

POSSIBLE MOTION

I MOVE TO approve Ordinance 2015-58 on
second and final reading.

Memo

To: City and Borough of Sitka Assembly

From: Jay Sweeney, Chief Finance and Administrative Officer

Date: December 1, 2015

Re: Supplemental Budget Ordinance Re-appropriating Funds For Emergency Transformer Rebuild

Mayor McConnell and Assembly Members,

At its meeting on November 24, 2015, the Administrator and Electric Department Director addressed the Assembly as to an imminent emergency stemming from the non-operational status of the spare single phase reserve transformer at the Marine Street Substation. In their comments, the Administrator and Electric Department Director described how lack of a functional spare transformer would subject the Municipality to weeks of rolling blackouts were one of the primary transformers to fail. The Administrator further spoke to how he was going to embark on taking immediate action to address the problem by having the existing spare transformer rebuilt as quickly as possible.

Even though the emergency situation was discussed with the Assembly on November 24 and no objection was raised by the Assembly to the Administrator's proposed actions, an appropriation is still required per the Home Rule Charter of the City and Borough of Sitka. A sufficient unspent appropriation exists in the Diesel Plant fuel account (200-600-603-852-5203.005) to cover the cost of the transformer rebuild, but Assembly approval of a supplemental budget ordinance is required to re-appropriate the funds, as the rebuild will be a capital expenditure (HRC Article XI, Section 11.11 B).

Accordingly, a major purpose of the attached ordinance is to accomplish re-appropriation of funds necessary to pay for the transformer rebuild. It is important to note that overall Electric Department appropriations for FY2016 will not increase with this re-appropriation.

In order to expedite the rebuilding of the spare Marine Street transformer, the Administrator has authorized the placement of a purchase request with a firm in South Dakota to begin the rebuilding process.

It is also important to point out that this re-appropriation is a stop-gap measure to respond to the emergency declared by the Administrator. The Electric Department will be coming forward soon with additional capital expenditure requests to mitigate the risks of rotating black-outs of the distribution system. It is anticipated that these additional requests to improve the electric distribution system will require approval of additional capital expenditures.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2015-58

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
ADJUSTING THE FY16 BUDGET

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. **CLASSIFICATION.** This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. **SEVERABILITY.** If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. **PURPOSE.** The purpose of this ordinance is to adjust the FY16 budgets for known changes.

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby adjusts the FY16 budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2015 and ending June 30, 2016 is hereby adjusted as follows:

Account Number	Account	Increase	Decrease
<u>FISCAL YEAR 2016 EXPENDITURE BUDGETS</u>			
<u>GENERAL FUND</u>			
Police Department – Travel & Training:			
100-300-330-3301.007	Police Other	\$2,130	
100-520-021-805-5201.000	Travel & Training	\$2,130	
To recognize donations and to increase the travel & training for the expenses incurred during the Ketchikan Project – transferring rescue dogs.			
<u>ENTERPRISE AND INTERNAL SERVICE FUNDS</u>			
Management Information Systems Fund – Personnel			
100-520-021-800-5110.001	Wages		\$29,983
300-600-630-5110.001	Wages	\$29,983	
100-520-021-800-5120.002	SBS		\$1,838
300-600-630-5120.002	SBS	\$1,838	
100-520-021-800-5120.003	Medicare		\$435
300-600-630-5120.003	Medicare	\$435	
100-520-021-800-5120.004	PERS		\$6,596
300-600-630-5120.004	PERS	\$6,596	
100-520-021-800-5120.005	Health Insurance		\$13,706
300-600-630-5120.005	Health Insurance	\$13,706	

<u>Account Number</u>	<u>Account</u>	<u>Increase</u>	<u>Decrease</u>
ENTERPRISE AND INTERNAL SERVICE FUNDS (cont.)			
100-520-021-800-5120.006	Life Insurance		\$4
300-600-630-5120.006	Life Insurance	\$4	
100-520-021-800-5120.007	Workman's Comp		\$1,649
300-600-630-5120.007	Workman's Comp.	\$1,649	
This is to move the budget for the Police Technician position from the Police Department to the Management Information Systems Fund.			
Management Information Systems– Fixed Assets:			
300-600-670-7106.000	Fixed Assets	\$50,000	
The Information Systems Director has requested to increase his fixed assets appropriation for the Network Redesign Project that was budgeted in the FY16 due to unforeseen complexities identified during the latest design meetings.			
Electric Fund – Fixed Assets:			
200-600-603-852-5203.005	Heating Fuel		\$200,000
200-600-670-7106.000	Fixed Assets/Equipment	\$200,000	
An emergency appropriation to sole source the repair, and the associated cost to remove, ship and replace the spare Marine Street Transformer. These funds will be transferred from their Diesel Plant Heating Fuel account.			

EXPLANATION

Necessary revisions in the FY 2016 budget were identified. These changes involve the increase of expenditure accounts and causes decreased cash flows to the fund balance of various funds. A short explanation of each budget revision is included.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 22nd Day of December, 2015.

ATTEST:

Mim McConnell, Mayor

Sara Peterson, CMC
Municipal Clerk