

FY20 SB2 Supplemental Budget 2

City of Eugene, Oregon
Jon Ruiz, City Manager



EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Public Hearing and Action: Resolution Adopting a Supplemental Budget; Making Appropriations for the City of Eugene for the Fiscal Year Beginning July 1, 2019 and Ending June 30, 2020

Meeting Date: April 27, 2020
Department: Central Services
www.eugene-or.gov

Agenda Item Number: **XX**
Staff Contact: Liz Butterfield
Contact Telephone Number: 541-682-5512

ISSUE STATEMENT

Council approval of the second Supplemental Budget (SB2) for Fiscal Year 2019-2020 (FY20) is requested. Oregon Local Budget Law (ORS 294.471) allows for supplemental budgets in the event of “an occurrence or condition that is not ascertained when preparing the original budget or a previous supplemental budget for the current year or current budget period and that requires a change in financial planning.” ORS 294.471 also allows for a supplemental budget if there are “funds that are made available by another unit of federal, state or local government and the availability of which could not reasonably be foreseen when preparing the original budget.” This Supplemental Budget does not authorize any increase in the property tax levy and has been published in compliance with the Oregon Local Budget Law.

BACKGROUND

The purpose of this Supplemental Budget is to provide the appropriation authority necessary to move forward with the infrastructure improvements related the Downtown Riverfront redevelopment.

The City Council and Agency Board have been working on this redevelopment project for several years. The project has been advanced with considerable public input and was on a timeline to accomplish significant improvements prior to the 2021 World Championships, which have been rescheduled to the summer of 2022. The park and infrastructure are still on a timeline to be completed by summer of 2021, but other parts will take longer to complete than originally contemplated.

The Downtown Riverfront redevelopment includes the creation of a world-class public park along the waterfront and a high-quality, multi-use riverfront development that reflects the community’s vision, provides economic and housing opportunities, promotes compact urban development, and enhances natural resources. The infrastructure package includes construction of the necessary streets and related infrastructure (including storm water, street trees, sidewalks, pedestrian lighting, utilities, etc.) to provide public access to the Downtown Riverfront Park and enable the development plan to become a reality. The infrastructure project will be completed in two phases,

with the majority of the work planned to occur in 2020 (starting in May), and phase two to be completed next year (2021).

This supplemental budget includes several items related to the Downtown Riverfront for funding to allow the infrastructure project to move forward this coming spring and summer. There is a companion supplemental budget for the Urban Renewal Agency that also includes appropriations for that project.

The funding plan includes several pieces:

- Issuance of bonds that will be repaid from future tax increment revenues in the Riverfront Urban Renewal District, through the termination date of the district (6/30/2024);
- Reallocating budget authority that was dedicated to paying for the plaza, but is now to be used to install phase one of the infrastructure;
- Pausing the River Loans program and redirecting non-tax increment revenue to this project;
- Selling property under the redevelopment agreement; and
- Interim funding in the form of loans from the City to the Agency two of the assessment funds.

The total project is estimated to cost \$13.5 million, based on construction bids that were received on April 9. Together with funds that had already been budgeted for the infrastructure project and redirecting the plaza budget to this project, there is \$5.9 million of additional appropriation included on this supplemental budget to fully fund the phase 1 infrastructure plus the costs of issuing the debt.

The portions of this funding approach for phase one of the infrastructure that are included on the City's supplemental budget are:

1. Issuance of \$12 million of City full faith and credit bonds to pay for the project, and transfer of those bond proceeds to the Urban Renewal Agency; and
2. \$2 million of loans from the Special Assessment Management Fund (\$0.6 million) and the Special Assessments Capital Projects Fund (\$1.4 million) to the Urban Renewal Agency.

Repayment of the loans from the assessment funds could occur within the next several years, depending on direction from the Agency Board. The funds to repay the loans will come from the Agency's sale of one or more of the lots. The order in which those sale proceeds get allocated will be policy decision made by the Agency Board. The Agency Board could choose, for example, to prioritize repayment of the loans, or alternatively could use sale proceeds first to move the Steam Plant project, the plaza or some other action forward and then repay the loans. It is intended that the loans will be repaid without interest.

The authorization for issuing bonds for this project is currently anticipated for Council action in May, with a closing on the transaction to occur prior to the end of FY20.

A detailed description of the supplemental budget transactions is provided in Attachment A.

PREVIOUS COUNCIL/AGENCY BOARD DIRECTION

[July 9, 2018, Work Session](#)

Agency Board authorized the Agency Director to approve a disposition and development agreement consistent with the terms included in Attachment B [of that AIS], which included the City's construction and management of the publicly owned, 1-acre plaza (in addition to 3- acre Riverfront Park).

[April 15, 2019, Work Session](#)

Agency Board a) authorized the use of \$8 million of Riverfront Urban Renewal funds for the park and \$4 million for the plaza, and b) directed the Agency Director to come back to discuss funding strategies for other potential projects within the Riverfront Urban Renewal District.

[October 14, 2019, City Council Work Session](#)

The City Council received an update on Urban Renewal Projects in both districts.

[October 28, 2019, Agency Board Work Session](#)

Agency Board asked for staff to come back with more information on affordable housing, steam plant, plaza, and parking.

COUNCIL OPTIONS

Council can either approve or not approve the resolution. If the resolution is not approved, the infrastructure project cannot move forward.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends approving the recommendation.

SUGGESTED MOTION

Move to approve Resolution 5293 adopting a Supplemental Budget; making appropriations for the City of Eugene for the fiscal year beginning July 1, 2019 and ending June 30, 2020.

ATTACHMENTS

- A. Transaction Summary
- B. Resolution

FOR MORE INFORMATION

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110 Special Assessments Management Fund

	FY20 Adopted	FY20 SB1 Action	FY20 SB2 Action	FY20 Revised
I. RESOURCES				
BEGINNING WORKING CAPITAL	1,126,562	16,342	0	1,142,904
CHANGE TO WORKING CAPITAL				
REVENUE				
Charges for Services	47,400	0	0	47,400
Miscellaneous	32,800	0	0	32,800
Interfund Transfers	30,000	0	0	30,000
Special Payments	2,700	0	0	2,700
Total Revenue	112,900	0	0	112,900
TOTAL RESOURCES	1,239,462	16,342	0	1,255,804
II. REQUIREMENTS				
Department Operating				
Central Services	109,440	0	0	109,440
Total Department Operating	109,440	0	0	109,440
Non-Departmental				
Interfund Transfers	10,000	0	0	10,000
Special Payments	30,000	0	600,000 a	630,000
Reserve	50,000	0	0	50,000
Balance Available	1,040,022	16,342	(600,000) a	456,364
Total Non-Departmental	1,130,022	16,342	0	1,146,364
TOTAL REQUIREMENTS	1,239,462	16,342	0	1,255,804

110 Special Assessments Management Fund

a) **One-Time Funding Request:** Recognize interagency loan (\$600,000) to the Urban Renewal Agency to pay for the Downtown Riverfront Redevelopment Project until property sale proceeds are available. Decrease Balance Available by same amount.

230 Miscellaneous Debt Service Fund

	FY20 Adopted	FY20 SB1 Action	FY20 SB2 Action	FY20 Revised
I. RESOURCES				
BEGINNING WORKING CAPITAL	0	0	0	0
CHANGE TO WORKING CAPITAL				
REVENUE				
Other Financing Sources	0	0	12,000,000	a,b 12,000,000
Total Revenue	0	0	12,000,000	12,000,000
TOTAL RESOURCES	0	0	12,000,000	12,000,000
II. REQUIREMENTS				
Non-Departmental				
Special Payments	0	0	12,000,000	b 12,000,000
Total Non-Departmental	0	0	12,000,000	12,000,000
TOTAL REQUIREMENTS	0	0	12,000,000	12,000,000

230 Miscellaneous Debt Service Fund

a) **Fund Creation:** To create a new reporting fund to account for the payment of debt that is not accounted for in another debt service fund.

b) **New Revenues:** Recognize funds coming from the sale of City of Eugene Full Faith & Credit Bonds to fund Downtown Riverfront Redevelopment Project. Proceeds provided to the Urban Renewal Agency to pay for the Downtown Riverfront Redevelopment project under an intergovernmental agreement.

350 Special Assessment Capital Projects Fund

	FY20 Adopted	FY20 SB1 Action	FY20 SB2 Action	FY20 Revised
I. RESOURCES				
BEGINNING WORKING CAPITAL	1,404,735	18,427	0	1,423,162
CHANGE TO WORKING CAPITAL				
REVENUE				
Miscellaneous	40,194	0	0	40,194
Total Revenue	40,194	0	0	40,194
TOTAL RESOURCES	1,444,929	18,427	0	1,463,356
II. REQUIREMENTS				
Non-Departmental				
Interfund Transfers	20,000	0	0	20,000
Special Payments	0	0	1,400,000 a	1,400,000
Balance Available	1,424,929	18,427	(1,400,000) a	43,356
Total Non-Departmental	1,444,929	18,427	0	1,463,356
TOTAL REQUIREMENTS	1,444,929	18,427	0	1,463,356

350 Special Assessment Capital Projects Fund

a) **One-Time Funding Request:** Recognize interagency loan (\$1,400,000) to the Urban Renewal Agency to pay for the Downtown Riverfront Redevelopment Project until property sale proceeds are available. Decrease Balance Available by same amount.

Resolution Number 5293

**A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET;
MAKING APPROPRIATIONS FOR THE CITY OF EUGENE
FOR THE FISCAL YEAR BEGINNING JULY 1, 2019,
AND ENDING JUNE 30, 2020.**

The City Council of the City of Eugene finds that Adopting the Supplemental Budget and Making Appropriations is necessary under ORS 294.471.

NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, A Municipal Corporation of the State of Oregon, as follows:

Section 1.

That the Supplemental Budget for the City of Eugene, Oregon, for the fiscal year beginning July 1, 2019, and ending June 30, 2020, as set forth in attached Exhibit A is hereby adopted.

Section 2.

The supplemental amounts for the fiscal year beginning July 1, 2019, and ending June 30, 2020, and for the purposes shown in attached Exhibit A are hereby appropriated.

Section 3.

That this Supplemental Budget is prepared in accordance with ORS 294.471(1), which authorizes the formulation of a supplemental budget resulting from "An occurrence or condition that is not ascertained when preparing the original budget or a previous supplemental budget for the current year or current budget period and that requires a change in financial planning." This Supplemental Budget was published in accordance with ORS 294.471(3).

Section 4.

This resolution complies with ORS 294.471(4), and does not authorize an increase in the levy of property taxes above the amount in the Adopted Budget publication.

Section 5.

This supplemental budget includes a loan from the City to the Urban Renewal Agency in the amount of \$2 million. The source of the loan is assessment funds. The purpose of the loan is to provide funding to pay for the Downtown Riverfront Redevelopment project until property sale proceeds are received.

EXHIBIT A

Amounts
in dollars

SPECIAL ASSESSMENT MANAGEMENT FUND

Non-Departmental		
*	Balance Available	(600,000)
	Special Payments	600,000
Total Non-Departmental		0
TOTAL SPECIAL ASSESSMENT MANAGEMENT FUND		0

MISCELLANEOUS DEBT SERVICE FUND

Non-Departmental		
	Special Payments	12,000,000
Total Non-Departmental		12,000,000
TOTAL MISCELLANEOUS DEBT SERVICE FUND		12,000,000

SPECIAL ASSESSMENTS CAPITAL PROJECTS FUND

Non-Departmental		
*	Balance Available	(1,400,000)
	Special Payments	1,400,000
Total Non-Departmental		0
TOTAL SPECIAL ASSESSMENTS CAP. PROJECTS FUND		0
TOTAL REQUIREMENTS - ALL FUNDS		12,000,000

* Balance Available is not appropriated for spending and is shown for informational purposes only.