



CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Brooke Volschenk, Finance Director

Date: September 9, 2026

Subject: Supplemental Appropriation for Lincoln Street Project (90838) - State Designated Legislative Grant

Background

In July 2026, the State of Alaska formally notified us that we had been appropriated an FY2027 Designated Legislative Grant of \$4,500,000 to repair, maintain, and upgrade port facilities and harbor infrastructure, enhance passenger safety and provide services to vessels and passengers. Award of the grant required submission of a scope of work, timeline, and budget narrative.

The Administrator brought the grant to the Assembly on July 28, 2026, for a discussion/decision on project selection and the Assembly chose to apply the grant to the pre-existing Lincoln Street Project (90838). Because the grant's use is restricted to the purposes above, the funds are applied to the pedestrian facility elements of the project (widened sidewalks, Seawalk connectivity, lighting, and related drainage) rather than to the project as a whole. The scope and rough estimates were submitted to the State on August 6, 2026 and the grant was awarded on August 11, 2026.

Analysis

Lincoln Street from Harbor Way to Harbor Drive has reached the end of its functional design life and will be fully reconstructed over a 0.28 mile segment, including street, pedestrian, drainage, and utility improvements. Utility infrastructure (water, sewer, electric) is funded separately through those enterprise funds; no grant funds are applied to those elements.

The final configuration of the pedestrian improvements has not yet been determined and

will be decided through the Safe Streets for All concept development and public involvement process. Because the specific configuration of pedestrian improvements has not yet been chosen, the \$15,500,000 estimate submitted to the State is preliminary and likely to increase.

Fiscal Note

The Lincoln Street Project is funded across the General Fund, Water, Wastewater, and Electric Funds, which have been accumulating funding for the project over time. This ordinance appropriates the \$4,500,000 Designated Legislative Grant to the General Fund portion of the project. Because the grant exceeds the prior General Fund funding need, the additional \$544,614 increases the total estimated project cost from \$15,500,000 to \$16,044,614. The breakdown by fund, reflecting this appropriation is summarized below.

	Project Estimate	Funded as of FY2026	This Appropriation	Funding Needed
General Fund	10,044,614	5,544,614	4,500,000	-
Water	2,500,000	280,000	-	2,220,000
Wastewater	2,500,000	220,000	-	2,280,000
Electric	1,000,000	500,000	-	500,000
Total	16,044,614	6,544,614	4,500,000	5,000,000

Recommendation

Approve Ordinance 2026-24, increasing capital appropriations for the Lincoln Street Project by \$4,500,000, funded by a Designated Legislative Grant from the State of Alaska.