



**MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST
BUDGET MODIFICATION**

(revised 03/25/11)

APPROVED: MULTNOMAH COUNTY
BOARD OF COMMISSIONERS

AGENDA # R-7 DATE 6/23/11
MARINA BAKER, ASST BOARD CLERK

Board Clerk Use Only

| | |
|------------------|-----------------|
| Meeting Date: | <u>6/23/11</u> |
| Agenda Item #: | <u>R.7</u> |
| Est. Start Time: | <u>10:15 am</u> |
| Date Submitted: | <u>6/2/11</u> |

BUDGET MODIFICATION: DCM- 11

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|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agenda Title: | BUDGET MODIFICATION DCM-11 Increase cash transfer to two facility capital funds from Facilities Management Fund for final repayment of Lincoln Building obligation |
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Note: For all other submissions (i.e. Notices of Intent, Ordinances, Resolutions, Orders or Proclamations) please use the APR short form.

| | | | |
|------------------------------------------|------------------------------------------------------------------------------------------|-------------------------------|---------------------------------------|
| Requested Meeting Date: | <u>June 23, 2011</u> | Amount of Time Needed: | <u>5 minutes</u> |
| Department: | <u>County Management</u> | Division: | <u>Facilities & Property Mgmt</u> |
| Contact(s): | <u>Colleen Bowles</u> | | |
| Phone: | <u>503-988-3322</u> | Ext. | <u>84189</u> |
| | | I/O Address: | <u>B274</u> |
| Presenter Name(s) & Title(s): | <u>Bob Thomas, Facilities Director, Colleen Bowles, Facilities Business Services Mgr</u> | | |

General Information

1. What action are you requesting from the Board?

The Department of County Management is requesting Board approval to increase the FY 2011 cash transfer from the Facilities Management Fund to the Asset Preservation and Capital Improvement Funds for a final repayment of obligations related to the Lincoln Building.

This action will end the yearly cash transfer transactions from facilities to capital and replace capital funds used in the original Lincoln Building relocation and workstation systems purchase in FY2006.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

As Facilities & Property Management was developing the original lease for space at the Lincoln Building in January 2005, it was planned that the County would be able to fully capitalize the cost of furnishings required through the 10 year operating lease that was created. As the lease was being finalized, County Finance confirmed that the furnishings (workstation systems furniture) and other improvements could not be included within the lease as expected, but would need to be included as

debt payments instead, leaving the County short by at least \$1.1 million at the time. It was proposed that the CIP and Asset Preservation Capital Funds could serve as a short term funding mechanism to pay for the furnishings. This was memorialized by a Supplemental Budget in FY 2006 that reduced transfers from the FM Fund to the capital funds by \$1.1 million. It was assumed that the FM Fund would be able to reimburse these funds during the next year through sale of surplus property. Sale of property did not occur and the short term obligation became a long term problem. The County's CFO at the time proposed an 8 year payback, totaling \$1.473 million including interest, beginning in FY 2009, ending in FY 2016.

The FM Fund has been able to keep up with annual payments, but future payments will grow substantially each year. By utilizing available FM Fund resources now, the County avoids the likelihood of reducing services to County customers in future years to fund these balloon payments. Funds are available in the FM Fund from revenues received from federal ARRA projects and departmental service requests above earlier budgeted values. These funds rolled over from FY 2010 and were not expected during budgeting a year ago.

3. Explain the fiscal impact (current year and ongoing)

The fiscal impact of this action is to provide funding for the two capital funds now that would not have been available until FY 2012 through FY 2016, There will no net impact to the Facilities Management Fund, since the revenue was not budgeted or obligated prior to this time.

4. Explain any legal and/or policy issues involved.

This action removes a financial obligation of the Facilities Management Fund from future years that may have forced reduction in county-wide services to repay if not paid at this time.

5. Explain any citizen and/or other government participation that has or will take place.

n/a

ATTACHMENT A

Budget Modification

If the request is a **Budget Modification**, please answer **all** of the following in detail:

- **What revenue is being changed and why? If the revenue is from a federal source, please list the Catalog of Federal Assistance Number (CFDA).**

No revenues are changed by this action in FY 2011. Revenues to the capital funds that result from this action have been included in the FY 2012 budget.

- **What budgets are increased/decreased?**

In the Facilities Fund, Professional Services and Repair & Maintenance budgets are reduced by \$1,050,000, and cash transfer expenditure is increased in the same amount.

- **What do the changes accomplish?**

The changes allow the Facilities Fund to re-pay an obligation to the Capital Improvement and Asset Preservation Funds.

- **Do any personnel actions result from this budget modification? Explain.**

No personnel actions

- **If a grant, is 100% of the central and department indirect recovered? If not, please explain why.**
n/a
- **Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?**
This is a final pay off amount, no ongoing funding required.
- **If a grant, what period does the grant cover? When the grant expires, what are funding plans? Are there any particular stipulations required by the grant (i.e. cash match, in kind match, reporting requirements etc)?**
n/a

NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.

ATTACHMENT B

BUDGET MODIFICATION: DCM - 11

Required Signatures

**Elected Official or
Department/
Agency Director:**

Mindy Harris

Date: 6/2/11

Julie Neburka

6/1/11

Budget Analyst:

Julie Neburka

Date:

Budget Modification ID: DCM-11

EXPENDITURES & REVENUES

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2011

| Line No. | Fund Center | Fund Code | Program # | Func. Area | Accounting Unit | | Cost Element | Current Amount | Revised Amount | Change Increase/ (Decrease) | Subtotal | Description |
|----------|-------------|-----------|-----------|------------|-----------------|-------------|--------------|----------------|----------------|-----------------------------|----------|--------------------------------|
| | | | | | Internal Order | Cost Center | | | | | | |
| 1 | 72-50 | 3505 | 72067 | 20 | | 15 | 6056d | 241,696 | 888,714 | 647,018 | | Increase Cash Transfer to 2507 |
| 2 | 72-50 | 3505 | 72067 | 20 | | 15 | 6056i | 231,616 | 634,598 | 402,982 | | Increase Cash Transfer to 2509 |
| 3 | 72-50 | 3505 | 72069 | 20 | | 902575 | 60170 | 2,092,286 | 1,567,286 | (525,000) | | Reduce Professional Services |
| 4 | 72-50 | 3505 | 72069 | 20 | | 902575 | 60220 | 641,736 | 116,736 | (525,000) | | Reduce Repairs and Maint |
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