

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2024-07

CREATING BUDGET AMENDMENT #7 TO THE FISCAL YEAR 2024 BUDGET, INCREASING THE ELECTRIC DISTRIBUTION OPERATING BUDGET BY \$350,000 TO COVER A FINANCIAL SHORTFALL FOR THE PROFESSIONAL SERVICES AGREEMENT WITH OPTIMERA AND INCREASING THE ELECTRIC ADMIN OPERATING BUDGET BY \$130,000 FOR THE EPS CONSULTING SERVICES AGREEMENT.

BE IT ENACTED BY THE UNALASKA CITY COUNCIL

- Section 1. Classification: This is a non-code ordinance.
Section 2. Effective Date: This ordinance becomes effective upon adoption.
Section 3. Content: The City of Unalaska FY24 Budget is amended as follows:

- A. That the following sums of money are hereby accepted and the following sums of money are hereby authorized for expenditure.
B. The following are the changes by account line item:

Amendment No. 7 to Ordinance 2023-03

	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
I. OPERATING BUDGETS			
A. Electric Fund			
Sources:			
Electric Fund - Budgeted Use of Unrestricted Net Assets	\$ 3,577,524	\$ 480,000	\$ 4,057,524
Uses:			
Electric Fund - Utility Administration Expenses	\$ 5,173,031	\$ 130,000	\$ 5,303,031
Electric Fund - Power Distribution Expenses	\$ 1,421,907	\$ 350,000	\$ 1,771,907

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on May 28, 2024.

Vincent M. Tutiakoff, Sr.
Mayor

Attest:

Estkarlen P. Magdaong
City Clerk

City of Unalaska
Summary of Budget Amendment and Schedule of Proposed Accounts
FY24 Budget Amendment 7

- 1) Electric Fund Operating Budget
 Add \$480,000 to Budgeted Use of Unrestricted Net Assets
 Add \$130,000 to Electric Utility Admin - Other Professional Services
 Add \$350,000 to Electric Distribution - Other Professional Services

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
1) <u>Electric Fund - Operating Budget</u>						
Sources:						
Budgeted Use of Unrestricted Net Assets	50015049	49910		\$ 3,577,524	\$ 480,000	\$ 4,057,524
Uses:						
Electric Utility Admin - Other Professional Svc	50024052	53300		\$ 58,000	\$ 130,000	\$ 188,000
Electric Distribution - Other Professional Svc	50024252	53300		\$ 903,000	\$ 350,000	\$ 1,253,000

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Erik Hernandez, Acting Utilities Director
Through: William Homka, City Manager
Date: 5/14/2024
Re: Ordinance 2024-07: Creating Budget Amendment #7 to the fiscal year 2024, increasing the Electric Distribution Operating Budget by \$350,000 to cover financial shortfall of professional services agreement with OptimERA Inc. and the Electric Admin Budget by \$130,000 for the EPS consulting services.

SUMMARY: Ordinance 2024-07 will increase the Electric budget to cover additional expenses and shortfalls not included in the original budget.

PREVIOUS COUNCIL ACTION:

Linemen Contract: Resolution 2022-40 authorized the City Manager to enter into an agreement with OptimERA. Resolution 2022-25 authorized the City Manager to sign the negotiated Collective Bargaining Agreement (CBA) between the City of Unalaska and Public Works and Public Utilities Employees IUOE, Local 302. Resolution 2023-46: Authorized the City Manager to enter into an agreement extension with OptimERA Holdings Inc. for Electric Lineman Services

EPS Contract: Resolution 2024-03 Authorized the City Manager to enter into a contract with Electric Power Solutions, Inc., in an amount not to exceed \$130,000 on February 13, 2024.

BACKGROUND:

Lineman Contract: The Electric Distribution's original operating budget did not include funding for all costs associated with the contract extension authorized November 28, 2024. Since the beginning of FY24, OptimERA has been able to fulfill their contractual obligation by providing a lineman chief and three rotating linemen staff. The proposed contract estimated coverage at \$1,514,165, the total costs in professional services for OptimERA's services for FY24 is estimated at \$1,321,365.21.

EPS Contract: After Council did not consider a fourth amendment to the OCCP PPA staff began re-evaluating its power needs and alternatives to meet current and future demands. In order to proceed in a direction that was in the best interest of the City and to ensure informed decisions were made for the successful growth of the organization, a proposal was requested from EPS for their consulting services to evaluate the City's power needs and potential development.

DISCUSSION:

Lineman Contract: This increase will allow the Electric Distribution Division to continue utilizing OptimERA's lineman services through the end of the fiscal year.

EPS Contract: In order to proceed with EPS' proposal to evaluate the City's power needs, adequate funding needs to be allocated. As mentioned in the previous memo, there are ample funds available in the Electric account.

ALTERNATIVES: Council may choose approve, disapprove or modify the requested amounts. However, funding the lineman contract is highly recommended to ensure proper operation of the power grid, limiting potential power outages as well as other potential liabilities related to disruption in service. If Council chooses to modify the amount requested for the lineman contract non-emergency work and non-personnel spending will be halted.

FINANCIAL IMPLICATIONS: A total of \$480,000 from the Electric Proprietary fund will be allocated to the Electric Distribution Operations and Electric Admin budgets.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends approval.

PROPOSED MOTION: I move to introduce Ordinance 2024-07 and schedule it for public hearing and second reading on May 28, 2024.

CITY MANAGER COMMENTS: I support staff's recommendation.

ATTACHMENTS:

Resolution 2023-46
Resolution 2024-03

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2023-46

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT EXTENSION WITH OPTIMERA HOLDINGS, INC. FOR ELECTRIC LINEMAN SERVICES

WHEREAS, the City of Unalaska Line Crew has been reduced to one employee due to resignations and inability to recruit new employees in a very tight labor market; and

WHEREAS, the remaining employee is an Apprentice who requires continuous supervision by a Journeyman Lineman per the City's Standards of Apprenticeship; and

WHEREAS, in September, 2022 the City of Unalaska approved Resolution 2022-40 authorizing the City Manager to enter into an agreement with OptimERA Holdings, Inc., formerly OptimERA, Inc., to provide supervision, outage recovery, and all aspects of repairs and maintenance of the electrical distribution system at a cost not to exceed \$1,006,200; and

WHEREAS, the 2022 agreement expired in October, 2023 and this extension is proposed for one additional year at a cost not to exceed \$1,514,164; and

WHEREAS, the City needs OptimERA's electrical related services to maintain electrical service to the community and to provide it additional time to prepares a strategy for rebuilding its linemen program; and

WHEREAS, the City intends to issue a request for proposals (RFP) seeking these services in about April, 2024 for intervals ranging three to five years.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council approves a continued contract relationship between the City of Unalaska and OptimERA Holdings, Inc. as presented; agrees to fund the one-year agreement from Line Repair & Maintenance Operating Funds not to exceed 1,514,164; and authorizes the City Manager to sign the attached contract amendment on behalf of the City of Unalaska.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on November 28, 2023.


Alejandro Tungut
Vice Mayor

ATTEST:


Estkarlen P. Magdaong
City Clerk



MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: William Homka, City Manager
Date: November 28, 2023
Re: Resolution 2023-46: Authorizing the City Manager to enter into an agreement extension with OptimERA Holdings Inc. for Electric Lineman Services

SUMMARY: OptimERA Inc. first supplemented the City of Unalaska Line Crew in February, 2022, when Acting Lineman Chief Davlin Hall left on a 30-day vacation. Mr. Hall resigned in August, 2022 and the City needed to staff the position with qualified services to maintain the island's electric service. In October, 2022 Council adopted Resolution 2022-40 authorizing the City Manager to enter into an agreement with OptimERA for a period of one year or until such time the City hires a Utility Lineman Chief and at least one Utility Linemen to supplement the existing Lineman Apprentice. The one year expired in October, 2023 and the City Manager seeks approval to extend the contract period one year at a cost of \$1,514,164.

PREVIOUS COUNCIL ACTION: Resolution 2022-40 authorized the City Manager to enter into an agreement with OptimERA. Resolution 2022-25 authorized the City Manager to sign the negotiated Collective Bargaining Agreement (CBA) between the City of Unalaska and Public Works and Public Utilities Employees IUOE, Local 302.

BACKGROUND: Employee attrition in the Line Crew combined with unsuccessful recruitment has resulted in just an Apprentice remaining in the division. Starting in August, 2019, the Department of Public Utilities began losing Line Crew. By 2022 four linemen resigned and the vacancies were never filled. When the last lineman left in August, 2022 the City had no resources available internally to maintain the electric distribution system.

In February, 2022 the City learned it can supplement the Line Crew when necessary to maintain essential operations. We hired OptimERA to cover the Line Chief's vacation and provide continuous journeyman supervision of the apprentice per the City's Standards of Apprenticeship developed together with the U.S. Department of Labor. Additionally, the contract included On-Call/Standby to provide 24-hour coverage on outage recovery.

In May, 2022 the lineman resigned so the City again retained OptimERA to staff the Line Crew division and oversee the apprentice. The pricing increased significantly as any work exceeding \$25,000 had to comply with Laborers' and Mechanics' Minimum Rates of Pay as required by Title 36 AS 36.05 & AS 36.10 published by the Alaska Department of Labor. The contract was paid by transferring funds within the Line Repair & Maintenance Division FY22 Budget Salaries & Wages to Other Professional Services.

DISCUSSION: Over the past few months the City has been successful in filling many vacant positions. However, we have had no success in filling the Line Crew positions. The OptimERA contract provides the required services and assists the Department of Public Utilities with maintaining the electric distribution system. Two of OptimERA's employees are former City linemen employees.

Discussions to negotiate a new contract were initiated in August, 2022. At that time Matt Scott presented the City administration with OptimERA's request for a five-year contract period. OptimERA is having difficulty filling the positions due to the short contract period because most many do not want to travel so far to work for just 12 months or less. A longer contract term would widen the pool of candidates.

In response to OptimERA's five-year proposal, the City Manager proposed to extend the one-year contract that expired in October. We are on a month to month basis per that contract. The City desires to acquire Line Men services through the public bidding process. The 2022 contract was sole sourced due to the short notice caused from the Line Men resignation in August, 2022. We have not completed an assessment necessary to form a City rebuild plan for the Line Crew division.

The proposed contract price has increased \$508,564, from \$1,006,200 to \$1,514,165. The increased costs are associated with travel and housing for the employees as well as anticipated wage increases. OptimERA has experienced difficulty sourcing coverage for some of the same reasons the City experiences in recruiting, including the remote location and the weather. Other factors identified per OptimERA include:

- Filling positions has been difficult nationally, statewide, and particularly locally.
- Full staffing was achieved for only 1.5 months.
- Efforts to introduce rotational schedules increased administrative overheads.
- Short employment term creates doubt with potential candidates.

The City would like the one-year extension to allow more time to prepare an analysis of factors we need to overcome in order to rebuild its Line Crew. The results should help plan a strategy to lead us out of this situation. Information from the plan will assist our future recruiting efforts. The City will issue a Request for Proposals for three (3) and five (5) year terms to continue supplementing the Line Men division with external, professional services. During that time the City intends to rebuild the Line Man division.

ALTERNATIVE:

1. The City could disband the Line Crew Division and engage in long term contracting to deliver power distribution services to Unalaska. This is not recommended due to mandatory PERS contributions on behalf of the displaced employees.

FINANCIAL IMPLICATIONS: A fully staffed Line Crew Division under the new 302 Contract requires approximately \$1 million in annual funding. This contract extension will cost \$1,514,164.

LEGAL: Contract and Extension have been reviewed by the City Attorney.

STAFF RECOMMENDATION: Staff recommends Council pass and adopt Resolution 2023-46, authorizing the City Manager to enter into an agreement extension with OptimERA, Inc. for continued electric lineman services.

PROPOSED MOTION: I move to adopt Resolution 2023-46.

CITY MANAGER COMMENTS: I request approval of this resolution.

ATTACHMENTS:

Proposed Contract

OptimERA's Proposal

SECOND AMENDMENT TO
JOURNEYMAN LINEMAN/CHIEF CONSTRUCTION ASSISTANCE AGREEMENT

This Second Amendment to Journeyman Lineman/Chief Construction Assistance Agreement amends DOL contract # 22-05-60304A, **JOURNEYMAN LINEMAN CHIEF CONSTRUCTION ASSISTANCE AGREEMENT (“Contract”)** signed on 05/04/2022 and Amended on 09/15/2022, attached for reference, between the City of Unalaska (“Utility” or “City”) and OptimERA Holdings, Inc. (“Contractor”). This Amendment shall become effective on the last date signed below (“Effective Date”).

I. Amendment to Article 1. Article 1 of the Contract is hereby amended to read as follows:

1. Services to be performed.

- A. Subject to the terms of the Contract, Contractor shall provide its best efforts to provide Utility with supplement staffing necessary to maintain a total of **four (4)** full-time Linemen (*i.e.*, the total of full-time Contracted Linemen provided by Contractor in addition to Utility’s employee Lineman or Linemen or apprentices shall not exceed a total of four). Contractor may provide multiple part-time Contracted Linemen to equal a full-time lineman.
- B. Additional Contact employees may be added by addendum at any time during the Term, at the contract rate, either for the Term or for a negotiated period at the time of addition.
- C. Full-time is defined as forty (40) hours a week for each Contracted Lineman. Overtime must be approved and directed by Utility.
- D. Except as otherwise required by context, “Lineman” and “Linemen” shall include Line Chief, Lineman, and/or Apprentices.
- E. For all services performed under this Contract, Contractor shall comply with Laborers’ and Mechanics’ Minimum Rates of Pay as required by Title 36 AS 36.05 & AS 36.10 published by the Alaska Department of Labor.

II. Amendment to Article 2. Article 2 of the Contract is hereby amended to read as follows:

2. Compensation.

- A. *Fees.* In consideration for the services to be performed by Contractor, City agrees to pay Contractor hourly wages based on the attached rate sheet, Appendix A, with hourly charges determined by the actual hours Contractor’s Linemen perform work for Utility:

1. Applicable Hourly wages per attached Rate Sheet Appendix A “2023 Rate Sheet – OptimERA xG”

2. On-Call work-\$950.00/week, per Lineman
3. Call-Outs shall incur charges for a minimum of two hours or actual hours worked, whichever is greater.
4. Certified payroll Fees - \$800.00/week
5. DOL Project Filing Fees – *N/A*
6. Travel – Expenses for rotational employees shall not exceed an average monthly cost of \$7,050/mo. per rotational position.
 - (i) Expenses shall be reimbursed at actual value.
 - (ii) Receipts shall be provided upon request.
 - (iii) Reimbursement shall include costs related to travel, hotels, per diem, utilities and other expenses directly related to the employment of rotation contract employees.
7. ***Consulting and Technical Service***
 - (i) ***Power and Utility Consulting and Technical Assistance – \$225/hr (~3 months or 480 hours) - \$110,000***
 - (ii) ***Electrical Technician—40/week @ \$150/hr for 48 Weeks Annually—\$290,000***
8. DOL Mandated Wage Increases – DOL wages may be adjusted, as applicable during the term of the contract to fulfill the mandatory wage adjustments per, Title 36 AS 36.05 & AS 36.10. Rates shall not be adjusted greater than the price difference of the current wage and new wage mandated by Title 36.
9. Total Compensation.
 - (i) The total compensation paid to Contractor annually under this Agreement shall not exceed ***\$1,514,164.***

III. Article 6. Article 6 of the Contract is hereby amended to read as follows:

6. Termination and Reduction of Linemen Due to Utility Staffing.

The City of Unalaska may proceed with staffing and onboarding of new employees during the Term of this Contract. At no time shall a mandatory reduction in staffing, by the contractor, be required during the Term of the Contract.

~~Restaffing, by the Contractor, to fulfill the contract staffing levels, including Utility Employees shall be ongoing, as per the Contract Term.~~

~~A. City of Unalaska will continue to proceed with staffing and onboarding of new employees during the Term of this Contract which shall be one (1) year from the Effective Date of this Second Amendment (“Contract Term”).~~

~~B. During the Contract Term, any redundancy in staffing between Contractor provided staffing and Utility provided staffing shall be reduced, by the Contractor.~~

- ~~C. Reduction in staffing shall commence starting from the first (1st) day of work of the Utility employee, terminating twenty four (24) weeks thereafter or the last day of the month in which the twenty fourth (24th) week falls, whichever is later.~~
- ~~D. Any staffing reduction process shall finalize with Termination of the Contract or continue with any adopted extensions to the Contract Term, maintaining the original start date. Restaffing by the Contractor to accommodate contract staffing levels shall be ongoing for the Contract Term to fill all open positions.~~

IV. **Amendment to Article 9.** Article 9 of the Contract is hereby amended to read as follows:

9. Contractor Staffing Qualifications & Restrictions.

A. Line Chief

1. Maximum of one (1) full-time position
2. Must hold a current Journeyman Certificate of Fitness in the State of Alaska
3. Minimum 3 years supervisor role
4. Experience may be supplemented by practical experience of the local distribution system and applicable higher education.

B. Lineman

1. Maximum of ~~four~~ (4) full-time positions, including Utility Staffing
2. Must hold a current Journeyman Certificate of Fitness in the State of Alaska.
3. Experience with install and maintenance of municipal distribution systems

C. Apprentices

1. Available Linemen and apprenticeship program(s) shall dictate allowable apprentice staffing levels
2. Minimum Journeyman Apprentice ratio of 1:1 shall apply for all Apprentices
3. Must hold a current Apprentice Certificate of Fitness in the State of Alaska
4. Apprentice must maintain in good program standing, as dictated by program administrators

- D. Contractor shall ensure that Contractor's Linemen comply with applicable City policies and procedures while such persons are performing services under this Contract.

V. Amendment to Article 10. Article 10 of the Contract is hereby amended to read as follows:

10. Work Week/Hours.

- A. *Work Week.* The work week shall begin on Monday of each week through Sunday the same week.
- B. *Normal Work Hours.* Normal Work Hours are defined as Monday through Friday, 8:00 AM through 5:00 PM, not including holidays or approved leave.
- C. *Call-Out & On-Call.* Work performed outside of Normal Work Hours shall be classified as Call-Out and/or On-Call work, charged accordingly and subject to the following:
 - 1. On-Call status shall be requested no later than 48 hours before the start of the work week, for a period no less than 1 week, defined as 7 consecutive days, including holidays, starting on the Monday of the work week.
 - 2. On-Call availability is not guaranteed until requested and approved by both the Utility and Contractor.
 - 3. Call-Outs are defined as unscheduled work outside of Normal Work Hours that is not covered by On-Call status.
 - 4. Call-Out requests shall be made by Utility's POC to Contractor's POC, ***with exception during an emergency outage or to restore services to normal operation.***
- D. *Leave.* Holidays, sick leave, vacation, and other time off shall be in accordance with the policies of the Lineman's employer. The POCs shall communicate all known Lineman requests for leave and time off at their soonest convenience, including requests prior to approval, sick leave, and emergency leaves of absence.
- E. *Overtime.* Overtime shall be approved by both parties, at their discretion, prior to work being performed with such approval acknowledged by both parties by written exchange, (e-mail) prior to work being performed.
- F. Any discrepancies on hours, clarification of rates, the State of Alaska DOL rules and Regulations as required by Title 36 AS 36.05 & AS 36.10 shall take precedent.

VI. Amendment to Article 11. Article 11 of the Contract is hereby amended to read as follows:

11. Procurement and Approval Procedures.

Contracted Linemen shall not act as agents of City for any approval or procurement process, ***outside of the normal scope and job description for the position in which they are fulfilling,*** including but not limited to:

- A. Request or approval of LPOs (Local Purchase Orders);

- B. Requests for procurement of services or materials and/or approval of requisition in process;
- C. Direct ordering of supplies or materials; or
- D. Approval of any City permits, applications, or other documents requiring City authority.

Addition of Article 17. Article 17 of the Contract is hereby added to read as follows:

17. Term and Renewal

The Term of the Contract shall begin on the Effective Date and extend for 12 months thereafter. Upon expiration of the current Term the contract shall remain in effect on a month-to-month basis, until an amended contract is put into place, or either party terminates their participation in the contract. Notice to terminate, after the initial 12-month term, shall be given no less than one month in advance for termination of the contract by either party. Additional billables shall be in addition to the Total Compensation of the Current Term and at the rates of the Current Term.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the dates below written.

OptimERA Holdings, Inc.

City of Unalaska, Alaska

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

To: City of Unalaska, City Manager
Date 8/10/2023
Re: Second amendment to Electrical Support Contract # 22-05-60304A

PROPOSAL

2023 CITY OF UNALASKA ELECTRICAL UTILITY SUPPORT CONTRACT

1. BACKGROUND:

Over the past 18 months, we've worked with the City of Unalaska Utility to provide emergency and supplemental staffing for the Electric Line Department. Our current 12-month contract aimed to offer two additional line positions. However, we've faced significant challenges:

- Filling positions has been difficult nationally, statewide, and particularly locally.
- Full staffing was achieved for only 1.5 months.
- Efforts to introduce rotational schedules increased administrative overheads.
- Uncertainty of employment term created doubt with potential labor pool.

2. PREVIOUS AGREEMENT:

We initially provided emergency staffing with the understanding this was a short-term solution. We hoped to phase out as the Utility hired directly. This has yet to materialize, leading to operational inefficiencies in staffing. Currently though our spending still remains below budget (\$685,934 of a \$1,006,000 allocation).

3. CURRENT CHALLENGES:

- Short contract term and fluctuating staffing levels complicate recruitment.
- Too much time is spent hiring, detracting from project execution.
- The uncertainty affects operational efficiency.

4. NEW PROPOSAL:

Based on our experiences, we propose the following changes to the contract:

- **Extended Term:** Move beyond a 12-month contract to a 5-year term.
- **Increased Staffing:** Raise line positions from 3 to 4, eliminating mandatory staff reductions.
- **Additional Roles:** Include staffing for the Electrical Technician position.
- **General Support & Consulting:** Offer broad support as needed and consulting for ongoing Utility projects.

5. FINANCIALS:

The proposed changes lead to:

- A prospective staffing increase of 112%.
- An annual budget increase of ~78%.
- A more significant labor pool will reduce recruitment effort and improve overall effectiveness.
- We offer labor rate discounts of 3-6% for lineman positions beyond the first hire.

6. CONCLUSION:

A longer, more stable contract term is critical for recruiting and retaining quality staff. This proposed contract provides the stability needed to optimize recruitment efforts, enhance operational efficiency, and better serve the City of Unalaska. With the utility's long-term goals focused on build up for the integration and distribution of generation from the geo-thermal development project at Makushin, this term will allow focus on creating a stable support platform for the construction leading up to, during and after the project operational date.

Thank you for your time and consideration of the proposed contract.

Matthew M Scott
Chief Operations Officer, EA #132367
OptimERA xG

Annual Budget Overview

	<u>Line Item</u>	<u>QTY</u>	<u>Unit Rate</u>	<u>Budget</u>	<u>Description</u>
NEW	Consulting/Tech Services	1	\$ 225.00	\$ 108,000.00	Approx 480 Hours, NTE extend by addendum only
NEW	Engineer Technician	1	\$ 150.00	\$ 288,000.00	Approx 48 weeks @ 40hr/WK NTE extend by addendum only
No Change from 2022	Line chief	1	\$ 240.00	\$ 460,800.00	Annual Budget 48 weeks @ 40hr/WK
+ one from 2022	Lineman	2	\$ 195.00	\$ 748,800.00	Annual Budget 48 weeks @ 40hr/WK
No Change from 2022	ON-call	1	\$ 950.00	\$ 49,400.00	Annual Budget - On Call Service (optional)
No Change from 2022	Cert-Payroll	1	\$ 800.00	\$ 41,600.00	Annual Budget - Fixed cost Admin Fee
No Change from 2022	Travel/mo.	1	\$ 7,050.00	\$ 84,600.00	Annual Budget - NTE Billed at Actual Receipts

<u>Line Staffing Budget</u>	
\$1,385,200.00	Base Proposed 2023 Line Staffing Cost
\$ 78,036.00	Full Staffing discount 4 full position 6%
\$ 39,018.00	Partial Staffing discount 3 full positions 3%

<u>2022 to 2023 proposed comparison</u>	
\$1,391,764.00	Estimated Line expense
\$ 685,939.14	Actual to date 2022 Line Expense
\$1,006,200.00	2022 Budget

<u>Total Proposed Budget with additional consulting and staffing</u>	
\$1,787,764.00	Estimated Total Support
\$ 781,564.00	Increase from 2022 Budget
78%	% increase from 2022 Budget

SECOND AMENDMENT TO
JOURNEYMAN LINEMAN/CHIEF CONSTRUCTION ASSISTANCE AGREEMENT

This Second Amendment to Journeyman Lineman/Chief Construction Assistance Agreement amends DOL contract # 22-05-60304A, **JOURNEYMAN LINEMAN CHIEF CONSTRUCTION ASSISTANCE AGREEMENT (“Contract”)** signed on 05/04/2022 and Amended on 09/15/2022, attached for reference, between the City of Unalaska (“Utility” or “City”) and OptimERA Holdings, Inc. (“Contractor”). This Amendment shall become effective on the last date signed below (“Effective Date”).

I. Amendment to Article 1. Article 1 of the Contract is hereby amended to read as follows:

1. Services to be performed.

- A. Subject to the terms of the Contract, Contractor shall provide its best efforts to provide Utility with supplement staffing necessary to maintain a total of **four (4)** full-time Linemen (*i.e.*, the total of full-time Contracted Linemen provided by Contractor in addition to Utility’s employee Lineman or Linemen or apprentices shall not exceed a total of four). Contractor may provide multiple part-time Contracted Linemen to equal a full-time lineman.
- B. Additional Contact employees may be added by addendum at any time during the Term, at the contract rate, either for the Term or for a negotiated period at the time of addition.
- C. Full-time is defined as forty (40) hours a week for each Contracted Lineman. Overtime must be approved and directed by Utility.
- D. Except as otherwise required by context, “Lineman” and “Linemen” shall include Line Chief, Lineman, and/or Apprentices.
- E. For all services performed under this Contract, Contractor shall comply with Laborers’ and Mechanics’ Minimum Rates of Pay as required by Title 36 AS 36.05 & AS 36.10 published by the Alaska Department of Labor.

II. Amendment to Article 2. Article 2 of the Contract is hereby amended to read as follows:

2. Compensation.

- A, *Fees.* In consideration for the services to be performed by Contractor, City agrees to pay Contractor hourly wages based on the attached rate sheet, Appendix A, with hourly charges determined by the actual hours Contractor’s Linemen perform work for Utility:

1. Applicable Hourly wages per attached Rate Sheet Appendix A “2023 Rate Sheet – OptimERA xG”

2. On-Call work-\$950.00/week, per Lineman
3. Call-Outs shall incur charges for a minimum of two hours or actual hours worked, whichever is greater.
4. Certified payroll Fees - \$800.00/week
5. DOL Project Filing Fees – *N/A*
6. Travel – Expenses for rotational employees shall not exceed an average monthly cost of \$7,050/mo. per rotational position.
 - (i) Expenses shall be reimbursed at actual value.
 - (ii) Receipts shall be provided upon request.
 - (iii) Reimbursement shall include costs related to travel, hotels, per diem, utilities and other expenses directly related to the employment of rotation contract employees.
7. ***Consulting and Technical Service***
 - (i) ***Power and Utility Consulting and Technical Assistance – \$225/hr (~3 months or 480 hours) - \$110,000***
 - (ii) ***Electrical Technician – 40/week @ \$150/hr for 48 Weeks Annually - \$290,000***
8. DOL Mandated Wage Increases – DOL wages may be adjusted, as applicable during the term of the contract to fulfill the mandatory wage adjustments per, Title 36 AS 36.05 & AS 36.10. Rates shall not be adjusted greater than the price difference of the current wage and new wage mandated by Title 36.
9. Total Compensation.
 - (i) The total compensation paid to Contractor annually under this Agreement shall not exceed ***\$1,787,764.***

III. Article 6. Article 6 of the Contract is hereby amended to read as follows:

6. Termination and Reduction of Linemen Due to Utility Staffing.

City of Unalaska may continue to proceed with staffing and onboarding of new employees during the Term of this Contract. At no time shall a mandatory reduction in staffing, by the contractor, be required during the Term of the Contract.

Restaffing, by the Contractor, to fulfill the contract staffing levels, including Utility Employees shall be ongoing, as per the Contract Term.

IV. Amendment to Article 9. Article 9 of the Contract is hereby amended to read as follows:

9. Contractor Staffing Qualifications & Restrictions.

A. Line Chief

1. Maximum of one (1) full-time position
2. Must hold a current Journeyman Certificate of Fitness in the State of Alaska
3. Minimum 3 years supervisor role
4. Experience may be supplemented by practical experience of the local distribution system and applicable higher education.

B. Lineman

1. Maximum of **four (4)** full-time positions, including Utility Staffing
2. Must hold a current Journeyman Certificate of Fitness in the State of Alaska.
3. Experience with install and maintenance of municipal distribution systems

C. Apprentices

1. Available Linemen and apprenticeship program(s) shall dictate allowable apprentice staffing levels
2. Minimum Journeyman Apprentice ratio of 1:1 shall apply for all Apprentices
3. Must hold a current Apprentice Certificate of Fitness in the State of Alaska
4. Apprentice must maintain in good program standing, as dictated by program administrators

- D. Contractor shall ensure that Contractor's Linemen comply with applicable City policies and procedures while such persons are performing services under this Contract.*

V. Amendment to Article 10. Article 10 of the Contract is hereby amended to read as follows:

10. Work Week/Hours.

- A. Work Week.* The work week shall begin on Monday of each week through Sunday the same week.
- B. Normal Work Hours.* Normal Work Hours are defined as Monday through Friday, 8:00 AM through 5:00 PM, not including holidays or approved leave.
- C. Call-Out & On-Call.* Work performed outside of Normal Work Hours shall be classified as Call-Out and/or On-Call work, charged accordingly and subject to the following:

1. On-Call status shall be requested no later than 48 hours before the start of the work week, for a period no less than 1 week, defined as 7 consecutive days, including holidays, starting on the Monday of the work week.
 2. On-Call availability is not guaranteed until requested and approved by both the Utility and Contractor.
 3. Call-Outs are defined as unscheduled work outside of Normal Work Hours that is not covered by On-Call status.
 4. Call-Out requests shall be made by Utility's POC to Contractor's POC, *with exception during an emergency outage or to restore services to normal operation.*
- D. *Leave.* Holidays, sick leave, vacation, and other time off shall be in accordance with the policies of the Lineman's employer. The POCs shall communicate all known Lineman requests for leave and time off at their soonest convenience, including requests prior to approval, sick leave, and emergency leaves of absence.
- E. *Overtime.* Overtime shall be approved by both parties, at their discretion, prior to work being performed with such approval acknowledged by both parties by written exchange, (e-mail) prior to work being performed.
- F. Any discrepancies on hours, clarification of rates, the State of Alaska DOL rules and Regulations as required by Title 36 AS 36.05 & AS 36.10 shall take precedent.

VI. Amendment to Article 11. Article 11 of the Contract is hereby amended to read as follows:

11. Procurement and Approval Procedures.

Contracted Linemen shall not act as agents of City for any approval or procurement process, *outside of the normal scope and job description for the position in which they are fulfilling*, including but not limited to:

- A. Request or approval of LPOs (Local Purchase Orders);
- B. Requests for procurement of services or materials and/or approval of requisition in process;
- C. Direct ordering of supplies or materials; or
- D. Approval of any City permits, applications, or other documents requiring City authority.

VII. Article 12.

12. Chain of Command.

- A. All normal day-to-day work direction and scheduling shall be at the direction of the City's POC or on-site designee.

- B. Notice of POC change shall be given no less than forty-eight (48) hours in advance of a change, under normal circumstances, excluding unforeseen staffing changes.
- C. POC's shall be named at the time of adoption of this Amendment and changed as required from time to time, via e-mail and acknowledged by both parties.
- D. At no time shall either party request direction or give direction outside of these channels.
- E. This does not include discussions or direction regarding individual contract employee(s), Human Resource Discussions, Wage, Invoicing and/or other contractual obligations outside of normal day to day operations.
- F. Point of Contact ("POC"):

For Utility:

For Contractor:

Title: _____

Title: _____

Name: _____

Name: _____

VIII. Article 13.

13. Contract Employee Approval

The City has the right to review and disallow contract employees who are not eligible, with cause, in alignment with current policies and procedures in place.

IX. Article 14.

14. Non-solicitation.

- A. During the term of the Contract and for a period extending for one (1) year thereafter, the City shall not encourage or solicit any employee, vendor or client of Contractor to leave or terminate their relationship with Contractor. This section shall not prohibit any Contractor employee from applying to any publicly noticed opening with City nor prohibit City from hiring such person; provided, however, that The City shall not satisfy any of its obligations under this Agreement with services performed or offered to be performed by a Lineman who was a Contractor employee at any time during the term of this Agreement.
- B. During the term of the Contract and for a period extending for one (1) year thereafter, Contractor shall not encourage or solicit any City employees to leave or terminate their relationship with the City. This section shall not prohibit any City employee from applying to any publicly noticed opening with Contractor nor prohibit Contractor from hiring such person; provided, however, that Contractor shall not satisfy any of its obligations under this Agreement with services performed or offered to be performed by a Lineman who was a City employee at any time during the term of this Agreement.

X. Article 15.

15. Access to City Facilities.

- A. City shall provide access to City equipment, facilities and systems to allow for the successful implementations of work as directed by the City POC, including but not limited to, keys, access badges, ACAD, ArcGIS, shared network folders or file structures and buildings during normal and unscheduled times, as needed to perform day to day tasks as directed.
- B. Other than is authorized for all members of the public, Contractor’s employees shall not use City premises or property for any purpose other than those to furnish the Services.

XI. Article 16.

16. Relationship.

The City and Contractor are and shall be independent contractors in their relationship with each other and neither is nor shall be considered an agent or legal representative of the other for any purpose whatsoever, nor shall the employee of one be considered an employee of the other.

XII. Addition of Article 17. Article 17 of the Contract is hereby added to read as follows:

17. Term and renewal

The Term of the Contract shall begin on the last date signed below and extend for 5 years thereafter. Upon expiration of the current Term the contract shall remain in effect under the current terms on a month-to-month basis, until an amended contract is put into place, or either party terminates their participation in the contract. Notice shall be given no less than one month in advance for termination of the contract by either party. The contract shall terminate on the date specified in the written notice, no earlier than 30 days from the date of notice. Termination of the contract, without cause or due to a breach of the terms of the contract shall constitute a financial responsibility of The Utility to compensate for the remainder of the contract term at the current contract levels being delivered at the time of contract termination.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment on the dates below written.

OptimERA Holdings, Inc.

City of Unalaska, Alaska

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

CITY OF UNALASKA
UNALASKA, ALASKA

RESOLUTION 2024-03

A RESOLUTION OF THE UNALASKA CITY COUNCIL AUTHORIZING THE CITY MANAGER TO ENTER INTO A CONTRACT WITH ELECTRIC POWER SYSTEMS, INC. IN AN AMOUNT NOT TO EXCEED \$130,000

WHEREAS, the City needs information about electric power generation sources to address future demand; and

WHEREAS, the City's electric rate utility consultant, Electric Power Systems Inc. (EPS) is very familiar with our generation and distribution systems; and

WHEREAS, EPS submitted a proposal to prepare a study of Unalaska's power generation options, distribution system readiness, and a variety of work required to provide the City recommendations for meeting future electric demands; and

WHEREAS, EPS needs to subcontract with other vendors to acquire expertise about permitting with the Environmental Protection Agency and others to understand opportunities and constraints; and

WHEREAS, the study proposal will cost up to \$130,000 to be paid from the electric proprietary fund.

NOW THEREFORE BE IT RESOLVED that the Unalaska City Council authorizes the City Manager to enter into an agreement with Electric Power Systems, Inc., for a cost not to exceed \$130,000, to be paid from the electric proprietary fund.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on February 13, 2024.



Vincent M. Tutiakoff, Sr.
Mayor

ATTEST:



Estkarlen P. Magdaong
City Clerk



MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: William Homka, City Manager
Date: February 13, 2024
Re: Resolution 2024-03 Authorizing the City Manager to enter into a contract with Electric Power Solutions, Inc., in an amount not to exceed \$130,000

SUMMARY: The City of Unalaska needs a plan for power generation. The geothermal project timeline is delayed and the project is not scheduled to come online anytime soon. Trident Seafoods seeks 14MW of electric power for its new facility at the end of Captains Bay Road. We need an alternate plan to provide power.

PREVIOUS COUNCIL ACTION: None.

BACKGROUND: V3 Energy LLC completed a wind power study for Unalaska around the same time the OCCP geothermal power project began to take shape. V3's results indicated there is sufficient wind in Pyramid Valley to erect wind turbines that would each generate 1MW. We paused our interest in other sources of green energy after the geothermal project began to take shape.

Now we must evaluate our options for generating up to 15 MW of power in time to be a source for Trident Seafoods' new processing facility proposed at the end of Captains Bay Road. Even if geothermal was successful, the timeline does not line up with that for the facility's opening. We need a plan for the gap, or as the new generation source for Unalaska's future. We prefer green energy solutions, however we may need to pursue diesel generation too.

Electric Power Systems, Inc. (EPS) is the company who produced our past utility studies. EPS knows our generation and distribution systems and was contacted to provide assistance with analyzing how to move forward in light of Trident Seafoods' request for energy. The EPS proposal is for \$88,340. EPS needs to subcontract for additional services regarding air permit analysis. They propose to use HMS Consulting and the cost for their work is not included in the proposal, but they estimate the cost will be \$20,000 - \$30,000. I recommend the studies be paid from the Electric Proprietary Fund since it is about the electric grid and generation capabilities. The EPS proposal is attached.

DISCUSSION: The V3 study estimates the cost for wind turbines to range between \$9 million for one tower and \$40 million for five. There are a variety of system and construction variables. The City is eligible for carbon reduction credits worth about 40% of the total cost, or \$16 million. The credits would be a cash payment to the City. In effect we might be able to erect 5 MW of power for about \$24 million.

We do not know an estimated cost for the work to construct a new diesel generation plant. The proposed EPS study will offer options for conventional (fossil fuel) generation to existing resources at the Dutch Harbor Power Plant, in another location yet to be determined or a combination of the two.

In addition, a distribution load flow analysis will evaluate the suitability of the existing distribution system and determine if any upgrades may be required in conjunction with the proposed power source for the Trident load. This requires new air permits from the EPA, a load flow study to model Unalaska's existing electrical system, evaluation of energy storage systems, and site options among other study items.

City Council needs to authorize the City Manager to enter into a contract with EPS for an amount not to exceed \$130,000 to be paid from the electric proprietary fund. There are ample funds in the account.

ALTERNATIVES: Wind generation, combination of wind and diesel generation.

FINANCIAL IMPLICATIONS: The study may cost up to \$130,000 after EPS, HMM Consulting and other associated costs.

LEGAL: No legal review required.

CITY MANAGER RECOMMENDATION: Staff recommends approval of this resolution.

PROPOSED MOTION: I move to adopt Resolution 2024-03.

ATTACHMENT: EPS Proposal



January 17, 2024

Bil Homka
City of Unalaska
43 Raven Way
Unalaska, Alaska 99685
(907) 581 1251
bhomka@ci.unalaska.ak.us

**Subject: Proposal for Generation and Distribution Study for
Trident Seafoods Development**

Electric Power Systems (EPS) understands that Trident Seafoods intends to develop a new processing facility in Unalaska. This is a proposal to study options for adding 15MW of conventional (fossil fuel) generation to existing resources at the Dutch Harbor Power Plant (DHPP), in another location yet to be determined or a combination of the two. In addition, a distribution load flow analysis will evaluate the suitability of the existing distribution system and determine if any upgrades may be required in conjunction with the proposed power source for the Trident load.

Scope of Work

The final deliverable will be a report that covers the following topics.

Air Permitting Coordination

We acknowledge that Unalaska wishes to avoid triggering a PSD study caused by exceeding approved emissions limits. Assessing how much capacity can be added to DHPP without triggering a PSD study will require coordinating with Unalaska's air permitting consultants. EPS contacted HMM Consulting (HMM) during development of this proposal and understands that HMM has performed recent modeling for the City that will be applicable to this study. It is necessary that HMM is directly involved in the study to assess technical solutions proposed by the EPS team. The cost for HMM's involvement is excluded from this proposal - it is assumed that the City would prefer to contract directly through the existing service agreement between the City and HMM. However, if that is not the case, EPS can include the cost of HMM in our Scope of Work.

Load Flow Study

EPS will perform electrical studies to evaluate the infrastructure needs and impacts to the system of the Trident load. We understand the impacts of the Makushin interconnection have previously been studied and a plan has been proposed by the developer's engineer. EPS will model the City of Unalaska's electrical



system using ETAP software. Power flow studies will be performed to evaluate voltage regulation along with the ability of the system to adequately supply all the projected loads. The results of the power flow study will be used to assist with the evaluation of the new plant, planning for required upgrades and recommended operating configurations. If necessary, we can include the modeling of the Makushin project in this scope after we evaluate the proposed interconnection method and equipment.

Energy Storage Systems

It is expected that some type of Energy Storage Systems (ESS) will be included in the final solution. This could be in the form of a BESS or Flywheel, depending on the needs identified as part of this study. The market availability, cost, and numerous advantages of energy storage will make some level of energy storage worthwhile regardless of whether additional renewables are added to the system. In addition, ESS solutions are often the subject of federally funded grant opportunities.

DHPP Capacity Analysis

The study will seek to understand how much capacity can be gained at DHPP by lowering NOX emissions through unit replacements or SCR retrofits on existing units. Offsetting the need for new installations through retrofit of existing units has obvious cost and operational advantages. In addition, it may be the only viable pathway to increasing output without development of a new site that is physically removed from the boundaries of the Title V permit.

New Generation Options

Conventional reciprocating generation additions will be based on proven medium speed solutions such as the CAT C280 or the EMD 12SE23B. In addition, the project team will review the newer Wabtec V250MDC that has fewer proven operating hours, but some technical advantages. All options proposed will be T4 or T4i certified to allow the maximum capacity and future growth under existing emissions limits.

Depending on load profile and siting, Brayton Cycle turbine options may be suitable. Turbine options are inefficient when operating in a single-cycle mode, but can be economically viable when paired with large heating loads.

Based on the forecast load profile for the Trident plant, EPS will determine if the base load of the plant can be absorbed with existing generation and determine the impact of supplying only the peaking load with augmented generation.

Alternate Site Options

Alternate sites for power generation will be considered based on the City's input and resources. During conversations with HMM, they noted that there is an available emissions cap at the Valley Power Module and that additional emissions sources nearby would not trigger a PSD review at DHPP. This study will review that site and others to determine if future development is possible.



Cost Estimate

No.	Item	Hours	Labor	Subcontract, Expenses	Cost
1	Air Permit Coordination*	16	\$3,304	\$0	\$3,304
2	Load Flow Study	106	\$19,244	\$0	\$19,244
3	ESS Options	40	\$7,800	\$0	\$7,800
4	DHPP Capacity Analysis	56	\$12,184	\$0	\$12,184
5	New Generation Options	88	\$17,592	\$0	\$17,592
6	Alternate Site Options	96	\$18,144	\$0	\$18,144
7	ROM Cost Estimates	48	\$10,072	\$0	\$10,072
	Total:	450	\$88,340	\$0	\$88,340

*A subcontract to HMM Consulting is not included in this estimate. A recommended budget for air permit consulting is \$20,000 to \$30,000.

Assumptions and Clarifications

Site Visit

It is assumed that a site visit will not be required at this phase of the project.

Site-Specific Studies

As a result of this feasibility level study, EPS may recommend further geotechnical, civil, right of way, and environmental studies to further define costs and final selection. Fees for site investigations are not included in this proposal. For example, if a new generation plant to serve either the base load or peaking load of Trident, is the preferred solution, EPS would recommend and coordinate additional studies as needed to site and coordinate the feasibility development of the proposed plant(s).

Study Coordination

This study will require extensive involvement from the City and HMM consulting. EPS will schedule and host weekly update meetings for an estimated 8-week duration of the initial study.

Information Required to Complete the Study

To allow efficient and timely completion of the study, the following information will be required.

- Load profile estimate from Trident Seafoods with weekly averages.
- Estimate peak load and a daily load profile at an operational peak from Trident.
- Any additional loads being considered (additional processors, etc)

Please contact me at (907) 388-9554 or jrowland@epsinc.com if you have any questions.



Electric Power Systems, Inc.

3305 Arctic Blvd Suite 201 ■ Anchorage, Alaska 99503 ■ Tel: (907) 552-1953

Sincerely,

A handwritten signature in blue ink that reads "Jason Rowland".

Jason Rowland, PE
Sr. Mechanical Engineer