

Legislation Text

File #: 220116, **Version:** 1

Approving the amendment of the Fiscal Year 2022 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 2023 through 2027, 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 4, 2021 a proposed Fiscal Year ("FY") 2022 Capital Budget of One Hundred Fifty Million Three Hundred Thirty-One Thousand Dollars (\$150,331,000) ("FY 2022 Capital Budget" or "Budget") and a Five Year Forecast of Capital Budgets (FY 2023 - FY 2027) ("Forecast");

WHEREAS, the Gas Commission's review of the Budget in its FY 2022 Budgets/Oversight Proceeding culminated in deliberations taken at a public meeting held on April 13, 2021 at which the Gas Commission endorsed a proposed FY 2022 Capital Budget in an amount not to exceed One Hundred Forty Seven Million Four Hundred Seven-Nine Thousand Dollars (\$147,479,000) including a revised Financing Plan and revised Forecast with related constraints and conditions related thereto;

WHEREAS, on April 19, 2021, PGW filed with the Gas Commission a FY 2022 Compliance Capital Budget of One Hundred Forty Seven Million Four Hundred Seventy-Nine Thousand Dollars (\$147,479,000) including its revised Financing Plan and revised Forecast;

WHEREAS, on July 15, 2021, the Mayor approved Bill No. 210477, wherein City Council approved the foregoing FY 2022 Compliance Capital Budget;

WHEREAS, on June 17, 2021, PGW submitted a proposed amendment that would increase the FY 2022 Capital Budget by One Million Three Hundred Sixty-Nine Thousand Dollars (\$1,369,000) (“Amendment”) to allow for the reauthorization of certain line items originally included in the FY 2020 Capital Budget which were to expire on August 31, 2021;

WHEREAS, the Gas Commission’s review of the proposed Final Amendment culminated in deliberations taken at a public meeting held on October 12, 2021, whereupon the Gas Commission endorsed amendments to the FY 2022 Capital Budget adding One Million Six Hundred Fifty-Three Thousand Dollars (\$1,653,000), thereby increasing the total Budget to an amount not-to-exceed One Hundred Forty Nine Million One Hundred Thirty-Two Thousand Dollars (\$149,132,000), with related constraints and conditions;

WHEREAS, on October 21, 2021, PGW filed with the Gas Commission an Amended FY 2022 Compliance Capital Budget of One Hundred Forty Nine Million One Hundred Thirty-Two Thousand Dollars (\$149,132,000) (“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 2022 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”) 2022 Capital Budget for the Philadelphia Gas Works (“PGW”) in total amount not exceeding One Hundred Forty Nine Million One Hundred Thirty-Two Thousand Dollars (\$149,132,000) as reflected in the Amended FY 2022 Compliance Capital Budget and associated revised Financing Plan, subject to the provisions of Section 3-7 of this Ordinance; and
- B. Does hereby acknowledge receipt of PGW’s Revised Forecast of Capital Budgets for FY 2023 - FY 2027.

SECTION 2. Spending Authorization

The amounts shown in the approved Amended FY 2022 Compliance Capital Budget (“Amended Compliance Budget”) are hereby authorized for the purposes shown and shall be available for expenditure as of FY 2022, defined as September 1, 2021 through August 31, 2022, in an aggregate amount not to exceed One Hundred Forty Nine Million One Hundred Thirty-Two Thousand Dollars (\$149,132,000) as reflected in the Amended FY 2021 Compliance Capital Budget and subject to the provisions of Sections 3-7 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 2022 Amended Compliance Budget, as a condition of approval, PGW shall adhere to the “Capital Program Protocols” (“Protocols”) adopted by the Gas Commission on April 13, 2021. 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 Drain E-22 F (#53-02-2-27) (\$796,000);
- B. WPDO Rear Wall Structure - Replace Rear Windows (#72-01-2-09) (\$529,000); and
- C. Replace 1800 Boiler #2 (#72-01-2-08) (\$328,000).

SECTION 5. Constraints and Conditions - Line Item Lifespan

Spending authority for the following line items shall expire as of August 31, 2022:

- A. Replace Drain E-22 F (#53-02-2-27) (\$796,000);
- B. WPDO Rear Wall Structure - Replace Rear Windows (#72-01-2-09) (\$529,000); and
- C. Replace 1800 Boiler #2 (#72-01-2-08) (\$328,000).

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 2020 Capital Budget:

- A. Replace Drain E-22 F (#53-02-2-27) (\$796,000); and
- B. WPDO Rear Wall Structure - Replace Rear Windows (#72-01-2-09) (\$529,000);

SECTION 7. 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 2020 Capital Budget plus \$100,000:

- A. Replace 1800 Boiler #2 (#72-01-2-08) (\$328,000).

SECTION 8. 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.]