

Legislation Details (With Text)

File #:	240378	Version:	0	Name:	
Type:	Bill	Status:		ENACTED	
File created:	5/2/2024	In control:		Committee on Finance	
On agenda:		Final action:		6/13/2024	
Title:	Approving the amendment of the Fiscal Year 2024 Capital Budget providing for expenditures for the capital purposes of the Philadelphia Gas Works (including the supplying of funds in connection therewith) subject to certain constraints and conditions and acknowledging the receipt of the Revised Forecast of Capital Budgets for Fiscal Years 2025 through 2029, as amended.				
Sponsors:	Council President Johnson, Councilmember Gilmore Richardson				
Indexes:	BONDS, GAS WORKS REVENUE BOND				
Code sections:					
Attachments:	1. Bill No. 24037800, 2. CertifiedCopy24037800				

Date	Ver.	Action By	Action	Result	Tally
6/26/2024	0	MAYOR	SIGNED		
6/13/2024	0	CITY COUNCIL			
6/6/2024	0	CITY COUNCIL			
6/6/2024	0	CITY COUNCIL			
6/5/2024	0	Committee on Finance			
6/5/2024	0	Committee on Finance			
6/5/2024	0	Committee on Finance			
5/2/2024	0	CITY COUNCIL			

Approving the amendment of the Fiscal Year 2024 Capital Budget providing for expenditures for the capital purposes of the Philadelphia Gas Works (including the supplying of funds in connection therewith) subject to certain constraints and conditions and acknowledging the receipt of the Revised Forecast of Capital Budgets for Fiscal Years 2025 through 2029, as amended.

WHEREAS, Section IV.2.b of the Agreement Between the City of Philadelphia and the Philadelphia Facilities Management Corporation for the Management and Operation of the Philadelphia Gas Works (“Management Agreement”) requires the Philadelphia Facilities Management Corporation (“PFMC”) to prepare annually for the Philadelphia Gas Works (“PGW”) a proposed capital budget for the ensuing year and a forecast for the six (6) years next following comprising the ensuing budget year and the five (5) years next following; and

WHEREAS, Section IV.2.b of the Management Agreement also requires that the proposed capital budget and forecast be submitted to the Director of Finance and the Gas Commission (“Gas Commission”) for their review and for submission of said budget and forecast, together with their recommendations thereon, to the Council of the City of Philadelphia (“City Council”) for its approval; and

WHEREAS, Section IV.2.b of the Management Agreement further requires that the proposed capital budget and forecast include a showing of the amounts needed and how the funds required are to be supplied as between funds generated within the business through charges to customers or otherwise and funds to be obtained through capital loans (“Financing Plan”); and

WHEREAS, Section IV.2.c of the Management Agreement requires that all PGW expenditures be made pursuant to approved budgets; and

WHEREAS, PGW filed with the Philadelphia Gas Commission on January 3, 2023 a proposed Fiscal Year (“FY”) 2024 Capital Budget of Two Hundred Twelve Million Four Hundred Thirty-Two Thousand Dollars (\$212,432,000) (“FY 2024 Capital Budget” or “Budget”) and a Five Year Forecast of Capital Budgets (FY 2025 - FY 2029) (“Forecast”); and

WHEREAS, the Gas Commission’s review of the Budget in its FY 2024 Budgets/Oversight Proceeding culminated in deliberations taken at a public meeting held on April 25, 2023 at which the Gas Commission endorsed a proposed FY 2024 Capital Budget in an amount not to exceed One Hundred Ninety Two Million Four Hundred Thirty Two Thousand Dollars (\$192,432,000) including a revised Financing Plan and revised Forecast with related constraints and conditions related thereto; and

WHEREAS, on July 12, 2023, the Mayor approved Bill No. 230451, wherein City Council approved the foregoing FY2024 Compliance Capital Budget; and

WHEREAS, PGW filed three (3) requests to amend its FY2024 Capital Budget on June 2, 2023, July 24, 2023, and September 28, 2023 (hereinafter collectively referred to as “FY 2024 Consolidated Capital Budget Amendment Request”) by a combined total of Sixty-Eight Million Seven Hundred Ninety-One Thousand Seven Hundred Seventy-Two (\$68,791,772) dollars; and

WHEREAS, the Gas Commission’s review of the proposed Consolidated Capital Budget Amendment Request culminated in deliberations taken at two (2) public meetings held on September 26, 2023 and November 14, 2023, whereupon the Gas Commission endorsed amendments to the FY 2024 Capital Budget adding a total of Sixty-Eight Million Seven Hundred Ninety-One Thousand Seven Hundred Seventy-Two (\$68,791,772), thereby increasing the total Budget to an amount not-to-exceed Two Hundred Sixty-One Million Two Hundred Twenty-Three Thousand Seven Hundred Seventy-Two Dollars (\$261,223,772) with related constraints and conditions; and

WHEREAS, on November 17, 2023, PGW filed with the Gas Commission a final Amended FY 2023 Compliance Capital Budget of Two Hundred Sixty-One Million Two Hundred Twenty-Three Thousand Seven Hundred Seventy-Two Dollars (\$261,223,772) (“Final Amended Compliance Budget”), a revised Financing Plan and a revised Forecast; and

WHEREAS, City Council seeks to provide for evolving capital needs and related expenditures of PGW by incorporating the Gas Commission endorsed amendment to the FY 2024 Capital Budget reflected in Exhibit 1 hereto; now, therefore,

THE COUNCIL OF THE CITY OF PHILADELPHIA ORDAINS:

SECTION 1. Approval and Acknowledgment

Pursuant to the provisions of Section IV.2.b and IV.2.c of the Management Agreement, the Council:

- A. does hereby approve the amended FY 2024 Capital Budget for the Philadelphia Gas Works (“PGW”) in total amount not exceeding Two Hundred Sixty-One Million Two Hundred Twenty-Three Thousand Seven Hundred Seventy-Two Dollars (\$261,223,772) as reflected in the Amended FY 2024 Compliance Capital Budget and associated revised Financing Plan, subject to the provisions of Section 5-8 of this Ordinance; and
- B. does hereby acknowledge receipt of PGW’s Revised Forecast of Capital Budgets for FY 2025 - FY 2029.

SECTION 2. Spending Authorization

The amounts shown in the approved Amended FY 2024 Compliance Capital Budget are hereby authorized for the purposes shown and shall be available for expenditure as of FY 2024 defined as September 1, 2023 through August 31,

2024 in an aggregate amount not to exceed Two Hundred Sixty-One Million Two Hundred Twenty-Three Thousand Seven Hundred Seventy-Two Dollars (\$261,223,772) as reflected in the Amended FY 2024 Compliance Capital Budget and subject to the provisions of Sections 5-8 of this Ordinance. The Amended FY 2024 Compliance Capital Budget (including the revised Financing Plan) is attached as Exhibit 1.

SECTION 3. Reauthorized Line items

- A. The following Line item from the FY 2021 Capital Budget is hereby reauthorized:
 - 1. South Operations (SOC) (\$24,733,000).

- B. The following line items from the FY 2022 Capital Budget are hereby reauthorized:
 - 1. Repave Parking Lot-800 (#72-01-2-06) (\$459,000);
 - 2. DSC Conversion-Passyunk (#53-02-2-06) (\$911,000);
 - 3. Refueling Station-North Operations Center (#72-01-2-05) (\$6,367,000);
 - 4. Vehicle Replacement (#73-01-2-03) (\$1,995,000); and
 - 5. Customer Information System (CIS) (#47-01-2-04) (\$30,451,251).

SECTION 4. Additional Line item

The following new line item is hereby added to the FY 2024 Capital Budget:

- A. Replace the Emergency Generator for the LNG Control Room-Richmond (#53-02-2-08) (\$535,000).

SECTION 5 Constraints and Conditions - Capital Program Protocols

During the lifespan of the line items in the approved FY 2024 Amended Compliance Budget, as a condition of approval, PGW shall adhere to the “Capital Program Protocols” (“Protocols”) adopted by the Gas Commission on April 26, 2023. Said Protocols are incorporated herein by reference.

SECTION 6 Constraints and Conditions - Line Item Transfer Exclusions

Except as necessitated by Emergency Circumstances as set forth in the Protocols at Part 1 - Subpart I.3, the following line items shall be unavailable as a source of spending authority in transfer transactions:

- A. Repave Parking Lot-800 (#72-01-2-06) (\$459,000);
- B. DSC Conversion-Passyunk (#53-02-2-06) (\$911,000);
- C. Refueling Station-North Operations Center (#72-01-2-05) (\$6,367,000);
- D. Vehicle Replacement (#73-01-2-03) (\$1,995,000);
- E. Customer Information System (CIS) (#47-01-2-04) (\$30,451,251); and South Operations (SOC) (\$24,733,000).

SECTION 7 Constraints and Conditions - Line Item Lifespan

- A. Spending authority for the following line items shall expire as of August 31, 2024:
 - 1. Repave Parking Lot-800 (#72-01-2-06) (\$459,000);
 - 2. DSC Conversion-Passyunk (#53-02-2-06) (\$911,000);
 - 3. Refueling Station-North Operations Center (#72-01-2-05) (\$6,367,000); and;
 - 4. Vehicle Replacement (#73-01-2-03) (\$1,995,000).

- B. Spending authority for the following line items shall expire as of August 31, 2025:
 - 1. South Operations (SOC) (\$24,733,000);
 - 2. Customer Information System (CIS) (#47-01-2-04) (\$30,451,251); and

3. Replace the Emergency Generator for the LNG Control Room-Richmond (#53-02-2-08) (\$535,000).

SECTION 8. Constraints and Conditions - Line Item Spending Authorization

A. The total combined spending for the following line items shall not exceed the spending authorization for each project as approved in the FY 2021 Capital Budget:

1. South Operations (SOC) (\$24,733,000).

B. The total combined spending for the following line items shall not exceed the spending authorization for each project as approved in the FY 2022 Capital Budget:

1. Repave Parking Lot-800 (#72-01-2-06) (\$459,000);
2. DSC Conversion-Passyunk (#53-02-2-06) (\$911,000);
3. Refueling Station-North Operations Center (#72-01-2-05) (\$6,367,000); and
4. Vehicle Replacement (#73-01-2-03) (\$1,995,000).

C. Total spending for this line item shall not exceed the spending authorization for this project in the approved FY 2019 Capital Budget, reauthorized in the FY 2022 Capital Budget, plus an additional \$30,451,251.

1. Customer Information System (CIS) (#47-01-2-04) (\$30,451,251).

D. Total spending authority for this line item shall not exceed the amount approved in this Ordinance:

1. Replace the Emergency Generator for the LNG Control Room-Richmond (#53-02-2-08) (\$535,000).

SECTION 9 Exhibit

Exhibit 1 referenced in this Ordinance and incorporated herein shall be kept on file by the Chief Clerk of City Council and shall be available to the public for inspection, reading or copying at reasonable times.