

CITY RECORDER USE ONLY:

AGENDA ITEM #: F. 9.

MEETING DATE: 06.26.2023

FINAL ACTION: RESO 2023-28

CITY COUNCIL STAFF REPORT

TO: *City Council*

FROM: *Jesse VanderZanden, City Manager*

MEETING DATE: *June 26, 2023*

PROJECT TEAM: *Paul Downey, Assistant City Manager/Finance Director*

SUBJECT TITLE: *FY 2022-23 Making and Transferring Appropriations*

ACTION REQUESTED:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Ordinance		Order	X	Resolution		Motion	Informational

X all that apply

ISSUE STATEMENT: The adopted budget for a fiscal year is based upon best estimates at the time the budget is adopted. During the fiscal year, unanticipated events may occur and actual expenditures become known.

At the end of the fiscal year, it is standard procedure to review expenditures throughout the budget and to modify appropriations, which are legal expenditure limits, for expenditures which may exceed the appropriated levels by the end of the fiscal year. ORS Chapter 294 permits the governing body to transfer appropriations within a fund so the budgeted appropriations are not exceeded.

This resolution is also appropriating funds due to unanticipated revenue in the Light and Power Fund that resulted in more construction supplies being purchased than had been anticipated and budgeted. ORS 294.471 allows a supplemental to be prepared under certain circumstances including a request for services or facilities is received and the cost will be paid for by a private individual, corporation or company, or by another governmental unit, and the amount of the request could not have been known for certain at the time the budget was prepared. The Council can appropriate the additional funds by resolution without going through the formal supplemental budget process.

BACKGROUND: Upon review of the preliminary year-to-date expenditures as of June 15, 2023, staff has prepared a resolution for Council consideration to avoid potential appropriation over expenditures in the General Fund, the Light & Power Fund, the Water Fund, and the Water SDC Fund at the end of FY 2022-23. The reasons for the proposed transfers are discussed below. The numbers for the reasons correspond to the transfer numbers in the proposed resolution:

1. In the Legislative & Executive Department, appropriations need to be increased by \$21,000 to pay for personnel costs due to the wage increase for the City Manager and stipend increases for the City Council not being included in the FY 2022-23 Adopted Budget as the amounts of those increases were not known when the budget was prepared.
2. In the Fire Department, the budget for overtime needs to be increased by \$65,000 due to overtime from conflagration fires and staff having to be called in to cover shifts due to other firefighters being out on workers comp or being assigned to light duty. The overtime for conflagration fires was reimbursed by the State.
3. In the Light and Power Fund, \$915,000 will be transferred from Contingency to: 1) Overtime to pay for lineman who were assigned to mutual aid during weather events which was reimbursed by the utility they were sent to assist; and 2) Power Purchases to pay for the actual costs of power purchases which are covered by additional revenue from higher electric sales.
4. In the Water Fund, transfer \$400,000 from Contingency to Timber Harvesting to pay for actual harvesting costs in excess of the amount budgeted due to higher harvesting costs based on the bids received and a slightly higher amount of timber harvested than in the previous year. The additional harvesting costs were covered by higher timber revenue. An additional transfer of \$588,000 from Contingency is being made to Water Projects to pay for an acre of land adjacent to the Water Treatment Plant that the Council approved purchasing.
5. The Water SDC Fund made an interfund loan of 957,000 to the Capital Projects Fund so the Capital Projects Fund could cash flow the costs of the Development Services Annex/City Hall project. \$807,000 in Construction Project capital outlay appropriations and a \$150,000 in Contingency funds are being transferred to Transfer to Other Funds to appropriate the funds for the interfund loan.

The appropriation to increase Light and Power Fund Construction Supplies budget by \$1,101,000 is needed due to developers ordering more materials and equipment to be installed in subdivisions than was anticipated and the unanticipated large increases in the costs of the equipment and materials. The Light and Power Fund must order the equipment and supplies. The developer fully pays for these costs so there is no effect on the rate payers.

FISCAL IMPACT: Fiscal impact was explained above.

STAFF RECOMMENDATION: Staff recommends the City Council approve the attached resolution making and transferring appropriations within the FY 2022-23 Budget.

ATTACHMENT(s): Resolution Making and Transferring Appropriations Within Various Funds for the Fiscal Year 2022-23