CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2026-14

CREATING BUDGET AMENDMENT #1 TO THE FISCAL YEAR 2027 OPERATING AND CAPITAL BUDGET FOR ADDITIONAL COSTS RELATED TO THE PURCHASE OF NEW SERVERS AND RECLASSIFY A POLICE OFFICER POSITION TO A POLICE SERVICES SPECIALIST POSITION; THE AMENDMENT WILL APPROPRIATE $149,851 FROM THE GENERAL FUND, INCREASE THE INFORMATION SERVICES BUDGET BY $185,600, REDUCE THE POLICE BUDGET BY $99,793, INCREASE THE COMMUNICATIONS BUDGET BY $32,022, INCREASE THE CORRECTIONS BUDGET BY $32,022; INCREASE BUDGETED USE OF UNRESTRICTED NET ASSETS AND INCREASE NON-PERSONNEL OPERATING EXPENSES IN THE ELECTRIC UTILITY FUND BY $29,000; INCREASE BUDGETED USE OF UNRESTRICTED NET ASSETS AND INCREASE NON-PERSONNEL OPERATING EXPENSES IN THE WATER UTILITY FUND BY $23,200; INCREASE BUDGETED USE OF UNRESTRICTED NET ASSETS AND INCREASE NON-PERSONNEL OPERATING EXPENSES IN THE WASTEWATER UTILITY FUND BY $20,300; INCREASE BUDGETED USE OF UNRESTRICTED NET ASSETS AND INCREASE NON-PERSONNEL OPERATING EXPENSES IN THE SOLID WASTE UTILITY FUND BY $8,700; AND INCREASE BUDGETED USE OF UNRESTRICTED NET ASSETS AND INCREASE NON-PERSONNEL OPERATING EXPENSES IN THE PORTS & HARBORS FUND BY $23,200

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 FY27 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. 1 to Ordinance 2026-10

		Current	Requested	Revised
I. OPERATING BUDGETS				
A. General Fund				
Sources				
	General Fund - Appropriated Fund Balance	$ 5,847,859	$ 149,851	$ 5,997,710
Uses				
	Information Services	$ 1,593,914	$ 185,600	$ 1,779,514
	Police	4,879,856	(99,793)	4,780,063
	Communications	1,117,606	32,022	1,149,628
	Corrections	1,296,885	32,022	1,328,907
		$ 8,888,261	$ 149,851	$ 9,038,112
B. Proprietary Funds				
Sources				
	Electric Fund - Budgeted use of unrestricted net assets	$ 4,176,834	$ 29,000	$ 4,205,834
	Water Fund - Budgeted use of unrestricted net assets	68,723	23,200	91,923
	Wastewater Fund - Budgeted use of unrestricted net assets	1,268,706	20,300	1,289,006
	Solid Waste Fund - Budgeted use of unrestricted net assets	1,480,185	8,700	1,488,885
	Ports & Harbors Fund Fund - Budgeted use of unrestricted net assets	3,501,849	23,200	3,525,049
		$ 10,496,297	$ 104,400	$ 10,600,697

		Current	Requested	Revised
Uses				
	Electric Fund - Utility Administration Expenses	$ 5,054,541	$ 29,000	$ 5,083,541
	Water Fund - Utility Administration Expenses	1,734,867	23,200	1,758,067
	Wastewater Fund - Utility Administration Expenses	2,013,778	20,300	2,034,078
	Solid Waste Fund - Utility Administration Expenses	1,746,662	8,700	1,755,362
	Ports & Harbors Fund - Harbor Office Expenses	6,885,429	23,200	6,908,629
		$ 17,435,277	$ 104,400	$ 17,539,677

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on July 28, 2026.

Vincent M. Tutiakoff, Sr.

Vincent M. Tutiakoff, Sr.
Mayor

ATTEST:

Estkarlen P. Magdaong

Estkarlen P. Magdaong, CMC
City Clerk

CITY OF UNALASKA CORPORATE SEAL STATE OF ALASKA

ORDINANCE 2026-14
FY27 Budget Amendment #1

1) **General Fund - Operating Budget**
   Increase General Fund Appropriated Fund Balance by $149,851
   Increase the General Fund Information Services non-personnel budget by $185,600
   Decrease the General Fund Public Safety personnel budget by $99,793
   Increase the General Fund Communications personnel budget by $32,022
   Increase the General Fund Corrections personnel budget by $32,022

2) **Electric Proprietary Fund - Operating Budget**
   Increase Budgeted Use of Unrestricted Net Assets by $29,000
   Increase Electric Utility Admin non-personnel expense budget by $29,000

3) **Water Proprietary Fund - Operating Budget**
   Increase Budgeted Use of Unrestricted Net Assets by $23,200
   Increase Water Utility Admin non-personnel expense budget by $23,200

4) **Wastewater Proprietary Fund - Operating Budget**
   Increase Budgeted Use of Unrestricted Net Assets by $20,300
   Increase Wastewater Utility Admin non-personnel expense budget by $20,300

5) **Solid Waste Proprietary Fund - Operating Budget**
   Increase Budgeted Use of Unrestricted Net Assets by $8,700
   Increase Solid Waste Utility Admin non-personnel expense budget by $8,700

6) **Ports & Harbors Proprietary Fund - Operating Budget**
   Increase Budgeted Use of Unrestricted Net Assets by $23,200
   Increase Ports & Harbors Harbor Office non-personnel expense budget by $23,200

		Org	Object	Current	Requested	Revised
)	**General Fund - Operating Budget**					
	Sources:					
	Appropriated Fund Balance	01010049	49900	5,847,859	149,851	5,997,710
	Uses:					
	Information Systems					
	Computer Hardware / Software	01020752	56150	325,268	185,600	510,868
	Public Safety					
	Salaries and Wages	01021151	51100	2,363,930	(48,432)	2,315,498
	Overtime	01021151	51300	342,000	(10,000)	332,000
	Health Insurance Benefit	01021151	52100	728,626	(17,050)	711,576
	FICA & Medicare Employer Match	01021151	52200	192,034	(4,470)	187,564
	PERS Employer Contribution	01021151	52300	541,713	(14,608)	527,105
	Unemployment Insurance	01021151	52400	6,560	(217)	6,343
	Workers Compensation	01021151	52500	41,472	(4,956)	36,516
	Other Employee Benefits	01021151	52900	2,389	(60)	2,329
	Communications					
	Salaries and Wages	01021251	51100	559,853	17,540	577,393
	Health Insurance Benefit	01021251	52100	200,338	8,525	208,863
	FICA & Medicare Employer Match	01021251	52200	47,522	1,342	48,864
	PERS Employer Contribution	01021251	52300	159,056	4,385	163,441
	Unemployment Insurance	01021251	52400	2,547	108	2,655
	Workers Compensation	01021251	52500	1,346	92	1,438
	Other Employee Benefits	01021251	52900	664	30	694
	Corrections					
	Salaries and Wages	01021451	51100	638,743	17,540	656,283
	Health Insurance Benefit	01021451	52100	232,307	8,525	240,832
	FICA & Medicare Employer Match	01021451	52200	53,464	1,342	54,806
	PERS Employer Contribution	01021451	52300	150,938	4,385	155,323
	Unemployment Insurance	01021451	52400	2,411	108	2,519
	Workers Compensation	01021451	52500	12,323	92	12,415
	Other Employee Benefits	01021451	52900	664	30	694
)	**Electric Fund - Operating Budget**					
	Sources:					
	Budgeted Use of Unrestricted Net Assets	50015049	49910	4,176,834	29,000	4,205,834
	Uses:					
	Electric - Utility Administration					
	Computer Hardware / Software	50024051	56150	29,870	29,000	58,870
)	**Water Fund - Operating Budget**					
	Sources:					
	Budgeted use of unrestricted net assets	51015549	49910	68,723	23,200	91,923
	Uses:					
	Water - Utility Administration					
	Computer Hardware / Software	51024052	56150	23,896	23,200	47,096
)	**Wastewater Fund - Operating Budget**					
	Sources:					
	Budgeted use of unrestricted net assets	52016049	49910	1,268,706	20,300	1,289,006
	Uses:					
	Wastewater - Utility Administration					
	Computer Hardware / Software	52024052	56150	20,909	20,300	41,209
)	**Solid Waste Fund - Operating Budget**					
	Sources:					
	Budgeted use of unrestricted net assets	53016549	49910	1,480,185	8,700	1,488,885
	Uses:					
	Solid Waste - Utility Administration					
	Computer Hardware / Software	53024052	56150	8,961	8,700	17,661
)	**Ports and Harbors Fund - Operating Budget**					
	Sources:					
	Budgeted use of unrestricted net assets	54017049	49910	3,501,849	23,200	3,525,049
	Harbor Office					
	Computer Hardware / Software	54025052	56150	34,096	23,200	57,296

MEMORANDUM TO COUNCIL

To:	Mayor and City Council Members
From:	Jim Sharpe, Interim Finance Director
Through:	Marjie Veeder, Acting City Manager
Date:	July 14, 2026
Re:	Ordinance 2026-14: Fiscal Year 2027 Budget Amendment #1 due to additional costs related to the purchase of new servers and reclassification of a Police Officer position to a Police Services Specialist position; the amendment will appropriate $149,851 from the General Fund, increase the Information Services budget by $185,600, reduce the Police budget by $99,793, increase the Communications budget by $32,022, increase the Corrections budget by $32,022, increase Budgeted Use of Unrestricted Net Assets and increase Non-Personnel operating expenses in the Electric Utility Fund by $29,000; increase Budgeted Use of Unrestricted Net Assets and increase Non-Personnel operating expenses in the Water Utility Fund by $23,200; increase Budgeted Use of Unrestricted Net Assets and increase Non-Personnel operating expenses in the Wastewater Utility Fund by $20,300; increase Budgeted Use of Unrestricted Net Assets and increase Non-Personnel operating expenses in the Solid Waste Utility Fund by $8,700; and increase Budgeted Use of Unrestricted Net Assets and increase Non-Personnel operating expenses in the Ports & Harbors Fund by $23,200

SUMMARY: City of Unalaska Ordinance 2026-14 is the first budget amendment to the City of Unalaska's Fiscal Year 2027 Operating and Capital Budget. If approved, it will accomplish the following:

- Allow the City to purchase new servers as part of the Information Services' scheduled server replacement cycle; and

- Reclassify costs associated with the elimination of a Police Officer position and creation of a Police Services Specialist position.

PREVIOUS COUNCIL ACTION: On May 26, 2026, the City Council adopted the Fiscal Year 2027 Operating and Capital Budget through Ordinance 2026-10. This amendment represents the first revision to that adopted budget.

During the June 23, 2026 City Council meeting, as a work session item, the Police Chief presented to Council the need to reclassify a police department position to a Police Services Specialist position. While no formal action was taken at that meeting, Council appeared amenable to the direction proposed by Staff to reclassify a position. Ordinance 2026-13, which is on tonight's agenda, accomplishes that action. This budget amendment, Ordinance 2026-14, recognizes the fiscal impact associated with the proposed position reclassification.

BACKGROUND AND DISCUSSION:

City Server Replacement

As part of the City's regularly scheduled hardware replacement cycle, four of the City's Dell PowerEdge servers were up for replacement during FY 2027. These servers specifically support the City's desktop infrastructure for employees across all departments.

Historically, the City replaces servers during their sixth year of service, which is FY 2027. This approach is used to maintain hardware and software support with each server manufacturer during the period they are in service. While manufacturer support is provided, the City is able to source parts if equipment fails. Furthermore, manufacturer support guarantees that software runs on a platform that is supported by software vendors. Should the City exceed the manufacturer's support period, software running on unsupported hardware typically leads to compatibility issues as well as an unwillingness of certain software vendors to offer the City software support in the event of a problem.

During February 2026, Information Services staff solicited budgetary quotes from multiple vendors in preparation for replacing the City's four servers. Based on the budgetary quotes received, a total of $220,000 was included in the budget to fund the replacement of all four servers

As the new fiscal year approached, near the end of June 2026, staff solicited updated quotes in anticipation of purchasing the new servers at the beginning of FY 2027. However, due to unforeseen circumstances in the industry, the cost of those servers has doubled since February. The price increase is the result of an accelerated demand for certain server components by the industry, due in large part to the demand to build large-scale datacenters for emerging technologies such as artificial intelligence, across the globe. It is unknown when pricing will return to historical levels. It is possible that pricing will only continue to rise in the short term. Due to the increased demand, vendors have stated that they will only guarantee pricing for two weeks (historically, it has been up to 30 days), and that they expect prices to continue to rise. As a result of these concerns, staff recommends a budget amendment in the amount of $290,000 to cover the rise in costs, before the situation gets worse. With the budget amendment, the amount allocated for server replacement in FY 2027 will be $510,000. Due to the uncertainty with short-term pricing and anticipated continued cost escalation, an additional amount was incorporated into the budget amendment to reduce the potential requirement to seek another budget amendment from City Council.

FY 2027 Budgeted Amount	$220,000
Proposed Budget Amendment	$290,000

Proposed Budget Amendment allocation amounts:

General Fund	$185,600	(01020752-56150)
Electric	29,000	(50024052-56150)
Water	23,200	(51024052-56150)
Wastewater	20,300	(52024052-56150)
Solid Waste	8,700	(53024052-56150)
Ports	23,200	(54025052-56150)
Total	$290,000	

Police Position Reclassification

As discussed at the June 23, 2026 City Council meeting, the Police Department has encountered certain operational challenges during the past several years, including DMV service continuity, recruitment and retention, and community outreach. Ordinance 2026-13 adds the position to Title

3. If adopted, the Police Department will reclassify a sworn Police Officer position and create a non-sworn Police Services Specialist position.

The full compensation of a Police Officer is budgeted in the Police budget while the Police Services Specialist's compensation will be allocated between Police (60%), Communications (20%) and Corrections (20%). While both positions will be within the Police Department, Title 6 Revenue and Finance (§6.12.050(c)) states:

> "…At the request of the City Manager, the Council may transfer unencumbered appropriation balances, during the budget year, from one office, department or agency to another."

Therefore, a budget amendment is required to reclassify compensation amounts between agencies of the Police Department.

ALTERNATIVES: While the existing servers could remain in service for another year, delaying their replacement is not expected to reduce costs. In addition, postponing the replacement could result in the loss of hardware and/or software support.

If Council does not adopt Ordinance 2026-13 Amending Title 3, this budget amendment related to the Police Services Specialist position is not necessary. However, if Ordinance 2026-13 is adopted, the Communications and Corrections budget will not have sufficient capacity to absorb the associated costs without the proposed budget amendment, Ordinance 2026-14.

FINANCIAL IMPLICATIONS:

- General Fund - Increase the Information Services non-personnel budget by $185,600 for their allocation of the server purchase; reduce the Police budget by $99,793, increase Communications and Corrections budgets by $32,022 each; resulting in an appropriation of fund balance in the amount of $149,851.

- Electric Utility Fund - Appropriate Budgeted Use of Unrestricted Assets in the amount of $29,000 and increase non-personnel operating expenses by the same amount for their allocated amount of the server purchase.

- Water Utility Fund - Appropriate Budgeted Use of Unrestricted Assets in the amount of $23,200 and increase non-personnel operating expenses by the same amount for their allocated amount of the server purchase.

- Wastewater Utility Fund - Appropriate Budgeted Use of Unrestricted Assets in the amount of $20,300 and increase non-personnel operating expenses by the same amount for their allocated amount of the server purchase.

- Solid Waste Utility Fund - Appropriate Budgeted Use of Unrestricted Assets in the amount of $8,700 and increase non-personnel operating expenses by the same amount for their allocated amount of the server purchase.

- Ports & Harbors Fund - Appropriate Budgeted Use of Unrestricted Assets in the amount of $23,200 and increase non-personnel operating expenses by the same amount for their allocated amount of the server purchase.

LEGAL: None.

STAFF RECOMMENDATION: Staff recommends adoption.

PROPOSED MOTION:

- 1st reading: I move to introduce Ordinance 2026-14, and schedule it for public hearing and second reading on July 28, 2026.

- 2nd reading: I move to adopt Ordinance 2026-14.

CITY MANAGER COMMENTS: I support the Staff Recommendation.