

FY18 SB1 Supplemental Budget 1

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, 2017 and Ending June 30, 2018

Meeting Date: September 25, 2017
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 3
Staff Contact: Twylla Miller
Contact Telephone Number: 541-682-8417

ISSUE STATEMENT

Council approval of the first Supplemental Budget (SB1) for Fiscal Year 2017-2018 (FY18) 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

This past May, Washington and Clackamas counties both passed Emergency Communication Systems bond measures and are entering into a contract with Motorola to replace public safety radios. The City of Eugene has an opportunity to piggy back on this contract to purchase Eugene Police Department (EPD) radios at a savings of about \$700,000. To receive this discount, the City must sign a contract by September 30, 2017.

A total of \$1.8 million is needed to replace all EPD radios under the contract pricing with another \$100,000 needed for radio conversion costs for a total funding need of \$1.9 million. EPD has already set aside \$400,000 for future radio replacement in the Fleet Fund reserves leaving a \$1.5 million funding gap. This funding gap will be further reduced by using \$300,000 in Telecom funds in lieu of other telecom projects in FY18. The Fleet Fund has existing reserves for future purchases which are not needed in the near term that can fill the remaining funding gap. The Fleet Fund will utilize reserves to provide an interfund loan to the Telecom Fund. The Telecom Fund will purchase the radios and repay the Fleet Fund within 10 years to replenish reserve levels.

Radio replacement is an unfunded need that was identified in the FY18 UNA (#82 – Radio Engineering and Replacement).

This Supplemental Budget recognizes new revenues and authorizes changes in legal levels of appropriations for the current fiscal year (FY18) to purchase EPD radios as detailed by the following transactions:

Telecom Fund

- Increase Interfund Transfer revenue by \$400,000 and increase Capital Projects expenditure appropriation by the same amount.
- Increase Interfund Loan revenue by \$1,200,000 and increase Capital Projects expenditure appropriation by the same amount.
- Decrease Central Services operating expenditures for FY18 Telecom projects by \$300,000 and increase Capital Projects expenditure appropriation by the same amount.

Fleet Fund

- Decrease Fleet Fund reserves by \$400,000 and increase Interfund Transfers expenditure appropriation by the same amount.
- Decrease Fleet Fund reserves by \$1,200,000 and increase Special Payments expenditure (i.e., Interfund Loan) appropriation by the same amount.

RELATED CITY POLICIES

Transactions included in this Supplemental Budget conform to the City's Financial Management Goals and Policies.

COUNCIL OPTIONS

If Council does not approve this request, the City will not be able to take advantage of the pricing terms available under this contract by the September 30th deadline and radio purchases in the future would require a higher level of funding.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends approval of the attached resolution adopting the Supplemental Budget and approving the Interfund Loan.

SUGGESTED MOTION

Move to approve a resolution adopting a Supplemental Budget and approving the Interfund Loan; and changing appropriations for the City of Eugene for the Fiscal Year beginning July 1, 2017 and ending June 30, 2018.

ATTACHMENTS

- A. Transaction Summary

B. Resolution

Exhibit A: Fund Expenditure Changes

Exhibit B: Interfund Loan Schedule

FOR MORE INFORMATION

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135 Telecom Registration/Licensing Fund

	FY18 Adopted	FY18 SB1 Action		FY18 Revised
I. RESOURCES				
BEGINNING WORKING CAPITAL	2,674,007	0		2,674,007
CHANGE TO WORKING CAPITAL				
REVENUE				
Licenses/Permits	2,700,000	0		2,700,000
Miscellaneous	40,000	0		40,000
Interfund Transfer	0	400,000	a	400,000
Interfund Loan	0	1,200,000	b	1,200,000
Total Revenue	2,740,000	1,600,000		4,340,000
TOTAL RESOURCES	5,414,007	1,600,000		7,014,007
II. REQUIREMENTS				
Department Operating				
Central Services	2,747,204	(300,000)	c	2,447,204
Total Department Operating	2,747,204	(300,000)		2,447,204
Capital Projects				
Capital Projects	0	1,900,000	a, b, c	1,900,000
Total Capital Projects	0	1,900,000		1,900,000
Non-Departmental				
Interfund Transfers	487,000	0		487,000
Reserves	592,847	0		592,847
Balance Available	1,586,956	0		1,586,956
Total Non-Departmental	2,666,803	0		2,666,803
TOTAL REQUIREMENTS	5,414,007	1,600,000		7,014,007

135 Telecom Registration/Licensing Fund

a) Increase Interfund Transfer revenue by \$400,000 to represent a transfer from the Fleet Fund for the purchase of Police radios and increase Capital Projects expenditure appropriation by the same amount.

b) Increase Interfund Loan revenue by \$1,200,000 to represent a loan from the Fleet Fund for the purchase of Police radios and increase Capital Projects expenditure appropriation by the same amount.

c) Decrease Central Services operating expenditures for FY18 Telecom projects to be awarded by \$300,000 and increase Capital Projects expenditure appropriation by the same amount for the purchase of Police radios.

600 Fleet Services Fund

	FY18 Adopted	FY18 SB1 Action	FY18 Revised
I. RESOURCES			
BEGINNING WORKING CAPITAL	25,397,515	0	25,397,515
CHANGE TO WORKING CAPITAL			
REVENUE			
Rental	25,000	0	25,000
Charges for Services	9,410,443	0	9,410,443
Miscellaneous	780,000	0	780,000
Interfund Transfers	1,466,755	0	1,466,755
Total Revenue	11,682,198	0	11,682,198
TOTAL RESOURCES	37,079,713	0	37,079,713
II. REQUIREMENTS			
Department Operating			
Public Works	18,157,111	0	18,157,111
Total Department Operating	18,157,111	0	18,157,111
Non-Departmental			
Interfund Transfers	394,000	400,000 a	794,000
Reserves	17,157,656	(1,600,000) a, b	15,557,656
Special Payments	0	1,200,000 b	1,200,000
Balance Available	1,370,946	0	1,370,946
Total Non-Departmental	18,922,602	0	18,922,602
TOTAL REQUIREMENTS	37,079,713	0	37,079,713

600 Fleet Services Fund

a) Decrease Fleet Fund reserves by \$400,000, the amount previously set aside in the Fleet Fund by the Police Department for Police radios, and increase Interfund Transfers expenditure appropriation by the same amount to transfer to the Telecom Fund.

b) Decrease Fleet Fund reserves by \$1,200,000, increase Special Payments expenditure appropriation by the same amount for an Interfund Loan to the Telecom Fund for the purchase of Police radios.

**A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET;
MAKING APPROPRIATIONS FOR THE CITY OF EUGENE
FOR THE FISCAL YEAR BEGINNING JULY 1, 2017,
AND ENDING JUNE 30, 2018.**

The City Council of the City of Eugene finds that Adopting the Supplemental Budget, Authorizing the Interfund Loan, and Making Appropriations is necessary under ORS 294.471 and 294.468.

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, 2017, and ending June 30, 2018, as set forth in attached Exhibit A, and the Interfund Loan as set forth in attached Exhibit B are hereby adopted.

Section 2.

The supplemental amounts for the fiscal year beginning July 1, 2017, and ending June 30, 2018, 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.

The foregoing resolution adopted this 25th day of September 2017.

City Recorder

EXHIBIT A

Amounts
in dollars

TELECOM REGISTRATION/LICENSING FUND

Department Operating	
Central Services	(300,000)
Total Department Operating	<u>(300,000)</u>
Capital Projects	
Capital Projects	1,900,000
Total Capital Projects	<u>1,900,000</u>
TOTAL TELECOM REGISTRATION/LICENSING FUND	<u>1,600,000</u>

FLEET SERVICES FUND

Non-Departmental	
Interfund Transfers	400,000
* Reserves	(1,600,000)
Special Payments	1,200,000
Total Non-Departmental	<u>0</u>
TOTAL FLEET SERVICES FUND	<u>0</u>

TOTAL REQUIREMENTS - ALL FUNDS	<u><u>1,600,000</u></u>
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* Reserves and Balance Available amounts are not appropriated for spending and are shown for informational purposes only.

Exhibit B

City of Eugene
EPD Radio Purchase Loan Repayment Schedule

Loan Amount: \$ 1,200,000
 Loan Source: Fleet Fund
 Repayment Source: Telecom Fund
 Repayment Schedule: 10 Years
 Interest Rate: City's portfolio earnings rate

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Totals</u>	
<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>		
Loan Granted on SB#1 in Sept 2017	\$ 1,200,000											
 <u>Loan Repayments</u>												
Principal	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 1,200,000
Interest*	<u>\$ 24,000</u>	<u>\$ 21,600</u>	<u>\$ 19,200</u>	<u>\$ 16,800</u>	<u>\$ 14,400</u>	<u>\$ 12,000</u>	<u>\$ 9,600</u>	<u>\$ 7,200</u>	<u>\$ 4,800</u>	<u>\$ 2,400</u>	<u>\$ 132,000</u>	
Totals	\$ 144,000	\$ 141,600	\$ 139,200	\$ 136,800	\$ 134,400	\$ 132,000	\$ 129,600	\$ 127,200	\$ 124,800	\$ 122,400	\$ 1,332,000	

*Estimate of interest payments at 2% interest rate; the actual rate may vary and the Telecom Fund will pay the actual rate.