

Legislation Text

File #: 200300, **Version:** 0

Approving 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 receipt of the Revised Forecast of Capital Budgets for Fiscal Years 2022 through 2026.

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; 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 for their review and for submission of said budget and forecast, together with their recommendations thereon, to 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 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) and a Five Year Forecast of Capital Budgets (FY 2022 - FY 2026); and

WHEREAS, the Gas Commission’s review of said Budget proposal 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 2021 Capital Budget in an amount not to exceed Two Hundred Thirteen Million Three Hundred Sixty-Eight Thousand dollars (\$213,368,000) with related constraints and conditions for said Budget; and

WHEREAS, on April 22, 2020 PGW filed with the Gas Commission a Revised Compliance FY 2021 Capital Budget Proposal of Two Hundred Thirteen Million Three Hundred Sixty-Eight Thousand dollars (\$213,368,000) including its revised Financing Plan for said Budget, together with its Revised Forecast of Capital Budgets for FY 2022 through FY 2026.

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 FY 2021 Capital Budget for PGW in an amount not exceeding Two Hundred Thirteen Million Three Hundred Sixty-Eight Thousand dollars (\$213,368,000) as reflected in the Revised Compliance FY 2021 Capital Budget Proposal which includes the associated revised Financing Plan and which is attached as Exhibit #1 to this Ordinance, subject to the provisions of Sections 3 through 6 of this Ordinance; and
- B. does hereby acknowledge receipt of PGW's Revised Forecast of Capital Budgets for FY 2022 through FY 2026.

SECTION 2. Spending Authorization

The amounts shown in the approved FY 2021 Capital 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 amount not exceeding Two Hundred Thirteen Million Three Hundred Sixty-Eight Thousand dollars (\$213,368,000) as reflected in the Revised Compliance FY 2021 Capital Budget Proposal which is attached as Exhibit #1 to this Ordinance, subject to the provisions of Sections 3 through 6 of this Ordinance.

SECTION 3. Constraints And Conditions - Capital Program Protocols

During the lifespan of the line items in the approved FY 2021 Capital Budget, PGW shall adhere to the "Capital Program Protocols" as a condition of capital budget approval. A copy of said Protocols as adopted by the Gas Commission on April 21, 2020 is attached as Exhibit #2 to this Ordinance and is incorporated herein.

SECTION 4. Constraints and Conditions - Extended Lifespans Under the Capital Program Protocols

The following line items shall have lifespans of thirty-six (36) months:

- A. CIS Replacement Project (#47-01-2-04) (\$19,970,000); and
- B. Building Consolidation Initiative (#72-01-2-09) (\$53,250,000).

SECTION 5. Constraints And Conditions - Conditional Spending Authorizations

Except as necessitated by Emergency Circumstances as set forth in the "Capital Program Protocols" at Part 1 - Subpart I.3, no spending authority will attach to the following line items until the Gas Commission releases in writing such spending authority as the Gas Commission may make available after appropriate review and good cause shown:

- A. the line item styled "Conditional Funding For Capital Needs Related To Safety (#13-01-2-01) (\$250,000)";
- B. the line item styled "Conditional Funding For Capital Needs Related To Reliability of Service (#13-01-2-02) (\$250,000)"; and
- C. the line item styled "Conditional Funding For Capital Needs Related To Cost-Justified Load Growth (#13-01-2-03) (\$250,000)".

SECTION 6. Constraints And Conditions - Line Item Transfer Exclusions

The following line items shall be unavailable as a source of spending authority in transfer transactions due to their extended lifespans:

- A. CIS Replacement Project (#47-01-2-04) (\$19,970,000); and
- B. Building Consolidation Initiative (#72-01-2-09) (\$53,250,000).

SECTION 7. Constraints And Conditions - Alteration of Plans for the North Operations Center

Should PGW decide to pursue the alternative lease proposal submitted by Northpoint Development for its North Operations Center (“NOC”), all approved expenditures hereby contained in this Ordinance related to NOC found in the Building Consolidation Initiative line item (#72-01-2-01) shall automatically become null and void as they relate to NOC only. All other expenditures in the above referenced line item shall remain in full force and effect.

SECTION 8. Exhibits

Exhibits #1 and #2 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.]