

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2022-07

CREATING BUDGET AMENDMENT #5 TO THE FISCAL YEAR 2022 BUDGET, APPROPRIATING \$100,000 FROM THE GENERAL FUND FOR AN ELEMENTARY SCHOOL HEATING SYSTEM REPAIRS PROJECT, AND INCREASING THE PORT OPERATING BUDGET BY \$230,000 FOR ELECTRICITY AT HARBOR FACILITIES.

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 FY22 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. 5 to Ordinance 2021-07

	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
I. OPERATING BUDGETS			
A. General Fund			
Sources:			
Appropriated Fund Balance	\$ 5,895,804	\$ 100,000	\$ 5,995,804
Uses:			
Transfer to Govt Capital Projects	\$ 1,848,936	\$ 100,000	\$ 1,948,936
B. Proprietary Funds			
Port Fund			
Sources:			
Budgeted Use of Unrestricted Net Position	\$ 5,980,847	\$ 230,000	\$ 6,210,847
Uses:			
Electricity	\$ 756,000	\$ 230,000	\$ 986,000
II. CAPITAL BUDGETS			
A. Governmental Project Budgets			
Elementary School Heating System Repairs			
Sources:			
Transfer from General Fund	\$ -	\$ 100,000	\$ 100,000
Uses:			
Elementary School Heating System Repairs	\$ -	\$ 100,000	\$ 100,000

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on the ____ day of June 2022.

Vincent M. Tutiakoff, Sr.
Mayor

Attest:

Marjie Veeder, CMC
City Clerk

City of Unalaska
Summary of Budget Amendment and Schedule of Proposed Accounts
FY22 Budget Amendment 5

- 1) General Fund - Operating Budget
 - Add \$100,000 to Appropriated Fund Balance
 - Add \$100,000 to Transfers to Govt Capital Projects for elementary school heating system repairs
- 2) Port Fund - Operating Budget
 - Add \$230,000 to Budgeted Use of Unrestricted Net Position
 - Add \$230,000 to electricity expense line items at each of 4 harbors
- 3) Governmental Fund Capital Projects Budgets
 - Add \$100,000 to Transfers from General Fund
 - Add \$100,000 to Elementary School Heating System Repairs budget

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
1) <u>General Fund - Operating Budget</u>						
Sources:						
Appropriated Fund Balance	01010049	49900		\$ 5,895,803.92	\$ 100,000.00	\$ 5,995,803.92
Uses:						
Transfer to Govt Capital Projects	01029854	59920		\$ 1,848,935.92	\$ 100,000.00	\$ 1,948,935.92
2) <u>Port Fund - Operating Budget</u>						
Sources:						
Budgeted Use of Unrestricted Net Position	54017049	49910		\$ 5,980,846.52	\$ 230,000.00	\$ 6,210,846.52
Uses:						
Electricity	54025152	56220		\$ 155,000.00	\$ 30,000.00	\$ 185,000.00
Electricity	54025252	56220		\$ 155,000.00	\$ 90,000.00	\$ 245,000.00
Electricity	54025452	56220		\$ 436,000.00	\$ 100,000.00	\$ 536,000.00
Electricity	54025552	56220		\$ 10,000.00	\$ 10,000.00	\$ 20,000.00
3) <u>Govt Fund - Capital Project Budgets</u>						
Elementary School Heating System Repairs						
Sources:						
Transfer from General Fund	31019848	49100		\$ -	\$ 100,000.00	\$ 100,000.00
Uses:						
Construction Services		54500		\$ -	\$ 75,000.00	\$ 75,000.00
Contingency		55912		\$ -	\$ 15,000.00	\$ 15,000.00
General Supplies		56100		\$ -	\$ 10,000.00	\$ 10,000.00

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Cat Hazen, Acting Finance Director
Through: Erin Reinders, City Manager
Date: May 24, 2022
Re: Ordinance 2022-07: Creating Budget Amendment #5 to the FY 2022 Budget, appropriating \$100,000 from the General Fund for an elementary school heating system repairs project, and increasing the Port Operating Budget by \$230,000 for electricity at harbor facilities

SUMMARY: This Budget Amendment will create an appropriation of \$100,000 from the General Fund for transfer to governmental capital projects in order to conduct repairs to the heating system at Eagle's View Elementary School. It will also increase the Port operating budget by \$230,000 for electricity at the Bobbie Storrs Harbor, Carl E. Moses Harbor, Spit and Light Cargo Docks, and the Unalaska Marine Center to compensate for the increase in electric rates due to the drastic rise in fuel prices.

PREVIOUS COUNCIL ACTION:

Elementary School Heating Repairs - Council has not taken any action specific to this request. Council approved Ordinance 2004-04 on March 9, 2004 which states, "The City Council, through the City Manager, shall provide for all major rehabilitation, all construction, and major repair of school buildings."

Port Electricity - There have been no previous budget amendments for Ports in FY22.

BACKGROUND:

Elementary School Heating Repairs - In the past several years, school staff has repaired various leaks in the pipe heating system piping that carries a hot water/glycol mix to various parts of the building. The City of Unalaska is responsible for major maintenance and construction at the schools. In 2020, DPW staff assisted with leak repairs during the school's summer vacation due the large number of leaks. Knowing the heating system needed widespread repairs and fell within the realm of City responsibility, the replacement of the heating system piping and valves was placed on the 10 year Facilities Maintenance Plan for FY24. Due to the extent of repairs needed and the increasing rate of failure, the need to make repairs sooner is now evident. The summer of 2022 is the optimum time to perform the work while class is not in session.

Eagle's View Elementary School Capital Project was initially funded in FY94. Major maintenance performed on the building and funded by the City within the past decade includes new carpet and exterior painting but no work on the internal systems since its construction. Consequently, we are experiencing a major heating system deterioration.

School Superintendent, Dr. Swint, described the issues they're having in the attached letter. The main heating trunk lines are 3" black iron steel on the supply side and 2" on the return side. The

failures are occurring where the ¾" piping is branching off of the supply/return trunks in each room. Every time a leak needs to be repaired, it requires draining the entire system, effecting the repairs, recharging the system, bleeding the air out, and then bringing the school up to temperature. This is a time consuming process. Additionally, the valves in the system leak as well, and there is no way to repair these valves without going through the same laborious process because most rooms do not have isolation valves on the ¾" return lines. Currently, Eagle's View Elementary School is unable to bring the temperature above 68° F. Consequently, staff had to notify parents to send their children to school with sweaters and sweatshirts to wear in class. Eagle's View Elementary School is relying on heating three classrooms and part of the office space by leaving the doors open to bring in heat from the main corridors.

Port Electricity - The cost of generator fuel has increased approximately 59% since February of 2021 when the FY22 budget was created; this increase caused a substantial rise in the price of electricity.

DISCUSSION:

Elementary School Heating Repairs - Our controls contractor, Long Technologies, provided a quote to replace 18 re-heat zone valves and 15 radiant zone valves when the system is drained this summer at a cost of \$31,786. A significant amount of pipe work and main line valve replacement is also necessary on the 3" and ¾" lines. Much of that work will not be identified until the system is taken off line and disassembly undertaken. Consumables, in-house labor, miscellaneous supplies, glycol, and system commissioning are also necessary. A scope of work is being refined and bids will be obtained if this work is authorized by Council. A cost estimate is provided below.

Proposed New Budget
Elementary School Heating System Repairs

Construction Services	\$75,000
Contingency	\$15,000
General Supplies	<u>\$10,000</u>
Total	\$100,000

Port Electricity - This budget amendment is to adjust for the dramatic increase in the cost of fuel that is required to produce electricity for the harbors. The FY22 budget was created in February of 2021. The price per barrel has increased by approximately 59%, exceeding the Port's budget for electricity at the harbors. The budgeted number does include a certain amount of forecasting for changes in the commodities markets, but contingency budgeting did not account for the dramatic increase in the cost of fuel this winter.

In April, funds were reallocated in the Port Operating Budget through line-item transfers in order to balance the increase in electrical costs. This allowed operations day-to-day to continue without interruption. It is clear that we need to amend the electrical portion of the budget to keep the budget intact through the end of the fiscal year.

The requested amount is \$230,000 to be transferred from the Port Fund to be applied to the following budgets:

54025152-56220 UMC:	\$30,000
54025252-56220 Spit and LCD:	\$90,000
54025452-56220 CEM:	\$100,000
54025552-56220 Bobbie Storrs:	<u>\$10,000</u>
Total	\$230,000

The harbors have been full since the end of April, and we anticipate heavy electrical demand into June. The amount requested will cover the electrical needs through the end of FY22 without exceeding the Port operating budget.

The electrical use is a pass-through expense to the boat owners; we expect an increase in electric revenue to offset the increased expense.

ALTERNATIVES:

Elementary School Heating Repairs - There are no practical alternatives to making the repairs. Patches to the system can be made but at best those would be temporary. The City is required by Ordinance to provide for the repairs.

FINANCIAL IMPLICATIONS:

Elementary School Heating Repairs - The heating system repairs at the elementary school will be required in order to keep the building serviceable; accomplishing them now will avoid cost increases due to inflation and potential additional costs caused by leaks in the system.

Port Electricity - Without this budget amendment the Ports will likely exceed its Council-approved budget.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends fully funding this budget amendment request.

PROPOSED MOTION: I move to introduce Ordinance 2022-07 and schedule it for for public hearing and second reading on June 14th.

CITY MANAGER COMMENTS: I support staff's recommendation.

ATTACHMENTS:

1. Letter of Support from UCSD Superintendent, Dr. Swint
2. Control Valve Replacement Cost Proposal from Long Technologies
3. Ordinance 2004-04 Excerpt

Unalaska City School District



May 6, 2022

Dear Mr. Mayor and City Council Members,

This letter is written to request funding assistance with the maintenance challenges that are occurring at Eagle's View Elementary School. Here are the maintenance challenges that have and/or occurred at Eagle's View Elementary:

- We are experiencing a deterioration in the plumbing.
- The main heating trunk lines in the school are 3" black iron steel on the supply side and 2" on the return side.
- Failures are occurring where the 3/4" piping is branching off the supply and return trunks in each room.
- When there is a leak, repair is required, draining the entire heating systems to make any repairs, filling the system and bleeding the air out of the system, then bringing the school up to temperature.
- There are leaks in the heating valves in the system and repairing the valves is draining the system because most rooms do not have isolation valves on the 3/4" return lines.

From my understanding, the piping during winter of 2020 took a week to complete. Over Christmas Break last year, we experienced the challenges stated above and fortunately there were no students in the school. Currently, the school is at half pressure (between 4 to 6 psi) to relieve stress on the system. This has caused maintenance of not bringing the temperature above 68 degrees F. The building leader at Eagle's View Elementary School sent the parents a letter to have the students bring their sweaters and sweatshirts in case they need to wear them in class.

This request is very urgent as there are approximately 130 students and 20 staff members at Eagle's View Elementary School. If this happens during regular school days, it will create a challenge of where to place the students.

Sincerely,

Dr. Robbie L. Swint, Jr.
Superintendent

SHIP TO: **UNALASKA CITY SCHOOL DISTRICT**
55 East Broadway
P.O. Box 570
Unalaska, AK 99685

PURCHASE ORDER # _____

DATE 4/18/2022

Phone: (907) 581-3151 Fax: (907) 581-3152

VENDOR **Long Building Technologies**
ADDRESS **5560 B Street**
Anchorage, Alaska 99518

ORDERED BY: Matt Lightner

QTY	UNIT	STOCK #	DESCRIPTION	UNIT PRICE	AMOUNT
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Zone valve replacement and upgrade to bring EVE heating system to full capacity.
Work to be done when heating system plumbing is drained and replaced this summer.

SEE ATTACHED

Total \$31,786.00

Requisition approved _____

Purchase Order approved _____

Accounting use only

Instructions to vendor

NO BACKORDERS. PLEASE COMPLETE ORDER WITH AVAILABLE ITEMS AND DELETE THOSE YOU ARE NOT CURRENTLY ABLE TO PROVIDE.

1. Payment for merchandise will not be made for invoices in excess of 10% over total without prior district approval.
2. Claims for shipping charges must be accompanied by receipted freight bill or postal receipt.
3. Claims for shipping charges in excess of 15% over total P.O. must receive prior school district approval.
4. Send all invoices to: Unalaska City School District, P.O. Box 570, Unalaska, AK 99685.
5. A separate tax free invoice set must be submitted for each order.
6. Purchase order number must appear on all documents relating to this order.
7. Ship to address must have both P.O. box and street address.
8. Tax exempt. If subject to discount, please indicate on invoice or claim.



Long live your building!

PROPOSAL

Date: 4/5/2022
Proposal #: ARS22-00531
Expiration: 30 days from above date
Account Executive: Ryan Skiff
Contact Number: 907-550-2127

Project:

Zone Valve Replacement

503 East Broadway Ave. Unalaska, AK 99685

A. SCOPE OF WORK –

Provide and install zone valves for 18 re-heat valves and 15 radiant valves

1. Pricing

Total: \$31,786.00

Accepted by: _____

Date: _____

2. INCLUSIONS:

- Travel, room and board
- Zone valves, piping and install
- Re-wire zone valves
- 1 year warranty
- Engineered valve schedule

3. EXCLUSIONS:

- All engineering and permits and system balancing
- Valves to be installed when the system is drained down this summer
- Temporary utilities and heat
- Concrete cutting, removal and core drilling
- Sprinkler work
- Troubleshooting, repair and replacement of existing equipment unless included.
- All costs of bonds
- Code Upgrades
- Hazardous material identification, abatement or removal
- All else not included in the inclusions

Note: All data and information contained herein and provided by LONG Building Technologies is considered confidential and proprietary. The data and information contained herein may not be reproduced, published or distributed to, or for, any third parties without the express prior written consent of LONG Building Technologies.

Accepted for:	Submitted by: LONG Building Technologies
Accepted by:	Submitted by: <i>Ryan Skiff</i>
Title:	Title: Project Manager
Signature:	Signature: <i>Ryan Skiff</i>
Date:	Date: 4/5/2022

Terms and Conditions:

By accepting this proposal, Purchaser agrees to be bound by the following Terms and Conditions:

- Scope of Work.** Unless otherwise noted, this proposal is based upon the use of straight time labor only. Plastering, patching and painting are excluded. Purchaser agrees to provide LONG Building Technologies, Inc. ("LONG") with required field utilities (electricity, toilets, drinking water, project hoist, elevator service, etc.) without charge. LONG agrees to keep the job site clean of debris arising out of its own operations. Purchaser shall not back charge LONG for any costs or expenses without LONG's written consent.
- Invoicing & Payments.** LONG may invoice Purchaser monthly for all materials delivered to the job site or to an off-site storage facility and for all work performed on-site and off-site. Purchaser shall pay LONG in United States currency (USD) amounts invoiced within thirty (30) days of the invoice date. Waivers of lien will be furnished upon request, as the work progresses, and to the extent payments are received. Invoices more than 30 days from the invoice date shall be subject to finance charges at 1.5% per month or the maximum rate applicable for the State in which the work was performed.
- Material Shortages.** If the materials or equipment included in this proposal become temporarily unavailable, the deadline for the performance of the work shall be extended by the length of the temporary unavailability. If the materials or equipment become permanently unavailable, LONG shall (a) be excused from furnishing the unavailable materials or equipment, and (b) be reimbursed for the price difference between the unavailable materials or equipment and a reasonably available substitute.
- Taxes.** The price of this proposal does not include duties, sales, use, excise, or other taxes, unless required by federal, state or local law. Purchaser shall pay, in addition to the proposed price, all taxes not legally required to be paid by LONG or, alternatively, shall provide LONG with acceptable tax exemption certificates. LONG shall provide Purchaser with tax payment certificates upon request and after completion and acceptance of work.
- Delays.** LONG shall not be liable for any delay in the performance of the work resulting from or attributed to acts or circumstances beyond LONG's control, including, but not limited to, acts of God, fire, riots, labor disputes, condition of the premises, acts or omissions of the Purchaser, Owner, or other Contractors or delays caused by suppliers or subcontractors of LONG.
- Compliance with Laws.** LONG shall comply with all applicable federal, state and local laws and regulations and shall obtain all temporary licenses and permits required for the execution of the work. Licenses and permits of a permanent nature shall be procured and paid for by the Purchaser.
- Disputes.** All disputes involving more than \$15,000 shall be resolved by arbitration in accordance with the rules of the American Arbitration Association. The prevailing party shall recover all reasonable legal costs and attorney's fees incurred as a result. Nothing here shall limit any rights under construction lien laws.
- Insurance.** Insurance coverage in excess of LONG's standard limits may be furnished if required; however, Purchaser will be billed for any additional premium charged to LONG. LONG will neither give Purchaser credit for insurance afforded to it by others, nor pay other insurance premiums.
- Indemnity.** The Parties hereto agree to indemnify each other from any and all liabilities, claims, expenses, losses or damages, including attorneys' fees, which may arise in connection with the execution of the work herein specified and which are caused, in whole or in part, by the negligent act or omission of the Indemnifying Party.
- Occupational Safety and Health.** The Parties hereto agree to notify each other in writing immediately upon becoming aware of an inspection under, or any alleged violation of, the Occupational Safety and Health Act relating in any way to the project site.
- Entire Agreement.** This proposal, upon acceptance, shall constitute the entire agreement between the parties and supersedes any prior representations or understandings, written or oral.
- Changes.** No change or modification of any of the terms and conditions stated herein shall be binding upon LONG unless accepted by LONG in writing.
- Limitations of Liability.** Neither party's (including additional insured's) total cumulative liability hereunder for any claim or cause of action of any kind, regardless of whether such claim may be based on contract, warranty, tort (including negligence), strict liability, or any other legal

LONG BUILDING TECHNOLOGIES

5660 B STREET, ANCHORAGE, AK 99518 | P: 907.561.3044 | F: 907.561.4225

or equitable principle, shall exceed the amount of the party's primary general liability policy limits. Notwithstanding any provision of any contract document to the contrary, neither party shall waive subrogation, or be liable to the other party or any of its affiliates, employees or subcontractors for punitive, special, exemplary, incidental or consequential damages, damages for loss of profits, loss of use or loss of revenue, or losses associated with cost of capital in connection with or arising out of this agreement, regardless of whether such claim may be based on contract, warranty, tort (including negligence), strict liability, or any other legal or equitable principle, or for any condition that is beyond the reasonable control, and without the intentional misconduct or negligence, of that party. Such conditions include, but are not limited to: acts of God; acts of government entities; strikes; labor disputes; fire; explosions or other casualties; thefts; vandalism; riots or war; acts of terrorism; or unavailability of labor, parts, materials or supplies.

14. **Warranty.** LONG warrants that the materials and equipment furnished by LONG will be of good quality and new; that the work will be free from defects not inherent in the quality required or permitted; and that the work will conform to the requirements of this agreement. LONG warrants that the work shall be free from defects in material and workmanship arising from normal usage for a period of one (1) year from the final invoice date and that its services will be free from defects in workmanship, design and material for one (1) year from the final invoice date. Upon written notice from the Purchaser, LONG shall, at its option, repair or replace the defective work or re-perform defective services. These warranties shall not extend to any work or services that have been abused, altered, misused or repaired by the Purchaser or third parties without the supervision of and prior written approval of LONG, or if LONG's serial numbers or warranty date decals have been removed or altered. The Purchaser must promptly report any failure of the equipment to LONG in writing. All replaced equipment becomes LONG's property.
15. **Asbestos-Containing Materials.** LONG is not licensed, nor will it undertake direct obligations relating to the identification, abatement, cleanup, control, removal, and/or disposal of asbestos-containing materials ("ACM"). Consistent with applicable laws, Purchaser shall supply LONG with any information in its possession relating to the presence of ACM at any of its facilities where LONG may perform work or provide services that may result in the disturbance of ACM. Often, LONG asks for certification that no ACM is present in facilities constructed prior to 1982. Purchaser shall provide such certification for buildings it owns, or aid LONG in obtaining such certification from facility owners for buildings it does not own. If either Purchaser or LONG becomes aware of or suspects the presence of ACM that may be disturbed by LONG performing work or providing services, it shall immediately stop the work or services in the identified area(s) and immediately notify the other party in writing. The Purchaser shall be responsible at its sole expense for addressing the potential for or the presence of ACM in conformance with all applicable laws, and prior to LONG resuming work or providing services in the identified area(s), will provide a written certification to LONG that the identified area(s) are free from ACM.
16. **Other Hazards.** Purchaser shall supply LONG with any information in its possession relating to the presence of Other Hazards, including but not limited to Structural Hazards, Hazardous Materials, Environmental Hazards, and Dangerous Substances in or near areas where LONG will be required to perform work or provide services. If either Purchaser or LONG becomes aware of or suspects the presence of Other Hazards that may interfere with LONG performing work or providing services, it shall immediately stop the work or services in the identified area(s) and immediately notify the other party in writing. Purchaser shall be responsible at its sole expense for the identification, abatement, cleanup, control, removal, and/or disposal of Other Hazards from areas LONG is required to perform work or provide services, and prior to LONG resuming work or providing services in the identified area(s), will provide a written certification to LONG that the identified area(s) are free from Other Hazards. LONG's obligations under this agreement expressly exclude any work or service of any nature associated or connected with the identification, abatement, clean up, control, removal, or disposal of Other Hazards including but not limited to asbestos, toxic waste, molds, lead, heavy metals, pesticides, pathogens, radon, x-rays or polychlorinated biphenyls ("PCBs"), discovered in or near areas where LONG will be required to perform work or provide services. Any language or provision of the agreement contained elsewhere that may authorize or empower the Purchaser to change, modify, or alter the Scope of Work to be performed by LONG shall not operate to compel LONG to perform any work relating to Asbestos-Containing Materials or Other Hazards.

The School Board shall be responsible for operating the public school system for the City. (Am. Ord. 2004-04, passed 3-9-04)

§ 2.98.080 SCHOOL FUNDS.

The School Board shall adopt rules and regulations subject to the approval of the City Council for the custody and accounting of all funds received and disbursed by the School District.

(Am. Ord. 2004-04, passed 3-9-04)

§ 2.98.090 RELATIONSHIP BETWEEN SCHOOL BOARD AND CITY.

(A) The School Board shall submit the proposed school budget for the following school year to the City Council by April 1 of each year. Within thirty (30) days after receipt of the budget, the City Council shall determine the total of money to be made available from local sources for school purposes and shall furnish the School Board with a statement of the sum to be made available. If the City Council does not, within thirty (30) days of receipt of the school budget by the School Board, furnish the School Board with a statement of the sum to be made available, the amount requested by the School Board in the proposed school budget is automatically approved. By June 30 of each year, the City Council shall appropriate the amount to be made available from local sources from money available for that purpose.

*-new carpets
-exterior painting*

(B) The School Board shall provide custodial services and routine maintenance for school buildings and shall appoint, compensate, and otherwise control personnel for these purposes. The City Council, through the City Manager, shall provide for all major rehabilitation, all construction, and major repair of school buildings. The recommendations of the School Board shall be considered in carrying out the provisions of this section.

(C) The School Board is a separate and distinct entity, and it is not within the control or supervision of the City Council, except as otherwise provided in this Code.

(Am. Ord. 2004-04, passed 3-9-04)

§ 2.98.100 PROCEDURE FOR CONSTRUCTION OF SCHOOL BUILDINGS.

(A) GRANT APPLICATION AND ADMINISTRATION. The School District may apply for grants to assist in the funding of the construction of school buildings; however, any transfer of responsibilities grant agreement with the State of Alaska shall identify the