fund Icy Lake Reservoir Battery Replacement Project
  - Add \$270,000 to Transfers from Enterprise Funds in the Airport Capital Project Fund
  - Add \$270,000 to the Airport Fund Airport Glulam Stabilization Project

	<u>Org</u>	<u>Object</u>		<u>Current</u>	<u>Requested</u>	<u>Revised</u>
1) <b><u>General Fund - Operating Budget</u></b>						
<b><u>Sources:</u></b>						
Appropriated Fund Balance	01010049	49900		12,322,709	3,744,225	16,066,934
Federal Grants - Unrestricted	01012041	42199		0	169,308	169,308
Misc State Operating Grants	310A2541	42199	GR002	20,751	40,000	60,751
<b><u>Uses:</u></b>						
Transfers to Govt Cap Project	01029854	59920		0	3,507,262	3,507,262
Transfers to Enterprise Capital Projects	01029854	59940		3,734,770	21,800	3,756,570
<b><u>City Manager's Office</u></b>						
Salaries and Wages	01020251	51100		202,289	170,000	372,289
FICA & Medicare Emplr Match	01020251	52200		14,774	12,963	27,737
Other Professional Svc	01020252	53300		116,000	35,000	151,000
Travel and Related Costs	01020252	55903		41,000	36,500	77,500
Employee Moving Costs	01020252	55908		5,000	22,500	27,500
<b><u>PCR Administration</u></b>						
Other Professional Svcs	01023552	53300		7,500	140,000	147,500
<b><u>Aquatics Center</u></b>						
Other Professional Svcs	01023552	53300		7,500	7,508	15,008
2) <b><u>Capital Project Fund</u></b>						
<b><u>Sources:</u></b>						
Transfers from General Fund	31019848	49100	PW26A	0	3,507,262	3,507,262
<b><u>Uses:</u></b>						
Other Professional	31021553	53300	PW26A	0	3,507,262	3,507,262
3) <b><u>Water Fund - Operating Budget</u></b>						

	<u>Org</u>	<u>Object</u>		<u>Current</u>	<u>Requested</u>	<u>Revised</u>
<b>Sources:</b>						
Misc State Operating Grants	51015541	42199		0	50,000	50,000
<b>Uses:</b>						
<b>Water - Operations</b>						
Repair and Maintenance	51024352	54300		140,000	20,000	160,000
Machinery and Equipment	51024353	57400		50,000	30,000	80,000
<b>Airport Fund - Operating Budget</b>						
<b>Sources:</b>						
Budgeted use of unrestricted net assets	55017549	49910		562,973	270,000	832,973
<b>Uses:</b>						
Transfers to Enterpr Capt Proj	55029854	59940		0	270,000	270,000
<b>4) Electric Fund - Capital Project Budget</b>						
<b>Sources:</b>						
Misc Federal Capital Grants	50115041	42249	EL26D	0	2,500,000	2,500,000
<b>Uses:</b>						
Contingency	50125053	55912	EL26D	870,261	2,500,000	3,370,261
<b>Water Fund - Capital Projects Budget</b>						
<b>Sources:</b>						
Transfers from General Fund	51119848	49100	XXXXX	0	21,800	21,800
<b>Uses:</b>						
Repairs and Maintenance Svcs	51022852	54300	XXXXX	0	21,800	21,800
<b>Airport Fund - Capital Budget</b>						
<b>Sources:</b>						
Transfers from Proprietary Op	55119848	49130	XXXXX	0	270,000	270,000
<b>Uses:</b>						
Repair/Maintenance Services	55127553	54300	XXXXX	0	270,000	270,000

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Jim Sharpe, Interim Finance Director  
Through: Marjie Veeder, Acting City Manager  
Date: January 13, 2026  
Re: Ordinance 2026-01: Creating Budget Amendment #3 to the Fiscal Year 2026 Budget, accepting \$40,000 from the State of Alaska Department of Family and Community Services, appropriating \$3,744,225 from the General Fund for a decrease of \$40,000 to the Fire/EMS budget; an increase of \$276,963 to the City Manager budget; transfer \$3,507,262 to the Capital Projects Fund; accepting grant funding from the Alaska Energy Authority Renewable Energy-Village Energy Efficiency Program grant in the amount of \$169,308; increase the Parks, Culture and Recreation Department's budget by \$147,508 and transfer \$21,800 to the Water Capital Projects Fund; accepting Alaska Energy Authority Renewable Energy-Village Energy Efficiency Program grant of \$210,000 in the Ports and Harbors Fund; decreasing Ports and Harbors Fund unrestricted use of net assets by \$210,000; appropriating \$270,000 from the Airport Fund; increasing transfers to the Airport Capital Projects Fund; increasing transfers from Enterprise Funds in the Airport Capital Projects Fund, increasing the Airports Capital Project Fund by \$270,000; accepting \$50,000 from the U.S. Environmental Protection Agency, passed through the State of Alaska in the Water Fund, increasing Water Fund operating budget by \$50,000; accepting U.S. Department of Energy grant funds of \$2,500,000 in the Electric Capital Projects Fund; increasing project EL26D – Subtransmission Upgrades by \$2,500,000

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**SUMMARY:** City of Unalaska Ordinance 2026-01 is the third budget amendment to the City of Unalaska's Fiscal Year 2026 Operating and Capital Budget. If approved, it will accomplish the following:

- Accepts grant funds in the amount of \$40,000 from the State of Alaska, Department of Family and Community Services – Crisis Service Institutional Readiness Grant (DFCS-CSIR); considering the cost of the funding will be used to reduce appropriated Fund Balance by \$40,000 and will be used for the planned ambulance replacement
- Appropriates \$276,963 from the General Fund for anticipated costs related to the recruitment and retention of an Interim City Manager and a Permanent City Manager
- Appropriates and transfers \$3,507,262 (the amount to be returned to the General Fund through Resolution 2026-03) from the General Fund to create the Citywide Roofing Improvements Project; funding will be used to initiate beginning design and engineering for the first phase of roof replacement projects
- Accepts Alaska Energy Authority (AEA) Renewable Energy-Village Energy Efficiency Program (RE-VEEP) Round 1 grant funding, within the General Fund, in the amount of \$169,308; the PCR Administrative operating budget will be increased by \$140,000 for an

energy efficiency audit and the PCR Aquatic Center operating budget will be increased by \$7,508 for an energy efficiency audit of the Aquatics Center; the remaining \$21,800 will be transferred to the Water Capital Projects Fund for the Ice Lake Battery Upgrade

- Accepts RE-VEEP Round 2 grant funding the amount of \$210,000 within the Ports Fund to partially offset the cost of replacing outdated lighting at the Light Cargo Dock (LCD) and Unalaska Marine Center (UMC); project PH26C was created for this project
- Appropriates \$270,000 from the Airport Fund for Airport Building Emergency Glulam Stabilization
- Accepts \$50,000 from the U.S. Environmental Protection Agency (EPA), passed through the State of Alaska, of which \$20,000 will be used for Fiscal Year 2026 operations in the Water Department and \$30,000 will be used to augment funds previously appropriated allowing the Water Department to complete the purchase of a Ditch Witch HX40G Hydro Excavator
- Accepts grant funds in the amount of \$2,500,000 from the U.S. Department of Energy (DOE), Grid Deployment Office. These monies augment previously appropriated funding, as a required match, for project: EL26D – Subtransmission Upgrades

**PREVIOUS COUNCIL ACTION:** On June 24, 2025, City Council adopted the Fiscal Year 2026 Operating and Capital budget through Ordinance 2025-05; this is the third amendment. The Capital budget included an appropriation of \$3,481,044 for Subtransmission Upgrades (EL26D); which exceeds the required match for the DOE grant.

On October 14, 2025, City Council adopted Budget Amendment #2 to the Fiscal Year 2026 Operating and Capital budget through Ordinance 2025-13; appropriating \$492,700 from the General Fund and transferring it to the Ports Capital Projects Fund for the anticipated cost of light repairs at the LCD and the UMC.

On June 10, 2025, City Council's adopted Budget Amendment #3 to the Fiscal Year 2025 Operating and Capital Budget through Ordinance 2025-04 accepting \$60,000 of DFCS-CSIR grant funding to conduct a feasibility study for a new fire station and integrated emergency facility, that specifically included spaces for behavioral health emergencies.

## **BACKGROUND AND DISCUSSION:**

### **State of Alaska, DFCS-CSIR Grant**

In 2025, the Unalaska Fire Department was awarded \$60,000 through the Crisis Services Institutional Readiness Grant. This funding was specifically provided to augment the City's Fire Station Feasibility Study, with an emphasis on integrating behavioral health and mental health-focused programming into future facility planning. That feasibility study has been successfully completed and formally presented to Council.

During the second round of DFCS grant opportunities, the City was awarded an additional \$40,000. Following discussions with the State, we were successful in re-scoping that award to allow the funds to be applied toward the replacement of an ambulance currently scheduled for renewal through the City's Rolling Stock Program. The purchase agreement for this ambulance

has already been executed (\$473,159), and these funds (\$40,000) would be applied at delivery time, reducing the overall cost (\$433,159).

The re-scoped award will directly offset the total capital cost of the ambulance replacement, reducing the City's financial burden while supporting pre-hospital emergency medical service delivery. This adjustment aligns with the intent of the Crisis Services Institutional Readiness Grant by enhancing local emergency response capability and overall community health resilience.

### **Interim City Manager and Permanent City Manager Recruitment and Retention**

The City is in need of a City Manager. Council has determined to hire an Interim City Manager and to hire a recruitment firm to search for a permanent City Manager. The City Manager's Fiscal Year 2026 budget is insufficient for these expenditures, necessitating additional appropriation. A budget amendment in the amount of \$276,963 is requested in the following budget lines:

- Salaries and Wages - \$170,000
- FICA & Medicare Employer Match - \$12,963
- Other Professional Services - \$35,000 (recruiting firm)
- Travel and Related Costs - \$36,500
- Employee Moving Costs - \$22,500

The proposed budget amendment will cover

- Salary for an interim manager through the end of the fiscal year and anticipated travel to/from Unalaska;
- A recruitment firm to search for a permanent city manager;
- Interview trips for up to three candidates; and
- Potential signing bonus, relocation expenses, air fare, salary and benefits for a new city manager.

Because it is unknown how long an interim city manager may be employed or when a new permanent city manager may be hired, we have estimated high. As always, unused Fiscal Year 2026 funding will be returned to the General Fund. We have not included lodging expenses for an interim city manager as we are planning to use a city-owned apartment. The Housing Fund will be reimbursed for this expense from the General Fund pursuant to the Housing Policy.

### **Citywide Roofing Improvements Project**

The recently completed Citywide Roof Assessment has evaluated roofs based on age, condition, remaining service life, deficiencies, and risk of failure across City facilities. This information allows staff to move toward a coordinated approach to roof maintenance and replacement.

The City has previously appropriated funds for various building and roofing related capital projects. These projects are recommended for closure via Resolution 2026-03 (included on tonight's agenda). Those funds will be used to implement the first phase of the Citywide Roofing Improvements Project based on the assessment's prioritization for roof replacement.

This will allow staff to engage with consultants, engineers and architects through the RFQ process for design and engineering services for future roof replacement projects. By creating a project through this budget amendment, staff can begin preliminary work in advance of the Fiscal Year 2027 CMMP approval and funding process.

### **RE-VEEP Round 1 - Supporting Unalaska's Energy Grid**

AEA supports the development of renewable energy projects and reduction of energy consumption in rural Alaskan municipalities through the implementation of their RE-VEEP Program. The City has received two rounds of RE-VEEP funding for two separate projects. Round 1 is designed to help the City address energy inefficiencies in various City buildings through replacement of lighting, completion of energy audits, and strengthening battery systems.

In June 2024, AEA awarded the City of Unalaska \$169,308 in grant funds for the aforementioned infrastructure improvements. The requirements of this grant include quarterly fiscal and narrative reports, a submitted copy of the energy audit results, a submitted copy of the detailed Icy Lake maintenance plan, and a finalized report.

### **RE-VEEP Round 2 - LCD and UMC Lighting Replacement**

The AEA regularly posts rounds of their RE-VEEP in order to support the development and improvement of energy infrastructure in rural Alaska. The City has received two rounds of RE-VEEP funding for two separate projects. Round 2 was originally intended to fund the replacement of lights in City buildings with more efficient LED ones. However, after discussion with AEA, this project was transitioned to instead help cover the cost of replacing the deficient lighting at the LCD and UMC.

AEA awarded the City of Unalaska \$210,00 in grant funds to help defray the cost of replacing outdated lighting at the LCD and UMC. There is an additional \$10,000 cost-share requirement, which has already been met via the Department of Public Utilities performing an in-house energy study. The other requirements of this grant include quarterly fiscal and narrative reports and a finalized report.

### **Airport Building Emergency Glulam Stabilization**

During the recently completed Citywide Roof and Building Assessment completed by Cornerstone Architectural Group roofing and building assessment, it was noted that the Tom Madsen Airport requires immediate repairs in order to stabilize structural glulam members. The airport terminal is an occupied public facility, and the affected glulam members are critical structural elements. Leaving these conditions unaddressed presents an increased risk to the public, airport staff, and ongoing airport operations.

The proposed budget amendment funds the required emergency stabilization work, but not full replacement. The approach is to immediately engage structural engineering services to develop stabilization details and perform construction work necessary to stabilize the affected glulam members while maintaining continuous airport operations. This strategy mitigates immediate risk, addresses the assessment findings, and allows the City to plan longer-term capital improvements separately.

The requested \$270,000 budget amendment will fund the following:

- Engineering and design services necessary to address structural safety concerns.
- Emergency construction and stabilization work.



### **Water Fund - EPA Grant, passed through the State of Alaska**

In October 2024, EPA published the Lead and Copper Rule Improvements, establishing additional requirements for public water systems, including the development of an initial inventory to identify the materials of service lines connected to water distribution systems. The Unalaska Water System was identified by the EPA and the State of Alaska as one of the 270 public water systems serving Native and/or disadvantaged populations. In total, EPA allocated \$5,600,000 to assist with the development of lead service line inventories. Water Division staff completed the inventory in-house through customer surveys, records review, and excavation of unidentified services, qualifying the City for a \$50,000 reimbursement for the inventory of approximately 600 services.

During the preparation of the Fiscal Year 2026 budget, the Water Division solicited bids for the replacement of the batteries for the backup battery system at the Pyramid Water Treatment Plant. Initial estimates indicated replacement costs of approximately \$140,000, and the Water Division budgeted \$140,000 under Repair and Maintenance Services for this work. After the start of the fiscal year, the original bids expired and new bids were solicited. Updated pricing reflected a significant increase, with current estimates totaling approximately \$170,000. Using a portion of the grant (\$20,000) will allow the Water Division to remain within its Fiscal Year 2026 budget for these replacements.

Separately, during the Fiscal Year 2026 rolling stock replacement and procurement process, the Water and Electric Divisions requested authorization to purchase a new vactor trailer intended for maintaining water valve boxes, water and electric vaults, and exposing utilities. Initial bids were estimated at \$90,000 plus shipping to Unalaska. New bids were solicited in the fall of 2025, and pricing increased, with the lowest bidder offering the vactor trailer at \$119,662 plus shipping. Using a portion of the grant (\$30,000) will allow the Water Department fully cover the cost of the vactor trailer without requesting additional funding. The anticipated full cost vactor trailer (\$100,000) was originally included in the Fiscal Year 2026 budget split equally between the Electric and Water Funds; however, with this additional funding, the anticipated cost (\$130,000) will be allocated more heavily to the Water Fund; however, considering the additional funding does not represent an additional burden upon the Water Fund, each fund will bear the same level of responsibility with respect to department funded costs.

Any remaining funds will be returned to the Water Proprietary Fund

### **U.S. Department of Energy Subtransmission Upgrade Grant**

The Department of Energy National Energy Technology Laboratory awarded the City \$2,500,000 in congressionally directed spending in 2023 for the Unalaska Aging Infrastructure Replacement Project. The project is intended to upgrade and extend the City's electric distribution infrastructure to improve reliability and capacity. The required match was appropriated by the City as part of the Fiscal Year 2026 Operating and Capital Budget (EL26D Subtransmission Upgrades), which is an overarching project to improve the City's electric infrastructure.

In September 2025, following negotiations to revise the project's scope and budget, the DOE informed the City that they were ready to proceed with the award. This was delayed by the government shutdown that began in October; however, the City has now signed an assistance agreement to commence the project. Eligible costs will be reimbursed to the City up to the grant's maximum of \$2,500,000, and the remainder, approximately \$3,200,000 currently budgeted, has already been appropriated by the City. The following work is to be completed under the grant:

- Project Management and Planning
- System Audit, Preparation and Design
- Submarine Cable Replacement. Replacement of the 35kV submarine cable connecting Unalaska and Amaknak islands.
- Distribution Demolition, Construction, and Implementation.
- Documentation and SCADA Integration. Integrate all installed or modified equipment into the City's existing supervisory control and data acquisition (SCADA) system.

### **ALTERNATIVES:**

**State of Alaska, DFCS-CSIR Grant:** Council could choose not to accept the grant funding, therefore bearing the entire cost of the ambulance

**Interim City Manager and Permanent City Manager Recruitment and Retention:** Council can approve the budget amendment as presented, alter it or decided not to approve it. Lack of approval could delay the recruitment and hiring process of the interim and permanent City Manager.

**Citywide Roofing Improvements Project:** Council can approve the budget amendment as presented, alter it or decide not to approve it. Lack of approval will push the start date of hiring consultants, engineers and architects under contract for design and engineering to the beginning of Fiscal Year 2027.

**RE-VEEP Round 1 - Supporting Unalaska's Energy Grid:** City Council could elect not to accept the grant funding, delaying, cancelling or self-funding the proposed improvements.

**RE-VEEP Round 2 - LCD and UMC Lighting Replacement:** City Council could elect to not accept the grant funding, which would require self-funding the already Council-approved improvements to the LCD and UMC.

**Airport Building Emergency Glulam Stabilization:** City Council could elect to not to approve the proposed budget amendment; however, by doing so the already identified condition will continue to present an increased risk to the public, airport staff and ongoing airport operations.

**Water Fund - EPA Grant, passed through the State of Alaska:** City Council could elect not accept the grant funding, which would delay equipment procurement and preventative maintenance.

**U.S. Department of Energy Subtransmission Upgrade Grant:** City Council could elect to not approve the proposed budget amendment; however, by doing so the City would forfeit the congressional designated funding potentially delaying the project.

### **FINANCIAL IMPLICATIONS:**

**State of Alaska, DFCS-CSIR Grant:** Adopting Budget Amendment #3 will allow the City to save \$40,000.

**Interim City Manager and Permanent City Manager Recruitment and Retention:** Adopting Budget Amendment #3 will require an appropriation of \$276,963 from the General Fund with unused Fiscal Year 2026 monies returned to the General at the conclusion of the fiscal year.

**Citywide Roofing Improvements Project:** The General Fund would fund the newly created Citywide Roofing Improvements Project in the amount of \$3,507,262. While the budget amendment includes an appropriation of funds, should Council approve Resolution 2026-03 Closure of Building and Roofing Projects, funds returned to the General Fund will fully offset this appropriation, representing a net appropriation of \$0.

**RE-VEEP Round 1 - Supporting Unalaska's Energy Grid:** The City would receive grant funding the amount of \$169,308 to be used for an energy audit and to replace and upgrade the battery system that maintains the controls the Water Utility Fund's Icy Lake Reservoir.

**RE-VEEP Round 2 - LCD and UMC Lighting Replacement:** Considering Council has already approved the replacement and upgrade of the LCD and UMC lighting, and the City has met the grant's cost share requirement, there is no net cost to the City. However, the City will save approximately \$210,000 of those costs by accepting this grant.

**Airport Building Emergency Glulam Stabilization:** The Airport Fund will appropriate Net Position in the amount of \$270,000 that will be used to fund the anticipated costs of the emergency project.

**Water Fund - EPA Grant, passed through the State of Alaska:** The City's Water Fund would receive grant funding the amount of \$50,000 to be used to replace batteries at the Pyramid Lake Water Treatment Plant (\$20,000) and complete the purchase of the vacor trailer.

**U.S. Department of Energy Subtransmission Upgrade Grant:** The required match of \$3,203,498 was appropriated to project EL26D – Subtransmission Upgrades as part of the Fiscal Year 2026 Operating and Capital Budget.

**LEGAL:** None.

**STAFF RECOMMENDATION:** Staff recommends approval.

**PROPOSED MOTION:** I move to introduce Ordinance 2026-01 and schedule it for public hearing and second reading on January 27, 2026.

**CITY MANAGER COMMENTS:** Adoption of Ordinance 2026-01 is recommended to formally accept multiple external grant awards, make targeted appropriations, and realign previously approved funding in order to advance critical public safety, infrastructure, energy efficiency, utility, and organizational stability priorities. The amendment leverages significant state and federal grant funding to reduce the City's financial burden, address urgent safety and operational risks, initiate priority capital planning work, and ensure continuity of executive leadership. Collectively, these actions strengthen essential services, improve asset management, and position the City to move forward efficiently with projects already evaluated, approved, or underway, while minimizing net local cost and risk to ongoing operations. For these reasons, I recommend adoption.