



M E M O R A N D U M
F i n a n c e D e p a r t m e n t

DATE: December 8, 2009

TO: City Council

FROM: Dave Warren
Director of Finance

SUBJECT: INTERIM CONTINUING APPROPRIATIONS

RECOMMENDATION:

That the City Council adopt a Resolution that authorizes the continuation of Water and Sewer Enterprise Fund expenditure level authorizations prorated at 25% as adopted in the Fiscal Year 2008/2009 Operating Budget and as modified through June 30, 2009, plus debt service payments.

BACKGROUND:

Due to Bartle Wells Associates (BWA) continued work on the water and wastewater user rate study, the City Council chose to defer adopting Fiscal Year 2009/2010 operating budgets for both the Water Enterprise Fund and Sewer Enterprise Fund. In order to avoid interruption to both the water and wastewater operations, the Council adopted 90 day interim continuing appropriations at its regularly scheduled meeting held June 23, 2009, and a second round of 90 day interim continuing appropriations at its regularly scheduled meeting on September 22, 2009, which will expire December 31, 2009. Tonight staff is requesting the Council to approve a third 90 day interim continuing appropriation which would encompass the period of January 1 to March 31, 2010.

DISCUSSION:

As you know, the Council adopted new water and wastewater user rates at its regularly scheduled meeting held on October 13, 2009. The budget assumptions used to develop the user rates will be incorporated into a proposed operating and CIP Budget for the Water Enterprise Fund and the Sewer Enterprise Fund. Many changes have occurred over the past six months. For example, the early retirement incentive program has been a huge success with many eligible employees participating in the program. We are currently evaluating necessary staffing levels and weighing them with the budget constraints facing the City presently. Also, EID has indicated that it plans on raising its water rates, including the wholesale rate the City pays, by 35% effective early February 2010. Staff plans on continuing its analysis of these factors and returning early next year with a comprehensive operating and CIP budget for the Council's consideration.

FISCAL IMPACTS:

The interim continuing appropriations are presented through March 31, 2010, to ensure that necessary operational expenditures are authorized until the Fiscal Year 2009/2010 Water Enterprise Fund and Sewer Enterprise Fund Operating Budgets are adopted. The interim spending controls are calculated using a simple formula, prorating existing FY 2008/2009 operating line items for the three month period, or 25%:

Sewer Enterprise Fund Operating Expenditures: \$4,117,721 x 25% =	\$ 1,029,430
Water Enterprise Fund Operating Expenditures: \$1,559,482 x 25% =	389,871
Total	<u>\$ 1,419,301</u>

Tonight, staff respectfully requests the City Council to approve the proposed interim continuing appropriations as presented.

Comment [sz1]:

Dave Warren
Director of Finance

Reviewed and Approved:

John Driscoll
City Manager/City Attorney