

CITY OF UNALASKA  
UNALASKA, ALASKA

ORDINANCE 2019-15

CREATING BUDGET AMENDMENT #4 TO THE FISCAL YEAR 2020 OPERATING BUDGET TO CONTINUE GENERAL FUND PROJECT "EMERGENCY AIR CHARTER PROGRAM" PER APPROPRIATION MADE WITH EMERGENCY ORDINANCE 2019-13

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 FY20 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. 4 to Ordinance #2019-07**

	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
<b>I. OPERATING BUDGETS</b>			
<b>A. General Fund</b>			
Sources:			
Appropriated Fund Balance	\$ 9,447,354	\$ 352,800	\$ 9,800,154
Uses:			
Emergency Air Charter Program Project	\$ -	\$ 352,800	\$ 352,800

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on December <sup>12</sup>~~20~~, 2019.

  
Vincent M. Tutiakoff, Sr.  
Mayor

ATTEST:



Marjie Veeder  
City Clerk



**City of Unalaska**

**Summary of FY20 Budget Amendment #4 and Schedule of Proposed Accounts**

1) General Fund - Operating Budget

Add \$352,800.00 to the Emergency Air Charter Program project for a short term emergency air transportation program, per Declaration of Emergency dated 10/29/2019.

	<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>						
<i>General Fund</i>						
Appropriated Fund Balance	01010049	49900		\$ 9,447,354.00	\$ 352,800.00	\$ 9,800,154.00
<b>Uses:</b>						
<i>City Council</i>						
Legal Services	01020152	53230	EM001	\$ -	\$ 20,000.00	\$ 20,000.00
Other Professional Services	01020152	53300	EM001	\$ -	\$ 234,000.00	\$ 234,000.00
General Insurance	01020152	55200	EM001	\$ -	\$ 37,500.00	\$ 37,500.00
Contingency	01020152	55912	EM001	\$ -	\$ 58,800.00	\$ 58,800.00
Other	01020152	55999	EM001	\$ -	\$ 2,500.00	\$ 2,500.00

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Jim Sharpe, Interim Finance Director  
Through: Erin Reinders, City Manager  
Date: November 26, 2019  
Re: Ordinance 2019-15, Creating Budget Amendment #4 to the Fiscal Year 2020 Operating Budget to continue General Fund Project "Emergency Air Charter Program" per appropriation made with Emergency Ordinance 2019-13

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**SUMMARY:** This ordinance will convert the emergency budget amendment created with Emergency Ordinance 2019-13 to a permanent budget amendment.

**PREVIOUS COUNCIL ACTION:** On October 29, 2019, council adopted Resolution 2019-56, declaring a local emergency and authorizing the city manager to take any and all action necessary to alleviate the impact on city residents from the absence of regularly scheduled air service to and from Unalaska.

On November 1, 2019 council adopted Ordinance 2019-13 (copy attached) an emergency ordinance creating an amendment to the Fiscal Year 2020 budget, creating an appropriation for the payment of charter flights contracted for by the city and administrative costs of the emergency air charter program.

**BACKGROUND:** Following the plane crash on October 17, 2019, PenAir and Alaska Airlines cancelled all regularly scheduled service into or out of Unalaska for an indefinite period of time. In response the City sought and received a special DOT waiver that allowed it to operate charter flights between Unalaska and Anchorage.

**DISCUSSION:** The appropriation for the emergency air charter project created with Ordinance 2019-13 will expire 60 days after it was adopted. It is likely that there will be costs associated with the project that will not be entirely known within the 60 day period. Adoption of this budget amendment will allow the City to keep the appropriation for the air charters in place until all of the associated costs and revenues can be accounted for.

**ALTERNATIVES:** Allow the appropriation to lapse, which could cause some revenues, legal fees and other administrative costs directly attributable to the emergency air charters to not be appropriately accounted for.

**FINANCIAL IMPLICATIONS:** Unknown at this time.

**LEGAL:** The City Attorney recommended this action.

**STAFF RECOMMENDATION:** Staff recommends adopting Ordinance 2019-15.

**PROPOSED MOTION:** I move to adopt Ordinance 2019-15 and schedule it for second reading and public hearing on December 10, 2019.

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

CITY OF UNALASKA  
UNALASKA, ALASKA

**ORDINANCE 2019-13**

EMERGENCY ORDINANCE CREATING AN AMENDMENT TO THE FISCAL YEAR 2020 BUDGET, CREATING AN APPROPRIATION FOR THE PAYMENT OF CHARTER FLIGHTS CONTRACTED FOR BY THE CITY AND ADMINISTRATIVE COSTS OF THE EMERGENCY AIR CHARTER PROGRAM

WHEREAS, the City of Unalaska, with Ordinance 2019-56 declared a local emergency arising out of the cessation of regularly scheduled flight service to the island; and

WHEREAS, the City of Unalaska, with Ordinance 2019-57, sought from the U.S. Department of transportation for certain requirements applicable to a public charter operators in order to provide increased air service to Unalaska (the “Emergency Air Charter Project”), and

WHEREAS, Public Charter operators are generally required to furnish adequate security to ensure payment of all amounts due to the direct air carrier in either the amount equal to the price of the entire charter, \$10,000 per round trip flight or the maximum requirement of \$200,000 for an unlimited amount of flights; and

WHEREAS, U.S. Department of Transportation’s \$200,000 security cap notwithstanding, the City desires to appropriate the entire maximum cost for all authorized charters; and

WHEREAS, the City has entered into a contract for charter services with a direct air carrier, Ravn Alaska, (the “Air Charter Contract”); and

WHEREAS, the Air Charter Contract authorizes up to nine round-trip charters at a cost of \$26,000 per trip, for a maximum authorized cost of \$234,000; and

WHEREAS, Participants will not be charged the cost of the charter, approximately \$600 per passenger, each way, until after such time as the flight actually departs;

**BE IT ENACTED** by the City Council of the City of Unalaska:

**Section 1:**     **Form.** This is a Non- Code ordinance.

**Section 2:**     **Effective Date.** This ordinance becomes effective upon adoption.

**Section 3:**     **Amendment of 2020 Budget.** The following sums of money are hereby appropriated, with authorization of expenditure for each sum set forth below:

<b>Operating Budgets:</b>	<b><u>Current</u></b>	<b><u>Revised</u></b>
<b>A. Charter Operator Fund</b>		
Sources		
Appropriated Fund Balance	\$9,447,354	\$9,800,154
Uses		
Emergency Air Charter Project	\$0	\$352,800

**Section 4: Emergency Air Charter Project.**

- A. The Emergency Air Charter Project shall be used to pay the Direct Air Carrier for charters furnished to the City pursuant to the terms of the Air Charter Contract, with payment to be made no earlier than 60 days prior to, and no later than, the scheduled date of each originating flight.
- B. Appropriations to the Emergency Air Charter Project shall be considered encumbered by the Direct Air Carrier's right to payment, contingent or accrued, under the Air Charter Contract and may not be transferred for as long as any right, contingent or current, shall exist.
- C. All appropriations to the extent that they have not been expended or lawfully encumbered, lapse upon the earlier of:
  - 1. The budget year; and
  - 2. Written notice from the Direct Air Carrier that it has no further right, contingent or accrued, to payment under the Air Charter Contract.

**Section 5: Receivables.** All proceeds received by the city, whether directly or through a payment processor or agent, shall be held in the general fund. Provided the City has no further liabilities to the Direct Air Carrier, any Participant, or any other third party, the finance director shall first transfer such proceeds to departments based on administrative costs of the program and then the balance of the proceeds transferred to the general fund.

PASSED AND ADOPTED BY THE AFFIRMATIVE VOTE OF THREE-FOURTHS OF THE TOTAL MEMBERSHIP OF THE UNALASKA CITY COUNCIL THIS FIRST DAY OF NOVEMBER 2019.

*Vincent M. Tutiakoff*  
 Vincent Tutiakoff, Mayor

ATTEST:

*R. Winters*

Roxanna Winters, Acting City Clerk



**City of Unalaska**  
**Summary of Budget Amendment and Schedule of Proposed Accounts**  
**Emergency Budget Amendment**

1) General Fund - Operating Budget

Add \$352,800.00 to the Emergency Air Charter Program project for a short term emergency air transportation program, per Declaration of Emergency dated 10/29/2019.

	<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>						
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Appropriated Fund Balance	01010049	49900		\$ 9,447,354.00	\$ 352,800.00	\$ 9,800,154.00
<b>Uses:</b>						
<i>City Council</i>						
Legal Services	01020152	53230	EM001	\$ -	\$ 20,000.00	\$ 20,000.00
Other Professional Services	01020152	53300	EM001	\$ 150,000.00	\$ 234,000.00	\$ 384,000.00