



## **CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL**

### **AGENDA ITEM**

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Report: Reallocation of Funds within Glendale Water and Power Electric Depreciation Fund, GWP Projects

1. Resolution of Appropriation to reallocate funds from Electric Depreciation Fund, GWP Projects, Project 31008 Airway Interconnection Equipment to Electric Depreciation Fund, Projects E30036 Cable Replacements in the amount of \$550,000 and E30037 Feeder Refusing in the amount of \$420,000 for a total amount of \$970,000.

### **COUNCIL ACTION**

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**Item Type:** Consent Calendar

**Approved for** June 29, 2021 **calendar**

### **ADMINISTRATIVE ACTION**

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**Submitted by:**

Mark Young, General Manager - Glendale Water and Power

**Prepared by:**

Daniel Scorza, P.E., Chief Assistant General Manager - Electric

**Reviewed by:**

Michele Flynn, Director of Finance

Michael J. Garcia, City Attorney

**Approved by:**

Roubik R. Golanian, P.E., City Manager

## **RECOMMENDATION**

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Glendale Water and Power (GWP) staff respectfully recommends that the City Council authorize a Resolution of Appropriation to reallocate funds from Electric Depreciation Fund, GWP Projects, Project 31008 Airway Interconnection Equipment to Electric Depreciation Fund, Projects E30036 Cable Replacements in the amount of \$550,000 and E30037 Feeder Refusing in the amount of \$420,000 for a total amount of \$970,000.

## **BACKGROUND/ANALYSIS**

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The Electrical Services division of GWP released a large amount of work orders to replace overhead distribution transformers older than 40 years. Studies have confirmed that transformers over 40 years old have a higher likelihood of failure, which could result in sparking or explosions that could initiate wildfires. During the current fiscal year, GWP Electrical Services has replaced more than 140 overhead distribution transformers as part of the Capital Project #E30037 Feeder Refusing. This activity resulted in increased expenditures for the current fiscal year and exceeded the project budget by \$420,000.

After the peak load summer months of 2020, Electrical Services engineering staff also researched, identified, and replaced a number of ageing cables within the distribution system that have been in service for more than 30 years. The replacement of these cables improves system reliability and minimizes the risk of power outages and fire ignition as a result of cable failure. These cable replacements were part of the Capital Project #E30036 Cable Replacements and also resulted in increased expenditures. This activity exceeded the project budget by \$550,000.

Although the expenditures in Projects E30036 and E30037 exceeded the appropriated project budget for each in Fiscal Year 2020-21 to address deferred improvements; the total budget appropriation in Electric Depreciation Fund (5830) has adequate remaining balance. Therefore, the requested action will not result in additional appropriation from Net positions, Electric Fund Balance; rather it is to reallocate funds within GWP Projects (Cost Center 0020), Electric Depreciation Fund (5830) to cover the budget shortfall in the noted projects, as described in the Fiscal Impact portion of this report. For these reasons, GWP staff respectfully recommends that the City Council authorize a Resolution of Appropriation to reallocate funds within Electric Depreciation Fund, GWP Projects, for a total amount of \$970,000.

## **FISCAL IMPACT**

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Due to the increased activity to ensure system reliability by replacing transformers and cables as described above, staff is requesting a Resolution of Appropriation to reallocate \$970,000 from the 31008 - Air Way Interconnection Equipment project to E30036 - Cable Replacements project in the amount of \$550,000 and E30037 - Feeder Refusing project in the amount of \$420,000, for a total amount of \$970,000. This action does not increase current level of appropriation for the Electric Depreciation Fund 5830. The reallocation of funds is requested in the following projects and amounts:

<b>Project Description</b>	<b>Project No.</b>	<b>From:</b>	<b>To:</b>
Air Way Interconnection Equipment	31008	\$970,000	
Cable Replacements	E30036		\$550,000
Feeder Refusing	E30037		\$420,000
<b>Total</b>		<b>\$970,000</b>	<b>\$970,000</b>

## **ALTERNATIVES**

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Alternative 1: The City Council may authorize a Resolution of Appropriation to reallocate funds from existing Electric Depreciation Fund, GWP Projects, Project 31008 Airway Interconnection Equipment to Electric Depreciation Fund, Projects E30036 Cable Replacements in the amount of \$550,000 and E30037 Feeder Refusing in the amount of \$420,000 for a total amount of \$970,000.

Alternative 2: The City Council may consider any other alternative not proposed by staff.

## **CAMPAIGN DISCLOSURE**

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None applicable.

## **EXHIBIT(S)**

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None applicable.