Lebanon OREGON

MEMORANDUM

Finance Department

To: Mayor Jackola & Lebanon City Councilors
Ron Whitlatch, City Manager & Budget Officer

Date: June 24, 2026

From: Brandon Neish, Finance Director

Subject: FY26 Budget Amendments

I. INTRODUCTION

Oregon Local Budget Law, ORS 294, allows for either the transfer of appropriations or a supplemental budget to increase expenditure authority after a budget has been adopted. The 2026 fiscal year budget was adopted by the City Council on June 11, 2025. ORS 294.463(1) allows for the City Council to transfer existing expenditure authority from one budget line to another.

II. CURRENT REPORT

Several adjustments outlined in Resolution No. 2026-13 are necessary to address personnel changes, shifting priorities, new revenue, benefit-related costs, and other unanticipated expenditures during the current fiscal year.

- General Fund -

Adjustments are needed within personnel budgets to cover costs associated with employee retirements. During the fiscal year, three long-term employees retired for PERS purposes and subsequently returned to work. At retirement, the City is required to pay out accrued vacation and compensatory time, as well as final wages through the employee's last day of service. Given these employees' 25 to 30 years of service, the resulting payouts were significant. The proposed adjustments provide the expenditure authority necessary to cover these costs.

Additional General Fund adjustments include funding for a new copier in the Municipal Court office, consultant services related to preparation for a potential jail levy election, support services for individuals experiencing houselessness, and staffing support for the City's RV Park and Cheadle Lake. These expenditures will be funded through the General Fund operating contingency, leaving approximately half of the originally budgeted contingency balance available. This operating contingency is separate from the City's working contingency, which maintains the 17% reserve required by City policy.

- Admin Internal Service Fund -

Several adjustments are needed within the Admin Internal Service Fund and will be funded through the fund’s budgeted contingency.

In Human Resources, additional personnel appropriations are needed to cover annual accrual cash-outs authorized by policy. Additional funding is also required for contract services and operating expenses related to software support and employee recognition initiatives. These costs include the final year of Springbrook’s HR module subscription and expanded ADP services that include a document management system.

Within the City Attorney budget, additional expenditure authority is necessary to cover legal expenses associated with defending the City in a Land Use Board of Appeals (LUBA) case.

Within Department 130 (City Recorder), additional funding is needed to support increased compensation for the Deputy City Recorder. During the fiscal year, the Deputy City Recorder provided support to both Engineering and Human Resources. The requested adjustment reflects time spent performing Human Resources-related duties.

- Custodial Internal Service Fund -

Additional expenditure authority is needed to support the hiring of a custodian who provides services across City facilities. Following the departure of the previous Senior Maintenance Worker (Lead Custodian), funds were placed in contingency while staff evaluated the ongoing need for the position. Staff determined the position remains necessary to ensure City facilities are properly maintained and provide a clean environment for employees, customers, and the community. Funding for this position will come from the fund’s budgeted contingency, which was originally adopted at $133,508.

- Water Fund -

Adjustments are needed to cover increased personnel costs. These expenditures are primarily attributable to accrual cash-outs and higher-than-anticipated overtime expenses. In addition, standby pay for on-call staff had not been budgeted in prior years and is a significant factor in the increase within account 430-433-50001. This issue has been corrected in the FY2027 budget. Staffing transitions within the Distribution Division also generated additional personnel costs. All proposed adjustments will be funded through the Water Fund contingency.

- Wastewater Fund -

Additional expenditure authority is needed to cover costs associated with the use of temporary employees who supported essential operational functions within the division.

- Building Fund -

The promotion of Shana Olson created a need for additional salary appropriations to cover the compensation difference between a supervisor-level position and a director-level position.

- LINX Fund -

Budget realignments and additional expenditure authority are needed to support increased operating costs within the LINX program. Transit ridership has grown significantly, increasing service demands. In addition, staff leave coverage has required the use of additional resources. These adjustments will be funded through the LINX contingency budget, with remaining needs addressed through a supplemental budget included in a separate resolution.

III. RECOMMENDATION

- Adopt Resolution No. 2026-13 authorizing a transfer in budget appropriations.