



City Council Memorandum

To: Mayor Hicks & City Council Members
From: Nick Egger – Public Works Director
Date: November 16, 2016
Item: Approve Budget Transfers within Hydroelectric Operating Budget

COUNCIL ACTION REQUESTED

Council is requested to approve several intra-fund transfers within the Hydroelectric budget to the Repairs & Maintenance account.

BACKGROUND INFORMATION

In September a significant leak became evident on the main shaft seal interface between the “wet side” of Unit #1’s turbine and the “dry side”, forcing us to shut down that unit and assess the issue. It was determined that the main shaft seal had begun to fail and would require replacement. Since this part is custom made and takes time to reproduce, the City had ordered a replacement seal earlier in the year, intending to keep it on the shelf in the event that it would be needed for this type of situation. However, we did not anticipate considering replacement until 2017’s planned full plant dewatering, when we would otherwise have a comprehensive look at the most important but least visible components of the generator and turbine machinery. The City hired Voith Hydro to perform the work of removing the failed seal and installing the replacement seal. This highly specialized work is very expensive and takes a fair amount of time to conduct. The total cost of the repairs came in at about \$48,000.

FINANCIAL IMPACT

These repairs were not anticipated, and with a cost of approximately \$48,000, it is in excess of the \$15,000 remaining in the Repairs & Maintenance account. Working together with Finance staff, Public Works is requesting transfers within the Hydroelectric Fund, proposing to fund this necessary repair by making use of Renewable Energy Credit sales revenues that were higher than budgeted, and by reallocating expense budgets from: expert and consultant, equipment purchases, and light & power. The end result will keep the fund balanced within the 2016 budget parameters.

A breakdown of the funding sources being tapped and their amounts has been attached for reference.

RECOMMENDATION

Staff is recommending the Council approve the transfer of funds as requested.

PACKET: 00477-Hydro Repair Budget Adjustment

BUDGET CODE: CB-Current Budget

VI-09

FUND ACCOUNT	DATE	DESCRIPTION	ADJUSTMENT	ORIGINAL BUDGET	PREVIOUS ADJUSTMENTS	NEW BUDGET	BUDGET BALANCE

Budget Adj. # 000567							
620 300-3500-6353	11/10/2016	Adjust budget for r REPAIRS & MAINT-EQUIPMENT	32,000.00	50,500.00	0.00	82,500.00	53,236.06
620 300-3500-5485	11/10/2016	Adjust budget for r CHARGES FOR SERVICES	14,000.00	0.00	0.00	14,000.00-	12,639.53
620 300-3500-6311	11/10/2016	Adjust budget for r EXPERT & CONSULTANT	9,000.00-	13,790.00	0.00	4,790.00	1,446.84
620 300-3500-6580	11/10/2016	Adjust budget for r EQUIPMENT	7,000.00-	45,000.00	0.00	38,000.00	489.01
620 300-3500-6343	11/10/2016	Adjust budget for r LIGHT & POWER	3,000.00-	82,044.00	0.00	79,044.00	28,521.83
					TOTAL NO. ADJUSTMENTS--REVENUE:	1	14,000.00
					TOTAL NO. ADJUSTMENTS--EXPENSE:	4	13,000.00
					TOTAL IN PACKET--		<u>27,000.00</u>

*** NO WARNINGS ***

*** NO ERRORS ***

*** END OF REPORT ***