

KPU Budget Update No. 8



General Manager
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TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting General Manager

DATE: December 16, 2021

RE: **2021 Ketchikan Public Utilities Operating and Capital Budget Update No. 8 – Carry Over of 2021 Capital Projects**

The motion detailed below was prepared at the request of Financial Analyst Camille Nelson, who asked that it be placed before the City Council for consideration at its meeting of December 16, 2021. If adopted, the motion provides for the carry over of \$35,000 in operational expenses for professional services associated with the recruitment of a City Manager/General Manager, as well as funds needing to be carried over for various KPU Capital Projects to 2022. The rationale for the motion is detailed in Ms. Nelson's transmittal memorandum and requires no elaboration on the part of my office. I concur with the Financial Analyst's recommendation.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended the City Council adopt the motion amending the 2022 Ketchikan Public Utilities Operating and Capital Budget by approving the carry over of \$35,000 for the General Manager Operations Division Management and Consulting Services account (Account No. 640.04); and the carry over of the Electric Division's Beaver Falls Switch Gear Replacement and Telecommunications Division's Internet Expansion capital projects programmed for 2021 to 2022, as outlined in the Financial Analyst's report dated December 15, 2021.

Recommended Motion: I move the City Council amend the 2022 Ketchikan Public Utilities Operating and Capital Budget by approving the carry over of \$35,000 for the General Manager Operations Division Management and Consulting Services account (Account No. 640.04); and the carry over of the Electric Division's Beaver Falls Switch Gear Replacement and Telecommunications Division's Internet Expansion capital projects programmed for 2021 to 2022, as outlined in the Financial Analyst's report dated December 15, 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 15, 2021

**SUBJECT: 2022 Ketchikan Public Utilities Operating and Capital Budget Update No. 8:
Carry Over of 2021 Funding for Operations and Capital Projects**

During the course of compiling the proposed 2022 Ketchikan Public Utilities Operating and Capital Budget, division managers were required to provide estimates for operational costs and capital projects that were programmed in the 2022 Ketchikan Public Utilities Operating and Capital Budget. The City's budget policies require estimates for current year operating costs and capital projects expected to be completed or encumbered by the end of the current year budget cycle. Costs and projects that cannot be completed or encumbered are required to be included in the subsequent year budget cycle if the projects are still warranted.

The General Manager Administration Division's planned for a \$35,000 expense in 2021 for professional services associated with the City Manager/General Manager recruitment. The \$35,000 estimate is reflected in the 2022 budget document as a management and consulting services (Account No. 640.04) for 2021. Unfortunately, it will not be possible to encumber the funds for these services before December 31, 2021 and will be necessary to carry over the funds to 2022.

Staff has identified two capital projects that were budgeted in 2021 that will not be completed or encumbered as originally planned by December 31, 2021. Staff is requesting that the project be carried over to 2022. The project is identified in the table that accompanies this memorandum. The carry over of funds for the prior year capital project will not impact end of the year reserves for projected for 2022 because the increase in expenses from adding the project for 2022 will be offset by a similar decrease in expenses from removing the project from 2021.

Council action will be required to carry the funding over into 2022.

Recommended Motion:

I move the City Council amend the 2022 Ketchikan Public Utilities Operating and Capital Budget by approving the carry over of \$35,000 for the General Manager Administration Division management and consulting services (Account No. 640.04) for 2021 to 2022; and the carry over of the Electric Division's Beaver Falls Switch Gear Replacement and Telecommunications Division's Internet Expansion capital projects programmed for 2021 to 2022, as outlined in the attached schedule.

City of Ketchikan
 2022 ANNUAL BUDGET
 Ketchikan Public Utilities Capital Improvement Program
 2021 Project Estimate and Potential Impact on 2021 Budget by Reappropriation of Funding

| Project Description | Fund | Capital Project Category Account # | 2021 Adopted Budget | 2021 Amended Budget | 2021 Projected Estimate | 2021 Revised Estimate | 2021 Funding Available for Carry Over to 2022 Budget (As Reflected in Original Budget) | Original Proposed Carryover of 2021 to 2022 Budget | Original Projected Additional Funding for 2022 | Projected Add'l 2021 Carry Over Funding Available for 2022 Budget | Proposed Add'l 2021 Carry Over Funding Available for 2022 Budget | 2022 Revised Budget |
|--------------------------------------|-------|---|---------------------------|------------------------|----------------------------|--------------------------|--|--|--|--|---|------------------------|
| <u>Electric</u> | | | | | | | | | | | | |
| Beaver Falls Switch Gear Replacement | 520 | 725.00 | 1,535,000 | 1,372,150 | 1,535,000 | - | (162,850) | - | - | 1,372,150 | 1,372,150 | 1,372,150 |
| <u>Telecommunications</u> | | | | | | | | | | | | |
| Internet Expansion | Bonds | 730.00 | 1,175,000 | 257,600 | 257,600 | - | - | - | - | 257,600 | 257,600 | 257,600 |