

**CITY OF STEVENSON**

**OFFICE OF THE CITY ADMINISTRATOR**

**STAFF REPORT TO THE CITY COUNCIL**

**DATE:** July 17, 2025

**TO:** Mayor Anderson and City Council Members

**FROM:** Wesley Wootten, City Administrator

**SUBJECT:** Ordinance No. 2025-1229 - 2025 Budget Amendment for General Fund Transfer to Water and Sewer Fund

**I. EXECUTIVE SUMMARY**

This report accompanies proposed Ordinance No. 2025-1229, which authorizes a 2025 budget amendment. This amendment facilitates a strategic transfer of funds from the General Fund to the Water and Sewer Fund and adjusts the general sales and use tax allocation to the Street Fund. This action is a direct result of the recently approved Transportation Benefit District (TBD) sales and use tax, which provides new dedicated revenue for transportation, enabling the City to optimize its overall financial resources.

**II. BACKGROUND**

The City's voters recently approved a new 0.3% sales and use tax within the TBD for transportation improvements. This new revenue stream enhances the City's capacity to fund transportation needs. Following consultation with the Clerk/Treasurer, it has been determined that establishing a new special revenue fund is not required for these changes. Instead, the most direct and efficient method is a budget amendment authorizing specific transfers and reallocations.

This new dedicated transportation revenue allows the City to strategically reallocate a portion of its existing general sales and use tax (previously allocated to the Street Fund) to support the Water and Sewer Fund, aiming to stabilize utility rates for our citizens.

**III. PROPOSED ORDINANCE - KEY ACTIONS**

Ordinance No. 2025-1229 proposes authorizing an initial transfer of **\$135,000** from the General Fund to the Water and Sewer Fund for the third and fourth quarters of 2025.

#### **IV. RATIONALE AND FISCAL IMPACT**

This budget amendment represents a fiscally prudent approach to managing City resources. By leveraging the new TBD sales tax for transportation, the City gains flexibility to address critical needs in other essential services, particularly water and sewer infrastructure. This strategy is intended to help stabilize utility rates for residents and businesses while ensuring all municipal services remain adequately funded.

This is a strategic reallocation of *general* sales tax, not a diversion of TBD funds, and is justifiable to auditors and the public as an overall benefit to the community. At the March 20, 2025 meeting, the City Council agreed to opt for the initial transfer method, i.e. transferring the estimated annual tax revenue (\$270,000) from the General Fund to the Sewer/Water Fund, rather than perform monthly transfers of collected revenue.

#### **V. RECOMMENDATION**

The City Administrator recommends that the City Council review and approve Ordinance No. 2025-1229, thereby adopting the proposed 2025 budget amendment. This action is essential for the efficient and strategic financial management of the City of Stevenson.