

FOR BUDGET COMMITTEE MEETING OF: April 30, 2008

AGENDA ITEM NO: 6.c.

TO: BUDGET COMMITTEE MEMBERS

FROM: LINDA NORRIS, CITY MANAGER PRO TEM

SUBJECT: ERRATA SHEET 3

ISSUE:

To inform the Budget Committee about corrections, errors, or updated information regarding the FY 2008-09 budget.

RECOMMENDATION:

Airport Capital Improvement Fund (construction)

1. Increase Airport Capital Improvement Fund budget grant revenues by \$1,485,000.
2. Decrease Airport Capital Improvement Fund budget interfund transfer revenue by \$5,000.
3. Increase Airport Capital Improvement Fund budget materials and services by \$1,480,000 to add a terminal expansion project.

Airport Fund (operations)

1. Decrease Airport Fund interfund transfers by \$5,000.
2. Increase Airport Fund contingency by \$5,000.

BACKGROUND:

In November 2007, the Community Development Department applied for a ConnectOregon II grant in the amount of \$3,800,000 for the purpose of expanding the existing terminal and extending the runway. Each project will require the use of Federal Aviation Administration primary entitlement grants and funding from the Airport's operating budget as match for the ConnectOregon II grant. The runway extension project is included in the adopted Capital Improvement Program (CIP), as well as the published FY 2008-09 proposed budget. The omission of the terminal expansion project in both documents was not discovered until publication of the proposed budget.

FACTS AND FINDINGS:

A ConnectOregon II grant application by the City of Salem's Community Development Department included requests to extend the runway at McNary Field and expand the existing terminal building. The terminal building expansion project was omitted from the adopted CIP, as well as the published FY 2008-09 proposed budget. Correcting the FY 2008-09 proposed budget by adding the

revenues and expenditures associated with the terminal project may be accomplished through approval of the errata sheet recommendation. The recommendation also provides for a decrease to the interfund transfer from the Airport operating budget as the total grant match amount needed for the two projects is less than the amount included in the proposed FY 2008-09 Airport Capital Improvement Fund budget.

The Budget Committee's approval of the errata sheet will also serve as a recommendation to City Council to amend the FY 2008-09 adopted CIP document with supplemental information on the terminal building expansion project.

Recommendations:

Airport Capital Improvement Fund (construction)

1. Increase Airport Capital Improvement Fund budget grant revenues by \$1,485,000 to add a terminal expansion project.
2. Decrease Airport Capital Improvement Fund budget interfund transfer revenue by \$5,000.
3. Increase Airport Capital Improvement Fund budget materials and services by \$1,480,000 to add a grant-funded project to expand the existing terminal.

Airport Fund (operations)

1. Decrease Airport Fund interfund transfers by \$5,000.
2. Increase Airport Fund contingency by \$5,000.

Debra Neville
Budget Officer