

SUBJECT

BOARD RESOLUTION NO. 17-45

Pertaining to a 2017 Budget Amendment No. 1 to record the decrease in spending and financing for the change in assumptions for the water service base fee and right of way recovery fee for quarterly accounts designated as Single Family with a 1" service connection, and other changes in financing and spending.

BACKGROUND INFORMATION

Resolution No. 17-42 provided information for the reduction of the water service base fee and right of way recovery fee for quarterly accounts designated as single family with a 1" service connection. This will result in approximately \$475,000 reduction in revenues.

Staff reviewed projects and have identified financing sources and reductions in spending to offset the revenue reductions.

- The cancellation of one 2016 capital project for \$200,000 will provide a funding source, which will effectively come from fund balance.
- We will not be utilizing the Minnesota Public Facilities Authority (MNPFA) for the McCarron's High Service Pump Replacement.
 - This results in a decrease of financing of \$710,000 for the project.
 - This results in a decrease in capital spending of \$700,000 for the project.
 - This results in a decrease of debt service payments and debt issuance costs of approximately \$58,000.
- We recently closed on the MNPFA and final documents result in approximately a net \$125,000 in reductions in the debt service payments.
- We also identified some operational expenditures in the 2017 budget and are recommending adjustments for approximately \$102,000.

The budget amendment provides for a decrease in financing and spending. The 2017 Budget accounting codes to be revised are included in the attachment.

\$66,798,861	Initially Adopted 2017 Budget
<u>(\$985,000)</u>	2017 Budget Amendment No. 1
\$65,813,861	Amended 2017 Budget

RECOMMENDATION

Approval is recommended.