

SUBJECT**BOARD RESOLUTION NO. 18-625**

Pertaining to a 2018 Budget Amendment No. 1 to record the decrease in financing from the contract changes for wholesale water revenues and to increase spending and financing for the demolition of the Highland Reservoir, technology improvements, and repairs to infrastructure.

BACKGROUND INFORMATION

A Wholesale Cost of Service Study was performed in November 2017 which resulted in a change in the water service base fee and water volume charges for wholesale customers. Resolution No. 17-1980 provided for Amendment No. 2 to Contract For Water Service with the City of Roseville and Resolution No. 18-584 provided for Amendment No. 2 to Contract For Water Service with the City of Little Canada. These contract changes result in a \$573,762 reduction in revenues for the 2018 Budget.

The 2017 Adopted Budget included amounts for the demolition of the Highland Reservoir for \$910,000, technology improvements to our Customer Information System (CIS) and Supervisory Control and Data Acquisition system (SCADA) for \$120,000, repairs to the Fridley Station and the exterior of the McCarron's Treatment Plant for \$175,000, and a dike study for \$25,000 for a total of \$1,230,000.

Contracts or Purchase Orders for these services were not fully executed by the end of 2017 and the funds were not encumbered or expended and will need to be moved forward to the 2018 fiscal year. In addition, a transfer of funds within the 2018 Adopted Budget between accounting units is needed to move \$60,000 for the plans and specifications for the repair of the Highland Tower.

The 2018 budget must be increased a total of \$1,230,000. The financing will come from fund balance.

The budget amendment provides for an overall increase in financing and spending. The 2018 Budget accounting codes to be revised are included in the attachment.

\$67,890,652	Initially Adopted 2018 Budget
<u>\$1,230,000</u>	2018 Budget Amendment No. 1
\$69,120,652	Amended 2018 Budget

RECOMMENDATION

Approval is recommended.

**AMENDMENT NO. 1
WATER UTILITY FUND
CHANGES TO 2018 ADOPTED BUDGET**

Financing

Company/Accounting Unit/Account	2018 Adopted Budget	Proposed Change	2018 Revised Budget	Comments
8-69082634-52310	\$93,600	\$28,200	\$121,800	To Increase Financing due to the Wholesale Water Rate Study-Water Service Base Fee (Little Canada)
8-69082634-52370	\$859,219	(\$68,073)	\$791,146	To Reduce Financing due to the Wholesale Water Rate Study-Water Sales (Little Canada)
8-69082634-52310	\$552,000	\$96,000	\$648,000	To Increase Financing due to the Wholesale Water Rate Study-Water Service Base Fee (Roseville)
8-69082634-52350	\$4,365,164	(\$629,889)	\$3,735,275	To Reduce Financing due to the Wholesale Water Rate Study-Water Sales (Roseville)
8-69082640-59910	\$2,152,173	\$1,803,762	\$3,955,935	To Record the Use of Cash Reserves
Total Financing	<u>\$8,022,156</u>	<u>\$1,230,000</u>	<u>\$9,252,156</u>	

Spending

Company/Accounting Unit/Account	2018 Adopted Budget	Proposed Change	2018 Revised Budget	Comments
8-69082140-63132	\$158,000	\$70,000	\$228,000	CIS - Envision BI and Infinity Link V4
8-69082310-63130	\$480,000	\$25,000	\$505,000	Dike Stability Study
8-69082310-63130	\$505,000	\$160,000	\$665,000	Highland Reservoir-Plans and Specifications - Demolition
8-69082430-69590	\$48,000	\$750,000	\$798,000	Highland Reservoir - Demolition
8-69082430-64105	\$40,000	\$125,000	\$165,000	Fridley Station Repairs
8-69082430-64105	\$165,000	\$50,000	\$215,000	Plant Parapet Exterior Repairs
8-69082430-63132	\$125,000	\$50,000	\$175,000	SCADA Screen Conversions
8-69082410-63130	\$85,000	(\$60,000)	\$25,000	Robotic Inspection of Conduits
8-69082430-63130	\$25,000	\$60,000	\$85,000	Highland Tower Repair Plans and Specifications
Total Spending	<u>\$1,631,000</u>	<u>\$1,230,000</u>	<u>\$2,861,000</u>	