

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE NO. 2017-06

CREATING A BUDGET AMENDMENT #4 TO FUND NEW PROJECTS: PH17C-CEM BREAKWATER REPAIR FOR \$150,000. FUNDS WILL COME FROM PORTS UNRESTRICTED NET ASSETS, AND PROJECT PH17D-UNALASKA MARINE CENTER EXPANSION CONSTRUCTION. FUNDS WILL COME FROM HARBOR REVENUE BONDS AMMB SERIES 2017 ONE BONDS 2017 TWO FINANCING FOR \$29,000,000

BE IT ENACTED BY THE UNALASKA CITY COUNCIL

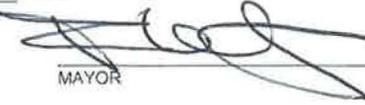
- Section 1. Classification: This is a non-code ordinance.
 Section 2. Effective Date: This ordinance becomes effective upon adoption.
 Section 3. Content: The City of Unalaska FY17 Budget is amended as follows:

- 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. 4 to Ordinance #2016-12

				Current	Requested	Revised
I. OPERATING BUDGET						
B. Ports Fund Budget						
Sources						
	Net Assets-Unrestricted			11,334,199	150,000	11,184,199
Uses						
	Transfer to Enterprise Capital Projects			4,611,500	150,000	4,761,500
II. PROPRIETARY CAPITAL BUDGET						
A. Ports and Harbors Fund - Project Budget						
Sources						
	CEM BREAKWATER REPAIR					
	Transfer from Enterprise Ops	PH17C	-	150,000		150,000
	UMC EXPANSION CONSTRUCTION					
	Other Financing Sources--Revenue Bond Proceeds	PH17D	-	29,000,000		29,000,000
Uses						
	CEM BREAKWATER REPAIR					
	Construction Services	PH17C	-	150,000		150,000
	UMC EXPANSION CONSTRUCTION					
	Salaries & Wages	PH17D	-	3,500		3,500
	Overtime	PH17D	-	750		750
	Health Insurance Benefit	PH17D	-	750		750
	FICA/Medicare Employer Match	PH17D	-	750		750
	PERS Employer Benefit	PH17D	-	500		500
	Unemployment Ins. Benefit	PH17D	-	500		500
	Workers Compensation Ins.	PH17D	-	500		500
	Other Employee Benefits	PH17D	-	250		250
	Legal	PH17D	-	3,500		3,500
	Engineering & Architectural	PH17D	-	1,975,000		1,975,000
	Other Professional Services	PH17D	-	250,000		250,000
	Construction Services	PH17D	-	24,145,235		24,145,235
	Telephone/Fax/TV	PH17D	-	1,000		1,000
	Advertising	PH17D	-	1,000		1,000
	Travel & Related Costs	PH17D	-	1,000		1,000
	Permit Fees	PH17D	-	1,000		1,000
	General Supplies	PH17D	-	2,500		2,500
	Interest Expense	PH17D	-	100,000		100,000
	Contingency Expense	PH17D	-	2,512,265		2,512,265

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS 9th DAY OF May 2017.


MAYOR

ATTEST:

CITY CLERK



**Fiscal Year Budget Amendment 4
and Schedule of Proposed Accounts**

1) Ports Fund - Operating Budget

Transfer Ports unrestricted net assets to Ports and Harbors Capital Fund

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
1) <u>Ports Fund - Operating Budget</u>						
Sources:						
Net Assets-Unrestricted				11,334,199	150,000	11,184,199
Uses:						
Transfers to Enterprise Capital Projects	54029854	59940		4,611,500	150,000	4,761,500

2) Ports and Harbors - Capital Fund

Use Ports Fund transfers to fund the Carl E. Moses Breakwater Repair. Use AMMB Series 2017 One Bonds to fund the UMC Dock Expansion Construction.

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
2) <u>Ports and Harbors Capital Fund</u>						
Sources:						
Transfers From Enterprise Ops	54119848	49130	PH17C	-	150,000	150,000
Other Financing Source--Revenue Bond Proceeds	54119848	49191	PH17D	-	29,000,000	29,000,000
			Total Sources	-	29,150,000	29,150,000
Uses:						
Construction Services	54127053	54500	PH17C	-	150,000	150,000
Salaries & Wages	54127053	51100	PH17D	-	3,500	3,500
Overtime	54127053	51300	PH17D	-	750	750
Health Insurance Benefit	54127053	52100	PH17D	-	750	750
FICA/Medicare Employer Match	54127053	52200	PH17D	-	750	750
PERS Employer Benefit	54127053	52300	PH17D	-	500	500
Unemployment Ins. Benefit	54127053	52400	PH17D	-	500	500
Workers Compensation Ins.	54127053	52500	PH17D	-	500	500
Other Employee Benefits	54127053	52900	PH17D	-	250	250
Legal	54127053	53230	PH17D	-	3,500	3,500
Engineering & Architectural	54127053	53240	PH17D	-	1,975,000	1,975,000
Other Professional Services	54127053	53300	PH17D	-	250,000	250,000
Construction Services	54127053	54500	PH17D	-	24,145,235	24,145,235
Telephone/Fax/TV	54127053	55310	PH17D	-	1,000	1,000
Advertising	54127053	55901	PH17D	-	1,000	1,000
Travel & Related Costs	54127053	55903	PH17D	-	1,000	1,000
Permit Fees	54127053	55907	PH17D	-	1,000	1,000
General Supplies	54127053	56100	PH17D	-	2,500	2,500
Interest Expense	54127053	59100	PH17D	-	100,000	100,000
Contingency Expense	54127053	55912	PH17D	-	2,512,265	2,512,265
			Total Uses	-	29,150,000	29,150,000

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
THRU: DAVID MARTINSON, CITY MANAGER
THRU: PEGGY MCLAUGHLIN, PORT DIRECTOR
FROM: NERAHOO HEMRAJ, FINANCE DIRECTOR
DATE: APRIL 25, 2017
RE: ORDINANCE 2017-06 BUDGET AMENDMENT NO. 4: CREATING A BUDGET AMENDMENT TO TRANSFER \$150,000 FROM THE PORT UNASSIGNED NET ASSETS TO FUND REPAIRS AT THE CEM BREAKWATERS.

SUMMARY: The adoption of Ordinance 2017-06 will transfer \$150,000 from the Port Fund Unassigned Net Assets to pay for the City's share of the construction and repairs of the CEM Breakwater. The cost for this project will be captured in a newly created capital project account PH-17C. Staff recommends approval.

PREVIOUS COUNCIL ACTION: City Council authorized the City Manager to enter into an agreement with the USACE for the design, build, and installation of the breakwaters. The potential for this budget amendment related to the breakwater was discussed at the April 11, 2017, Council Meeting.

BACKGROUND: The USACE Project Cooperation Agreement requires the City to pay a total of 20% towards the construction costs. The City pays 10% upfront during construction and an additional 10% when construction is completed and costs are finalized. The additional 10% can be financed through the Federal government and paid over 30 years.

In 2013, when the project was conveyed, the City booked a \$2.1 Million for outstanding project cost. This liability will be adjusted up or down when the accounting is finalized with the USACE and City. This is the estimated required additional 10% City Contribution for the total project.

The USACE has now requested \$110,000 the City pay for the \$40K of breakwater chain repairs and to pay \$70K for previous obligations that the City owed for the initial work. This is related to the required 10% upfront City Contribution.

DISCUSSION: The \$150,000 included in the budget amendment addresses the \$110,000 USACE request for the design and repairs of the damaged breakwater chains as well as the previous obligation with the original projects. The remaining \$40,000 will pay for any unforeseen damages that are not readily identified. The cost for this project will be captured in the capital project account PH-17C. Any unused funds will be credited to City's account and will be added to the first 10% upfront contribution. Any excess contributions will be

credited to the City's additional 10% contribution obligations after the project and related accounting is finalized with the USACE.

ALTERNATIVES:

1. Council could choose to approve
2. Council could choose not to approve

FINANCIAL IMPLICATIONS: These payments are in keeping with the USACE agreement approved by City Council.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends approval.

PROPOSED MOTION: I move to approve Ordinance 2017-06 and move to a second reading on May 9, 2017.

CITY MANAGER'S COMMENTS: I support this budget amendment and recommend approval of Ordinance 2017-06.

MEMORANDUM TO COUNCIL

TO: MAYOR AND CITY COUNCIL MEMBERS
FROM: PEGGY MCLAUGHLIN, PORT DIRECTOR
THRU: DAVID MARTINSON, CITY MANAGER
FROM: PORT DEPARTMENT
DATE: APRIL 25, 2017
RE: ORDINANCE 2017-06 BUDGET AMENDMENT NO. 4: CREATING A BUDGET AMENDMENT TO ACCEPT \$29,000,000 FROM THE ALASKA MUNICIPAL BOND BANK FOR THE UNALASKA MARINE CENTER EXPANSION AND REPLACEMENT PROJECT POSITIONS 3 AND 4

SUMMARY: The adoption of Ordinance 2017-06 will accept \$29,000,000 from the Alaska Municipal Bond Bank into the newly created Unalaska Marine Center Expansion and Replacement Project Capital Project Account PH17D UMC Expansion Construction. Staff recommends approval.

PREVIOUS COUNCIL ACTION:

- **RESOLUTION 2017-13:** A Resolution of the Council of the City of Unalaska, authorizing the issuance and sale of the Harbor Revenue Bonds of the City in one or more series in the aggregate principal amount not to exceed \$35,000,000, to finance Port and Harbor improvements; establishing the terms of the bonds, and authorizing the sale of the bonds.
- **RESOLUTION 2017-16:** A Resolution of the Council of the City of Unalaska, authorizing the issuance of the Harbor Revenue Bonds of the City in one or more series to finance and refinance Port and Harbor improvements; creating a lien on the net revenue of the Port and Harbor Fund for the payment of the bonds; and establishing covenants with the City related to the bonds..

BACKGROUND: In February 2017, Council authorized the sale of municipal bonds for the Unalaska Marine Center Expansion and Replacement Project. This resolution would accept the money from the sale of those bonds to be credited to a newly created project account number for the Unalaska Marine Center Expansion and Replacement Project.

DISCUSSION: On February 14, 2017: Council received information regarding the City of Unalaska's ability to finance a portion of the Unalaska Marine Center Expansion and Replacement Project through the sale of bonds through the Alaska Municipal Bond Bank.

The sale of the bonds took place on April 11, 2017 and the transaction will be closing the week of April 24, 2017.

This ordinance is simply a budget amendment to accept the proceeds from the bond sale into the Unalaska Marine Center Expansion and Replacement Capital Project Account. We will also be creating a new account for this project for the construction phase.

The City of Unalaska qualified for \$35,000,000 in bonds. We had the Bond Counsel exercise \$29,000,000 on our behalf. If the City of Unalaska chooses to exercise the remaining \$6,000,000, that can be done at a later date.

The passing of this ordinance accepts the \$29,000,000 into the Port and Harbor Unalaska Marine Center Expansion and Replacement Project and creates the Capital Project Account PH17D for construction for the UMC Construction.

ALTERNATIVES:

1. Council could choose to approve
2. Council could choose not to approve

FINANCIAL IMPLICATIONS: The City Council has authorized the sale of the bonds and the City of Unalaska is obligated for repayment.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends approval.

PROPOSED MOTION: I move to approve Ordinance 2017-06 and move to a second reading on May 9, 2017.

CITY MANAGER'S COMMENTS: I support this budget amendment and recommend approval of Ordinance 2017-06.