

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

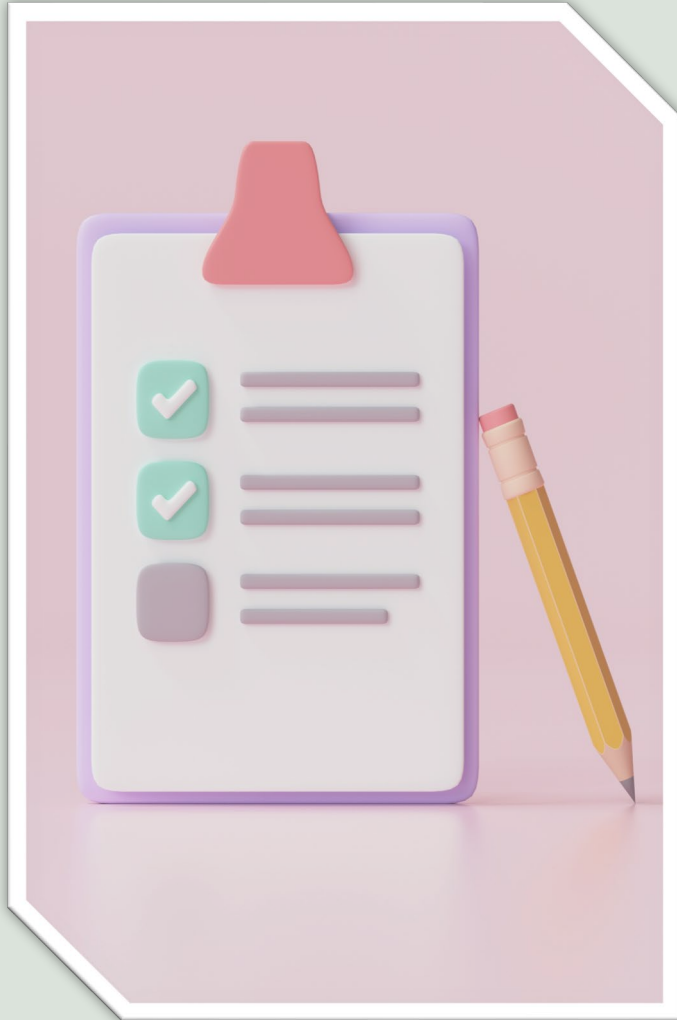
- Revenue has generally flattened
- Inflation can increase collections, but effects are uneven and often offset by higher costs

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	<input type="text"/>
Proposed resource type	<input type="text"/>
Cost of resource	<input type="text"/>
1. Brief description of resource:	
<input type="text"/>	
2. What goal does will this resource help you achieve?	<input type="text"/>
3. Is there a specific action that this resource is related to (under selected goal)?	<input type="text"/>
4. How will this resource contribute to achieving the above strategic goals and actions?	
<input type="text"/>	
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?	
<input type="text"/>	
6. How will achievement of strategic goals/action be demonstrated (KPI?/other metric of success?)	
<input type="text"/>	
7. What are the future costs of this resource?	
<input type="text"/>	
8. What are potential financial or other tangible benefits that may be realized if this resource is approved?	
<input type="text"/>	
Department Head	<input type="text"/>

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

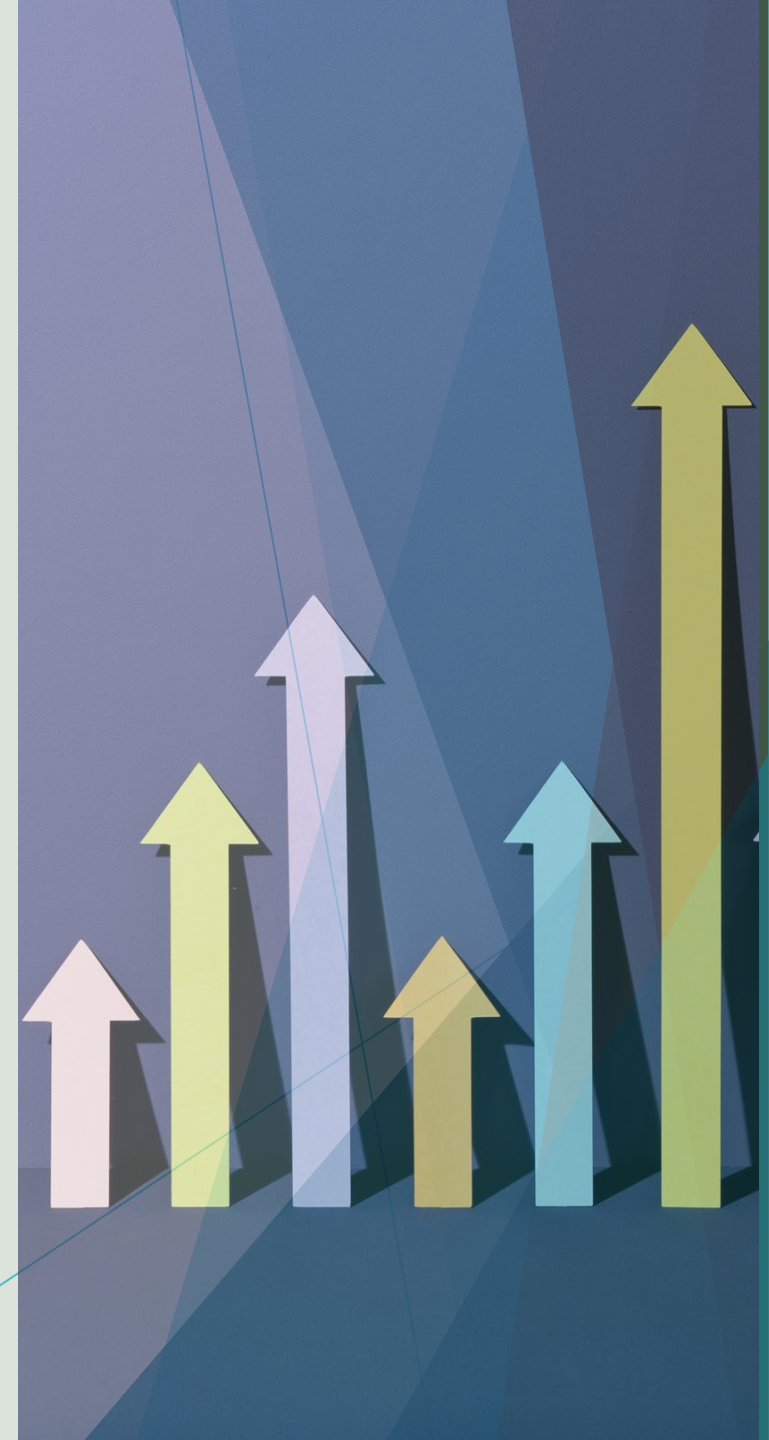
Replacement Assets

- 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>	<i>Parks & Rec</i>	<i>5 - Service</i>	<i>Low</i>	<i>Not recommended at this time</i>	<i>70,200</i>	<i>70,200</i>
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
<i>BMS Mat Storage</i>	<i>General Fund - Parks & Rec</i>	<i>4 - Infrastructure</i>	<i>Low</i>	<i>Not recommended at this time</i>	<i>85,000</i>	<i>85,000</i>
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