

Sheet'ka

FY2027 Budget: Big Picture Guidance on Budget & New Initiatives

City and Borough of Sitka

Thursday, January 8, 2026

Budget Development: Roles & Responsibilities

Staff

- ▶ Prepare budget drafts that align with the adopted strategic plan
- ▶ Develop cost estimates for programs & services
- ▶ Provide risk assessment and make risk-based funding recommendations
- ▶ Estimate revenues & make rate recommendations
- ▶ Identify funding sources and financial impacts
- ▶ Implement budget as adopted

Assembly

- ▶ Set policy direction and community priorities through strategic plan adoption
- ▶ Review budget drafts and ask questions
- ▶ Propose and adopt changes or additions to draft budget through legislative action*
- ▶ Adopt final budget by ordinance

**Legislative action occurs through ordinances and resolutions adopted by the Assembly acting as a body.*

Why are we here?

- ▶ Review known fiscal pressures and assumptions that will shape development of the FY2027 budget
- ▶ Review staff Resource Proposals for consideration in the FY2027 budget
- ▶ Receive Assembly guidance on whether to continue, modify, or sunset select recurring budget items
- ▶ Provide an opportunity for Assembly members to share feedback and priorities to inform development of the FY2027 budget



Fiscal Pressures

- Compensation Study & Collective Bargaining Agreements
 - Wage adjustments from the compensation study and new collective bargaining agreements effective in FY2026
 - Increases baseline cost of personnel
- Vacancy Rate
 - Elevated vacancy rates in prior years contributed to temporary budget surpluses
 - Vacancy rates have improved in FY2026, reducing that temporary offset
- Rising Costs
 - Inflation continues to increase cost of existing services
 - Higher vehicle costs increase recommended level of sinking fund contributions needed to maintain the fleet

Note: Updated CPIU data for December is scheduled for release on January 13th

Fiscal Pressures - Continued

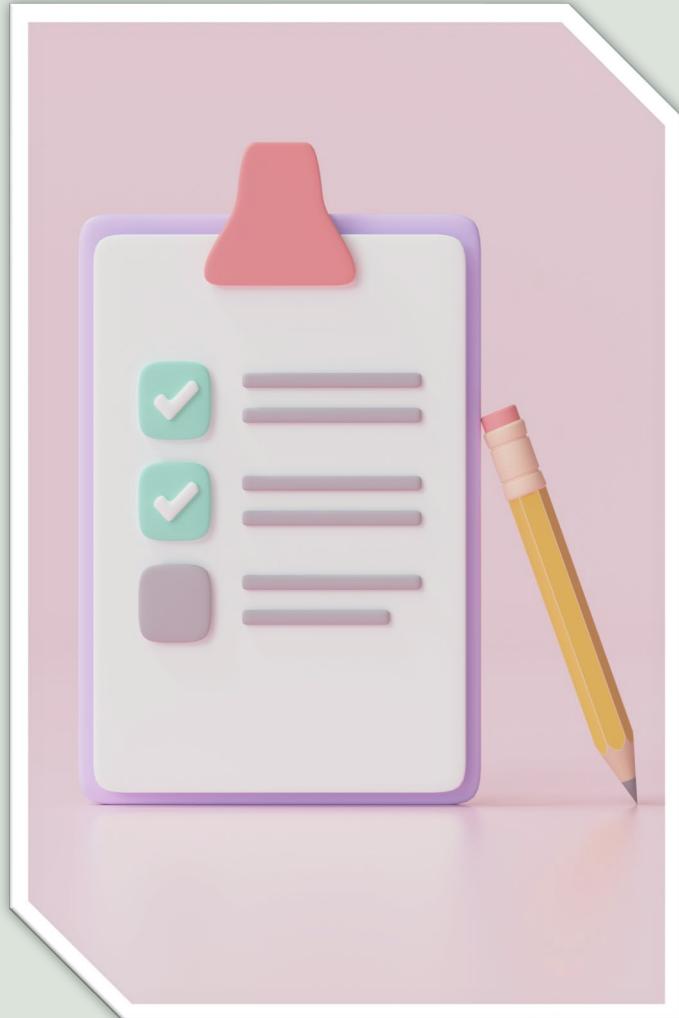
- New Operational Responsibilities
 - New airport terminal and haul out increases ongoing maintenance and insurance costs
- Funding Uncertainty & Reductions
 - State and federal funding levels remain uncertain and subject to change
- Sales Tax Revenue
 - Revenue has generally flattened
 - Inflation can increase collections, but effects are uneven and often offset by higher costs

What is a Resource Proposal Form?

- Internal form completed by CBS staff
- Describes the purpose of the request, how it supports the Strategic Plan, and any future cost or operational impacts
- Used to request resources that would:
 - Introduce a new activity or service
 - Materially change how an existing service is delivered
- Applicable to:
 - Operating Expenses
 - Fixed Assets
 - Vehicles
 - Small Capital Projects (under \$500K)

RESOURCE PROPOSAL	
	Requestor/Department
Proposed resource type	
Cost of resource	
1. Brief description of resource:	
2. What goal does this resource help you achieve?	
3. Is there a specific action that this resource is related to (under selected goal)?	
4. How will this resource contribute to achieving the above strategic goals and actions?	
5. What would happen if this resource request is not approved? What might be options to scale this request down, but still achieve the goal?	
6. How will achievement of strategic goals/action be demonstrated (KPI?/other metric of success?)	
7. What are the future costs of this resource?	
8. What are potential financial or other tangible benefits that may be realized if this resource is approved?	
Department Head	

Resource Proposal Review Process



- Each proposal was evaluated by the Administrator and assigned a priority
- Based on that review, proposals are either:
 - Recommended for inclusion in the FY2027 draft budget at this stage, or
 - Not recommended for inclusion at this stage
- Administrator recommendations reflect an initial assessment and will be revisited as overall fund availability becomes clearer

Replacement Assets

- Requests for routine replacement assets will not typically be reviewed individually by the Assembly unless:
 - The replacement includes a significant upgrade to the existing asset
 - The replacement is a vehicle without a fully funded sinking fund
 - The replacement involves a vehicle or equipment rollover*
 - Other extenuating circumstances warrant Assembly review

**A rollover is a vehicle or piece of equipment retained beyond the end of its service life after being replaced*

Future Costs

- Resource Proposals and new initiatives should be evaluated based on their ongoing and long-term cost impacts, not just initial funding
 - Ongoing operating commitments
 - New positions, contracts, programs, or service levels may create recurring costs beyond FY2027
 - Vehicle and asset impacts
 - Additions increase maintenance costs and sinking fund contributions
 - Lifecycle and replacement costs
 - Most assets require replacement at the end of their service life, often at higher future costs



Estimated FY2027 Financial Impact of Resource Proposals

- Estimated FY2027 financial impact if all Resource Proposals were included in the FY2027 draft budget

Fund	Operating	Fixed Assets*	Vehicles	Small Capital Projects	Total
General Fund	356,788	227,500	220,000	770,000	1,574,288
CPV Fund	-	-	-	50,000	50,000
Electric Fund	-	40,000	206,000	-	246,000
Water Fund	-	7,000	-	-	7,000
Wastewater Fund	-	10,000	-	-	10,000
Solid Waste Fund	-	210,000	-	250,000	460,000
Harbor Fund	-	40,000	-	-	40,000
Total	356,788	534,500	426,000	1,070,000	2,387,288

**Includes estimate of allocation for Central Garage Heavy Equipment Lift*

Estimated Financial Impact of Recommended Resource Proposals

- Estimated FY2027 financial impact if recommended Resource Proposals were included in the FY2027 draft budget

Administrator recommendations reduce the estimated impact by approximately \$155,000

Fund	Operating	Fixed Assets*	Vehicles	Small Capital Projects	Total
General Fund	286,588	142,500	220,000	770,000	1,419,088
CPV Fund	-	-	-	50,000	50,000
Electric Fund	-	40,000	206,000	-	246,000
Water Fund	-	7,000	-	-	7,000
Wastewater Fund	-	10,000	-	-	10,000
Solid Waste Fund	-	210,000	-	250,000	460,000
Harbor Fund	-	40,000	-	-	40,000
Total	286,588	449,500	426,000	1,070,000	2,232,088

**Includes estimate of allocation for Central Garage Heavy Equipment Lift*

Funding

- Public Infrastructure Sinking Fund (PISF)
 - Use of the PISF can reduce the General Fund impact of capital-related resource proposals
 - Specific recommendations on PISF use will be provided later in the budget development process, once overall capital funding levels are clearer
- Use Restrictions
 - Restricted by municipal code for repair and replacement of General Fund infrastructure, including municipal buildings, streets, sidewalks, parking lots, and parks
- Recent Activity:
 - \$3.2 million transferred to PISF in FY2025
 - Current fund balance: \$4.08 million

Review During Meeting

- Resource proposals will be presented briefly, one at a time
- Capital projects presented tonight are either preliminary in nature (design or planning) or are not part of the formal Capital Improvement Program
 - These requests typically involve upgrades, new assets, or added functionality to support staff operations
- This review is intended to provide early guidance
 - As the operating and capital budgets are developed and presented, overall funding availability will play a larger role in prioritization
- Items not removed at this meeting may still be modified or removed later in the budget process
- Assembly members may ask questions and if desired, provide direction through a consensus or motion

Resource Proposals: Operating Expenses

Request	Requesting Dept	Strategic Goal	Admin Priority	Admin Recommendation	Total Appropriation	FY27 Impact to General Fund
Centralized Database for Contracts & Leases	Legal	5 - Service	High	Recommended	75,590	75,590
Zoning Code Update & Amendments	Planning & Comm Dev	5 - Service	High	Recommended	100,000	100,000
Capital Project Manual & Contract Templates	Engineering	5 - Service	High	Recommended	100,000	100,000
Software for Managing Records Requests	Clerks	2 - Communication	High	Recommended	10,998	10,998
<i>Increase Head Lifeguard to 1.0 FTE</i>	Parks & Rec	5 - Service	Low	<i>Not recommended at this time</i>	70,200	70,200
Total					356,788	356,788

Resource Proposals: Fixed Assets

Request	Fund/Requesting Dept	Strategic Goal	Admin Priority	Admin Recommendation	Total Appropriation	FY27 Impact to General Fund
Scissor Lift	General Fund - Building Maint	4 - Infrastructure	Medium	Recommended	19,500	19,500
BMS Mat Storage	General Fund - Parks & Rec	4 - Infrastructure	Low	<i>Not recommended at this time</i>	85,000	85,000
Tire Shredder	Solid Waste	4 - Infrastructure	High	Recommended	200,000	-
UTV	Harbors	4 - Infrastructure	Low	Recommended	30,000	-
Heavy Equipment Lift	Central Garage	4 - Infrastructure	High	Recommended	200,000	123,000*
Total					534,500	227,500

**Estimated General Fund allocation: Assets purchased for internal service fund operations are allocated across multiple departments*

Resource Proposals: Vehicles

Request	Fund/Requesting Dept	Strategic Goal	Admin Priority	Admin Recommendation	Total Appropriation	FY27 Impact on General Fund
Two Police Interceptors (Addition to Fleet)	General Fund - Police	4 - Infrastructure	High	Recommended	220,000	220,000
Backhoe Loader (Addition to Fleet)	Electric	5 - Service	Low	Recommended	206,000	-
Total					426,000	220,000

Resource Proposals: Small Capital Projects

Request	Fund/Requesting Dept	Strategic Goal	Admin Priority	Admin Recommendation	Total Appropriation	FY27 Impact to General Fund
Blatchley Pool Design & Engineering	General Fund - Building Maint	4 - Infrastructure	High	Recommended	460,000	250,000
City Hall Security	General Fund - Building Maint	5 - Service	High	Recommended	40,000	40,000
Upgrade KGH School Zone Flashers	General Fund - Streets	4 - Infrastructure	High	Recommended	20,000	20,000
Refurbish Pool Bathroom	General Fund- Parks & Rec	4 - Infrastructure	Medium	Recommended	60,000	60,000
Crescent Harbor Playground Restroom	General Fund- Parks & Rec	4 - Infrastructure	Medium	Recommended	200,000	150,000*
Public Service Complex Design & Engineering	General Fund - Building Maint	4 - Infrastructure	Medium	Recommended	250,000	250,000
Recycling Center Upgrades	Solid Waste	4 - Infrastructure	High	Recommended	250,000	-
Total					1,280,000	770,000

*Assumes 75% from General Fund and 25% from CPV Fund

FY2027 Contributions

- The following items were included in the approved FY2026 General Fund budget
 - Unless the Assembly requests changes, these amounts will be included in the draft FY2027 budget



Nonprofit Community Support

\$50,000

SAFV Contribution

\$100,000

Community RIDE Contribution

\$25,000

SEDA Contribution

\$120,000

Sitka Historical Society Contribution

\$100,000

Total: \$395,000

Final Notes

- ▶ If the Assembly takes no action at this meeting, staff will include all Administrator recommended Resource Proposals and FY2026 contribution amounts in the draft FY2027 budget
- ▶ The Assembly may also bring forward new items or initiatives through legislative action
- ▶ Nothing discussed tonight limits the Assembly's ability to modify the budget later in the process