

KPU*Your Community, Your Utility*

General Manager
 334 Front Street
 Ketchikan, AK. 99901

(907) 228-5603 phone
 (907) 225-5075 fax

TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting General Manager

DATE: December 8, 2021

RE: **Authorizing Various Ketchikan Public Utilities Departmental Budget Transfers**

The motion detailed below was prepared by Financial Analyst Camille Nelson, who requested that it be placed before the City Council for consideration at its meeting of December 16, 2021. If adopted, the motion provides for additional end of year budget transfers totaling \$193,000 that are required by various Ketchikan Public Utilities divisions. The City Council should note that none of the transfers require a draw down of Appropriated Reserves funds. The Financial Analyst's transmittal memorandum is attached and requires no elaboration on the part of this office. I concur with Ms. Nelson's recommendations.

The Finance Director will be attending the City Council meeting of December 16, 2021, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended the City Council adopt the motion authorizing the Acting General Manager to transfer \$193,000 from various accounts to various accounts as outlined in the Financial Analyst's report dated December 6, 2021.

Recommended Motion: I move the City Council authorize the Acting General Manager to transfer \$193,000 from various accounts to various accounts as outlined in the Financial Analyst's report dated December 6, 2021.

MEMORANDUM
CITY OF KETCHIKAN, ALASKA
Finance Department
Office of the Finance Director

Michelle L. Johansen, Finance Director
Camille Nelson, Financial Analyst
Phone: (907) 228-5621
Facsimile: (907) 228-5617

TO: Lacey G. Simpson, Acting City Manager/KPU General Manager

FROM: Camille Nelson, Financial Analyst

THRU: Michelle L. Johansen, Finance Director

DATE: December 6, 2021

SUBJECT: Request for 2021 Budget Transfer for Various Ketchikan Public Utilities Divisions

As directed by the City Council, final routine end of year budget transfers requested by various divisions have been consolidated into a single agenda item. Attached to this memorandum are the individual budget transfer requests along with a brief explanation of why the transfers are being requested. The table below summarizes the proposed budget transfers.

Divisions	Transfer from Reserves	Transfer from Other Division Accounts	Total Transfer Amount	Purpose
Administration		\$ 35,000	\$ 35,000	Unanticipated professional services account costs
Sales, Marketing & Customer Service		\$ 15,000	\$ 15,000	Unanticipated management and consulting services account costs
Telecommunications		\$ 28,000	\$ 28,000	Unanticipated cost of building and operating permits
Telecommunications		13,000	13,000	Unanticipated technical service costs
Telecommunications		27,000	27,000	Unanticipated telecommunications costs
Electric		75,000	75,000	Unanticipated overtime costs
Total	<u>\$ -</u>	<u>\$ 193,000</u>	<u>\$ 193,000</u>	

Lacey G. Simpson
December 6, 2021
Page 2

The total amount of the budget transfer request is \$193,000. Fortunately, all transfers can be funded from other accounts. A motion has been prepared for Council consideration.

Recommended Motion:

I move the City Council authorize the acting general manager to transfer \$193,000 from various accounts to various accounts as outlined in the Finance Analyst's report of December 6, 2021.

CITY of KETCHIKAN
Budget Transfer Request

2021

TO: General Accounting
Finance Department

DATE: 12/6/2021

FROM: KPU Administration

	<u>From Account Number</u>	<u>To Account Number</u>	<u>Amount (Omit Cents)</u>
	enter a project # if applicable		
A	<u>520-5100-100-500.01</u> General Manager, Administration Regular Salaries	<u>520-5100-100-640.04</u> General Manager, Administration Management & Consulting Services	<u>26,100</u>
	<u>520-5100-100-505.00</u> General Manager, Administration Payroll Taxes	<u>520-5100-100-640.04</u> General Manager, Administration Management & Consulting Services	<u>2,150</u>
	<u>520-5100-100-506.00</u> General Manager, Administration Pension	<u>520-5100-100-640.04</u> General Manager, Administration Management & Consulting Services	<u>6,400</u>
	<u>520-5100-100-507.00</u> General Manager, Administration Health & Life Insurance	<u>520-5100-100-640.04</u> General Manager, Administration Management & Consulting Services	<u>350</u>

APPROVED BY CITY COUNCIL ON: December 16, 2021

Reason for Budget Transfer:

A To provide funding for the the professional services associated with
recruitment planning to fill vacant General Manager position.

Requested by: Michelle Johansen

Approved by: 

Digitally signed by Lacey Simpson
DN: cn=Lacey Simpson, o=City of Ketchikan,
ou=Assistant City Manager,
email=lacesy@city.ketchikan.ak.us, c=US
Date: 2021.12.07 09:38:19 -0900
Department Head

Prepared by: Camille Nelson

Approved by: _____

Finance Director

Reviewed by: _____

Approved by: _____

General Manager



Sales, Marketing & Customer Services

2417 Tongass Avenue, Suite 119D
Ketchikan, AK 99901

Phone (907) 228-5474

Fax (907) 247-1888

To: Lacey Simpson, Acting KPU General Manager

From: Kim Simpson, Division Head, Sales Marketing & Customer Service

Date: December 6, 2021

Subject: **Request for Budget Transfer for Sales, Marketing & Customer Service**

During Budget preparation KPU Sales Marketing and Customer Service identified one accounts for which budget transfers need to be done in preparation for year end. The account will be covered via transfer from one other account. No transfers will be made from reserves. The total amount that will be transferred internally between accounts will be \$15,000.

Sales Marketing & Customer Service

From	TO	\$
605.02 Marketing	640.04 Bank Fees	\$15,000

\$6,800 due to unanticipated Telecom CSS Call Coaching fees covered by Customer Service, \$3,574 due to OSG Bill envelope messaging that should have booked to advertising, \$4,626 in unanticipated additional video editing.

Recommended Motion:

I move that the City Council authorize the KPU General manager to transfer \$15,000 from the above accounts listed in the Sales, Marketing and Customer Service Division Manager's Memo of December 6, 2021.

Cc: Michelle Johansen, City Finance Director
Joe Graham, KPU Telecommunications Accountant

**KPU Telecommunications**

2970 Tongass Avenue
Ketchikan, AK 99901

Phone (907) 225-1000

FAX (907) 225-1788

Memorandum

To: Lacey Simpson, Acting KPU General Manager

From: Ed Cushing, KPU Telecommunications Division Manager

Date: December 7, 2021

Subject: **Budget Transfer Request**

The purpose of the memorandum is to request a budget transfer from within the KPU Telecommunications 2021 Annual Budget. In reviewing 2021 year-to-date expenditures – it is apparent that 3 year-end budget transfers are required. \$28,000 from 630.04 Licenses and Fees-Broadcast Content Fees to 630.01 Licenses and Fees-Building and Operating Permits, \$13,000 from 635.14 Contractual Services-Other to 635.12 Contractual Services-Technical Services, and \$27,000 from 650.02 Utilities-Electric, Water, Sewer to 650.01 Utilities-Telecommunications. These intra-2021-budget transfer transactions will not require a transfer from appropriated reserves.

Background

Category: Licenses and Fees-Building and Operating Permits – Account 630.01:

Regarding Licenses and Fees, the memorandum requests a transfer in the amount of \$28,000:

From: Account 630.04 – Licenses and Fees – Broadcast Content Fees. The year-end surplus in the Licenses and Fees – Broadcast Content Fees account is the result of fewer customers subscribing to KPU TV. There is a downward trend for TV services nationwide as customers “cut the cord” in favor of streaming.

To: Account 630.01: Payments to the FCC for contributions to the Universal Service Fund (USF). This account is over budget due to increases in the USF contribution factor which increased significantly in 2021 as compared to 2020.

Category: Contractual Services-Technical Services – Account 635.12:

Regarding Contractual Services, this memorandum requests a transfer in the amount of \$13,000:

From: 635.14 – Contractual Services-Miscellaneous. The year-end surplus in the Contractual Services Miscellaneous is the result of unexpected savings in some tariff administration services.

To: Account 630.12: Payments to contractors for technical services. This account is over budget due to our contracting needs to comply with the FCC Performance Network Monitoring requirements.

Category: Utilities-Telecommunications – Account 650.01:

Regarding Contractual Services, this memorandum requests a transfer in the amount of \$27,000:

From: Account 650.02: Utilities-Electric, Water, Sewer. The year-end surplus in the Utilities-Electric, Water, Sewer account is mostly due to a reduction in Electric costs / given elimination of the diesel surcharge in 2021.

To: Account 650.01: Utilities – Telecommunications: Payments for telecommunications services required to run facilities such as mobile phone and data services, phone and Internet services, etc. This account is over budget due to an increase in mobile phone and data as well and additional telecom services for non- regulated operations.

Recommended Motion:

I move that the City Council authorize budget transfers from within the 2021 KPU Annual Budget for the KPU Telecommunications Division; \$28,000 from 630.04 Licenses and Fees-Broadcast Content Fees to 630.01 Licenses and Fees-Building and Operating Permits; \$13,000 from 635.14 Contractual Services-Other to 635.12 Contractual Services-Technical Services; and \$27,000 from 650.02 Utilities-Electric, Water, Sewer to 650.01 Utilities-Telecommunications.

Cc: Michelle Johansen, Finance Director



Electric Division
1065 Fair Street
Ketchikan, AK 99901

Phone: (907) 225-5505
Fax: (907) 247-0755

TRANSMITTAL MEMORANDUM

TO: Lacey Simpson, KPU General Manager - Acting

FROM: Andy Donato, KPU Electric Division Manager

DATE: December 2, 2021

SUBJECT: 2021 O/T Budget Transfer - Year-end for the Electric Division

Now approaching year-end, the Electric Division over time budget is showing to be overspent at current spending rates. Several outages, planned and unplanned combined with unscheduled leave has exhausted the current budget. Since we've operated the majority of the year with personnel vacancies, the account for Personnel Services & Wages (520-5200-500.01) remains sufficiently funded to cover the requested transfer into the projected overspent account.

The requested amount detailed on the attached "Budget Transfer Request" form is \$75,000 to be transferred from account 520-5200-500.01 Personnel Services and Wages, to account 520-500-501.01 Overtime.

The higher than planned Overtime within the Division stems from several factors within two groups. 1. Our Operations Group, trying to fill an open shift position though O/T while Relief Operators are unavailable. 2. Our Linemen, working extensive hours on storm recovery, and CIP upgrades to substations requiring O/T to minimize generation outage exposure.