

SULTAN CITY COUNCIL AGENDA ITEM COVER SHEET

DATE: October 9, 2008

ITEM #: Public Hearing PH 2

SUBJECT: 2008 Budget Amendments

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

ISSUE:

The issue before the Council is to hold a public hearing on proposed budget amendments. Based on the Council discussion, staff will prepare an ordinance to amend the 2008 budget for the October 23, 2008 Council meeting.

STAFF IS WORKING ON THE AMENDMENTS TO THE GENERAL FUND AND WILL PROVIDE DOCUMENTS TO THE COUNCIL BY OCTOBER 7, 2008. IT IS RECOMMENDED THAT THE HEARING BE OPENED AND, IF NECESSARY, CONTINUE TO OCTOBER 23, 2008 TO ALLOW FOR REVIEW OF THE ADDITIONAL INFORMATION.

The Ordinance to amend the budget will be introduced for a first reading on October 23, 2008.

SUMMARY STATEMENT:

The City Council has approved expenditures not included in the adopted 2008 budget. The City is required to have a balanced budget. Detailed information on the Water and Sewer projects are contained in the staff reports for the 2nd Street Bid Award and the 6th Street Sewer Line repair. The Council is considering the following amendments to the 2008 Budget:

109 Community Improvement Fund: The City has received a grant to assist with graffiti removal under a joint application with Gold Bar and Index.

Impacts: \$12,000 expenditure increase
Funding Source WSTC Grant

RECOMMENDATION:

Staff recommends the Council amend the budget to include the grant.

2008 Revenues

Community Imp	Description	Original Budget	Amended Budget
109-000-334-04-200	CJ Special Programs	\$1,000	\$1,000
109-000-367-11-000	WSTC Grant	\$0	\$12,000
	TOTAL RESOURCES	\$1,000	\$13,000

2008 Expenditures

Community Imp	Description	Original Budget	Amended Budget
109-573-573-90-640	Capital - Equipment	\$ 0	\$12,000
109-574-574-90-410	Safe Stop	\$1,000	\$1,000
	TOTAL EXPENSE	\$0	\$13,000
ENDING FUND	RESERVES	\$0	\$0

405 CR Utility Reserve Fund: The City was required to do an emergency replacement sewer lines at the Post Office and is 6th Street and is moving forward with the 2nd Street, 6th Street and Sultan Basin Road waterline projects. The Sultan Basin waterline was included in the adopted budget. Connection fees were anticipated in the adopted budget and due to the lack of construction, those funds have not been received. It will be necessary to use reserve funds to complete the projects.

Impacts: \$12,500 - Post Office sewer line
 \$35,000 - 6th Street sewer line
 \$84,000 - 2nd Street Waterline
 \$75,500 - 6th Street Waterline
 Total Project costs: \$207,000
 Funding Source: CR Utility Reserve Balance

RECOMMENDATION:

Staff recommends funding be provided for the water and sewer line replacements.

2008 Revenues

CR Utility Reserve	Description	Original Budget	Amended Budget
405-000-308-10-000	Fund Reserves	\$78,000	\$405,080
405-000-361-11-000	Investment Interest	\$47,000	\$24,000
405-000-381-20-000	Interfund Loan Pmt ¹	\$0	\$51,220
405-000-397-10-000	Operating Transfer In	\$0	\$0
	TOTAL RESOURCES	\$125,000	\$480,300

2008 Expenditures

CR Utility Reserve	Description	Original Budget	Amended Budget
405-405-597-55-000	Operating Transfer Out to 409 Water Imp	\$125,000	\$267,700
405-405-597-55-000	Operating Transfer Out to 407 Sewer Imp	0	\$212,600
	TOTAL EXPENSE	\$125,000	\$480,300
ENDING FUND	RESERVES	\$0	\$0

407 Sewer System Improvements: The sewer line on 4th Street at the Post Office failed and the City was required to replace it earlier this year. The 6th Street sewer line requires replacement as it has also failed. The City will need to use reserve funds to complete the projects due to the lack of sewer connections.

Impacts: \$12,500 - Post Office sewer line
 \$35,000 - 6th Street sewer line
 \$47,500 - Increase in expenses
 Total
 (\$167,847) decrease in connection fees revenues
 Funding Source: CR Utility Reserve Fund (405)

¹ Interfund loan payment from the General Fund

RECOMMENDATION:

Staff recommends the Council provide funding for the sewer line replacements.

2008 Revenues

Sewer System Imp	Description	Original Budget	Amended Budget
407-000-308-10-000	Fund Reserve	\$27,318	\$28,900
407-000-367-10-000	Connection fees	\$167,847	\$0
407-000-382-80-010	PWTF Loan	\$500,000	\$500,000
407-000-397-10-000	OpTransfer In from 405	\$0	\$212,600
	TOTAL RESOURCES	\$695,165	\$741,500

2008 Expenditures

Water System Imp	Description	Original Budget	Amended Budget
407-407-596-40-630	Construction – WWTP and I & I Program	\$694,000	\$694,000
407-407-596-40-630	Construction – Post Off	\$0	\$12,500
407-407-596-40-630	Construction – 6 th St	\$0	\$35,000
	TOTALS	\$694,000	\$741,500
ENDING FUND	RESERVES	\$1,165	\$0

409 Water System Improvements: The City is moving forward with the 2nd Street and 6th Street improvements. The adopted budget did not include these waterline replacements.

Impacts: \$84,000 - 2nd Street Waterline

\$75,500 - 6th Street Waterline

Total \$159,500

Funding Source: CR Utility Reserve Fund (405)

RECOMMENDATION:

Staff recommends the Council provide funding for the water line replacements.

2008 Revenues

Water System Imp	Description	Original Budget	Amended Budget
409-000-308-10-000	Fund Reserves	\$	0
409-000-367-10-000	Connection fees	\$0	\$16,800
409-000-397-10-000	Operating Transfer In from 405	\$125,000	\$267,700
	TOTAL RESOURCES	\$125,000	\$284,500

2008 Expenditures

Water System Imp	Description	Original Budget	Amended Budget
409-409-596-40-630	Construction SBR	\$125,000	\$125,000
409-409-596-40-630	Construction – 2 nd St	\$0	\$84,000
409-409-596-40-630	Construction – 6 th St	\$0	\$75,500
	TOTAL	\$125,000	\$284,500
ENDING FUND	RESERVES	\$21,393	\$0

412 Water Debt Service Fund: The Water Debt Service Fund's total loan payments for 2008 total \$154,764. To meet the debt service the adopted budget anticipated \$60,000 of fund reserves (actual was \$65,306) and connection fees of \$94,572. The actual connection fees received year to date is \$32,023. This leaves the fund with a current negative balance of \$56,836.

The security for the loans are the assets of the Water Utility. It will necessary to transfer funds from the Water Utility operating Fund to cover debt service.

Impacts: \$62,549 decrease in anticipated connection fees
 \$64,000 increase in operating transfer in
 Funding source: Water Operating Fund

RECOMMENDATION:

Staff recommends the Council approval the transfer of funds from the Water Utility operating fund to cover Debt Service.

2008 Revenues

Water Debt Service	Description	Original Budget	Amended Budget
412-000-308-10-000	Begin Fund Balance	\$60,000	\$60,000
412-000-361-11-000	Investment Interest	\$1,200	\$1,200
412-000-367-10-010	Water Connections	\$94,572	\$32,023
412-000-397-10-000	Transfers In	\$0	\$64,000
	TOTAL RESOURCES	\$156,672	\$157,223

2008 Expenditures

Water Debt Service	Description	Original Budget	Amended Budget
412-412-582-35-700	PWTF Principal	\$114,706	\$114,706
412-412-582-35-800	PWTF Interest	\$40,058	\$40,058
	TOTAL EXPENSE	\$154,764	\$154,764
ENDING FUND	RESERVES	\$1,908	\$2,459

400 Water Utility Fund:

The Water Utility Fund will be amended to provide the \$64,000 transfer to the Water Debt Service Fund.