

CITY OF UNALASKA  
UNALASKA, ALASKA  
ORDINANCE 2021-01

CREATING BUDGET AMENDMENT #4 TO THE FISCAL YEAR 2021 BUDGET, APPROPRIATING \$25,000 FOR FACILITIES MAINTENANCE IN THE PORTS FUND, \$97,000 FOR PROFESSIONAL SERVICES IN THE ELECTRIC FUND, \$57,871 FOR FIRE DEPARTMENT EQUIPMENT IN THE GENERAL FUND, AND \$122,280 FOR THE TSUNAMI SIREN UPGRADE CAPITAL PROJECT, AND RECOGNIZING \$122,280 OF STATE CAPITAL GRANT REVENUE

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 FY21 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 #4 to Ordinance #2020-10**

	Current	Requested	Revised
<b>I. OPERATING BUDGETS</b>			
<b>A. General Fund</b>			
Sources:			
Appropriated Fund Balance	\$ 1,000,000	\$ 57,871	\$ 1,057,871
Uses:			
Fire Department Machinery & Equipment	\$ -	\$ 57,871	\$ 57,871
<b>B. Electric Proprietary Fund</b>			
Sources:			
Budgeted Use of Unrestricted Net Assets	\$ 3,683,132	\$ 97,000	\$ 3,780,132
Uses:			
Other Professional Services	\$ 34,149	\$ 97,000	\$ 131,149
<b>C. Ports and Harbors Proprietary Fund</b>			
Sources:			
Budgeted Use of Unrestricted Net Assets	\$ 2,086,149	\$ 25,000	\$ 2,111,149
Uses:			
Repair and Maintenance Services	\$ 4,624	\$ 25,000	\$ 29,624
<b>II. CAPITAL PROJECT BUDGETS</b>			
<b>A. Tsunami Siren Upgrade</b>			
Sources:			
Misc State Capital Grants	\$ -	\$ 122,280	\$ 122,280
Uses:			
Machinery & Equipment	\$ -	\$ 122,280	\$ 122,280

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on January \_\_\_\_, 2021.

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Vincent M. Tutiakoff, Sr.  
Mayor

ATTEST:

\_\_\_\_\_  
Marjie Veeder, CMC  
City Clerk

**City of Unalaska**  
**Summary of Budget Amendment and Schedule of Proposed Accounts**  
**Budget Amendment 4 to the FY21 Budget**

- 1) General Fund - Operating Budget
  - Add \$57,871 to Fire Department Machinery and Equipment for rescue truck equipmen
  - Add \$57,871 to Appropriated Fund Balance
- 2) Electric Fund - Operating Budget
  - Add \$97,000 to Other Professional Services for Geothermal Project consultants
  - Add \$97,000 to Budgeted Use of Unrestricted Net Assets
- 3) Ports Fund - Operating Budget
  - Add \$25,000 to Repair and Maintenance Services for UMC warehouse roof repair, CEM painting, and a backflow prevention device
  - Add \$25,000 to Budgeted Use of Unrestricted Net Assets
- 4) Capital Project - Tsunami Siren Upgrade
  - Add \$122,280 to Machinery and Equipment for tsunami warning system improvements
  - Add \$122,280 to Misc. State Capital Grants for NOAA pass-through funding awarded by AK Dept. of Homeland Security & Emergency Management

	Org	Object	Project	Current	Requested	Revised
<b>1) <u>General Fund - Operating Budget</u></b>						
<b>Sources:</b>						
Appropriated Fund Balance	01010049	49900		\$ 1,000,000	\$ 57,871	\$ 1,057,871
<b>Uses:</b>						
Machinery and Equipment	01021553	57400		\$ -	\$ 57,871	\$ 57,871
<b>2) <u>Electric Fund - Operating Budget</u></b>						
<b>Sources:</b>						
Budgeted Use of Unrestricted Net Assets	50015049	49910		\$ 3,683,132	\$ 97,000	\$ 3,780,132
<b>Uses:</b>						
Other Professional Services	50024052	53300		\$ 34,149	\$ 97,000	\$ 131,149
<b>3) <u>Ports Fund - Operating Budget</u></b>						
<b>Sources:</b>						
Budgeted Use of Unrestricted Net Assets	54017049	49910		\$ 2,086,149	\$ 25,000	\$ 2,111,149
<b>Uses:</b>						
Repair and Maintenance Services	54022952	54300		\$ 4,624	\$ 25,000	\$ 29,624
<b>4) <u>Capital Project Budgets</u></b>						
<i>Tsunami Siren Upgrade Project</i>						
<b>Sources:</b>						
Misc State Capital Grants	310A1741	42199	PS20C	\$ -	\$ 122,280	\$ 122,280
<b>Uses:</b>						
Machinery and Equipment	3100A1753	57400	PS20C	\$ -	\$ 122,280	\$ 122,280

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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: January 12, 2021  
Re: Ordinance 2021-01: Creating Budget Amendment #4 to the Fiscal Year 2021 Budget, appropriating \$25,000 for facilities maintenance in the Ports Fund, \$97,000 for professional services in the Electric Fund, \$57,187 for fire department equipment in the General Fund, and \$122,280 for the Tsunami Siren Upgrade Capital Project, and recognizing \$122,280 of State Capital Grant Revenue

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**SUMMARY:** This amendment to the City's budget will appropriate \$25,000 from Ports Proprietary Fund Unrestricted Net Assets to the Facilities Maintenance Operations Division of Ports & Harbors to fund Facilities Maintenance Operating Expenses, \$97,000 to replace monies used to fund expenditures and Professional Services Agreements associated with the Ounalashka / Chena Power, LLC Geothermal Project Power Purchase Agreement not included in the FY21 budget request; \$57,871 to complete the outfitting of a rescue truck for the Fire Department; \$122,280 to receive State grant funding and cover the costs to complete the Tsunami Siren Upgrade Capital Project.

**PREVIOUS COUNCIL ACTION:** Council adopted the Fiscal Year 2021 budget on June 9, 2020 with Ordinance 2019-10. There have been three prior amendments to the FY21 budget.

**BACKGROUND:**

**Ports Maintenance:** The annual Facilities Maintenance Operating Budgets for the various proprietary funds have historically fluctuated depending on planned work and emergency repair needs that arise. For example, the Ports & Harbors Facilities Maintenance Operating Expenses Budget was funded in FY19 at \$5,201, in FY20 at \$29,055 and in FY21 at \$11,055.

**Electric:** At the time the Fiscal Year 2021 budget was approved, the Ounalashka / Chena Power, LLC Geothermal Project Power Purchase Agreement (PPA) was in the exploratory phase and additional costs associated with the PPA were not contemplated as part of Electric's operating budget or the CMMP. Costs incurred subsequent to the date the PPA was executed represent 21% of the Electric Utility Administration Operating Expense Budget.

**Fire Rescue Truck:** As part of the FY 2020 General Fund Budget, \$417,467 was appropriated to the Fire/EMS Department for the purchase and outfitting of a new light rescue truck. The new truck was purchased during FY 2020; however, due to COVID-19 the truck has not yet been completed. Equipment has not yet been added to the truck. Since the appropriation was made as part of the annual budget and not as a capital budget item, the remaining appropriated funds expired on June 30, 2020. This budget amendment would restore \$57,871 of expired appropriated funds to the project so the Fire Department can finish equipping the truck.

**Tsunami Sirens:** The City staff was contacted early in the spring by the Alaska Department of Homeland Security and Emergency Management regarding the possibility of including Unalaska

in their FY21 budget Tsunami Activities Grant proposal. This Grant is offered by NOAA and is used as a flow through grant to communities in Alaska for tsunami siren upgrade and repairs. The city stated that we were interested in being included and AKDHS&EM added Unalaska to the program. When the grant funding was announced Unalaska was awarded \$122,280.

## **DISCUSSION:**

**Ports Maintenance:** The FY20 budget spiked up because it included extensive painting at Carl E. Moses Boat Harbor. Painting work at Carl E. Moses Boat Harbor was planned to occur in FY20; however, due to the pandemic the work was not performed. Instead, the painting contract with Anchorage based Native Construction Management was canceled in June 2020 under contract General Condition 14, Termination for Convenience. Monies allocated for painting within the Ports & Harbors Facility Maintenance budget went unused during fiscal year 2020.

The painting contract also included painting work at Amaknak Fire Hall, City Hall, Eagles View Elementary School, Unalaska High School, City 4-Plex, and City 8-Plex, all of which fall under the General Fund. With the summer upon us, the City contracted the painting work with the next low bidder, Terrashield Coatings. Due to an oversight, the Carl E. Moses Boat Harbor painting was not removed from the scope of work and therefore completed although the funding for that work had expired at June 30, 2020.

Payment for all the above-mentioned General Fund painting work has been absorbed by our FY21 General Fund budget therefore no additional funding is requested for those locations. Being a Proprietary Fund location, only painting work at Carl E. Moses requires additional funding of \$16,400.

In addition to the painting cost above, two unexpected repairs were required that totaled \$8,636, bringing the total unbudgeted costs to just over \$25,000. The additional, unexpected repairs were for:

Backflow Prevention Device – \$4,008.

UMC Warehouse Roof – \$4,628.

**Electric:** Prior to executing the PPA, Mr. Michael Hubbard of The Financial Engineering Company provided rate analyses and other professional services to the Electric Utility and Council, related to the PPA. Once the PPA was executed, the City entered into an Agreement with Electric Power Systems to evaluate the impacts and upgrades necessary for the Electrical Distribution System in order to bring geothermal power online. Finally, the City entered into an Agreement with Thomas A. Lovas of Energy & Resource Economics to provide professional services related to the Project's design and the implementation of the PPA. The three items mentioned, at a combined cost of \$87,815 placed a burden on Electric's operating expense budget to a point where this budget amendment request was necessary. Staff is requesting an additional \$9,185, for a total of \$97,000, in order to reduce the likelihood of an additional funding request should other tasks be added to the existing Agreements or further services of The Financial Engineering Company be requested.

**Fire Rescue Truck:** The restoration of funds related to the rescue truck build would allow for new equipment to be purchased at the time of build, ensuring the most up to date equipment is used by the Fire Department for technical rescue operations.

**Tsunami Sirens:** This portion of the budget amendment will accept funding to supplement the full replacement of our tsunami warning system. This new system as a whole will integrate with

our new dispatch hardware and software upgrades to ensure long life. This new system will also create needed redundancy within the warning system to ensure there are no more outages.

**ALTERNATIVES:**

**Ports Maintenance:** An alternative to this request would be to have the Operations of the Department of Ports & Harbors absorb the expenses, however, this would reflect inaccurate historical data for both Divisions, and negatively impact their work program.

**Electric:** There are no true alternatives to funding this request. As of this writing, the available funds in the Operating Expenses Budget of the Electric Utility Administration Division are in the red at (\$7,150.87), with approximately half the fiscal year remaining. As a result, this Division of the Department of Public Utilities will be unable to support its portion of shared Department of Public Works & Department of Public Utilities Administrative and Occupancy expenses for goods and services such as Heating Fuel, Solid Waste, Water and Sewerage, Telephone, Postal Services, Office Supplies, Credit Card Fees, and so on.

**Fire Rescue Truck:** Council could choose to not restore funding and the Fire Department could attempt to fund the new equipment out of their FY21 Operations fund.

**Tsunami Sirens:** Council could choose to not accept the grant funding; however, the City has successfully administered similar grants from AKDHS&EM previously and does not anticipate any issues with this award.

**FINANCIAL IMPLICATIONS:**

**Ports Maintenance:** Remaining unused funds will stay with Ports & Harbors.

**Electric:** The amounts requested from the unrestricted revenue of the Electric Proprietary Fund will be added to the existing appropriation for Other Professional Services. The proposed revised line item is set forth below.

FY21 Electric Utility Administration				
SOURCE				
ELECTRIC PROPRIETARY FUND		CURRENT	THIS REQUEST	REVISED BUDGET
BUDGETED USE OF UNRESTRICTED NET ASSETS	5001-5049-49910	\$ 3,683,132	\$ 97,000	\$ 3,780,132
USE				
		CURRENT	THIS REQUEST	REVISED BUDGET
OTHER PROFESSIONAL SERVICES	5002-4052-53300	\$ 34,149	\$ 97,000	\$ 131,149
		\$ 34,149	\$ 97,000	\$ 131,149

**Fire Rescue Truck:** Appropriate \$57,871 to FY21 Fire Department Machinery and Equipment Budget.

**Tsunami Sirens:** Additional \$122,280 added to the Tsunami Siren Upgrade Capitol Project Fund.

**LEGAL:** N/A

**STAFF RECOMMENDATION:** Staff recommends approval.

**PROPOSED MOTION:** I move to schedule Ordinance 2021-01 for public hearing and second reading on January 26, 2021.

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