

## MEMORANDUM

TO: Mayor and City Council

FROM: Roberta Likens, Finance Director

SUBJECT: PUBLIC HEARING FOR PROPOSED SUPPLEMENTAL BUDGET

DATE: June 14, 2024

### Background

There is a need to adopt a supplemental budget for expenses not anticipated at the time the original budget was adopted.

The proposed Supplemental Budget appropriates interfund loan proceeds from the Storm Drain Reserve Fund to the Industrial Park Fund. The original budget anticipated Sale of Property proceeds in the amount of \$660,000 which is not obtainable this fiscal year. An industrial lot is anticipated to be sold, but it is unknown if it will close prior to the end of the fiscal year, creating the need to provide funds to service debt if the sale is not finalized. The interfund loan amount from the Storm Drain Reserve is \$235,045.

In addition, the proposed supplemental budget appropriates interfund loan proceeds from the Storm Drain Reserve Fund to cover the expenses associated with the January 2024 Ice Storm. The interfund loan is being made to the General Fund in the amount of \$285,000; Street Fund in the amount of \$1,140,000; Water Fund in the amount of \$9,775; and the Wastewater Fund in the amount of \$578,330. The total interfund loan amount to be \$2,013,105 from the Storm Drain Reserve. The repayment of the loan is anticipated at the time the City receives funding from the Federal Emergency Management Agency. Staff is currently working towards securing reimbursement for eligible costs and anticipates funding to be provided in the fall of 2024.

A public hearing is required before the City Council. A new line item to transfer funds for debt payment to the Water Reserve Fund is being created.

Not less than five days before the hearing, a notice of hearing and summary of the changes proposed in the funds must be published using the same method used to publish the notice of the original budget hearing. The Budget Committee is not required to be involved.


Notice of the supplemental budget consideration was included on the Council's agenda for this date, and advertised in the Cottage Grove Sentinel on June 19th, using the same methods as the original budget, and met the notice requirement of at least 5 days.


Recommendation

Hold the public hearing to consider all comments offered during the public hearing.

Cost

If the supplemental budget is approved, there are additional appropriations of \$2,013,105 in the funds listed. The appropriation amount does not change in the Industrial Park Operations Fund. The Sale of Property is reduced by the same amount of the loan, and the contingency line item will be reduced in the same amount as the Transfer to Water Reserve Fund, resulting in a net zero change to the fund.

  
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Mike Sauerwein, City Manager

  
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Roberta Likens, Finance Director