

NON-CODE ORDINANCE

PENDING

To provide comments to the
Mayor and the Assembly regarding
this legislation click here

Sponsored By:
Introduced:
Public Hearing:
Adopted:

**MATANUSKA-SUSITNA BOROUGH
ORDINANCE SERIAL NO. 16-013**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROPRIATING \$1,993,488 FROM THE LAND MANAGEMENT PERMANENT FUND 203 FOR M/V SUSITNA FERRY ENGINE REPAIRS, PROJECT NO. 70013, AS A LOAN TO THE FERRY FUND 450 AND REAPPROPRIATING THE \$1,993,488 BACK TO THE LAND MANAGEMENT PERMANENT FUND 203 ONCE THE ANTICIPATED VESSEL SALE FUNDS AND INSURANCE FUNDS ARE RECEIVED.

WHEREAS, in January 2015, as a result of an extreme rain event in Ketchikan, the M/V Susitna engines and turbo chargers suffered significant damage when water entered through the exhaust towers; and

WHEREAS, on September 10, 2015, an offer to purchase the M/V Susitna by the Philippine Red Cross for \$1,750,000 was accepted by the Borough Manager by executing a formal Purchase and Sale Agreement; and

WHEREAS, the Matanuska-Susitna Borough received a \$250,000 deposit from the Philippine Red Cross as down payment on the sale of the ferry vessel, M/V Susitna; and

WHEREAS, funding is needed to affect the repairs totaling \$3,093,488; and

WHEREAS, there are funds available in the Land Management Permanent Fund 203; and

WHEREAS, upon appropriation, \$1,993,488 from the Land Management Permanent Fund 203 will be transferred to Fund 450, for M/V Susitna Ferry Engine Repairs, Project No. 70013; and

WHEREAS, \$850,000 was appropriated from fund 100, areawide repair and renovations reserve and transferred to fund 450, for M/V Susitna Ferry engine repairs, project no. 70013; and

WHEREAS, our insurance company, Lloyd's of London sent a senior adjustor to re-evaluate the required repair and he determined the vessel needed to be dry docked and the engines removed for repair at an approved fabrication facility in Kent, Washington; and

WHEREAS, the \$850,000 prior appropriation combined with the \$250,000 purchase deposit from the Philippines Red Cross and this appropriation of \$1,993,488 will total \$3,093,488 needed to complete the engine repairs; and

WHEREAS, prior to the sale of the M/V Susitna, major repairs to the diesel engines must be completed; and

WHEREAS, quotes were solicited through Associated Maritime Providers, Inc. from two qualified ship yards, Foss Maritime and Vigor Alaska; and

WHEREAS, contractors were required to use the same certified engine repair contractor and the differences in price were attributed to location and overhead costs; and

WHEREAS, Associated Maritime Providers submitted the least costly bid at \$3,093,488; and

WHEREAS, the Matanuska-Susitna Borough has a contract to sell the M/V Susitna to the Philippine Red Cross and we are owed \$1.5 million at closing, which could be used to help pay for the cost of the engine repairs; and

WHEREAS, Matanuska-Susitna Borough will submit a claim to our insurance company, Lloyd's of London, for the full amount of the repairs, minus the \$250,000 deductible which was paid with the purchase deposit, upon completion of the repairs and sea trial.

BE IT ENACTED:

Section 1. Classification. This Ordinance is a non-code ordinance.

Section 2. Acceptance and Appropriation Source. There is hereby appropriated by the Assembly \$1,993,488 from the Land Management Permanent Fund 203 to Fund 450, for M/V Susitna Ferry Engine Repairs, Project No. 70013.

Section 3. Re-Appropriation Sources. Upon receipt of vessel sale funds and insurance settlement funds, there is hereby re-appropriated by the Assembly \$1,993,488 with interest as appropriate to the Land Management Permanent Fund 203.

Section 4. Effective Date. This ordinance shall take effect upon adoption.

ADOPTED by the Matanuska-Susitna Borough Assembly this ___ day of February, 2016.

VERN HALTER, Borough Mayor

ATTEST:

LONNIE R. McKECHNIE, CMC, Borough Clerk

(SEAL)