



CITY OF REDMOND

716 SW Evergreen
PO Box 726
Redmond, OR 97756-0100

(541) 923-7710
Fax: (541) 548-0706
info@ci.redmond.or.us
www.ci.redmond.or.us

STAFF REPORT

DATE: January 24, 2006
TO: Mayor and Council Members
THROUGH: Michael Patterson, City Manager
THROUGH: Chris Earnest, Finance Director
FROM: Melinda Nichols, Budget Analyst
SUBJECT: FY 2005/06 Supplemental Budget for the City of Redmond

Report in Brief:

The attached resolution makes end-of-year budget adjustments to seven City funds. The changes are required due to unplanned costs and revenues in the FY 2005/06 budget.

Background:

Mid-year budget adjustments are permitted under Oregon Revised Statute 294.480.

Discussion:

The resolution includes the following budget changes to the funds listed below:

- General Fund
 - The Police Department will to add a Records Specialist position to assist with the Department's current records workload. This position will be funded through unbudgeted towing revenues received in FY 2005/06.
 - The Redmond Municipal Airport currently employs security officers to provide parking and terminal security at the Airport. It is proposed that starting February 1, these officers be employed as Community Service Officers through the Redmond Police Department. Doing so requires a transfer of approximately \$70,000 from the Airport Fund to the General Fund for expenditure in the Police Personal Services and Materials and Services.
 - The City makes an annual General Fund contribution to the Central Oregon Cities Organization (COCO). In the past, this contribution has been made via a transfer to the Trust Fund which serves as the fiduciary fund for COCO. Per our auditor's suggestion, payment to COCO should be made as a Materials and Services expenditure rather than a transfer. The resolution makes this adjustment for FY 2005/06.
- Airport Fund
 - The FY 2005/06 budget included the debt issuance costs associated with the Airport parking lot bond as capital outlay expenditures. However, because debt issue costs are not capitalized, it is necessary to recode them to the Materials and Services category.

- As indicated above, the Airport is proposing to employ their security officers through the Police Community Service Officer Division. Doing so requires a \$70,000 reduction in Airport Personal Services (where the officers are currently paid) and a like increase in Airport Materials and Services, from which they will pay the Police Department for services received.
- Administrative Services Fund
 - The City recently implemented an online lien docket. The system requires title companies to pay the City for each search conducted. The City in turn pays a third party that maintains the docket. At the time the budget was adopted, the online lien docket was not contemplated and the associated revenues and expenditures were not budgeted. The resolution incorporates the necessary changes.
- Fire Fund
 - The resolution increases the Fire Fund Personal Services by \$150,000 due to unforeseen overtime and vacation/holiday buy back. Due to unexpected medical leave and a retirement, the Department has been forced to back fill positions on an overtime basis. In addition, an increasing number of fire employees are utilizing a provision in their contract that allows for 72 hours of vacation/holiday time to be paid to the employee each year. As more fire staff reach the maximum hours in their vacation banks, they are requesting the buy back provision. The City intends to budget an amount specifically for this in the FY 2006/07 budget.

To fund the current shortfall, the resolution increases budgeted ambulance revenues. The budgeted revenues are \$550,000. However, based on current collections, it appears that actual collections will be closer to \$700,000.

- Water Fund
 - The Beginning Fund Balance in the Water Fund exceeded the budgeted amount by \$574,500. This is primarily a result of overestimating capital expenditures in the prior budget. The unspent funds are carried into FY 2005/06 and available for expenditure. The resolution increases the Capital Outlay appropriation by \$250,000 for change-order work associated with the Highland/Glacier Couplet and the Maple Avenue Bridge. The remaining \$324,500 is placed into the capital reserve contingency for future capital expenses.
- Wastewater Fund
 - The Wastewater Division anticipated acquiring a new Vector Truck in the prior budget year. Because the expenditure did not occur, the funds set aside for the purchase are carried forward in FY 2005/06 and available for expenditure. The resolution increases the Capital Outlay appropriation by \$281,600 to allow for purchase of the truck in FY 2005/06. In addition, the Contingency appropriation is increased by \$334,100 due to excess Beginning Fund Balance. Like the Water Fund, the excess is primarily a result of overestimating capital expenditures in FY 2004/05.
- Internal Service Fund

- The CIS budget includes \$80,000 in Capital Outlay expenditures associated with the purchase of a Document Imaging System for the City. However, much of the equipment, software, maintenance, and installation associated with the system do not qualify as capital expenses. As such, the resolution shifts \$70,400 from the Capital Outlay to Materials and Services appropriation category.

Recommendation/Suggested Motion:

“I move that the Council adopt Resolution #2006-03 adjusting the City’s FY 2005/06 budget.”

**CITY OF REDMOND
RESOLUTION NO. 2006-03**

A RESOLUTION OF THE CITY OF REDMOND ADOPTING A SUPPLEMENTAL BUDGET AND ESTABLISHING APPROPRIATIONS.

WHEREAS, the City of Redmond will have unexpected and unbudgeted resources and expenditures for FY 2005/06.

NOW, THEREFORE, be it resolved by the City Council for the City of Redmond as follows:

SECTION ONE: The City of Redmond City Council hereby adopts the following Supplemental Budget for FY 2005/06, in the following funds with the following changes, now on file at City Hall.

SECTION TWO: The amounts for the supplemental budget for the fiscal year beginning July 1, 2005, are hereby adjusted as follows:

GENERAL FUND	Resources	Expenditures
Resources	\$ 91,000	
Personal Services		\$ 59,000
Materials & Services		\$ 42,000
Transfers		\$ - 10,000
Change to General Fund	\$ 91,000	\$ 91,000
Accounts for new Records Specialist position funded through unbudgeted tow revenues. Reclassifies resource and expenditure authority of currently employed airport security officers from the Airport to the Police Department. Also reclassifies a COCO payment from a transfer to a materials & service expenditure.		
AIRPORT FUND	Resources	Expenditures
Personal Services		\$- 70,000
Materials & Services		\$ 165,500
Capital Outlay		\$- 95,500
Change to Airport Fund	\$ 0	\$ 0
Reclassifies debt issue costs included in capital outlay to materials & services as well as reclassifying resource and expenditure authority of currently employed airport security officers from the Airport to the Police Department		
ADMINISTRATIVE FUND	Resources	Expenditures
Resources	\$ 40,000	
Materials & Services		\$ 20,000
Contingency		\$ 20,000
Change to Administrative Fund	\$ 40,000	\$ 40,000
Recent implementation of an online lien docket have provided new revenues which in turn will fund the technical support provided to continue with this service.		
FIRE FUND	Resources	Expenditures
Resources	\$ 150,000	
Personal Services		\$ 150,000
Change to Fire Fund	\$ 150,000	\$ 150,000
Increase in overtime and holiday/vacation buyback created by new union contract. Offset by increase in ambulance revenue.		

WATER FUND	Resources	Expenditures
Resources	\$ 574,500	
Capital Outlay		\$ 250,000
Contingency		\$ 324,500
Change to Water Fund	\$ 574,500	\$ 574,500

Reclassifies prior year overestimated capital funds held within current year beginning fund balance to capital outlay, which in turn will cover the change-order work for both the Highland/Glacier Couplet and Maple Avenue Bridge projects. The remaining overage will be held within the contingency fund for future capital expenditures.

WASTEWATER	Resources	Expenditures
Resources	\$ 615,700	
Capital Outlay		\$ 281,600
Contingency		\$ 334,100
Change to Wastewater Fund	\$ 615,700	\$ 615,700

A new Vactor Truck was anticipated in the prior year but had not been purchased. Funds were set aside to provide for this expenditure in the current year. Resolution is to increase the Capital Outlay for this purchase as well as increasing the contingency for excess funds in the beginning fund balance.

INTERNAL SERVICE FUND	Resources	Expenditures
Materials & Services		\$ 70,400
Capital Outlay		\$ - 70,400
Change to Internal Service Fund	\$ 0	\$ 0

Reclassifies expenditure authority to allow for an imaging system within Materials & Services versus Capital Outlay.

SECTION THREE: This resolution shall be effective this 31st day of January, 2006.

ADOPTED by the City Council and **SIGNED** by the Mayor this 31st day of January, 2006.

Alan Unger, Mayor

ATTEST:

Patti Leymaster, City Recorder