




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 5.3: RESOLUTION NO. 24-10 MEMORIALIZING AN INTERFUND TRANSFER AGREEMENT BETWEEN THE GENERAL FUND AND WASTEWATER FUND FOR FISCAL YEAR 2024-25**

BACKGROUND:

The City Council lacks rate-setting authority for the City's Wastewater utility. Without this authority, the Wastewater enterprise is unable to generate sufficient revenue from user fees (utility sales) to offset the operating costs of the Wastewater Plant operating fund (Wastewater Fund #950).

ANALYSIS OF THE ISSUES:

Wastewater Fund #950 is funded by user fees (utility sales). The City is unable to adjust user fee rates to keep pace with inflation, costs, and regular maintenance required to operate the plant. The Wastewater plant has faced significant challenges with aging infrastructure and equipment at the end of its useful life. Plant equipment failures, such as the clarifier having to be reworked, sludge truck breakdown, and lift station maintenance, have resulted in significant expenses. For FY 2024-25, the Wastewater Fund #950 is projected to be deficient \$80,143. 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 Wastewater Fund, #950, 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 Wastewater enterprise. For FY 2024-25, the subsidy is budgeted to be \$80,143.

RESOLUTION NO. 24-10 MEMORIALIZING INTERFUND TRANSFER FROM GENERAL FUND TO
WASTEWATER FUND

Page 2

RECOMMENDATION:

The following is recommended to the City Council:

1. Review and discuss the information provided;
2. Adopt Resolution No. 24-10, which is captioned as follows:

**RESOLUTION NO. 24-10 OF THE BANDON CITY COUNCIL MEMORIALIZING
AN INTERFUND TRANSFER BETWEEN THE GENERAL FUND AND
WASTEWATER FUND FOR FISCAL YEAR 2024-25**

Attachments: Resolution No. 24-10

RESOLUTION NO. 24-10

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

WHEREAS, the City Council lacks rate-setting authority for the City’s Wastewater utility;
and

WHEREAS, without this authority, the Wastewater enterprise is unable to generate sufficient revenue from user fees (utility sales) to offset the operating costs of the Wastewater Plant operating fund (Wastewater Fund #950); and

WHEREAS, in FY 2024-25, Wastewater Fund #950, is projected to be deficient \$80,143; 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 Wastewater Fund #950 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 \$80,143 from the General Fund to the Wastewater Fund #950.

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

Mary Schamhorn, Mayor

ATTEST:

June Hinojosa, City Recorder

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

This Transfer Agreement is in effect as of July 1, 2024, to memorialize an interfund transfer between the City of Bandon Wastewater Department, #950, and the City of Bandon General Fund, #100. The General Fund agrees to transfer to the Wastewater Plant the amount of \$80,143 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 Wastewater utility. Without this authority, the City is unable to generate sufficient revenue from user fees (utility sales) to offset the operating costs of the Wastewater utility. The transferred funds will be utilized to fund operating costs at the Wastewater Plant.
- 2. Transfer Amount:** For FY 2024-25, it is projected that the Wastewater Fund, #950, will need a transfer of \$80,143 to fund operating costs.
- 3. Term:** This Transfer Agreement is for FY 2024-25.
- 4. Repayment:** The Wastewater Fund, #950, 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 Wastewater 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
 Wastewater Fund, #950

Madeline Seymour,
City Council President

Date

Mary Schamehorn,
Mayor

Date