

CITY OF UNALASKA  
UNALASKA, ALASKA

ORDINANCE 2019-17

CREATING BUDGET AMENDMENT #5 TO THE FISCAL YEAR 2020 BUDGET, INCREASING THE BUDGET FOR THE WIND POWER DEVELOPMENT PROJECT AND TRANSFERS FROM THE GENERAL FUND BY \$75,000, INCREASING THE GENERAL FUND OPERATING BUDGET BY \$280,000 FOR AUDIT AND OTHER PROFESSIONAL SERVICES IN THE FINANCE DEPARTMENT, AND INCREASING THE BUDGET FOR THE LIBRARY IMPROVEMENTS PROJECT AND TRANSFERS FROM THE 1% SALES TAX FUND BY \$3,273,481

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 No. 5 to Ordinance #2019-07**

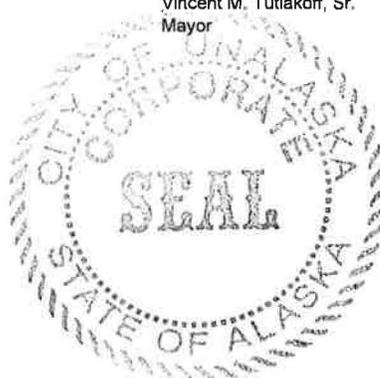
	Current	Requested	Revised
<b>I. OPERATING BUDGETS</b>			
<b>A. General Fund</b>			
Sources:			
Appropriated Fund Balance	\$ 9,868,877	\$ 355,000	\$ 10,223,877
Uses:			
Finance Department contracted services	\$ 103,800	\$ 280,000	\$ 383,800
Transfer to Wind Power Development Project	\$ 420,000	\$ 75,000	\$ 495,000
<b>B. 1% Sales Tax Fund</b>			
Sources:			
Current year budgeted surplus	\$ 2,457,130	\$ 2,457,130	\$ -
Undesignated fund balance	\$ 12,773,695	\$ 816,351	\$ 11,957,344
Uses:			
Transfer to Library Improvement Project	\$ -	\$ 3,273,481	\$ 3,273,481
<b>II. CAPITAL BUDGETS</b>			
<b>A. General Fund - Project Budgets</b>			
<i>Library Improvements Project</i>			
Sources			
Transfers From 1% Sales Tax Fund	\$ -	\$ 3,273,481	\$ 3,273,481
Uses			
Library Improvements Project	\$ 5,408,500	\$ 3,273,481	\$ 8,681,981
<b>B. Electric Capital Project Budgets</b>			
<i>Wind Power Development Project</i>			
Sources			
Transfers From General Fund	\$ 420,000	\$ 75,000	\$ 495,000
Uses			
Wind Power Development Project	\$ 420,000	\$ 75,000	\$ 495,000

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on January 14, 2020.

  
Vincent M. Tutiakoff, Sr.  
Mayor

ATTEST:

  
Marjie Veeder  
City Clerk



**City of Unalaska**  
**Summary of Budget Amendment and Schedule of Proposed Accounts**  
**FY20 Budget Amendment 5**

- 1) General Fund - Operating Budget
  - Add \$40,000 to Auditing and Accounting for additional audit work
  - Add \$240,000 to Other Professional Services for contracted interim finance director
  - Add \$75,000 transfer to the Wind Power Development Project for remainder of Phase III
  - Increase Appropriated Fund Balance by \$355,000
- 2) General Fund - Capital Projects Budgets
  - Add \$3,273,481 to Library Improvement Project to cover amount by which bid exceeds the original estimated cost of the project
  - Add \$3,273,481 to Transfers from 1% Sales Tax Fund
- 3) 1% Capital Project Sales Tax Fund Budget
  - Add \$3,273,481 to Transfers to General Fund Capital Projects for Library Improvements Project
  - Decrease current year budgeted surplus by \$2,457,130
  - Decrease undesignated fund balance by \$816,351
- 4) Electric Fund Capital Projects Budgets
  - Add \$75,000 to the Wind Power Development Project to complete phase III
  - Add \$75,000 to Transfers From General Fund

	Org	Object	Project	Current	Requested	Revised
<b>1) General Fund - Operating Budget</b>						
<b>Sources:</b>						
Appropriated Fund Balance	01010049	49900		\$ 9,868,877	\$ 355,000.00	\$ 10,223,876.50
<b>Uses:</b>						
<i>Finance Department</i>						
Audit and Accounting	01020652	53210		\$ 98,800.00	\$ 40,000.00	\$ 138,800.00
Other Professional Services	01020652	53300		\$ 5,000.00	\$ 240,000.00	\$ 245,000.00
<i>Transfers Out</i>						
Transfers to Proprietary Capital Projects	01029854	59940		\$ 1,000,000.00	\$ 75,000.00	\$ 1,075,000.00
<b>2) General Fund - Capital Project Budgets</b>						
<b>Sources:</b>						
<i>Library Improvements Project</i>						
Transfers From 1% Sales Tax Fund	31019848	49110	PR601	\$ -	\$ 3,273,481.00	\$ 3,273,481.00
<b>Uses:</b>						
<i>Library Improvements Project</i>						
Engineering & Architectural	31022053	53240	PR601	\$ 722,400.00	\$ 350,000.00	\$ 1,072,400.00
Other Professional Services	31022053	53300	PR601	\$ 113,400.00		\$ 113,400.00
Construction Services	31022053	54500	PR601	\$ 4,000,000.00	\$ 2,678,481.00	\$ 6,678,481.00
Telephone/Fax/TV	31022053	55310	PR601	\$ 700.00		\$ 700.00
Advertising	31022053	55901	PR601	\$ 1,163.00		\$ 1,163.00
Contingency	31022053	55912	PR601	\$ 570,000.00		\$ 570,000.00
Business Meals	31022053	56320	PR601	\$ 837.00		\$ 837.00
Other	31022053	55999	PR601	\$ -	\$ 245,000.00	\$ 245,000.00
<b>3) 1% Capital Projects Sales Tax Fund</b>						
<b>Sources:</b>						
Budgetary Fund Balance - Unreserved	1100	38800		\$ 2,457,130.00	\$ 2,457,130.00	\$ -
Fund Balance - Undesignated	1100	39800		\$ 12,773,695.56	\$ 816,351.00	\$ 11,957,344.56
<b>Uses:</b>						
Transfers to Government Capital Projects	11029954	59920		\$ -	\$ 3,273,481.00	\$ 3,273,481.00
<b>4) Electric Fund-Capital Project Budgets</b>						
<b>Sources:</b>						
<i>Wind Power Development Project</i>						
Transfers From General Fund	50119848	49100	EL18C	\$ 420,000.00	\$ 75,000.00	\$ 495,000.00
<b>Uses:</b>						
<i>Wind Power Development Project</i>						
Engineering & Architectural	50125053	53240	EL18C	\$ 287,554.00	\$ 65,000.00	\$ 352,554.00
Other Professional Services	50125053	53300	EL18C	\$ 19,735.00	\$ 10,000.00	\$ 29,735.00
Telephone/Fax/TV	50125053	55310	EL18C	\$ 185.00	\$ -	\$ 185.00
Machinery & Equipment	50125053	57400	EL18C	\$ 112,526.00	\$ -	\$ 112,526.00

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Thomas Cohenour, Director, Department of Public Works  
Dan Winters, Director, Department of Public Utilities  
Lori Gregory, Administrative Operations Mgr, Department of Public Works  
Through: Erin Reinders, City Manager  
Date: December 12, 2019  
Re: Ordinance 2019-17, Budget Amendment Request for \$75,000 to fund the remainder of Phase III of the Wind Power Development Project EL18C

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**SUMMARY:** Ordinance 2019-17 will provide \$75,000 in General Fund monies to the Engineering & Architectural Services and Other Professional Services line items of the Wind Power Development Project in order to fund the remaining portion of the Phase III work.

**PREVIOUS COUNCIL ACTION:** In 2003, Unalaska City Council approved the Wind Integration Assessment Project through Ordinance 2003-11. In FY2018, Council funded the Wind Power Development and Integration Assessment Project through Capital Budget Ordinance 2017-07. In 2017, Council entered into an Agreement with V3 Energy, LLC to perform the Wind Power Development & Integration Assessment Phase II – IV Project in the amount of \$48,481 via Resolution 2017-63, moving forward with Phase II work. Via Ordinance 2018-12, Budget Amendment No. 3 to the FY19 Capital Project Budget added \$220,000 to the Engineering Services line item to fund a Change Order to V3 Energy, LLC for Phase III of this Project.

**BACKGROUND:** This project is comprised of 4 phases:

Phase I: Past Assessments is complete  
Phase II: Pre-Design and Site Selection is complete  
Phase III: Data Collection is approximately 70% complete  
Phase IV: Design of Wind Turbines has not begun and is for future Council action

Phase III requires 2 years of data collection, analysis, maintenance of the MET towers, and final decommissioning of the towers. Three MET towers were installed as of October 2018, and the fourth tower, on Hog Island, was installed this summer.

One to two years of data is required to meet minimum design standards for Wind Turbine installation in order to obtain 5 year warranties from prospective turbine manufacturers for extreme winds and turbulence. If initial wind data exhibits undesirable characteristics such as excessive turbulence or shear, a tower may be moved to the next site on a prioritized list. The prioritized list emphasizes open exposure, proximity to electrical grid, future site development costs, and FAA restrictions.

While data collection is ongoing, all four MET towers have had more than anticipated maintenance issues. The very nature of this project seeks high wind locations and as such, strong weather events have resulted in MET tower / equipment damage. Instruments (anemometers, wind direction indicators, data-loggers) and electrical power supply (wind generators, batteries, and electrical connections) have required large budget expenditures of

labor and equipment replacement costs. After trial and error by working with equipment suppliers and engineers, we've designed more robust instrumentation and electrical power supply systems.

This request for additional funding is due to unanticipated cost overruns and will fund the remaining MET tower maintenance, data collection, and final decommissioning.

**DISCUSSION:** Staff is requesting \$75,000 from the General Fund be placed into the Project's Budget to fund the remaining portion of the Phase III work.

**ALTERNATIVES:**

1. Abandon the project and decommission the MET towers
2. Fund the remainder of Phase III

**FINANCIAL IMPLICATIONS:**

MUNIS PROJECT EL18C - WIND POWER DEVELOPMENT						
DESC	BUDGET	EXPENSED	ENCUMBERED	MUNIS AVAILABLE	THIS REQUEST	PROPOSED BUDGET
Legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Engineering and Architectural	\$ 287,554	\$ 201,395	\$ 25,153	\$ 61,006	\$ 65,000	\$ 352,554
Other Professional	\$ 19,735	\$ 14,063	\$ 2,500	\$ 3,172	\$ 10,000	\$ 29,735
Telephone / Fax / TV	\$ 185	\$ 104	\$ -	\$ 81	\$ -	\$ 185
Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Machinery and Equipment	\$ 112,526	\$ 112,375	\$ -	\$ 151	\$ -	\$ 112,526
	\$ 420,000	\$ 327,938	\$ 27,653	\$ 64,409	\$ 75,000	\$ 495,000

**LEGAL:** N/A

**STAFF RECOMMENDATION:** Staff recommends fully funding this Budget Amendment request to complete Phase III of the Wind Power Development Project. We are one year into data collection and one more year is required. This will be valuable data going into the future should the City proceed with the development of wind power.

**PROPOSED MOTION:** I move to schedule Ordinance 2019-17 for second reading and public hearing on January 14, 2020.

**CITY MANAGER COMMENTS:** I support the Staff Recommendation.

**ATTACHMENTS:** None

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Jim Sharpe, Interim Finance Director  
Through: Erin Reinders, City Manager  
Date: December 12, 2019  
Re: Ordinance 2019-17, creating Budget Amendment # 5 to the fiscal year 2020 budget, increasing the General Fund operating budget by \$280,000 for audit and other professional services in the finance department

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**SUMMARY:** This amendment to the finance department budget will appropriate funds to cover the costs of contracting an interim finance director and costs for delaying the start and expanding the scope of audit work performed in FY20.

**PREVIOUS COUNCIL ACTION:** Council adopted the Fiscal Year 2020 budget on May 28, 2019 with Ordinance 2019-07. There have been four prior amendments to the FY20 budget.

**BACKGROUND:** On February 26, 2019 our finance director resigned. In spite of ongoing efforts we have, so far, been unable to recruit a new director for the finance department. At the end of March we contracted with Espelin & Associates for the services of an interim finance director while we continue the search for a permanent director.

**DISCUSSION:** At the time the original budget for the finance department was adopted we were hopeful that we would be able to recruit a new finance director in early FY20. Now, almost halfway through the fiscal year, we have still not been able to attract a qualified candidate for the director position. It appears possible that we will not have a permanent finance director hired and on site before the end of this fiscal year.

Our contract for interim finance director services is billed on a time-and-expenses basis. The average cost per month has been \$22,217. Based on the billings to date plus the average estimated for the remainder of FY20 we anticipate a total of \$239,000 for the interim director contract for this fiscal year.

Although we have not paid salary and benefits for a finance director so far this fiscal year, the salary savings has been substantially offset by other increases in personnel costs that are directly attributable to the lack of a director. Only 63% of the salary for the controller is budgeted to the finance department, but during the weeks that the interim director is off site the controller is designated as acting director and that salary is charged 100% to finance. There have also been personal leave cash outs that were not included in the original budget but were required because staffing shortages made it impractical for existing staff to take time off.

Because of the additional personnel related costs incurred so far, and because we don't know how soon we will be able to hire a director or what the costs will be, we are not suggesting reducing the personnel budget to offset the additional operating expenses at this time.

The scope of the work performed by KPMG during FY20 for the audit of FY19 was increased to include scheduling delays, extra test work and drafting of the CAFR. Much of this increased scope was required because we have not had a full time director.

**FINANCIAL IMPLICATIONS:** The operating budget for the Finance Department will increase by \$280,000.

**LEGAL:** N/A

**STAFF RECOMMENDATION:** Staff recommends adopting Ordinance 2019-17.

**PROPOSED MOTION:** I move to schedule Ordinance 2019-17 for second reading and public hearing on January 14, 2020.

**CITY MANAGER'S COMMENTS:** I support staff's recommendation. I will be meeting with the Interim Finance Director to explore some cost savings measures that do not reduce the quality and the level of service that the department provides. Additionally, we continue our recruitment effort for a qualified Finance Director eager to live and serve in Unalaska.

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Thomas Cohenour, Director, Department of Public Works  
Through: Erin Reinders, City Manager  
Date: December 12, 2019  
Re: Ordinance 2019-17, Budget Amendment Request for \$3,273,481 to fund the budgetary shortfall for construction of the Library Expansion Project

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**SUMMARY:** All four proposals received for construction of the Library Expansion Project came in higher than what was budgeted. Ordinance 2019-17, if approved, will provide \$3,273,481 from the 1% Special Fund monies to cover the budget shortfall.

**PREVIOUS COUNCIL ACTION:** Council allocated \$12,500 from the General Fund for a preliminary study for this project via the FY2016 CMMP and Budget Ordinance 2015-10. For FY2018, \$30,000 from the General Fund was provided for Pre-Development via the CMMP and Budget Ordinance 2017-07. Through Ordinance 2018-04, the FY2019 CMMP and Capital Budget Ordinance, \$357,500 from the General Fund was placed in the Project's budget to fund Design Services. The FY20 CMMP and Budget Ordinance 2019-18 provided \$4,000,000 for Construction Services, \$360,000 for Design Services, \$104,000 for Other Professional Services, and \$536,000 for Contingency use, for a total FY20 appropriation of \$5,000,000.

**BACKGROUND:** This project was publicly advertised that the City was accepting proposals for construction. A Best Value approach was used and not simply a Low Bid approach. Best Value uses a scoring system wherein qualifications of each firm is worth 30% and their respective dollar amount bid is worth 70%. Proposals were scored first without knowing the dollar amount of bids. Of the four proposals received, F&W Construction received the most qualifications points. Then, the dollar amount bids of each proposal was opened and added to the first score. The result was that F&W Construction still had the most points and was thus the selected contractor.

**DISCUSSION:** The Best Value approach includes a method to receive the best possible completed project at the best price. The project was advertised using 90% design plans and specifications with a partnering arrangement for the selected Contractor to work with the City to identify cost saving measures while bringing the plans and specifications to 100% construction ready. This method is often referred to as Value Engineering.

In analyzing F&W's proposal, several aspects of the project played significant roles in the high project cost. Electrical components and control systems are most dramatic. Other notable aspects include steel framing and glazing at the entry way, exterior landscaping and curb work, millwork/casework/finish carpentry, and the uncertainty of air travel relative to the recent tragedy and the subsequent changes to air fare and freight services. Initial conversations with F&W Construction indicate there is a very strong likelihood of significant cost savings thru Value Engineering.

**ALTERNATIVES:** Three options stand out:

1. Cancel the entire project.
2. Redesign the project to a lesser, reduced scope of work and rebid.
3. Fund the full Budget Amendment request.

**FINANCIAL IMPLICATIONS:** Staff requests \$3,273,481 from the 1% Special Fund be transferred into the Project Budget in order to move forward with construction.

PUBLIC LIBRARY IMPROVEMENTS						
DESC	BUDGET	EXPENSED	ENCUMBERED	MUNIS AVAILABLE	PROPOSED BUDGET AMENDMENT	PROPOSED REVISED BUDGET
Engineering and Architectural (ECI & Regan)	\$ 722,400	\$ 426,337	\$ 199,725	\$ 96,338	\$ 350,000	\$ 1,072,400
Other Professional	\$ 113,400	\$ 1,200	\$ -	\$ 112,200	\$ -	\$ 113,400
Survey Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Services	\$ 4,000,000	\$ -	\$ -	\$ 4,000,000	\$ 2,678,481	\$ 6,678,481
Equipment (Furniture & Art)	\$ -	\$ -	\$ -	\$ -	\$ 245,000	\$ 245,000
Telephone / Fax / TV	\$ 700	\$ 504	\$ -	\$ 196	\$ -	\$ 700
Advertising	\$ 1,163	\$ 1,160	\$ -	\$ 3	\$ -	\$ 1,163
Contingency	\$ 570,000	\$ -	\$ -	\$ 570,000	\$ -	\$ 570,000
Business Meals	\$ 837	\$ 837	\$ -	\$ -	\$ -	\$ 837
	\$ 5,408,500	\$ 430,039	\$ 199,725	\$ 4,778,737	\$ 3,273,481	\$ 8,681,981

**LEGAL:** N/A

**STAFF RECOMMENDATION:** The Department of Public Works, Department of Parks, Culture & Recreation, and our Architect thoroughly analyzed all four proposals and are very comfortable with the selection of F&W Construction and feel the additional cost of to be reasonable in light of the current construction climate in Unalaska, including the uncertainties of air travel.

Staff recommends approval of Ordinance 2019-17.

**PROPOSED MOTION:** I move to schedule Ordinance 2019-17 for second reading and public hearing on January 14, 2020.

**CITY MANAGER COMMENTS:** I support the Staff Recommendation.

**ATTACHMENTS:**

1. Price Proposals (Bid Tab)
2. Proposal Scoring (Qualifications and Price Combined)

# Price Proposals

CITY OF UNALASKA, ALASKA  
 Department of Public Works  
 Library Improvements Project  
 November 20, 2019  
 2:00 p.m.  
 Council Chambers

Contractor / Business Name	Bid Forms Used?	Addenda Acknowledge				Bid Bond	Base Bid	Additive Alternate #1 (South reroof)	Additive Alternate #2 (sidewalk)	Additive Alternative #3 (Continued Occupancy)	Additive Alternate #4 (Book packing)	Total Bid
		1	2	3	4							
F & W Construction	x	x	x	x	x	x	\$ 6,903,481	\$ 216,896	\$ 50,504	\$ 100,882	\$ 30,264	\$ 7,302,027
Blazy Construction, Inc.	x	x	x	x	x	x	\$ 7,324,110	\$ 101,888	\$ 57,266	\$ 78,765	\$ 367,531	\$ 7,929,560
UIC Construction LLC	x	x	x	x	x	x	\$ 6,840,000	\$ 183,797	\$ 58,085	\$ 78,404	\$ 51,392	\$ 7,211,678
Lake View Contracting Inc	x	x	x	x	x	x	\$ 6,410,000	\$ 230,000	\$ 47,000	non-responsive	\$ 45,000	non-responsive

# Proposal Scoring Qualifications and Price Combined

CITY OF UNALASKA, ALASKA  
Department of Public Works  
Library Improvements Project  
November 20, 2019  
2:00 p.m.  
Council Chambers

Proposer	Qualifications Score						Price	Price Points	Total Points
	Scorer 1	Scorer 2	Scorer 3	Scorer 4	Scorer 5	Average			
							\$7,211,678		
Blazy	28	26	26	24	23	25.4	\$7,929,560	63.7	89.1
F&W	28	29	28	30	28	28.6	\$7,302,027	69.1	97.7
Lakeview	16	21	16	15	25	18.6	non-responsive	non-responsive	non-responsive
UIC	18	17	14	15	18	16.4	\$7,211,678	70.0	86.4