



## Legislation Text

**File #: 040153, Version: 0**

Approving the Fiscal Year 2004 Capital Budget providing for expenditures for the capital purposes of the Philadelphia Gas Works, including the supplying of funds to be obtained in connection therewith, and acknowledging receipt of the Forecast of Capital Budgets for Fiscal Years 2005 through 2009.

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 ("the Management Agreement") requires the Philadelphia Facilities Management Corporation 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; 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 in sufficient time for their review and submission of said budget and forecast, together with their recommendations thereon, to City Council so that City Council may act on these filings; and

WHEREAS, Section IV(2)(c) of the Management Agreement provides that all PGW expenditures and commitments be made pursuant to approved budgets; and

WHEREAS, PGW filed with the Gas Commission on May 28, 2003 a proposed Fiscal Year ("FY") 2004 Capital Budget of sixty nine million eight hundred twenty six thousand dollars (\$69,826,000) and a Five Year Forecast of Capital Budgets (FY 2005 - FY 2009); and

WHEREAS, PGW subsequently revised its filing on various occasions ultimately proposing an FY 2004 Capital Budget of sixty seven million three hundred twenty eight thousand dollars (\$67,328,000); and

WHEREAS, The Gas Commission's FY 2004 Consolidated Budgets/Oversight Proceeding culminated in deliberations taken on December 2, 2003 whereby the Gas Commission endorsed a proposed FY 2004 Capital Budget of sixty five million fifty four thousand dollars (\$65,054,000) as stated in the Gas Commission Resolution And Order dated January 2, 2004.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. 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 2004 Capital Budget for the Philadelphia Gas Works in an amount not exceeding sixty five million fifty four thousand dollars (\$65,054,000) as recommended in the Gas Commission Resolution And Order dated January 2, 2004; and

(B.) does further acknowledge receipt of PGW's Capital Budget Forecast for Fiscal Year 2005 through Fiscal Year 2009.

## SECTION 2. Spending Authorizations.

The amounts shown in the Budget designated for expenditure in Fiscal Year 2004 are hereby authorized for the purposes shown and shall be available for expenditure upon the effective date of this Ordinance for Fiscal Year 2004, defined as September 1, 2003 through August 31, 2004, in the amount of sixty five million fifty four thousand dollars (\$65,054,000) subject to the following constraints and conditions:

(A.) No spending authority will attach to the line item styled "Conditional Funding for Unforeseen Capital Needs Related to Safety (#13-01-2-01) (\$100,000)" until the Gas Commission or the Gas Commission's designee approves in writing all or part of such spending authority after appropriate review and decision; and

(B.) No spending authority will attach to the line item styled "Conditional Funding for Unforeseen Capital Needs Related to Reliability of Service (#13-01-2-02) (\$100,000)" until the Gas Commission or the Gas Commission's designee approves in writing all or part of such spending authority after appropriate review and decision; and

(C.) No spending authority will attach to the line item styled "Install Second LNG Tank Fill Line - Richmond Plant (#53-02-1-03) (\$490,000)" until the Gas Commission or the Gas Commission's designee approves in writing all or part of such spending authority after appropriate review and decision.

## SECTION 3. Other Constraints - Line Item Lifespans.

Line items in the FY 2004 Capital Budget approved by the City Council will expire and the authority to spend against those line items will end on August 31, 2006. The Gas Commission or the Gas Commission's designee shall have the authority to extend the lifespan of any line item in the approved FY 2004 Capital Budget beyond August 31, 2006 after appropriate review and decision.

## SECTION 4. Other Constraints - Transfers of Line Item Spending Authority.

(A.) PGW shall have the authority to implement intra-departmental transfers of line item spending authority in the approved FY 2004 Capital Budget at its discretion provided that:

(i.) PGW may not transfer from a line item in total more than twenty percent (20%) of the line item authorization approved by City Council; and

(ii.) PGW may not make more than one transfer from a line item; and

(iii.) PGW must report transfers to the Gas Commission and City Council in writing at the time of the transfer and include the dollar amount, justification, and cumulative impact of all transfers to the line item(s) affected; and

(iv.) PGW's discretion to implement transfers ends on November 30, 2004; and

(v.) This discretion will not apply in situations where the approved FY 2004 Capital Budget is to be amended by the proposed insertion of a new line item or by the proposed increase or decrease in the

spending authorization applicable to an existing line item; and

(vi.) Transfer of spending authority from one capital budget to another capital budget is forbidden.

(B.) The Gas Commission shall have the authority to approve intra-departmental transfers of spending authority for line items in the approved FY 2004 Capital Budget that would otherwise exceed PGW's discretion provided that:

(i.) Gas Commission authority to approve such line item transfers ends on November 30, 2004; and

(ii.) Transfer of spending authority from one capital budget to another capital budget is forbidden.

(C.) The Gas Commission shall have the authority to approve inter-departmental transfers of spending authority for line items in the approved FY 2004 Capital Budget upon review and approval of any request(s) by PGW provided that:

(i.) Gas Commission authority to approve such line item transfers ends on November 30, 2004; and

(ii.) Transfer of spending authority from one capital budget to another capital budget is forbidden.

(D.) The Gas Commission is requested to review PGW's implementation of line item transfers during FY 2004 and make appropriate recommendations to City Council with respect to the FY 2005 Capital Budget proposal.