

**Oregon City**  
**Budget Adjustment Summary**  
2017 - 2019 Budget Adjustment 2

<u>Description</u>	<u>Account</u>	<u>Original Budget</u>	<u>Increase</u>	<u>Decrease</u>	<u>Revised Budget</u>
<b>1) Molalla Avenue Streetscape Project Grant</b>					
<b>Transportation Fund</b>					
Local Capital Grants	R 260-527-4371	\$ -	\$ 3,800,632	\$ -	\$ 3,800,632
Capital Outlay	E 260-527-7040	\$ 4,500,000	\$ 3,800,632	\$ -	\$ 8,300,632
<b>2) Meyers Road Extension Project Cost Sharing Contribution</b>					
<b>System Development Fund</b>					
Local Capital Contributions	R 280-526-4370	\$ -	\$ 2,637,712	\$ -	\$ 2,637,712
Capital Outlay	E 280-526-7040	\$ 6,165,887	\$ 2,637,712	\$ -	\$ 8,803,599
<b>3) New State Funding for Transportation</b>					
<b>Transportation Fund</b>					
State Gasoline Tax	R 260-526-4352	\$ 3,929,760	\$ 660,000	\$ -	\$ 4,589,760
Transportation					
Salaries	E 260-526-5120	\$ 1,564,798	\$ 60,000	\$ -	\$ 1,624,798
Benefits	E 260-526-5200	\$ 1,103,753	\$ 34,000	\$ -	\$ 1,137,753
Capital Outlay	E 260-526-7040	\$ 662,500	\$ 566,000	\$ -	\$ 1,228,500
<b>4) New Wholesale Wheeling Revenue for Water</b>					
<b>Water Fund</b>					
Wheeling Charges	R 510-551-4444	\$ 150,000	\$ 226,000	\$ -	\$ 376,000
Capital Outlay	E 510-551-7040	\$ 5,050,000	\$ 226,000	\$ -	\$ 5,276,000
<b>5) Early Payoff of Sewer Fund Debt for Interest Savings</b>					
<b>Sewer Fund</b>					
Contingency (Ending Fund Balance)	E 520-552-9998	\$ 5,938,095	\$ -	\$ 480,169	\$ 5,457,926
Debt Service - Principal	E 520-900-8002	\$ 960,000	\$ 515,000	\$ -	\$ 1,475,000
Debt Service - Interest	E 520-900-8004	\$ 91,175	\$ -	\$ 34,831	\$ 56,344
<b>6) Temporary Backfill and Overtime in Accounting</b>					
<b>General Fund</b>					
Contingency (Ending Fund Balance)	E 100-190-9998	\$ 2,703,662	\$ -	\$ 28,200	\$ 2,675,462
Salaries - Temporary	E 100-140-5130	\$ 17,689	\$ 16,200	\$ -	\$ 33,889
Salaries - Overtime	E 100-140-5150	\$ 3,000	\$ 4,000	\$ -	\$ 7,000
Benefits	E 100-140-5200	\$ 8,200	\$ 8,000	\$ -	\$ 16,200
<b>7) Revenue from Resolved Legal Matters</b>					
<b>General Fund</b>					
Parks					
Miscellaneous Revenue	R 100-310-4790	\$ -	\$ 260,000	\$ -	\$ 260,000
Legal Expenses	E 100-310-6008	\$ 10,000	\$ 110,000	\$ -	\$ 120,000
Capital Outlay	E 100-310-7041	\$ 1,049,700	\$ 150,000	\$ -	\$ 1,199,700
General					
Miscellaneous Revenue	E 100-190-4790	\$ 20,000	\$ 84,000	\$ -	\$ 104,000
Legal Expenses (CM)	E 100-120-6008	\$ 16,000	\$ 54,000	\$ -	\$ 70,000
Legal Expenses (HR)	E 100-150-6008	\$ 120,000	\$ 30,000	\$ -	\$ 150,000
<b>8) Tourism Coordinator</b>					
<b>General Fund</b>					
Economic Development					
Tourism Promotion	E 100-160-6816	\$ 340,000	\$ -	\$ 42,000	\$ 298,000
Salaries	E 100-160-5120	\$ -	\$ 28,000	\$ -	\$ 28,000
Benefits	E 100-160-5200	\$ -	\$ 14,000	\$ -	\$ 14,000

**Descriptions:**

1) The Public Works Department secured a \$3.8 million grant from the Metro Regional Flexible Funds Allocation Grant Program for the Molalla Avenue Corridor from Beaver Creek Road to Highway 213 Streetscape Improvement Project. The City Commission authorized execution of the intergovernmental agreement with Metro at the August 15 meeting. This budget adjustment recognizes the grant proceeds and appropriates the expenditures for the capital project.

2) The Public Works Department negotiated a cost sharing payment of more than \$2.6 million from Clackamas Community College for the construction of Meyers Road from Highway 213 to the eastern property line of the campus. The City Commission authorized execution of the agreement with the College at the July 5 meeting. This budget adjustment recognizes the payment proceeds and appropriates the expenditures for the capital project.

3) The Oregon Legislature passed House Bill 2017, Keep Oregon Moving during the current biennium. The new statewide transportation package includes an increase in the gas tax effective January 1, 2018, with a portion of the revenue allocated to local jurisdictions. The State has projected distributions of more than \$0.5 million annually to Oregon City, and Finance has confirmed the estimate based on receipts over the past several months.

House Bill 2017 requires that cities follow new condition reporting standards and engage with Area Commissions on Transportation (advisory groups) chartered by the Oregon Transportation Commission. In addition, Public Works has experienced a significant increase in overall project management demands for transportation. These include coordination of the City's Transportation System Plan and four concept plans; major projects on Molalla Avenue and Meyers Road; large development projects (WFLP, Cove II, downtown quiet zone, Linn Avenue roundabout); long-term planning for the pavement maintenance program; participation on local, regional and state planning and grant funding committees; public transportation route planning; regional trail alignments and so forth. The Department requires the addition of one new project engineer to effectively manage the workload. The remainder of the new funds will be allocated to capital projects. This budget adjustment recognizes the new gas tax revenue and appropriates the funds to hire a project engineer for the remainder of the budget cycle (eight months), with the balance of the funds allocated to transportation capital outlay.

4) City infrastructure is used by Clackamas River Water to provide water to its customers, and the City recently completed a rate study to receive compensation for wheeling costs. Resolution No. 18-32, passed at the November 7 City Commission meeting authorized the charges with payment retroactive to July 1, 2017. This adjustment recognizes the revenue for the two years and appropriates the money in Water Fund capital outlay, where it is needed to support the Molalla Avenue waterline replacement project.

5) Early redemption of the City's Sewer Revenue Bonds, Series 2007 will save approximately \$47,000 in interest costs. The bonds carry an interest rate of 4.5% through the final maturity of October 2019, however prepayment penalties have expired, and the Sewer Fund has sufficient reserves to repay the bonds early (the reserve funds would otherwise earn an average of 2% interest). This adjustment appropriates the money for the early debt service payments.

6) The Accounting Division requires a temporary backfill position and overtime to support operations during implementation of the City's Enterprise Resource Planning system and maternity leave for a senior member of the staff. Given the complexity of the implementation and the unanticipated leave, the Finance Department was unable to absorb the workload without additional resources. This adjustment transfers money from Contingency/Ending Fund Balance to appropriate the temporary position and overtime.

7) The City Commission has successfully resolved legal disputes regarding inappropriate tree removal on park property and an employment contract. This adjustment recognizes the settlement revenue and provides appropriations for attorney costs, with the remaining funds in the first dispute assigned for a future Community Services (Parks) project.

9) On October 17 the City Commission approved the City's Tourism Plan and the hiring of a Tourism Coordinator to be funded fully from dedicated Transient Lodging Tax (TLT) revenues. The Biennial Budget includes appropriation of TLT revenues in the Economic Development Division's Tourism Promotion account; this adjustment transfers a portion of that money to Personnel Services to fund the position for the remaining half of the year.

Finance Director: \_\_\_\_\_

Date: \_\_\_\_\_

City Manager: \_\_\_\_\_

Date: \_\_\_\_\_