




City of Bandon


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Bandon by the Sea

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Torrey Contreras, City Manager 

INITIATED BY: Paula Burris, Finance Director 

DATE: June 3, 2024

SUBJECT: **Item Number 5.2: RESOLUTION NO. 24-09 MEMORIALIZING AN INTERFUND TRANSFER AGREEMENT BETWEEN THE GENERAL FUND AND WATER FUND FOR FISCAL YEAR 2024-25**

BACKGROUND:

The City Council lacks rate-setting authority for the City's Water utility. Without this authority, the Water enterprise is unable to generate sufficient revenue from user fees (utility sales) to offset the operating costs of the Water Plant operating fund (Water Fund #940).

ANALYSIS OF THE ISSUES:

Water Fund #940 is funded by user fees (utility sales). The City is unable to adjust user fee rates to keep pace with inflation and costs, resulting in a year-over-year fund balance decline. The Water Fund #940 fund balance decline for the last few years is outlined below:

Fiscal Year	Audited Beginning Fund Balance
2020-2021	\$371,660
2021-2022	\$344,235
2022-2023	\$280,924
2023-2024	\$152,356

For FY 2024-25, the Water Fund #940 is projected to be deficient \$111,069. The General Fund is the only available fund that may be used to fund the deficit, as other funding sources, such as special revenue funds or other enterprise funds, are restricted in use.

FISCAL IMPACT:

The Water Fund, #940, does not generate sufficient revenue to identify a repayment source and/or schedule repayment. As a result, the General Fund will be negatively impacted as it is subsidizing the Water enterprise. For FY 2024-25, the subsidy is budgeted to be \$111,069.

RECOMMENDATION:

The following is recommended to the City Council:

1. Review and discuss the information provided;
2. Adopt Resolution No. 24-09, which is captioned as follows:

RESOLUTION NO. 24-09 OF THE BANDON CITY COUNCIL MEMORIALIZING AN INTERFUND TRANSFER BETWEEN THE GENERAL FUND AND WATER FUND FOR FISCAL YEAR 2024-25

Attachments: Resolution No. 24-09

RESOLUTION NO. 24-09

**A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF
BANDON, OREGON, MEMORIALIZING AN INTERFUND TRANSFER
BETWEEN THE GENERAL FUND AND WATER FUND**

WHEREAS, the City Council lacks rate-setting authority for the City's Water utility; and

WHEREAS, without this authority, the Water enterprise is unable to generate sufficient revenue from user fees (utility sales) to offset the operating costs of the Water Plant operating fund (Water Fund #940); and

WHEREAS, in FY 2024-25, Water Fund #940, is projected to be deficient \$111,069;
and

WHEREAS, the General Fund is the only available fund that may be used to fund the deficit, as other funding sources, such as special revenue funds or other enterprise funds, are restricted in use; and

WHEREAS, the Water Fund #940 does not generate sufficient revenue to identify a repayment source and/or schedule for repayment.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Council approve and authorize the attached interfund agreement that transfers \$111,069 from the General Fund to the Water Fund #940.

ADOPTED by the City Council and **APPROVED** by the Mayor of the City of Bandon, this 3rd day of June 2024.

Mary Schamehorn, Mayor

ATTEST:

June Hinojosa, City Recorder

**CITY OF BANDON INTERFUND TRANSFER AGREEMENT
BETWEEN THE GENERAL FUND AND THE WATER FUND**

This Transfer Agreement is in effect as of July 1, 2024, to memorialize an interfund transfer between the City of Bandon Water Department, #940, and the City of Bandon General Fund, #100. The General Fund agrees to transfer to the Water Plant the amount of \$111,069 in Fiscal Year (FY) 2024-25, in accordance with the following:

- 1. Purpose of the Transfer:** The City Council lacks rate-setting for the City’s Water utility. Without this authority, the City is unable to generate sufficient revenue from user fees (utility sales) to offset the operating costs of the Water utility. The transferred funds will be utilized to fund operating costs at the Water Plant.
- 2. Transfer Amount:** For FY 2024-25, it is projected that the Water Fund, #940, will need a transfer of \$111,069 to fund operating costs.
- 3. Term:** This Transfer Agreement is for FY 2024-25.
- 4. Repayment:** The Water Fund, #940, does not generate sufficient revenue to identify a repayment source and/or schedule. If funding is identified prior to the end of the term of the Transfer Agreement, the Water Fund will return excess funds to the General Fund.
- 5. General Provisions:** This Transfer Agreement constitutes the full Agreement by and between the parties and no other representations have been made regarding the contents of this Agreement. This Agreement shall not be amended, modified, or altered in any respect unless such amendment, modification or alteration is in writing and executed by both parties.

Transfer From: City of Bandon
 General Fund #100

Transfer To: City of Bandon
 Water Fund, #940

Madeline Seymour,
City Council President

Date

Mary Schamehorn,
Mayor

Date