



GARLAND POLICY REPORT

City Council Work Session Agenda

Work Session Item . 0.

Meeting Date: October 17, 2022
Item Title: 2022 Capital Improvement Program Budget Amendment No. 2
Submitted By: Allyson Bell Steadman, Budget Director
Strategic Focus Areas: Sound Governance and Finances

ISSUE

Amend the 2022 Capital Improvement Program (CIP) to appropriate \$60,002,860 for the installation of new generation resources at the Olinger Power Station.

OPTIONS

- (A) Approve CIP Budget Amendment No. 2 as proposed.
- (B) Do not approve CIP Budget Amendment No. 2.

RECOMMENDATION

Option (A) - Approve CIP Budget Amendment No. 2 as proposed. Unless otherwise directed by Council, this item will be scheduled for formal consideration at the October 18, 2022, Regular Meeting.

BACKGROUND

At the October 10, 2022, Executive Session, Garland Power & Light (GP&L) briefed Council on a plan to install additional generating units at the Olinger Power Station. Due to the age and increasing reliability issues of the existing GP&L natural gas-fired generation fleet, GP&L is requesting approval for the purchase and associated engineering, permitting, and construction of two (2) Dynamis DT35 Package Turbine Generators at the Olinger Power Station. These resources will provide a total of 69MW of quick-start generation capacity to the GP&L generation fleet to be used to serve the energy and ancillary services needs of GP&L customers. Approval of this CIP amendment would allow for an operational target date prior to the summer of 2024. The cost is anticipated to be \$52,176,400 plus a 15% contingency of \$7,826,460, for a total request of \$60,002,860.

CONSIDERATION

Staff seeks the Council's approval to increase Electric's 2022 CIP appropriation by \$60,002,860. The City will issue Commercial Paper as expenditures are incurred in the Electric Production Program, and at a future date, Revenue Bonds will be issued to refinance the outstanding Commercial Paper.

ORDINANCE NO. 7379

AN ORDINANCE AUTHORIZING AN AMENDMENT TO THE 2022 CAPITAL IMPROVEMENT PROGRAM ("2022 CIP AMENDMENT NO. 2"); PROVIDING FOR THE SUPPLEMENTAL APPROPRIATION OF FUNDS IN THE ELECTRIC PRODUCTION PROGRAM; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council approved the 2022 Capital Improvement Program and appropriated the necessary funds for the improvements of the City;

WHEREAS, the City Charter provides that the City Council may approve any amendments and supplements to the CIP Budget as deemed necessary in the public interest; and

WHEREAS, the City Council has reviewed and concurred with a Policy Report that establishes the need for changes to appropriations in the Electric Production Program;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GARLAND, TEXAS, THAT:

Section 1

The City Council hereby authorizes and approves an amendment to the 2022 Capital Improvement Program in the amount of \$60,002,860 for improvements to the Olinger Power Station.

Section 2

The City Council hereby amends Ordinance No. 7295 *in part* and by addition to read as follows:

"Section 1 (N), adjusting appropriations of \$60,002,860 for for improvements to the Olinger Power Station."

Section 3

That Ordinance No. 7295 of the City of Garland, Texas, as amended, shall be and remain in full force and effect save and except as amended by this Ordinance.

Section 4

That the terms and provisions of this Ordinance are severable and are governed by Sec. 10.06 of the Code of Ordinances of the City of Garland, Texas.

Section 5

This ordinance shall be and become effective immediately upon and after its adoption and approval.

PASSED AND APPROVED this the 18th day of October, 2022.

CITY OF GARLAND, TEXAS



Mayor

ATTEST:



City Secretary

