

BEFORE THE METRO COUNCIL

| | |
|--|---------------------------|
| AN ORDINANCE AMENDING THE FY 1996-97) | ORDINANCE NO. 96-662 |
| BUDGET AND APPROPRIATIONS) | |
| SCHEDULE FOR THE PURPOSE OF) | Introduced by Mike Burton |
| TRANSFERRING \$20,000 FROM THE) | Executive Officer |
| BUILDING MANAGEMENT FUND) | |
| CONTINGENCY TO INTERFUND) | |
| TRANSFERS TO PROVIDE SUFFICIENT) | |
| FUNDING FOR THE METRO REGIONAL) | |
| CENTER DEBT SERVICE PAYMENTS IN FY) | |
| 1996-97; AND DECLARING AN EMERGENCY) | |

WHEREAS, The debt service payments on Metro Regional Center are funded primarily through assessments on Metro departments; and

WHEREAS, Prior year interest earnings on the Metro Regional Center debt reserve are used to offset current year department assessments for debt service; and

WHEREAS, The FY 1996-97 Adopted Budget assumed interest earnings on the debt reserve during FY 1995-96 of \$125,000; and

WHEREAS, Actual interest earnings on the debt reserve in FY 1995-96 were \$105,000; and

WHEREAS, Without additional transfer from the Building Management Fund to the General Revenue Bond Fund insufficient funds will be available for debt service payments in FY 1996-97; and

WHEREAS, The Financial Planning division has determined that the additional transfer from the Building Management Fund to the General Revenue Bond Fund will not increase overall department central service transfers above the budgeted amount; and

WHEREAS, The Metro Council has reviewed and considered the need to transfer appropriations with the FY 1996-97 Budget; and

WHEREAS, The need for a transfer of appropriation has been justified; and

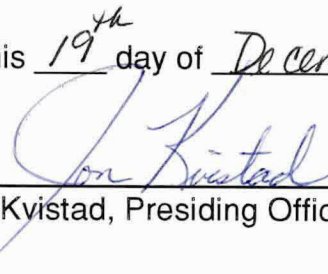
WHEREAS, Adequate funds exist for other identified needs; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS;

1. That the FY 1996-97 Budget and Schedule of Appropriations are hereby amended as shown in the column titled "Revision" of Exhibits A and B to this Ordinance for the purposes of transferring \$20,000 from the Building Management Fund contingency to interfund transfers for the purpose of providing sufficient funding for debt service payments in the General Revenue Bond Fund.

2. This Ordinance being necessary for the immediate preservation of the public health, safety or welfare of the Metro area in order to meet obligations and comply with Oregon Budget Law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this 19th day of December, 1996.



Jon Kvistad, Presiding Officer

ATTEST:



Recording Secretary

Approved as to Form:



Daniel B. Cooper, General Counsel

STAFF REPORT

CONSIDERATION OF ORDINANCE NO. 96-662 AMENDING THE FY 1996-97 BUDGET AND APPROPRIATIONS SCHEDULE FOR THE PURPOSE OF TRANSFERRING \$20,000 FROM THE BUILDING MANAGEMENT FUND CONTINGENCY TO INTERFUND TRANSFERS TO PROVIDE SUFFICIENT FUNDING FOR THE METRO REGIONAL CENTER DEBT SERVICE PAYMENTS FOR FY 1996-97; AND DECLARING AN EMERGENCY.

Date: November 14, 1996

Presented by: Jennifer Sims
Kathy Rutkowski

FACTUAL BACKGROUND AND ANALYSIS

The debt service payments on the general revenue bonds issued to renovate and construct Metro Regional Center are funded through annual assessments on departments. The department assessments for debt service are included as part of each department's annual interfund transfer for the Building Management Fund. The assessments are collected in the Building Management Fund and flow through (as an interfund transfer) to the General Revenue Bond Fund where the actual debt service payment is made.

A bond covenant of the Metro Regional Center general revenue bonds, requires that a debt reserve equal to the highest annual debt payment be maintained. The debt reserve resides in the General Revenue Bond Fund. Interest earnings on the debt reserve accrue to the reserve until they are released by an evaluation of the debt reserve level. This evaluation is performed annually on July 1st of each year. The interest earnings released by the annual evaluation must be used towards debt service payments. As a result of these requirements, the prior year's interest earnings on the debt reserve are used to reduce the total amount of the current year's department assessments for debt service.

In FY 1996-97, total annual debt service payments for Metro Regional Center (not including the Parking Structure) are \$1,284,336. The FY 1996-97 adopted budget assumed that interest earnings on the debt reserve in FY 1995-96 would be \$125,000. Department assessments for debt service payments transferred to the General Revenue Bond Fund are \$1,159,336 (total debt service less reserve interest earnings). Actual interest earnings on the debt reserve in FY 1995-96 were \$105,000, \$20,000 less than projected. If additional transfer from the Building Management Fund is not made, there will be insufficient revenue in the General Revenue Bond Fund to pay for required debt service payments.

This action requests that \$20,000 be moved from the Building Management Fund contingency to interfund transfers to the General Revenue Bond Fund, to provide sufficient funding for required debt service payments. Since the Building Management Fund contingency is already included as an allocated cost in the FY 1996-97 adopted budget, this action does not increase overall department transfers to the Building Management Fund.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends the adoption of Ordinance No. 96-662

**Exhibit A
Ordinance No. 96-662**

| FISCAL YEAR 1995-96 | | CURRENT BUDGET | | REVISION | | PROPOSED BUDGET | |
|---|--|----------------|------------------|-------------|-----------------|-----------------|------------------|
| ACCT # | DESCRIPTION | FTE | AMOUNT | FTE | AMOUNT | FTE | AMOUNT |
| Building Management Fund | | | | | | | |
| Expenditures | | | | | | | |
| Total Personal Services | | 5.20 | 209,092 | 0.00 | 0 | 5.20 | 209,092 |
| Total Materials & Services | | | 574,938 | | 0 | | 574,938 |
| Total Capital Outlay | | | 20,000 | | 0 | | 20,000 |
| <u>Interfund Transfers</u> | | | | | | | |
| 582413 | Trans. Resources to Gen'l Revenue Fund | | | | | | |
| | Metro Regional Center-Debt Service | | 1,159,036 | | 20,000 | | 1,179,036 |
| | Parking Structure-Debt Service | | 302,957 | | 0 | | 302,957 |
| Total Interfund Transfers | | | 1,461,993 | | 20,000 | | 1,481,993 |
| <u>Contingency and Unappropriated Balance</u> | | | | | | | |
| 599999 | Contingency | | | | | | |
| | * Metro Regional Center Operations | | 37,834 | | (20,000) | | 17,834 |
| | * Parking Structure Operations | | 4,710 | | 0 | | 4,710 |
| 599990 | Unappropriated Balance | | | | | | |
| | * Metro Regional Center Operations | | 128,404 | | 0 | | 128,404 |
| | * Depreciation Reserve | | 308,000 | | 0 | | 308,000 |
| | * Parking Structure Operations | | 223,255 | | 0 | | 223,255 |
| Total Contingency and Unappropriated Balance | | | 702,203 | | (20,000) | | 682,203 |
| TOTAL EXPENDITURES | | 5.20 | 2,968,226 | 0.00 | 0 | 5.20 | 2,968,226 |

**Exhibit A
Ordinance No. 96-662**

| FISCAL YEAR 1995-96 | | CURRENT BUDGET | | REVISION | | PROPOSED BUDGET | |
|---|--------------------------------------|----------------|------------------|----------|----------|-----------------|------------------|
| ACCT # | DESCRIPTION | FTE | AMOUNT | FTE | AMOUNT | FTE | AMOUNT |
| General Revenue Bond Fund | | | | | | | |
| Resources | | | | | | | |
| | <u>Resources</u> | | | | | | |
| | METRO REGIONAL CENTER | | | | | | |
| 305000 | Fund Balance | | | | | | |
| | * Construction Account | | 47,070 | | 0 | | 47,070 |
| | * Debt Service Account | | 125,000 | | (20,000) | | 105,000 |
| | * Debt Service Reserve Account | | 1,794,020 | | 0 | | 1,794,020 |
| | * Renewal & Replacement Account | | 235,979 | | 0 | | 235,979 |
| 361100 | Interest on Investments | | | | | | |
| | * Construction Account | | 2,470 | | 0 | | 2,470 |
| | * Debt Service Reserve Account | | 89,700 | | 0 | | 89,700 |
| | * Renewal & Replacement Account | | 11,800 | | 0 | | 11,800 |
| 391513 | Trans. Resources from Building Fund | | | | | | |
| | * from Metro Regional Center Account | | 1,159,036 | | 20,000 | | 1,179,036 |
| | * from Parking Garage Account | | 302,957 | | 0 | | 302,957 |
| | WASHINGTON PARK PARKING LOT | | | | | | |
| 385300 | OEDD Loan | | 2,575,064 | | 0 | | 2,575,064 |
| TOTAL RESOURCES | | | 6,343,096 | | 0 | | 6,343,096 |
| Construction Account | | | | | | | |
| TOTAL CONSTRUCTION ACCOUNT | | | 49,540 | | 0 | | 49,540 |
| Project Account | | | | | | | |
| TOTAL PROJECT ACCOUNT | | | 2,375,000 | | 0 | | 2,375,000 |
| Debt Service Account | | | | | | | |
| TOTAL DEBT SERVICE ACCOUNT | | | 1,787,057 | | 0 | | 1,787,057 |
| General Expenses | | | | | | | |
| Total Contingency and Unapp. Balance | | | 2,131,499 | | 0 | | 2,131,499 |
| TOTAL FUND REQUIREMENTS | | | 6,343,096 | | 0 | | 6,343,096 |

Exhibit B
Ordinance No. 96-662
FY 1996-97 Schedule of Appropriation

| | Current Appropriation | Revision | Proposed Appropriation |
|---------------------------------|----------------------------------|-----------------|-----------------------------------|
| BUILDING MANAGEMENT FUND | | | |
| Personal Services | 209,092 | 0 | 209,092 |
| Materials & Services | 574,938 | 0 | 574,938 |
| Capital Outlay | 20,000 | 0 | 20,000 |
| Interfund Transfers | 1,461,993 | 20,000 | 1,481,993 |
| Contingency | 42,544 | (20,000) | 22,544 |
| Unappropriated Balance | 659,659 | 0 | 659,659 |
| Total Fund Requirements | \$2,968,226 | \$0 | \$2,968,226 |

All Other Appropriations Remain As Previously Adopted