



Legislation Text

File #: 02493, **Version:** 1

Fiscal Note

This resolution increases the budget and borrowing authorization for the Streets Division's automated collection cart project by \$310,000, correcting for the erroneous duplicate transfer of anticipated savings in this project to other capital projects earlier in the year. Sufficient general obligation debt proceeds are available from previously unallocated debt proceeds (\$300,000) and a transfer from other projects (\$10,000) to finance this budget adjustment.

Title

Amending the 2005 Capital Budget to restore \$310,000 to the Streets Division's Automated Collection Carts project budget that was previously reallocated to other projects.

Body

Preamble

While it sure would be nice, the same savings just can't be spent twice.....

In December of 2004, the City opened bids for automated collection carts to be used as part of the new single stream recycling collection system planned for implementation in 2005. The approved budget for purchase of these carts was \$2,480,000. Very favorable bids were received. Based on the estimated quantities of the various cart sizes to be purchased, the Streets Division predicted that the actual cost of carts could end up nearly \$300,000 below budget.

At its meeting of January 4, 2005, the Common Council received Resolution #RES-05-00034 which increased the Engineering Division's capital budget authorization by \$506,400 for the City's share of costs associated with construction of the Southwest Bike Path, Phase IV. This budget amendment was funded with transfers from other authorized projects, including a transfer of borrowing authority in the amount of \$250,000 from the Streets Division budget for automated collection carts, effectively consuming a substantial portion of the anticipated savings, and related borrowing authorization, from that project. This budget amendment resolution was not referred to the Board of Estimates or other committees for review. Rather, it was adopted immediately, under suspension of the Council's rules.

This January 4th Council meeting was the initial meeting for which the City's newly acquired Legistar legislative tracking system was utilized. As a result of implementing the new system, the normal distribution of agendas and meeting results information did not occur. The combination of immediate adoption without committee review, along with the lack of reporting from the newly implemented Legistar system, meant that this budget transfer went undetected by Comptroller's Office staff until it was recorded in the City's accounting records in July.

Unfortunately, the discovery of the January 4th budget amendment did not occur until after the automated recycling cart savings was again identified and used as a source of funding for a second budget transfer.

As part of Resolution #Res-05-00508 introduced to the Common Council on May 18th and adopted on June 8th, the same anticipated recycling cart savings was transferred to help fill the funding gap which occurred when bids for construction of the Goodman Pool came in over the adopted budget level. This pool construction budget amendment authorized, among other adjustments, the transfer of \$300,000 of budget and borrowing authority from the Streets Division's automated recycling carts project to the Parks Division's pool project. This erroneous second transfer of anticipated savings left the recycling carts project with a budget of only \$1,930,000, or \$550,000 below the original authorization.

As the automated recycling program was being implemented, the numbers and sizes of carts purchased were adjusted to match the actual quantities required and final cart size choices made by residents. Now that the automated recycling program has been implemented and the initial distribution of carts is complete, the actual cost of the Streets Division's cart purchase project can be determined. Based on the latest available information, the completed cart project will cost a total of \$2,240,000, or \$240,000 below the original budget. While this final cost remains well below the original budget and in line with earlier savings projections, the inadvertent transfer of the anticipated savings to two different capital

projects technically leaves the cart purchase project \$310,000 over the remaining budget and borrowing authorization.

An additional budget amendment is now needed to correct for this over-run, and two possible sources have been identified to provide the needed funding:

First, the City's 2005 tax-exempt general obligation note issue (Series 2005-A), with a par value of \$37,330,000, was sold competitively on September 20th. The winning bidder, USB Financial Services, structured its bid in such a way that the amount received by the City from the bond sale, and available for financing projects, was \$300,000 greater than the amount originally anticipated. The Common Council, at its September 20th meeting, approved the note sale (Resolution #RES-05-00743) including proceeds of \$300,000 for other undesignated capital projects. The additional proceeds received from this note sale can either be used to finance eligible public capital projects or they can be deposited in the Debt Service fund and used to reduce future year interest payments.

Second, the Streets Division has identified adjustments in its approved Buildings and Grounds capital project to reduce costs by \$10,000 to provide additional budgetary and borrowing authority to complete the recycling cart purchase.

WHEREAS, as a result of two earlier 2005 Capital Budget amendments, the anticipated savings from favorable automated recycling cart bids was erroneously transferred twice to fund over-runs in other capital projects, reducing the total authorized budget and borrowing for the cart project from \$2,480,000 to \$1,930,000, and

WHEREAS, the final automated recycling cart project cost will be \$2,240,000, which is \$240,000 less than the original budget but \$310,000 more than the remaining budget after amendments, and

WHEREAS, the City's Series 2005-A tax-exempt general obligation note sale resulted in \$300,000 of additional proceeds which could be used to finance this project, and

WHEREAS, the Streets Division has identified other capital project reductions that can also be transferred to the recycling cart project,

NOW, THEREFORE, BE IT RESOLVED that the 2005 Streets Division Capital Budget be amended to increase the authorization for Automated Collection Carts (Account #810469) by \$310,000, funded with general obligation debt, and

BE IT FURTHER RESOLVED that \$300,000 of proceeds from the Series 2005-A general obligation note sale be applied to this project, and

BE IT FURTHER RESOLVED that \$10,000 be transferred from Streets Division's budget and borrowing authorization for the Building and Grounds Maintenance capital project (Account #810407).