



| | |
|--------------|-----------|
| | Presented |
| Comment: | 5/11/09 |
| Verified by: | T. Smith |

WASILLA CITY COUNCIL INFORMATION MEMORANDUM

IM No. 09-07

TITLE: UPDATING THE FUNDING DESCRIPTION FOR THE VACTOR TRUCK IN THE FISCAL YEAR 2010 BUDGET.

Agenda of: May 11, 2009

Date: April 29, 2009

Originator: Troy Tankersley, Finance Director

| Route to: | Department | Signature/Date |
|-----------|--------------------------|----------------------------|
| X | Director of Public Works | <i>[Signature]</i> 4/29/09 |
| X | Director of Finance | <i>[Signature]</i> 5-1-09 |
| X | Deputy Administrator | <i>[Signature]</i> |
| X | City Clerk | <i>[Signature]</i> |

REVIEWED BY MAYOR VERNE E. RUPRIGHT: *[Signature]*

FISCAL IMPACT: yes\$ or no Funds Available yes no

Account name/number: See Attached

Attachments: Budget Amendment Number: 2 for the FY10 budget (1 p)

SUMMARY STATEMENT: On April 27, 2009, Council adopted Ordinance 09-34(AM), which appropriated funds for the fiscal year 2010. During the adoption process, Council passed Amendment Number 2, which appropriated funds to the Capital Project Fund in support to purchase a vactor truck believed to be funded via a grant from the State \$270,000 and the City \$30,000 for a total cost of \$300,000.

It is necessary to inform Council that this funding will not be as stated, but rather will be what is termed a "forgiveness loan" administered by the State of Alaska, Department of Environmental Conservation (DEC). This program is in response to the Federal and State Stimulus Package known as the "American Recovery and Reinvestment Act of 2009" (ARRA).

The funding for the vactor truck will be provided up to \$300,000 with 90 percent forgiven (\$270,000), 10 percent paid back to the State (\$30,000) and 1/2 percent interest payable within (1) one year following the first disbursement received from the State.

Because this is a loan and not a grant, and it is anticipated to be paid back within one year, this loan falls under WMC 5.02.040(C), Debt Policies. "Short-term debt should not exceed five percent of annual revenue, and short-term debt should not exceed twenty (20) percent of total debt". Additionally, this debt would add to the overall City's debt balance if not paid in full before fiscal year end and would be reported as such in the Comprehensive Annual Financial Report, June 30, 2010.

It is important to note that both conditions stated in the previous paragraph are satisfied as follows:

| | |
|---|--------------|
| 1) 5 percent or less of annual revenue? | |
| Total FY2010 Operating Revenue | \$17,882,059 |
| | 5% |
| Threshold of Short-Term Debt | \$894,103 |

| | |
|---|--------------|
| 2) In excess of 20 percent of total debt? | |
| Total June 30, 2008 Audited | \$15,050,181 |
| Ending Debt Balance: | |
| | 20% |
| Threshold of Short-Term Debt | \$3,010,036 |

With the funding there will be stricter reporting requirements (Federal and State) which are currently being implemented with this new program.

It is the Finance Department's intent to bring forth an Ordinance at a later date to correct the accounting of the Capital Projects Fund and add the Debt Service Fund to include the principal and interest components.



Amendment Number: 2

Adopted Failed No action

City of Wasilla Budget Amendment Form For Fiscal Year 2010

| Fund Name: Capital Improvement Projects (CIP) | | Department Name: Public Works-Parks Maintenance | | | | |
|---|-------------------|---|-------------------------|-----------------|-----------------|----------------------|
| Account # | Account Name | Budget Page No. | Beginning Budget Amount | Increase Budget | Decrease Budget | Ending Budget Amount |
| 110-4320-432-45-New | Vactor Truck-DEC | 222 & 232 | -0- | 270,000 | | 270,000 |
| 110-4320-432-45-New | Vactor Truck-City | 222 & 232 | -0- | 30,000 | | 30,000 |
| 110-4300-334-30-New | DEC-Vactor Truck | 228 | -0- | 270,000 | | 270,000 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Total Budget Adjustment: | | | -0- | 570,000 | -0- | 570,000 |

Rationale:

The City currently operates a 1978 Vactor Truck that needs to be replaced. The Vactor Truck is used to remove rocks, sand and debris from storm drain catch basins for road maintenance.

The above adjustment appropriates funds for the Vactor Truck project as defined with the City portion, funded from the CIP fund balance (30,000).

| | |
|--|---|
| Requested By: Archie Giddings, Public Works Director | Prepared By: Troy Tankersley, Director of Finance |
|--|---|

**PLEASE USE A DIFFERENT BUDGET AMENDMENT FORM FOR EACH FUND
AND FOR EACH DEPARTMENT.**