

Introduced by: Acting City Manager William Howell
Introduction Date: November 12, 2019
Public Hearing Date: December 10, 2019
Action: Passed
Vote: 5-0

CITY OF BETHEL, ALASKA

Ordinance 19-11 (k)

AN ORDINANCE AMENDING THE CITY OF BETHEL FISCAL YEAR 2020 BUDGET

THEREFORE BE IT ORDAINED by the City Council of Bethel, Alaska, as follows:

SECTION 1. Classification. This is a non-codified Ordinance and shall not become part of the Bethel Municipal Code.

SECTION 2. Fiscal Year Budget Amendments. The following estimated revenues and expenditures are hereby appropriated for the corporate purposes and objects of the City of Bethel for Fiscal Year 2020.

WHEREAS, the City of Bethel completed and signed grant and loan documents with the United States Department of Agriculture (USDA) Rural Development (RD) to borrow \$913,000 and receive \$1,669,358 in grant funds in order to pay for repair of the sewer lagoon jetty and purchase 8 sewer trucks;

WHEREAS, one of the funding conditions requires the City to "establish a debt service reserve fund equal to at least one annual loan installment" or \$34,740;

WHEREAS, the debt service reserve fund appeared in the City's FY 2017 Budget as "Lagoon Loan Reserve" under Sewer Lagoon, but it does not appear in the FY 2020 Budget;

WHEREAS, establishing this fund in the budget each year allows the City to meet USDA grant/loan conditions and does not conflict with the City's USDA loan payment entry that appears in the FY 2020 Budget under Sewer Lagoon.

| Line Item | Description | Approved Appropriations | Proposed Amendment | Proposed Total Appropriations |
|-----------|--|-------------------------|--------------------|-------------------------------|
| 51-27600 | Sewer Lagoon-Project-Lagoon Loan Reserve | 0 | 34,740 | 34,740 |
| 51-10100 | Water & Sewer Services/Cash in Combined Fund | | (34,740) | (34,740) |

WHEREAS, the City of Bethel's USDA-RD grant/loan that funded the sewer lagoon jetty repair project requires the City to "deposit \$365,650 into the short-lived asset reserve

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fund annually for the life of the loan," making it a cumulative account that should roll over from year to year;

WHEREAS, the City may spend from the cumulative sewer short-lived asset fund to repair or replace any of the sewer short-lived assets throughout the year;

WHEREAS, the City's FY 2019 Budget contained \$191,160 in the Short Lived Asset Reserve account in Hauled Sewer and \$191,160 in the Short Lived Asset Reserve in Piped Sewer, which adds to a greater amount than necessary;

WHEREAS, the FY 2020 City Budget does not contain the Short Lived Asset Reserve account that is required, and therefore it must be added to the Budget, and the account balance adjusted to include previous applicable years' worth of reserves.

| Line Item | Description | Approved Appropriations | Proposed Amendment | Proposed Total Appropriations |
|-----------|---|-------------------------|--------------------|-------------------------------|
| 51-85-699 | Hauled Sewer-Capital Expenses-Sewer Short-Lived Asset Reserve | 0 | 182,825 | 182,825 |
| 51-86-699 | Piped Sewer-Capital Expenses-Sewer Short-Lived Asset Reserve | 0 | 182,825 | 182,825 |
| 51-10100 | Water & Sewer Services/Cash in Combined Fund | | (365,650) | (365,650) |

WHEREAS, the City is pursuing all conditions to close on a \$13,627,000 USDA grant/loan to fund the Avenues Piped Water and Sewer Improvements project;

WHEREAS, one of the USDA grant/loan conditions is for the City to provide \$306,000 in Applicant Contribution toward project expenditures and this amount is not in the FY 2020 Budget;

WHEREAS, DOWL is currently engaged in performing predevelopment activities for the Avenues project and these expenditures will be charged to the City's Contribution account or to the loan account, as appropriate;

WHEREAS, the City must put \$306,000 into the FY 2020 Budget to comply with the USDA grant/loan requirements that are to be used to fund the Avenues project, and putting half in Piped Water and half in Piped Sewer is a logical application.

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|-----------|--|-------------------------|--------------------|-------------------------------|
| 51-82-691 | Piped Water-Capital Expenses-Cash Match to USDA Avenues grant/loan | 0 | 153,000 | 153,000 |
| 51-86-691 | Piped Sewer-Capital Expenses-Cash Match to USDA Avenues grant/loan | | 153,000 | 153,000 |
| 51-10100 | Water & Sewer Services/Cash in Combined Fund | | (306,000) | (306,000) |

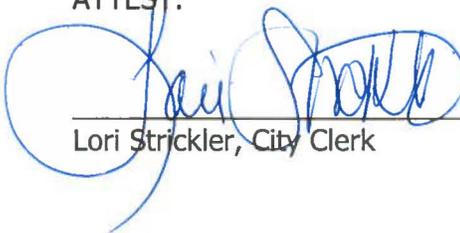
SECTION 3. Effective Date. This Ordinance shall become effective upon the passage by the Bethel City Council.

ENACTED THIS 10TH DAY OF DECEMBER 2019 BY A VOTE OF 5 IN FAVOR AND 0 OPPOSED.



Perry Barr, Mayor

ATTEST:



Lori Strickler, City Clerk