


DISCUSSION / DIRECTION on utilizing existing appropriations to pay for Blue Lake Road and Green Lake Road repairs

Memo

Thru: Mark Gorman, Administrator

To: Mayor McConnell and Assembly of the City and Borough of Sitka

From: Jay Sweeney, Chief Finance and Administrative Officer 

Date: September 2, 2015

Re: Discussion/Direction on Use of Emergency Ordinance Appropriations to Repair Blue Lake and Green Lake Roads

As you have already been informed, the recent landslide emergency caused extensive damage to both Blue Lake and Green Lake roads. This damage will require expensive repairs as well as rapid response.

Both Blue Lake road and Green Lake road are used by Electric Utility personnel to access Electric Utility infrastructure. In the case of an outage or other service disruption, utility crews will need to be able to traverse these roads as well as, potentially, move heavy equipment along them. At the present time, unless repaired, these roads can't provide access for heavy equipment, potentially placing utility service and infrastructure at risk.

Historically, the cost of all repairs to these roads has been an Electric Department responsibility. In some cases, the Forest Service has contributed financially to repair and maintenance of the roads.

Bryan Bertacchi, Electric Utility Director has requested authority to initiate repairs as well as supplemental appropriations to pay for the repairs. The existing emergency appropriation in the General Fund, however, could serve as authority to spend public funds to initiate repairs.

Were the Assembly to elect to allow public funds from the General Fund to be used to pay for these repairs, the Assembly could either direct that expenditures be reimbursed from the Electric Fund, or, that General Fund appropriations pay for repair costs.

Furthermore, although insurance will not reimburse for repair costs, public assistance from the State of Alaska in conjunction with the Emergency Declaration may. Thus, the decision the Assembly makes will have an impact on how potential public assistance is accounted for. Or, in other words, if General Fund appropriations are used which are not reimbursed by the Electric Fund, any reimbursements from State of Alaska Public Assistance will accrue to the General Fund, not the Electric Fund.

If the Assembly directs that General Fund appropriations NOT be used to pay for these road repairs in any fashion, the Electric Fund will require Assembly approval to initiate the repairs in a timely fashion. The Electric Fund could use existing appropriations, earmarked for other purposes in the annual budget, then approach the Assembly at a subsequent Assembly meeting for a supplemental appropriation to restore its budget. Such a course of action is less efficient, however, and CBS Staff recommends that the existing General Fund emergency appropriation be used to pay for repair costs.