

Mayor
Alice Ruby

Manager
Jack Savo Jr.



Dillingham City Council
Triston Chaney
Jean Barrett
Steven Carriere
Curt Armstrong
Kaleb Westfall
Kevin McCambly

MEMORANDUM TO COUNCIL

To: Mayor and Council Members
From: Anita Foran, Finance Director
Through: Jack Savo Jr, City Manager
Date: April 13, 2026
Re: FY26 Budget Amendment #2

SUMMARY:

Budget revisions throughout the year allow for adjustments that happen over the fiscal year as needs change.

PREVIOUS ACTION:

The original FY26 budget O 2025-01, was adopted 06/19/2025 with revenues at \$18,831,317 and expenditures of \$23,191,120, this reduces the fund balance by \$4,359,803.

FY26 budget amendment #1 O 2025-03, was adopted 11/06/2025 with revenues at \$23,917,197 and expenditures of \$28,197,223, changes the reduction of the fund balance to be \$4,280,026.

BACKGROUND: City of Dillingham adopts budget annually with budget revisions as needed.

DISCUSSION: All budget revisions have been discussed in Finance and Budget workshops held on 04/06/2026 and 04/09/2026.

ALTERNATIVES: None

FINANCIAL IMPLICATIONS: This action will change the revenues to \$24,173,707 and expenditures of \$28,293,545, this reduces the fund balance by \$4,119,838.

Revenue changes based on current activity:

- 6% Sales Tax reduction of \$500,000
- 6% Sales Tax remote sales increase of \$50,000
- 10% Transient Lodging increase of \$50,000
- 6% Gaming tax increase of \$8,000
- Tobacco Excise tax decrease of \$76,000
- Marijuana Excise tax increase of \$4,000
- Shared Fisheries Business tax decrease of \$12,100 based on the amount received
- Administrative Overhead reduction of \$27,400 based on reduction of expenses for

- special revenue funds
- PERS on Behalf from SOA of \$9,300
- Other revenue reduction of \$47,150 including but not limited to:
 - Apartment rent reduction of \$10,950
 - Reduction of patrol grant revenue of \$12,400
 - Reduction of investment income of \$20,000
- General Fund appropriation changes
 - Council reduced by \$46,450 due to lobbying contract reduced
 - City Clerk budget is reduced by \$1,600. Includes a decrease in wages and benefits of \$2,900 and an increase in codification by \$1,000
 - Administration budget is increased by \$29,500 which includes an increase of wages and benefits by \$52,00 as a result of manager changes and a decrease in advertising, travel and training, food and supplies and minor tools for \$20,000
 - Finance is reduced by \$90,090 which is due to a reduction in wages and benefits of \$71,000 in wages and benefits due to open positions and a further reduction of \$19,000 due to advertising, travel, training and building rent.
 - Legal is increased by \$26,400 due to general legal fees of \$23,000 and union negotiations of \$3,400.
 - Insurance is decreased by \$31,000 due to a reduction in general liability and property insurance.
 - Planning is increased by \$15,700 due to an increased need in wages and benefits.
 - IT Budget is decreased by \$6,600 mainly due to a decrease in hardware purchases.
 - Public Safety is decreased by \$1,000 which involves a decrease in contractual/professional by \$10,000 and an increase in refuse and equipment maintenance of about \$9,300.
 - PS Dispatch is a decrease of \$91,400 as a result in a reduction in wages and benefits because of changes in supervisors.
 - PS Patrol has decreased by \$36,150 due to a decrease in wages and benefits due to open positions. This involves a decrease of \$71,700 in wages and an increase to overtime by \$97,000. Further changes include a decrease of \$7,500 for recruiting bonuses and a decrease of \$9,750 in vehicle leases.
 - PS Correction budget is an increase of \$53,255 due to an increase of wages and benefits due to positions being filled for most of the year and a period of time when staff incurred overtime due to an open position.
 - PS DMV budget was increased by \$830 due to an increase in wages and benefits.
 - PS ACO budget was increased by \$8,140 due to an increase in wages and benefits due to cost of training as well as a decrease in Gas, oil and grease of \$2,500
 - Fire Department budget decrease of \$6,700 due to a combination of wages and benefit increase due to overtime and a decrease of \$4,000 in emergency response. There is an increase in equipment maintenance of \$22,000 to repair radios and a decrease in required inspections of \$35,000.
 - Volunteer Fire Department Donation is decreased by \$5,000 in member recognition.
 - PW Administration is decreased by \$24,700 due to a decrease in wages and benefits due to an open position and increase in \$7,500 for computer

- software.
- PW Buildings & Grounds has a decrease of \$72,700 due to an increase of \$27,500 in wages and benefits and an increase of \$9,000 for AED machines and \$8,000 for refuse services. There is also a decrease in travel of \$2,500, used oil management of \$12,000 and minor tools of \$10,000 and a decrease of \$96,000 in building maintenance. There is a decrease in vehicle maintenance of \$40,000
- PW Shop budget has a decrease of \$159,900 as a result of a decrease in wages and benefits of \$49,400, There is a decrease in supplies of \$10,000 and an increase in gas, oil and grease of \$20,000 and a decrease in equipment maintenance of \$80,000 largely due to an open position for the entire year.
- PW Streets budget has a decrease of \$184,650 due to a decrease in wages and benefits of \$75,200 and a decrease of \$90,000 in gravel due to the current stockpile that is available. Remaining decreases are contractual/professional of \$8,000, general liability of \$1,700 and travel and training of \$8,000
- The Library budget has a decrease of \$9,555 due to recognition of the linked grant of \$25,000. Wages decreased as a result in staffing changes; however, benefits did increase for a net increase of \$16,820.
- Grandma's House budget decreased by \$1,000 with an increase in heating fuel.
- Transfer changes are an increase from the general fund of \$215,392
 - Landfill is an increase of \$3,000
 - Senior Center is an increase of \$37,192
 - Equipment replacement is an increase of \$2,800
 - Capital Project is an increase of \$121,000 for the PW Septic System
 - Lagoon loan is an increase of \$31,000
- Special Revenue fund changes are:
 - Water revenue is a decrease of \$600 based on a reduction of hookup fees charged. Appropriations decreased by \$90,050, this a combination of benefit increases of \$6,100 due to employee election options, an increase of minor tools of \$20,000, and a decrease of major equipment of \$80,000 as we delayed the purchase of a new vehicle. In addition, there is an increase in building maintenance of \$10,000, an increase of \$5,000 for equipment maintenance and \$7,500 for sample testing and a decrease of required inspections of \$50,500 that ARWA can assist with for free. Administrative overhead is decreased by \$8,200.
 - Wastewater budget revenue decreased \$36,200 due to a reduction in connect fees, wastewater sales. The appropriations are decreased by \$21,700 due to an increase in wages and benefits by \$7,400. Contractual/professional costs increased by \$70,000 to cover the manual required for operation of the lagoon aeration improvements. Chemicals increased by \$5,000 and minor tools increased by \$7,000, major equipment decreased by \$90,000 as vehicle purchase is delayed to FY27. Heating fuel increased by \$6,000 to cover winter needs. Building maintenance decreased by \$25,000 and sample testing increased by \$10,000 and construction increased by \$3,000. Administrative overhead is decreased by \$4,800.
 - Landfill revenue decreased by \$6,600. Appropriations decreased by \$17,900 which includes a decrease in wages and benefits by \$40,300 and is further decreased by \$5,000 for contractual/professional and travel and training of \$7,000 for travel and training. Further increases are permitting fees by \$6,000, miscellaneous supplies by \$4,000; gravel needs are

- increased by \$60,000 for cover at the landfill cell. There is a decrease in uniform costs of \$1,000 and a decrease in gas for the incinerator for \$35,000 due to timing of repairs.
- Dock budget revenue is increasing by \$6,180 due to AML contract which at the time of this document is unsettled. Terminal use fees are added for a value of \$30,000, equipment sales are projected for \$70,000. Handling is reduced by \$47,340; fuel flowage fees are increased by \$20,000 and equipment rental is reduced by \$2,000. Appropriations are reduced by \$2,000 for unemployment. Membership and travel are increased by \$2,100. Gas, oil and grease is decrease by \$7,000 and equipment sales decreased by \$140,000 to defer to FY27. Building rent and heating fuel are both increased by \$3,000 while building maintenance is decreased by \$10,000 and equipment maintenance is decreased by \$15,000. Administrative overhead is decreased by \$16,400 and transfers to the harbor are decreased by \$74,100 based on excess available funds.
 - Harbor budget appropriations increased by \$22,300. Unemployment compensation decreased by \$1,000, contractual professional increased by \$4,000 to assist with review of the tariff, there is an increase of bad debt of \$10,000 to reduce liability of unpaid charges that are older than 7 years. Building rent and internet costs are each increased by \$3,000. Electricity is increased by \$5,000, heating fuel is increased by \$6,000. Refuse fees are decreased by \$5,000 and administrative overhead is increased by \$2,000.
 - Harbor Ice Machine is increased by \$500 for electricity.
 - Harbor Bath house is decreased by \$800 with a combination of electricity decrease of \$300, water/sewer decrease of \$1,000 and building maintenance increase of \$500.
 - Assess forfeiture funds had no appropriations change but did reallocate expenses from supplies to training of \$6,500.
 - The Senior Center budget has had many changes. The revenue has an increase of \$11,608 from the NTS granting agency. The NSIP is reduced by \$2,000 due to reduced funding per meal. The two office spaces were not rented for a decrease of \$14,400 as well as a decrease in fundraising and aluminum recycling of \$2,500. Increased revenue is happening in all areas of rides & donations, congregate, home and guest meals for \$7,250. Appropriations are increased by \$37,100 by a combination of an increase in benefits and wages due to turnover of staffing by \$5,450. Increased operating costs are recognized in food items for \$11,000, propane of \$1,800, gas oil and grease of \$1600, electricity of \$2,900. Heating fuel of \$11,400, refuse of \$2,600 and equipment maintenance of \$1,500.
 - Mary Carlson Estate investment revenue is projected to be \$11,000 less than expected.
 - Equipment replacement funding increased by \$2,800 to recognize the remaining purchase for FY25 ACO vehicle for items that arrived in FY26.
 - Capital Project was increased to move the public works septic system development of \$121,000. Refer to Resolution 2025-03 adopted 04/03/2025.
 - Debt services budget increase for the SOA Loan program Lagoon Aeration project reimbursement with an estimate of \$31,000 to be paid on 05/01/2026. Final documents are still in process.
 - Grant changes are:
 - Removal of the SOA continuation grant for training of \$1,250.
 - Addition of \$50,000 Alaska Municipal League energy efficiency pass through grant for building improvements to City Hall, Senior Center and

- Public Safety building.
- Addition of jail medical expense reimbursements for a revenue of \$11,000 and expenditures of \$3,000. \$8,000 was recognized in FY25.
- Addition of \$600,000 for State Appropriations Grant for designs of the new firehall. Refer to Resolution 2026-01 adopted 01/08/2026
- Increase of \$13,100 for BBEDC summer internship programs and \$20,900 for BBEDC Fire Department training reimbursement.

LEGAL: None at this time.

STAFF RECOMMENDATION: Passing this ordinance will allow the city to revise the FY26 budget for a final time.

PROPOSED MOTION: I move to Introduce ORDINANCE 2026-06, An ordinance of the Dillingham City Council Authorizing the introduction of FY26 Budget Amendment revision number 2.

PROPOSED ALTERNATE MOTION: There is no alternate motion recommended.

CITY MANAGER COMMENTS: City Manager recommends approval of Ordinance 2026-06.

ATTACHMENTS: None.