



**CITY OF BINGEN  
MEMORANDUM**

TO: Betty J. Barnes, Mayor and City Council Members  
FROM: Jan Brending, City Administrator  
DATE: September 15, 2017  
SUBJECT: 2017 Budget Amendment #3

Attached is the line item budget, overhead cost allocation and the budget ordinance.

There are a number of miscellaneous changes to revenue and expenditures based on actual receipts/expenditures and projections. Ending cash balances are adjusted based on changes to revenue and expenditures. The overhead cost allocation (coming in to the General Fund and coming out of the Street Fund, Water Fund, Sewer Fund and Treatment Plant Fund) is revised based on changes to expenditures.

I have outline the two major changes to the budget below.

**Purchase of New Dump/Plow Truck with Sander**

The city current owns a 1986 International Dump/Plow Truck with Sander and a 1988 Ford F350 Dump Truck. Both of these vehicles require a great deal of maintenance and we had a number of issues with the sander last year. We are proposing to purchase a new Ford F-550 truck with a dump bed, V-type plow and slide-in sanding unit. These one truck would replace both the 1986 and the 1988 trucks. We are estimating the total cost to be \$95,000. It may be possible that using the state contract we can purchase the equipment for less but for budgeting purposes we are going to the use the \$95,000. Because the dump truck is used by multiple departments, funding can come from those departments. The plow and sanding unit would be financed entirely by the street department. Below is the funding scenario:

Park/General Fund	\$18,763
Street/Street Equipment Fund	\$30,000
Street/General Fund	\$8,713
Sewer/Sewer Capital Reserve Fund	\$18,763
Water/General Fund	\$18,763
Total	\$95,002

It should be noted that the expenditure for the park's share is shown in the General Fund, under line item 594 on page 9.

The expenditure for the Street/General Fund is shown as a transfer out of General Fund into the Street Equipment Fund (page 9 – General Fund and page 18 – Street Equipment Fund).

The expenditure for the Sewer/Sewer Capital Reserve Fund is shown on page 44 – Sewer Capital Reserve.

The expenditure for the Water/General Fund is shown as a transfer out of General Fund into the Water Capital Reserve Fund (page 9 – General Fund and page 40/41 – Water Capital Reserve).

### **Water System Emergency – SCADA System Replacement**

As you were made aware at the September 5<sup>th</sup> council meeting, the city experienced an water system emergency on August 22<sup>nd</sup> due to a failure of the SCADA system causing damage to the city's old reservoir. The SCADA system continues to have problems resulting in our Public Works Superintendent having to be called out multiple times on the weekend to insure the reservoir is at an adequate level for supplying water to the city and also to make sure the reservoir is not reaching a high level. We have worked with Gray & Osborne to determine a cost estimate to replace the SCADA system.

Replacement of the SCADA system is estimated to be \$230,000 (see attached documentation from Gray & Osborne). In addition, we have incurred costs associated with engineering services provided by Gray & Osborne to review the structural integrity of the reservoir and to troubleshoot the SCADA system, including trying to make the existing system work in the short-term. These costs are estimated to be \$20,000. We have put together a funding scenario for funding these costs.

Water Capital Reserve Fund	\$35,000
Water Fund	\$43,914
Sewer Capital Reserve Fund (Interfund Loan)	\$171,086
 Total	 \$250,000

The interfund loan from the Sewer Capital Reserve Fund would be a 3-year loan in addition to the 2-year loan of \$71,000 that was previously approved for funding the Underwood Fruit Vault and Meter Replacement Project. These funds could also come from the General Fund. My recommendation would be to start with the Sewer Capital Reserve Fund and go through the 2018 budget cycle to see if repaying this loan from the Water Fund becomes an issue. The repayment schedule would be \$58,943 for the first year, \$58,305 the second year, and \$57,666 the third year as per attached the proposed resolution.