

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2022-01

CREATING BUDGET AMENDMENT #3 TO THE FISCAL YEAR 2022 BUDGET, ACCEPTING AN ARPA EASY GRANT FOR LIBRARIES AWARD IN THE AMOUNT OF \$6,000 FROM THE ALASKA STATE LIBRARY; INCREASING THE ELECTRIC UTILITY FUND BUDGET IN THE AMOUNT OF \$3,000,000 DUE TO INCREASED DIESEL FUEL COSTS; AND RETURNING A PORTION OF PROJECT COSTS TO ORIGINAL FUNDING SOURCES FOR SELECTED CAPITAL PROJECTS

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 #3 to Ordinance #2021-07

	Current	Requested	Revised
I. OPERATING BUDGETS			
A. General Fund			
<i>Library Operating</i>			
Sources:			
Other Grants - Library	\$ -	\$ 6,000	\$ 6,000
Uses:			
Grant Expenditures	\$ 119,560	\$ 6,000	\$ 125,560
<i>Return of Capital Project Funds</i>			
Sources:			
Transfers to GF Capital Projects	\$ 1,896,013	\$ (47,077)	\$ 1,848,936
Uses:			
Appropriated Fund Balance	\$ 5,892,342	\$ (47,077)	\$ 5,845,265
B. Proprietary Funds			
<i>Electric</i>			
Sources:			
Use of Unrestricted Net Position	\$ 4,577,717	\$ 3,000,000	\$ 7,577,717
Uses:			
Generator Fuel	\$ 6,000,000	\$ 3,000,000	\$ 9,000,000
<i>Ports</i>			
Sources:			
Transfers to Ports Capital Projects	\$ 6,045,000	\$ (1,421,782)	\$ 4,623,218
Uses:			
Use of Unrestricted Net Position	\$ 7,402,629	\$ (1,421,782)	\$ 5,980,847

II. CAPITAL BUDGETS

A. General Fund Capital Project Budgets

Town Park Improvements

Sources:				
Remaining Project Funds	\$	340,000	\$ (24,276)	\$ 315,724

Uses:				
Transfer From General Fund	\$	340,000	\$ (24,276)	\$ 315,724

Police Records Management System

Sources:				
Remaining Project Funds	\$	500,000	\$ (22,801)	\$ 477,199

Uses:				
Transfer From General Fund	\$	500,000	\$ (22,801)	\$ 477,199

B. Ports Capital Project Budgets

UMC Expansion Construction Project

Sources:				
Remaining Project Funds	\$	9,889,640	\$ (1,421,782)	\$ 8,467,858

Uses:				
Transfer From Ports Proprietary Fund	\$	9,889,640	\$ (1,421,782)	\$ 8,467,858

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on January 25, 2022.

 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 3 to the FY22 Budget

- 1) General Fund
 - Add \$6,000 to grant revenue for the library to record ARPA grant
 - Add a total of \$6,000 to grant expenditures for the library

 - Reduce transfers to GF projects by \$47,077 to record return of unused project funds for Town Park Improvements and Police Records Management System
 - Reduce appropriated fund balance by \$47,077
- 2) Electric Proprietary Fund
 - Add \$3,000,000 to generator fuel expense
 - Add \$3,000,000 to use of unrestricted net position
- 3) Port Proprietary Fund
 - Reduce transfers to port projects by \$1,421,782 to record return of unused project funds for UMC Expansion
 - Reduce use of unrestricted net position by \$1,421,782
- 4) General Fund Capital Projects
 - Town Park Improvements*
 - Reduce transfers from GF by \$24,276 to record return of unused project funds
 - Reduce budgeted project expenses by \$24,276 to reflect unspent funds

 - Police Records Management System*
 - Reduce transfers from GF by \$22,801 to record return of unused project funds
 - Reduce budgeted project expenses by \$22,801 to reflect unspent funds
- 5) Ports Fund Capital Projects
 - UMC Expansion Construction*
 - Reduce transfers from Ports fund by \$1,421,782 to record return of unused project funds
 - Reduce budgeted project expenses by \$1,421,782 to reflect unspent funds

	Org	Object	Project	Current	Requested	Revised
1) General Fund						
<i>Library</i>						
Sources:						
Other Grants - Library	01012041	42198		\$ -	\$ 6,000	\$ 6,000
Uses:						
Grants - Telecommunications	01023452	56451		\$ 106,560	\$ 3,500	\$ 110,060
Grants - Circulating Materials	01023452	56452		\$ 13,000	\$ 2,500	\$ 15,500
<i>Return of Capital Project Funds</i>						
Sources:						
Transfers to GF Capital Projects	01029854	59920		\$ 1,896,013	\$ (47,077)	\$ 1,848,936
Uses:						
Appropriated Fund Balance	01010049	49900		\$ 5,892,342	\$ (47,077)	\$ 5,845,265
2) Electric Fund						
Sources:						
Budgeted Use of Unrestricted Net Position	50015049	49910		\$ 4,577,717	\$ 3,000,000	\$ 7,577,717
Uses:						
Generator Fuel - Diesel	50024152	56500		\$ 6,000,000	\$ 3,000,000	\$ 9,000,000
3) Ports Fund						
Sources:						
Transfers to Ports Capital Projects	54029854	59940		\$ 6,045,000	\$ (1,421,782)	\$ 4,623,218
Uses:						
Budgeted Use of Unrestricted Net Position	54017049	49910		\$ 7,402,629	\$ (1,421,782)	\$ 5,980,847
4) General Fund Capital Projects						
<i>Town Park Improvements</i>						
Sources:						
Engineering and Architecture	31022053	53240	PR19A	\$ 17,595	\$ (208)	\$ 17,387
Telephone/Fax/TV	31022053	55310	PR19A	\$ 150	\$ (73)	\$ 77
Contingency	31022053	55912	PR19A	\$ 23,995	\$ (23,995)	\$ -
Uses:						
Transfers From General Fund	31019848	49100	PR19A	\$ 340,000	\$ (24,276)	\$ 315,724

Police Records Management System

Sources:

Advertising	31021053	55901	PS18B	\$ 350	\$ (350)	\$ -
Travel & Related Costs	31021053	55903	PS18B	\$ 6,650	\$ (198)	\$ 6,452
General Supplies	31021053	56100	PS18B	\$ 10,000	\$ (10,000)	\$ -
Computer Hardware/Software	31021053	56150	PS18B	\$ 195,496	\$ (12,253)	\$ 183,243

Uses:

Transfers From General Fund	31019848	49100	PS18B	\$ 500,000	\$ (22,801)	\$ 477,199
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5) Port Fund Capital Projects

UMC Expansion Construction

Sources:

Legal	54127053	53230	PH17D	\$ 120	\$ (8)	\$ 113
Engineering and Architectural	54127053	53240	PH17D	\$ 2,215,000	\$ (36,529)	\$ 2,178,471
Construction Services	54127053	54500	PH17D	\$ 35,243,340	\$ 8,663	\$ 35,252,003
Telephone/Fax/TV	54127053	55310	PH17D	\$ 1,000	\$ (118)	\$ 882
Contingency	54127053	55912	PH17D	\$ 1,393,065	\$ (1,393,065)	\$ -
General Supplies	54127053	56100	PH17D	\$ 6,500	\$ (715)	\$ 5,785
Computer Hardware/Software	54127053	56150	PH17D	\$ 3,125	\$ (11)	\$ 3,114

Uses:

Transfers From Port Proprietary Fund	54119848	49130	PH17D	\$ 9,889,640	\$ (1,421,782)	\$ 8,467,858
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MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Jim Sharpe, Interim Finance Director
Through: Erin Reinders, City Manager
Date: January 11, 2022
Re: Ordinance 2022-01, Creating Budget Amendment #3 to the Fiscal Year 2022 Budget, accepting an ARPA Easy Grant for Libraries award in the amount of \$6,000 from the Alaska State Library; increasing the Electric Utility Fund budget in the amount of \$3,000,000 due to increased diesel fuel costs; and returning a portion of project costs to the original funding sources for selected capital projects

SUMMARY: This budget amendment will appropriate an additional \$6,000 for the library, funded through an ARPA library grant; appropriate \$3,000,000 from the Electric Utility Fund's Net Position due to increased fuel costs; and return unspent monies for 3 projects to their original funding sources. This is the third amendment to the fiscal year 2022 budget. Staff recommends approval.

PREVIOUS COUNCIL ACTION:

On May 24, 2016, City Council adopted the Fiscal Year 2017 Operating and Capital budget through Ordinance 2016-12; UMC Expansion Construction project was included in the budget (Project PH17D)

On May 24, 2017, City Council adopted the Fiscal Year 2018 Operating and Capital budget through Ordinance 2017-07; Records Management System project was included in the budget (PS18B); additional funding for PH17D was also included in the budget

On May 22, 2018, City Council adopted the Fiscal Year 2019 Operating and Capital budget through Ordinance 2017-04; Town Park Improvements project was included in the budget (PR19A)

On May 25, 2021, City Council adopted the Fiscal Year 2022 Operating and Capital budget through Ordinance 2021-07; this is the third amendment.

BACKGROUND:

ARPA Easy Grant for Libraries. On March 11, 2021, Congress passed the federal act known as the American Rescue Plan Act of 2021 (Rescue Act). The Act is a \$1.9 trillion coronavirus rescue package designed to facilitate the United States' recovery from the devastating economic and health effects of the COVID-19 pandemic. A portion of the package (\$350,000,000,000) is to be distributed to cities, states tribal governments and U.S. Territories. In a letter dated November 2, 2021, the Unalaska Public Library received an ARPA Grant Notification from the Alaska State Library in the amount of \$6,000. The grant will provide \$3,500 for the library's public internet costs and \$2,500 for eBooks for Unalaska Library patrons.

Electric Fund. Rising fuel costs and a 19% increase in power demand compared to the first half of FY21 require additional funding to avoid a budget shortfall. Each budgeting cycle, staff estimates both power sales revenue and fuel expenses. Diesel fuel pricing was quite volatile due to world-wide fluctuating demand brought on by the pandemic. On February 2, 2021, the price of diesel was \$1.83 per gallon, up substantially from \$1.12 in May of 2020. Based on oil pricing projections from the Energy Information Administration (EIA), staff estimated an average diesel price of \$2.25 per gallon for FY22, and power sales of 40 million kWh.

Reduce project budgets. During a recent capital projects update meeting it was determined that, while certain projects are not yet completed, they are sufficiently complete that remaining anticipated costs will be significantly below the remaining budget amount to complete the project. Therefore, it makes fiscal sense to move the unneeded portion of each project back to its respective funding source.

DISCUSSION:

ARPA Easy Grant for Libraries. This grant will allow the Library to offer additional resources to patrons, through free internet and additional eBook options.

- \$3,500 – Public Internet Costs: This funding will help the library to continue providing free internet access for any visitor to the library building or parking lot via both our wireless internet connection and our library’s public computers.
- \$2,500 – eBooks and audiobook downloads: Once purchased, these materials will be available for any Unalaska Public Library cardholder to borrow for free on their phone, tablet, or ereader via the OverDrive or Libby app. They are available any time of day, from any location with an internet connection.

Electric Fund. Halfway through the fiscal year, staff now estimates an average diesel price of \$2.85 per gallon, and power sales of 45 - 46 million kWh. The Cost of Power Adjustment (COPA) charge on customer utility bills recoups most of the generator fuel expense. This budget amendment will increase the Generator Fuel – Diesel line item and alleviate budgetary shortfall concerns in other areas of the Powerhouse Operating Budget.

Reduce project budgets (*PR19A Town Park Improvements, PH17D UMC Expansion Construction & PS18B Records Management and Computer Aided Dispatch System (RMS/CAD)*).

- *PR19A Town Park Improvements* – This project is complete, certified, and has been in use since June 2019. We were notified by the State of Alaska Department of Labor (AKDOL) that they had not received certified payroll reports from Westside Flooring, one of the subcontractors on the job. The general contractor did not pay prevailing Title 36 wage rates and failed to pay at least two subcontractors in full. The AKDOL informed the City that they do not expect this case to be resolved any time soon. Staff recommends closing this project out and returning the remaining monies to the General Fund. When, and if, this case ever gets settled and we receive notification from the AKDOL, we will determine what and to whom we will need to pay. At that undetermined time in the future, staff will propose a Budget Amendment with monies coming from the General Fund. Amount returned to General Fund with this budget amendment - \$24,275.91.
- *PH17D UMC Expansion Construction* – This project is complete and has been in use since 2019. There were a few items determined to be incomplete and the City received a credit from the general contractor with the understanding that the City would complete those items at a later date. Remaining work includes five crane tie down pocket drains and re-

grouting the edges of some sections of trench drain. This work is expected to be completed in early summer 2022 when weather permits. An amount of \$200,000 will be sufficient to cover all remaining work and includes contingency. Amount returned to Ports and Harbors Proprietary Fund with this budget amendment - \$1,421,782.48.

- *PS18B Records Management and Computer Aided Dispatch System (RMS/CAD)* – In 2017, the City entered into an agreement to purchase a RMS/CAD system for Public Safety; however, shortly after the commitment, the vendor was purchased and the new company indicated they would no longer support the product purchased by the City, instead recommending that the City purchase an entirely new RMS/CAD system from the acquiring company. The project was halted at that point. The current request is to return unencumbered amounts to the General Fund while the City determines the proper course of action related to this situation. Amount returned to General Fund with this budget amendment - \$22,801.17.

ALTERNATIVES: As always, Council can approve the budget amendment as presented, alter it, or decide not to approve it. However, the powerhouse Operating Budget must be able to purchase fuel; staff sees no other acceptable alternative to this Budget Amendment request. The increased fuel expenses will be recovered through COPA, offsetting the additional cost. Lack of approval could delay expenditures related to the Electric Utility Fund and the Library.

FINANCIAL IMPLICATIONS:

ARPA Easy Grant for Libraries. As outlined above, this \$6,000 grant and Budget Amendment amends will provide \$3,500 for the library's public internet costs and \$2,500 for eBooks for Unalaska Library patrons.

Electric Fund. This Budget Amendment will appropriate \$3,000,000 of Electric Proprietary Fund Net Position into the Operating Budget of the Power Production Division.

Reduce project budgets. As outlined above, \$47,077.08 will be returned to the General Fund and \$1,421,782.48 will be returned to the Ports and Harbors Proprietary Fund.

LEGAL: None

STAFF RECOMMENDATION: Staff recommends approval.

PROPOSED MOTION: I move to introduce Ordinance 2022-01 and schedule it for public hearing and second reading on January 25, 2022.

CITY MANAGER COMMENTS: I support Staff's recommendation.