

CITY OF UNALASKA  
UNALASKA, ALASKA

ORDINANCE 2025-03

CREATING BUDGET AMENDMENT #2 TO THE FISCAL YEAR 2025 BUDGET, APPROPRIATING \$187,008 FROM THE GENERAL FUND FOR AN INCREASE OF \$21,000 TO THE COUNCIL OPERATING BUDGET, \$25,000 FOR CITY MANAGER OPERATING BUDGET, \$100,000 FOR FINANCE OPERATING BUDGET, \$138,768 FOR THE HIGH SCHOOL BOILER REPLACEMENT PROJECT; REDUCING THE INFORMATION SYSTEMS AND PUBLIC SAFETY BUDGETS BY A COMBINED AMOUNT OF \$97,760; ACCEPTING DEPARTMENT OF HOMELAND SECURITY SHSP GRANT FOR \$103,350 TO FUND AND CREATE A DPS AND CITY HALL SECURITY IMPROVEMENT PROJECT; TRANSFERRING \$250,000 FROM CITY MANAGER OPERATING BUDGET TO PLANNING OPERATING BUDGET FOR A COMP STUDY; AND INCREASING THE ELECTRIC FUND OPERATING BUDGET FOR A TRANSFER TO CAPITAL PROJECTS FOR THE POWERHOUSE SCADA AND REPORTING UPGRADE PROJECT

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. 2 to Ordinance 2024-08**

	Current	Requested	Revised
<b>I. OPERATING BUDGETS</b>			
<b>A. General Fund</b>			
Sources:			
Appropriated Fund Balance	\$ -	187,008.00	187,008.00
Uses:			
Transfers to Government Capital Projects	\$ 1,077,852.03	138,768.00	1,216,620.03
City Council	\$ 556,879.00	21,000.00	577,879.00
City Manager's Office	\$ 769,111.00	(225,000.00)	544,111.00
Finance	\$ 1,381,341.00	100,000.00	1,481,341.00
IS	\$ 1,454,736.00	(50,000.00)	1,404,736.00
Planning	\$ 852,150.00	250,000.00	1,102,150.00
Public Safety - Police	\$ 4,360,305.00	(47,760.00)	4,312,545.00
	\$ 10,452,374.03	187,008.00	10,639,382.03
<b>B. Proprietary Funds</b>			
Sources:			
Electric - Budgeted Use of Unrestricted Net Assets	\$ 7,168,268.00	20,000.00	\$ 7,188,268
Uses:			
Transfer to Electric Project	\$ 1,826,312.00	20,000.00	1,846,312.00

**II. CAPITAL BUDGETS**

**A. Governmental Project Budget**

Sources:			
Transfers from General Fund	\$ 220,175.00	138,768.00	358,943.00
DHS SHSP Grant	\$ -	103,350.00	103,350.00
	<u>\$ 220,175.00</u>	<u>242,118.00</u>	<u>462,293.00</u>
Uses:			
High School Boiler Repair	\$ 220,175.00	138,768.00	358,943.00
DPS & City Hall Security Improvements	\$ -	103,350.00	103,350.00
	<u>\$ 220,175.00</u>	<u>\$ 242,118.00</u>	<u>\$ 462,293.00</u>

**B. Electric Project Budget**

Powerhouse SCADA & Report Upgrades			
Sources:			
Transfers to Enterprise Capital Projects	\$ 1,826,312.00	20,000.00	1,846,312.00
	<u>\$ 1,826,312.00</u>	<u>20,000.00</u>	<u>1,846,312.00</u>
Uses:			
Powerhouse SCADA & Report Upgrades	\$ 150,000.00	20,000.00	170,000.00
	<u>\$ 150,000.00</u>	<u>20,000.00</u>	<u>170,000.00</u>

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on March 11, 2025.

  
 Vincent M. Tutiakoff, Sr.  
 Mayor

Attest:

  
 Estkären P. Magdaong, CMC  
 City Clerk



**City of Unalaska, Ordinance 2025-03**  
**Summary of Budget Amendment and Schedule of Proposed Accounts**  
**FY25 Budget Amendment 2**

- 1) General Fund - Operating Budget
  - Add \$212,008 to Appropriated Fund Balance
  - Add \$138,768 to Transfers to Govt Capital Projects for High School Boiler Replacement
  - Add \$11,000 to Council - Other Professional Services for Baker Tilly CM evaluation & goal setting
  - Add \$10,000 to Council - General Supplies for key to the city replicas
  - Add \$25,000 to CMO - Other Professional Services for marketing video
  - Decrease CMO - Other Professional Services by \$250,000 (Unalaska Transportation Study)
  - Add \$50,000 to Finance - Audit Services
  - Add \$50,000 to Finance - Other Professional Svc for Espelin contracted work
  - Decrease IS - Other Professional Services by \$50,000 (replaced by DHS SHSP grant)
  - Add \$250,000 to Planning - Other Professional Svcs for a Comp Study
  - Decrease Police - Other Professional Services by \$47,760 (replaced by DHS SHSP grant)
- 2) Electric Fund - Operating Budget
  - Add \$20,000 to Budgeted Use of Unrestricted Net Assets
  - Add \$20,000 to Transfers to Enterprise Capital Projects (for EL25D)
- 3) General Fund - Capital Projects
  - Add \$138,768 to Transfers from General Fund
  - Add \$138,768 to High School Boiler Replacement project (SS24A),
  - Add \$103,350 recognizing DHS SHSP grant
  - Add \$103,350 to create DPS & City Hall Security Improvements project (PS25A)
- 4) Electric Fund - Capital Projects
  - Add \$20,000 to Transfers from Proprietary Funds
  - Add \$20,000 to Powerhouse SCADA & Report Upgrades project (EL25D)

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
<b>1) <u>General Fund - Operating Budget</u></b>						
<b>Sources:</b>						
Appropriated Fund Balance	01010049	49900		\$ -	\$ 187,008.00	\$ 187,008.00
<b>Uses:</b>						
Transfer to Government Capital Projects	01029854	59920		\$ 1,077,852.03	\$ 138,768.00	\$ 1,216,620.03
Council - Other Professional	01020152	53300		\$ 150,000.00	\$ 11,000.00	\$ 161,000.00
Council - General Supplies	01020152	56100		\$ 115,000.00	\$ 10,000.00	\$ 125,000.00
City Manager - Other Professional	01020252	53300		\$ 326,000.00	\$ (225,000.00)	\$ 101,000.00
Finance - Audit & Accounting	01020652	53210		\$ 125,000.00	\$ 50,000.00	\$ 175,000.00
Finance - Other Professional	01020652	53300		\$ 25,000.00	\$ 50,000.00	\$ 75,000.00
IS - Other Professional	01020752	53300		\$ 60,000.00	\$ (50,000.00)	\$ 10,000.00
Planning - Other Professional	01020852	53300		\$ 40,000.00	\$ 250,000.00	\$ 290,000.00
Public Safey - Other Professional	01021152	53300		\$ 153,760.00	\$ (47,760.00)	\$ 106,000.00
					\$ 187,008.00	
<b>2) <u>Electric Fund - Operating Budget</u></b>						
<b>Sources:</b>						
Budgeted Use of Unrestricted Net Assets	50015049	49910		\$ 7,168,268.00	\$ 20,000.00	\$ 7,188,268.00
<b>Uses:</b>						
Transfers to Enterprise Capital Projects	50029854	59940		\$ 1,826,312.00	\$ 20,000.00	\$ 1,846,312.00
<b>3) <u>General Fund - Capital Project Budgets</u></b>						
High School Boiler Replacement						
<b>Sources:</b>						
Transfer from General Fund	31019848	49100	SS24A	\$ 220,175.00	\$ 138,768.00	\$ 358,943.00
<b>Uses:</b>						
Repair & Maintenance	31023053	54300	SS24A	\$ 179,175.00	\$ 138,768.00	\$ 317,943.00
DPS & City Hall Security Improvements						
<b>Sources:</b>						
DHS SHSP Grant	130A2741	42249	PS25A	\$ -	\$ 103,350.00	\$ 103,350.00
<b>Uses:</b>						
Other Professional	310A2753	53300	PS25A	\$ -	\$ 49,550.00	\$ 49,550.00
Machinery & Equipment	310A2753	57400	PS25A	\$ -	\$ 53,800.00	\$ 53,800.00
					\$ 103,350.00	
<b>4) <u>Electric Fund - Capital Project Budgets</u></b>						
Powerhouse SCADA & Report Upgrades						
<b>Sources:</b>						
Transfers from Proprietary Fund	50119848	49130	EL25D	\$ 150,000.00	\$ 20,000.00	\$ 170,000.00
<b>Uses:</b>						
Other Professional	50125053	53300	EL25D	\$ 75,000.00	\$ 20,000.00	\$ 95,000.00

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Jim Sharpe, Interim Finance Director  
Through: Bil Homka, City Manager  
Date: February 25, 2025; **corrected March 11, 2025**  
Re: Ordinance 2025-03 creating FY 2025 Budget Amendment #2; **accepting Department of Homeland Security funding in the amount of \$103,350, appropriating \$187,008 from the General Fund Fund Balance and \$20,000 from the Electric Proprietary Fund Nets Assets**; components of the budget amendment include:

- **Reduce the Information Systems budget by \$50,000;**
- **Reduce the Public Safety budget by \$47,760;**
- **Transfer \$103,350 Governmental Capital Projects to create a DPS and City Hall Security Improvement Project**
- **Increase the City Council operating budget by \$21,000**
- **Increase the City Manager operating budget by \$25,000;**
- **Transfer \$250,000 from the City Manager Operating Budget to the Planning Department Operating Budget for a Comprehensive Study**
- **Increase the Finance operating budget by \$100,000;**
- **Transfer \$138,768 to Governmental Capital Projects for the replacement of the High School boiler;**
- **Transfer \$20,000 to Enterprise Capital Projects for the Powerhouse SCADA and reporting upgrade project**

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### **SUMMARY:**

Budget Amendment #2 will accomplish the following:

- 1) Accept \$103,350 from the Department of Homeland Security; funds to be used to create a DPS and City Hall Security Improvement Project
- 2) Appropriate \$187,008 (net) from the General Fund Fund Balance to be used as follows:
  - a. Decrease Information Systems budget by \$50,000 (related to #1)
  - b. Decrease Public Safety budget by \$47,760 (related to #1)
  - c. Increase the City Council operating budget by \$21,000
  - d. Increase the City Manager operating budget by \$25,000;
  - e. Transfer \$250,000 from the City Manager Operating Budget to the Planning Department Operating Budget for a Comprehensive Study
  - f. Increase the Finance operating budget by \$100,000;
  - g. Transfer \$138,768 to Governmental Capital Projects for the replacement of the High School boiler;
- 3) Appropriate \$20,000 from the Electric Proprietary Fund Net Assets to transfer to the Enterprise Capital Projects funding the Powerhouse SCAD A and reporting upgrade project.

## **BACKGROUND:**

### **City Hall Security Improvement Project portion of Budget Adjustment:**

**DPS and City Hall Security Improvement Project (PS25A):** In February of 2024, the City of Unalaska applied for the Department of Homeland Security's State Homeland Security Program' (SHSP), which is designed to support local governments in their efforts to increase security, fight domestic terrorism, and provide community preparedness. The City received \$103,350 to fund the project.

Currently, City Hall has no security cameras in place, which poses several issues.

- Members of the public could access secure offices or sensitive areas without any monitoring or access control
- It is not uncommon for local government employees and officials to receive threats of violence from the public, so a lack of any security cameras endangers Council Members and all City Hall employees
- City Hall is the location of Unalaska's voting booth, and proper election security requires proper monitoring, which will be provided by the cameras.

The SHSP grant funds will also be used to replace the outdated camera security system located at the Public Safety building. This project is expected to be executed over 2025 and 2026, with the grant closing at the end of 2026

Information Systems and Public Safety included \$50,000 and \$47,760, respectively in their FY 2025 budgets to complete this project. With the adoption of this budget amendment, their budgets will be reduced by the same amounts.

### **City Hall Security Improvement Project ALTERNATIVES:**

Since the cost of this project was substantially covered in the FY 2025 Information Systems and Public Safety budgets, if Council elects to exclude this item from the amendment the cost of the anticipated project could also be met through departmental budgets.

### **City Council portion of Budget Adjustment:**

**Baker Tilly for City Manager Evaluation and Goal Setting (\$11,000):** The Council seeks to retain professional services from a third party to facilitate the annual review of the City Manager. This was not included in the original budget.

#### **Key to the City (\$10,000):**

- This initiative is part of an effort to source locally made products for recognizing visiting dignitaries. It will also acknowledge people who have made significant contributions to the community.
- In April 2024, the City Manager commissioned local and renowned artist Gert Svorny to create a 'Key to the City.' The piece was completed in October 2024, and we are currently awaiting its provenance document.
- The City Manager plans to present it to the City Council for review and adoption in March 2025. As part of the presentation the Council will also review and adopt criteria for awarding the key along with a process.

- The original key will be displayed in a locked cabinet in the City Hall lobby.
- We are presently sourcing a company to reproduce the key using resin and anticipate costs for setup fee and per-unit production, however estimates are not yet available.
- The budget includes \$10,000 in anticipation of initial production costs.

**City Council ALTERNATIVES:**

Should Council elect not to adopt this portion of the budget amendment, City Council may need to find other sources to meet the costs outlined above or delay the related activities.

**City Manager portion of Budget Adjustment:**

**Marketing Video (\$25,000):**

- The City lacks a professionally produced marketing/informational video to showcase the community and the City's role in Unalaska.
- The video will serve as a resource for applicants and candidates for city employment, providing insight into the community.
- Future content will be developed in partnership with local stakeholders, including the shipping industry, seafood processing community, and schools.
- Many cities worldwide have similar informational videos available online as templates for reference.

**City Manager ALTERNATIVES:**

Should Council elect not to adopt this portion of the budget amendment, the City Manager would postpone the creation of the marketing video to fiscal year 2026.

**Comprehensive Plan (Transfer \$250,000 from City Manager budget to Planning Department budget):**

- The City Council previously approved \$250,000 in the City Manager's budget for a public transportation study.
- Rather than focusing solely on public transit, the City Manager proposes a new comprehensive plan incorporating a transportation component and an economic analysis for the city.
- As this is a planning initiative, it will be managed by the Planning Department.
- The budget for this project will be moved to the Planning Department's budget for appropriate oversight and implementation.

**Comprehensive Plan ALTERNATIVES:**

Should Council elect not to adopt this portion of the budget amendment, costs associated with the proposed comprehensive plan could be met using already appropriated funds within the City Manager's budget. The requested transfer assigns the project responsibility to the proper City Department.

### **Finance Department portion of Budget Adjustment:**

In January 2025, the City engaged with Espelin & Associates LLC to provide interim Finance Director services, replacing the previous Finance Director. Additionally, the City recently completed their FY 2023 audit and it is expected that the FY 2024 audit will begin in March or April 2025 with a substantial amount of the work completed prior to the end of fiscal year 2025.

Espelin & Associates has provided limited services to the City throughout FY 2025, retaining them to fulfil Finance Director duties represents a substantial increase in their scope and volume of work, necessitating an increase (\$50,000).

The City's external auditors have completed the FY 2023 audit and plan to move immediately into FY 2024. The Finance Department budget is sufficient to meet the financial obligations of one audit, but not two audits. Therefore, an increase of \$50,000 is requested.

### **Finance Department ALTERNATIVES:**

Should Council elect not to adopt this portion of the budget amendment, the Finance Department could meet a portion of the costs within the existing budget structure by moving personnel costs to operating expenses via a Line Item Transfer. However, if this route was required it is likely that the FY 2024 audit would be delayed.

### **Public Works Portion of Budget Adjustment:**

**High School Boiler Replacement Project (SS24A):** In April 2023, during the annual boiler inspection it was determined that one of the high school boilers contained irreparable cracks, making it unfit for service. Consequently, operational capacity has been reduced to two boilers, leaving the staff and students vulnerable to potential disruptions.

On February 13, 2024, Council approved Ordinance 2024-03 approving a General Fund appropriation in the amount of \$220,175 to fund the High School Boiler Replacement Capital Project (SS24A). Three boilers were ordered on May 3, 2024, and subsequently received on January 9, 2025. Upon receipt, a final installation quote was received in the amount of \$233,061. Currently, \$94,292 remains in the project budget, including contingency funds. Unfortunately, the original boiler replacement cost estimate did not account for certain expenses, including demolition/removal of existing boilers and travel-related costs for the contractor.

To cover the shortfall, an additional \$138,768 is requested, which will bring the total project cost to \$358,943.

## Electrical portion of Budget Adjustment:

**Powerhouse SCADA & Reporting Upgrades Project (EL25D):** In FY24, the Electric Division requested \$150,000 to upgrade its obsolete SCADA reporting servers. This upgrade is essential to ensure the division can generate the necessary reports required for compliance with various state and federal agencies. The current system is longer adequate to meet these reporting requirements, posing a risk to regulatory compliance.

### Electric ALTERNATIVES:

**Powerhouse SCADA & Reporting Upgrades Project (EL25D):** EPS' proposal totals \$155,350, which includes the necessary upgrades and comprehensive training. Staff intends to engage EPS for these upgrades due to their extensive institutional knowledge of Unalaska's power system. Engaging a different firm could potentially introduce additional delays and costs, stemming from the unfamiliarity of project specifics, knowledge of Unalaska's electric utility operations and overall scope of work. The funding request covers the cost of completing the upgrades and contingency for unplanned expenses.

### Public Works ALTERNATIVES:

- 1) Approve budget amendment as presented
- 2) Do not approve; instead letting out an RFP for these services and try to obtain a lower cost that what was recently quoted for demolition/removal and installation; any delays in this process puts the project at risk to be completed prior to the next school year.
- 3) Do not approve.

### FINANCIAL IMPLICATIONS:

- Department of Homeland Security funding the amount of \$103,350 will be accepted and Department of Public Safety and Information Systems budgets will be reduced by \$50,000 and \$47,760, respectively; create a DPS and City Hall Security Improvement Project (PS25A)
- Appropriate \$20,000 from the Electric Proprietary Fund Net Assets to the Powerhouse SCADA & Reporting Upgrades Project (EL25D)
- Appropriate \$187,008 (net) from the General Fund Fund Balance
  - Decrease Information Systems budget by \$50,000 (related to first bullet)
  - Decrease Public Safety budget by \$47,760 (related to first bullet)
  - Increase City Council budget by \$21,000 for the following:
    - \$11,000 Baker Tilly for City Manager Evaluation and Goal Setting;
    - \$10,000 for production of Key to the City replicas
  - Increase City Manager Budget by \$25,000 for a marketing video
  - Transfer \$250,000 from the City Manager Budget, previously appropriated for a transportation study, to the Planning Department Budget for the comprehensive plan
  - Increase Finance Budget by \$100,000 for the following:
    - \$50,000 for FY 2024 audit costs
    - \$50,000 for accounting services provided by Espelin & Associates LLC
  - Transfer \$138,768 to Governmental Capital Projects for the replacement of the High School boiler (SS24A)



**LEGAL:** None

**STAFF RECOMMENDATION:** Staff recommends adoption of Ordinance 2025-03.

**PROPOSED MOTION:** I move to adopt Ordinance 2025-03.

**CITY MANAGER COMMENTS:** I support staff's recommendation.

**ATTACHMENTS:** None