

Legislation Text

File #: 210476, **Version:** 0

Approving the amendment of the Fiscal Year 2021 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 2022 through 2026, 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 comprising the ensuing budget year and the five (5) years next following;

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 Philadelphia 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;

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”);

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

WHEREAS, PGW filed with the Gas Commission on January 2, 2020 a proposed Fiscal Year (“FY”) 2021 Capital Budget of Two Hundred Eighty-Three Million Five Hundred Fifty-Six Thousand Dollars (\$283,556,000) (“FY 2021 Capital Budget” or “Budget”) and a Five Year Forecast of Capital Budgets (FY 2022 - FY 2026) (“Forecast”);

WHEREAS, the Gas Commission’s review of the Budget in its FY 2021 Budgets/Oversight Proceeding culminated in deliberations taken at a public meeting held on April 21, 2020 at which the Gas Commission endorsed a proposed FY 2020 Capital Budget in an amount not to exceed Two Hundred Thirteen Million Three Hundred Sixty-Eight Thousand Dollars (\$213,368,000) including a revised Financing Plan and revised Forecast with related constraints and conditions related thereto;

WHEREAS, on April 23, 2020, PGW filed with the Gas Commission a FY 2021 Compliance Capital Budget of Two Hundred Thirteen Million Three Hundred Sixty- Eight Thousand Dollars (\$213,368,000) including its revised Financing Plan and revised Forecast;

WHEREAS, on June 24, 2019, the Mayor approved Bill No. 200300, wherein City Council approved the foregoing FY2021 Compliance Capital Budget;

WHEREAS, on July 24, 2020, PGW submitted a proposed amendment that would increase the FY 2021 Capital Budget by Three Million Three Hundred Sixty-Six Dollars (\$3,366,000) (“Amendment”) to allow for the reauthorization of certain line items originally included in the FY 2019 Capital Budget and one line item that was reauthorized in the FY 2020 Capital Budget, both of which were to expire on August 31, 2020;

WHEREAS, the Gas Commission’s review of the proposed Final Amendment culminated in deliberations taken at a public meeting held on October 13, 2020, whereupon the Gas Commission endorsed amendments to the FY 2021 Capital Budget adding Three Million Three Hundred Sixty-Six Thousand Dollars (\$3,366,000), thereby increasing the total Budget to an amount not-to-exceed Two Hundred Sixteen Million Seven Hundred Thirty-Four Thousand Dollars (\$216,734,000), with related constraints and conditions;

WHEREAS, on October 16, 2020, PGW filed with the Gas Commission an Amended FY 2021 Compliance Capital Budget of Two Hundred Sixteen Million Seven Hundred Thirty-Four Thousand Dollars (\$216,734,000) (“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 2021 Capital Budget reflected in Exhibit 1 hereto; now, therefore,

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY 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 Fiscal Year (“FY”) 2021 Capital Budget for the Philadelphia Gas Works (“PGW”) in total amount not exceeding Two Hundred Sixteen Million Seven Hundred Thirty-Four Thousand Dollars (\$216,734,000) as reflected in the Amended FY 2021 Compliance Capital Budget and associated revised Financing Plan, subject to the provisions of Section 3-6 of this Ordinance; and

B. Does hereby acknowledge receipt of PGW’s Revised Forecast of Capital Budgets for FY 2022 - FY 2026.

SECTION 2. Spending Authorization

The amounts shown in the approved Amended FY 2021 Compliance Capital Budget (“Amended Compliance Budget”) are hereby authorized for the purposes shown and shall be available for expenditure as of FY 2021, defined as September 1, 2020 through August 31, 2021, in an aggregate amount not to exceed Two Hundred Sixteen Million Seven Hundred Thirty-Four Thousand Dollars (\$216,734,000) as reflected in the Amended FY 2021 Compliance Capital Budget and subject to the provisions of Sections 3-5 of this Ordinance. The Amended Compliance Budget (including the revised Financing Plan) is attached as Exhibit 1.

SECTION 3. Constraints and Conditions - Capital Program Protocols

During the lifespan of the line items in the approved FY 2021 Amended Compliance Budget, as a condition of approval, PGW shall adhere to the “Capital Program Protocols” (“Protocols”) adopted by the Gas Commission on April 21, 2020. Said Protocols are incorporated herein by reference.

SECTION 4. 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. Replace Hazard Detection System at Passyunk (#53-02-2-11) (\$1,880,000);
- B. Remodel Security Office and CCTV Building at Richmond Plant (#53-03-2-05) (\$205,000);
- C. New Heater, Generator and Station Modifications (#53-01-2-03) (\$400,000);
- D. Install Reporting Hardware and Software-Richmond and Passyunk Plants (#53-02-1-04) (\$200,000);
- E. Video and Recording Device Replacement (#65-01-2-01) (\$52,000);
- F. GIS Implementation (#47-01-1-06) (\$429,000); and
- G. Relocate LNG Switchgear at Passyunk Plant (#53-02-2-03) (\$200,000).

SECTION 5. Constraints and Conditions - Line Item Lifespan

Spending authority for the following line items shall expire as of August 31, 2021:

- A. Replace Hazard Detection System at Passyunk (#53-02-2-11) (\$1,880,000);
- B. Remodel Security Office and CCTV Building at Richmond Plant (#53-03-2-05) (\$205,000);
- C. New Heater, Generator and Station Modifications (#53-01-2-03) (\$400,000);
- D. Install Reporting Hardware and Software-Richmond and Passyunk Plants (#53-02-1-04) (\$200,000);
- E. Video and Recording Device Replacement (#65-01-2-01) (\$52,000);
- F. GIS Implementation (#47-01-1-06) (\$429,000); and
- G. Relocate LNG Switchgear at Passyunk Plant (#53-02-2-03) (\$200,000).

SECTION 6. Constraints and Conditions - Line Item Spending Authorization

The total combined spending for the following line items shall not exceed the spending authorization for each project as approved in the FY 2019 Capital Budget:

- A. Replace Hazard Detection System at Passyunk (#53-02-2-11) (\$1,880,000);
- B. Remodel Security Office and CCTV Building at Richmond Plant (#53-03-2-05) (\$205,000);
- C. New Heater, Generator and Station Modifications (#53-01-2-03) (\$400,000);
- D. Install Reporting Hardware and Software-Richmond and Passyunk Plants (#53-02-1-04) (\$200,000);
- E. Video and Recording Device Replacement (#65-01-2-01) (\$52,000); and
- F. GIS Implementation (#47-01-1-06) (\$429,000).

The total combined spending for the following line item shall not exceed the spending authorization for the project as approved in the FY 2018 Capital Budget:

A. Relocate LNG Switchgear at Passyunk Plant (#53-02-2-03) (\$200,000).

SECTION 7. 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.

[Note: Exhibits to this Bill are on file in the Office of the Chief Clerk.]