

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2020-05

CREATING BUDGET AMENDMENT #8 TO THE FISCAL YEAR 2020 BUDGET, INCREASING THE ELECTRIC FUND OPERATING BUDGET FOR TRANSFERS TO CAPITAL PROJECTS AND THE GENERATOR SETS REBUILD PROJECT BUDGET BY \$383,627 EACH; AND INCREASING THE GENERAL FUND OPERATING BUDGET FOR TRANSFERS TO AIRPORT AND THE AIRPORT OPERATING BUDGET BY \$158,000 EACH FOR THE AIRPORT FIRE PANEL

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 FY20 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 #8 to Ordinance 2019-07

I. OPERATING BUDGETS

A. General Fund

Sources:

	Current	Requested	Revised
Appropriated Fund Balance	\$ 11,373,669	\$ 158,000	\$ 11,531,669

Uses:

Transfer to Airport Fund	\$ -	\$ 158,000	\$ 158,000
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B. Proprietary Funds

Electric Proprietary Fund

Sources:

Budgeted Use of Unrestricted Net Position	\$ 1,393,062	\$ 383,627	\$ 1,776,689
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Uses:

Transfer to Electric Project	\$ 2,985,968	\$ 383,627	\$ 3,369,595
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Airport Proprietary Fund

Sources:

Transfers From General Fund	\$ -	\$ 158,000	\$ 158,000
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Uses:

Repair/Maintenance Services	\$ 96,800	\$ 158,000	\$ 254,800
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II. CAPITAL BUDGETS

A. Public Utilities - Project Budgets

Electric Projects - Gen Set Rebuild

Sources

Transfer from Electric Operating	\$ 1,714,056	\$ 383,627	\$ 2,097,683
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Uses

Generator Sets Rebuild Project	\$ 1,714,056	\$ 383,627	\$ 2,097,683
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PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on April 28, 2020.

Vincent M. Tutiakoff, Sr.
Vincent M. Tutiakoff, Sr.
Mayor

ATTEST:

Marjie Veeder

Marjie Veeder, CMC
City Clerk



City of Unalaska
Summary of Budget Amendment and Schedule of Proposed Accounts
FY20 Budget Amendment #8

- 1) General Fund - Operating Budget
Add \$158,000 to Transfers to Enterprise Operating for airport fire panel
Add \$158,000 to Appropriated Fund Balance
- 2) Electric Fund - Operating Budget
Add \$383,627 to Transfers to Capital Projects for generator sets rebuild
Add \$383,627 to Budgeted Use of Unrestricted Net Position
- 3) Airport Fund - Operating Budget
Add \$158,000 to Repair/Maintenance Services for fire alarm panel replacement
Add \$158,000 to Transfers from General Fund
- 4) Electric Projects - Generator Sets Rebuild
Add 383,627 to Gen Sets Rebuild for repair and maintenance services
Add 383,627 to Transfers from Electric Operating Fund

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
1) General Fund - Operating Budget						
Sources:						
Appropriated Fund Balance	01010049	49900		\$ 11,373,668.50	\$ 158,000.00	\$ 11,531,668.50
Uses:						
<i>Transfers Out</i>						
Transfers to Enterprise Operating	01029854	59930		\$ -	\$ 158,000.00	\$ 158,000.00
2) Electric Fund - Operating Budget						
Sources:						
Budgeted Use of Unrestricted Net Position	50015049	49910		\$ 1,393,062.00	\$ 383,627.00	\$ 1,776,689.00
Uses:						
Transfers to Enterprise Capital Projects	50029854	59940		\$ 2,985,968.00	\$ 383,627.00	\$ 3,369,595.00
3) Airport Fund - Operating Budget						
Sources:						
Transfers From General Fund	55019848	49100		\$ -	\$ 158,000.00	\$ 158,000.00
Uses:						
Repair/Maintenance Services	55022952	54300		\$ 96,800.00	\$ 158,000.00	\$ 254,800.00
4) Electric Fund - Capital Project Budgets						
Sources:						
<i>Generator Sets Rebuild Project</i>						
Transfers From Proprietary Operating	50119848	49130	EL20A	\$ 1,714,056.00	\$ 383,627.00	\$ 2,097,683.00
Uses:						
<i>Generator Sets Rebuild Project</i>						
Repair/Maintenance Services	50125053	54300	EL20A	\$ 1,714,056.00	\$ 383,627.00	\$ 2,097,683.00

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Dan Winters, Director of Public Utilities (Gen Sets Rebuild)
Tom Cohenour, Director, Department of Public Works (Airport Terminal
Fire Alarm Replacement)
Through: Erin Reinders, City Manager
Date: April 14, 2020
Re: Ordinance 2020-05 Creating Budget Amendment #8 to the Fiscal Year
2020 Budget, increasing the Electric Fund Operating Budget for transfers
to capital projects and the Generator Sets Rebuild Project budget by
\$383,627 each; and increasing the General Fund operating budget for
transfers to Airport and the Airport Operating Budget by \$158,000 each for
the airport fire panel

SUMMARY: This Budget Amendment consists of a transfer of \$383,627 from the Electric Proprietary Fund to Capital Project EL20A Generator Sets Rebuild, increasing the budget to \$2,097,683 and a transfer of \$158,000 from the General Fund to the Airport Proprietary Fund for Facilities Maintenance to administer the Airport Terminal Fire Alarm Control Panel Replacement.

PREVIOUS COUNCIL ACTION: City Council approved Ordinance 2019-07 on May 28, 2019, adopting the FY20 Capital and Operating Budget, allocating \$1,714,056 to the FY20 Generator Sets Rebuild Project.

BACKGROUND:

EL20A – The Powerhouse solicited bids for the labor portion of a 48,000-hour major overhaul on Wartsila Units #10 & 11, scheduled to begin in November 2019, in between 2019 “B” season and 2020 “A” season when island electrical demands are at their lowest. Associated parts for the rebuilds were purchased previously from Wartsila North America in the amount of \$631,306 and were on-site.

The City received bids of \$388,728 from Wartsila North America and \$433,547 from Motor-Services Hugo Stamp. The Powerhouse elected to use Motor-Services Hugo Stamp (MSHS) because they had the ability to perform some of the required machine shop work on-site, saving transit time between Unalaska and Wartsila’s Vancouver shop, theoretically shortening the rebuild time.

Fire Alarm System Replacement – A Fire Inspection performed at the Tom Madsen Airport Terminal Building in May of 2019 identified the following deficiencies:

1. Auxiliary notification booster panel was overtaxed when originally installed. Circuits are pulling more AMPS than the system can deliver, causing the circuits to crash on battery backup
2. Notification devices are not in sync
3. Thermal detectors are past due 15-year retest; they require factory re-test or replacement
4. Conventional smoke detectors are past due sensitivity test
5. Original detection layout is non-code compliant and does not cover building adequately if smoke detection is desired
6. Fire panel is obsolete

Staff requested funding for the work to repair these issues in the draft FY21 Operating Budget. However, since mid-March, the system has generated false fire alarm call-outs creating a life/safety hazard by pulling resources away from other potential Fire Department responses as well as utilizing Ports Department personnel to perform regularly scheduled visual Fire Watch inspection.

DISCUSSION:

EL20A – Historically, this recurring Capital Project runs very close to cost estimates, typically finishing within 5–10% of the projection, and has never had to use contingency funds or request additional funding. Several unforeseen factors contributed to cost overruns which combined to almost double the anticipated cost of the project, summarized below:

- The Unalaska Valley Power Module (Genset #7) suffered a catastrophic failure necessitating an unplanned in-frame overhaul using \$140,485 in project funding.
- During a Wartsila site visit five months prior to the rebuild, several suggested actions were identified to be performed during the 48,000 hour rebuild based on observed deficiencies. These may not have been communicated to MSHS, so the additional work was possibly part of their discovery process.
- Late in the process MSHS stated there were parts found to be missing from the Wartsila parts package. This, combined with the discovery process, required over \$110,000 in additional parts to be purchased from MSHS throughout the rebuild, all expedited due to time constraints and these shipments were often at the mercy of the December and eventually January weather delays.
- Vendor labor/expense cost overruns were extremely high as the rebuild took nearly twice as long as estimated. Powerhouse employee overtime in support of this long rebuild was also correspondingly high but does not require a budget amendment at this time due to an unfilled employee position.

Anticipated Rebuild Expenses		
Item	Provided By	Amount
Parts	Wartsila NA	\$ 631,306
Electrical Service Portion	Governor Control Sys.	\$ 23,536
Labor/Expenses	MSHS	\$ 433,547
	Total	\$1,088,389
Additional Rebuild Expenses		
In-frame Overhaul of UVPM (Valley GenSet)	NC Machinery	\$ 140,485
Additional Parts	Wartsila	\$ 4,790
Additional Labor	MSHS	\$ 494,751
Additional Parts	MSHS	\$ 110,187
Off-Site Work Required to Complete Rebuild Scope	Wartsila	\$ 65,594
Local Vendors, Oil, Coolant, Freight, Misc.	Various	\$ 110,405
Budget for Possible On-Site Work in FY2020	Wartsila	\$ 60,000
Funds Still Available in Project Fund		\$ 23,082
	Total	\$2,097,683

Fire Alarm System Replacement – The Tom Madsen Airport Terminal is one of the City’s highest use public facilities. It is incumbent upon the City to ensure the safety of the Airport’s patrons and businesses and their employees.

An RFQ was let by the Department of Public Works on June 18, 2019, to perform the Technical Services for Fire Alarms, Sprinkler Systems, and Special Hazard Suppression Systems Inspections and Certifications, and Mike’s Fire Equipment was awarded the three-year contract. The repair to the Airport Fire Alarm Control Panel falls within the scope of that Agreement. The subcontractor performing the work for Mike’s Fire Equipment is C&T Fire Protection; a copy of their Proposal to perform the work is attached. A contingency amount was added to cover unforeseen circumstances.

C&T Fire Protection Proposal	\$ 138,600
Contingency 14%	\$ 19,400
	\$ 158,000

ALTERNATIVES:

EL20A – Except for the \$60,000 budgeted for possible on-site emergency work by Wartsila to address possible issues before the end of the fiscal year, all work listed has been either already performed or underway. Additional funds requested will be primarily used to pay MSHS Progress Invoice #5 in the amount of \$323,396.73.

Fire Alarm System Replacement – Alternatives to moving forward with this repair work include continuing to allow the alarm to call out Fire Department personnel, or shut the system off and pay Ports personnel or a contractor to conduct 24-hour fire watch until funding is available in FY21. Staff feels it is necessary and prudent to move forward with this work as soon as possible since the problem is a life/safety issue in one of the most heavily used City facilities.

FINANCIAL IMPLICATIONS:

EL20A – The proposed budget for the Capital Project is set out as follows:

GENERATOR SETS REBUILD (FY20) - MUNIS PROJECT EL20A						
ACCOUNT NUMBER	DESCRIPTION	ORIGINAL BUDGET	EXPENSED & ENCUMBERED	AVAILABLE	THIS REQUEST	PROPOSED REVISED BUDGET
50125053-54300-EL20A	Repair/Maint. Services	1,714,056	1,690,974	23,082	383,627	2,097,683

Fire Alarm System Replacement – The proposed budget for the new Capital Project is set out below:

Airport Proprietary Fund Facilities Maintenance		ADOPTED FY20	AVAILABLE BALANCE	THIS REQUEST	REVISED BUDGET
55022952 54230	Custodial Services	13,000	10,361	0	13,000
55022952 54300	Repair/Maint Services	96,800	73,757	158,000	254,800
55022952 54500	Construction Services	1,000	1,000	0	1,000
55022952 56100	General Supplies	7,000	6,962	0	7,000
55022952 56140	Facility Maint Supplies	6,285	3,081	0	6,285
55022952 56150	Safety Related	0	-22	0	0
	Total Operating Expense	124,085	95,139	158,000	282,085

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends approval of this budget amendment.

PROPOSED MOTION: I move to schedule Ordinance 2020-05 for public hearing and second reading on April 28, 2020.

CITY MANAGER COMMENTS: I support staff's recommendation.