



REQUEST FOR COUNCIL ACTION

Title: Resolution Authorizing Transfer of Appropriations

Preferred Agenda: October 27, 2020

Submitted By: Brandon Neish, Finance Director

Reviewed By: Blair Larsen, City Manager Pro Tem

Type of Action: Resolution X Motion Roll Call Other

Relevant Code/Policy: ORS 294.463(1)
SH Financial Policy Section IX

Towards Council Goal: Goal 2.5: Continue to implement strong financial “best” practices

Attachments: Resolution No. 27 for 2020

Purpose of this RCA:

To review Resolution No. 27 for 2020 authorizing a transfer of appropriations covering unplanned expenditures for the 2020 fiscal year.

Background/Context:

Oregon Revised Statutes 294.463 allows a municipal organization to redistribute its existing expenditure authority using a transfer resolution to cover unanticipated expenses during a fiscal year. Each year, staff builds a proposed budget six months prior to the beginning of a new year. This document is approved by the Budget Committee and adopted by the City Council. For the 2020 fiscal year, the City Council adopted the budget on May 28, 2019. Each year, staff attempts to adhere to the budget as adopted but various opportunities and requirements arise that must be addressed. While staff attempts to meet these obligations with existing authority, occasionally an adjustment must be made to prevent exceeding authorization limits. This transfer of appropriations resolution seeks to amend the budget for 2020 in multiple departments in accordance with Oregon law.

Total bank charges for the 2020 fiscal year came in slightly higher than \$55k. In 2019 and 2018, bank fees across the City totaled north of \$58k and \$41k respectively. As the City has embraced credit card usage, additional costs to the City have been realized as the City picks up the associated charges. Additionally, increases in fees from credit card vendors and banks for “maintaining” accounts have increased over time. The City is actively engaged in practices to mitigate bank expenditures and is continuing to pursue options that will lower these fees. These include moving to a new procurement payment system (reduces bank fees for accounts payable checks processed) and reviewing alternatives to current systems.

In late 2019, the City partnered with ClearGov, Inc. to offer a financial transparency portal for public consumption. The City recently launched this portal and presented to the City Council the new portal and budget book during their October 13, 2020 City Council meeting. Staff has been using the new system, including for 2021 budget development since December 2019. The system contains many benefits and significant efficiencies to enhance operations in all Departments. The total cost of the budget system for the 2020 fiscal year was \$16,450 which included the first year of service along with implementation costs. Future fiscal years will see software costs of approximately \$13,000 annually.

Moving to the Executive Department, 2020's various surprises such as a global pandemic have destroyed the department's budget. At the onset of the pandemic, City staff engaged with the City's labor attorney's to draft a temporary personnel policy regarding COVID-19. These charges have since been reimbursed by the state but amount to an unplanned expenditure for 2020 that needs additional expenditure authority to cover the costs. Additionally, the department incurred additional, unplanned software expenses for Neogov/GovernmentJobs which aids recruitment efforts within the City and the addition of Municode's Meeting Management tool. The agenda manager streamlines the process for the development of packets for various City Council and committee meetings. To cover the costs of the unplanned software and COVID expenses, the City Manager's Office needs \$9,700.

Impacting the Non-Departmental Materials & Services budget is the continued maintenance at "Old" City Hall. In 2017, a five-year agreement was signed with Comcast to provide internet services at the facility at 1140 12th Ave. The separation costs associated with breaking this contract exceeded the cost to bring fiber into the building, which would have benefitted a potential tenant, for the remainder of the contract. Therefore, the City is currently paying for internet services in the empty building until 2022 when the current contract expires. Additionally, state law requires maintenance on the elevator (though the services have been paired back significantly) and the City has continued to maintain the HVAC system in the building. In total, the City paid nearly \$22,000 in additional costs in 2020 that were unanticipated when the budget was first proposed in April 2019.

With the departure of the City's former CEDD Director, Jerry Sorte and the hiring of new staff to manage planning services, it was determined that contracting with Oregon Cascades West Council of Governments (COG) to provide planning services in the interim would be beneficial while new staff were onboarded and trained to an appropriate level. At the time, the budget for these services was set at approximately \$38k. However, given the needs of the department, the City spent \$62k for services provided by the COG. While staff hoped to make reductions in other avenues of the CEDD budget, these additional charges were too much to absorb in the CEDD budget overall. Additionally for CEDD, the City is looking to backfill a portion of the costs incurred to purchase necessary furniture for the new office space.

In the Water fund, staff is requesting \$31 to cover debt expenses that were slightly underestimated for the 2020 fiscal year.

The Challenge/Problem:

Should the City reallocate existing expenditure authority to cover various needs across City funds?

Stakeholders:

- City of Sweet Home Citizens and Businesses – The residents and businesses of Sweet Home pay taxes and fees that provide resources in the City's Budget. All the items purchased for City Hall and the pay for staff is paid for by those resources. They also serve as members of the Budget Committee who approves the budget annually. As stakeholders, they want to know their funds are being spent appropriately and should be able to provide feedback and comment regarding expenditures.

- City of Sweet Home City Council – The City Council is responsible for the adoption of the annual budget and any subsequent adjustments during the fiscal year. The City Council also establishes goals and a vision for the City that staff then implements. It is up to the City Council to decide if the expenditures of the City go towards meeting those goals and vision.
- City of Sweet Home Staff – The staff works diligently to ensure that all expenditures are appropriate and meet the goals and vision of the City Council and the community. At times, staff makes decisions on expenditures based on opportunity or need that may require a supplemental budget to accommodate the expenditure.

Issues and Financial Impacts:

Since this is a transfer of appropriations resolution, there is no overall financial impact to the City. The issue at hand is whether the City Council believes these expenditures require a budgetary adjustment to accommodate the additional expenditures.

Elements of a Stable Solution:

The expenditures that are covered under this resolution are expenditures that support operational needs and match the goals and visions of the City Council. For example, the financial transparency software will benefit the community and provide individuals with another resource they can leverage to obtain the information they seek. This meets the goal of the Council to be an effective and efficient government by developing transparency in communication. Financial health and matters of the City is something that many wish to see and the new portal gives them a tool to accomplish this.

Options:

1. Do Nothing – The City Council could decide not to adopt Resolution 26 for 2020.
2. Move to adopt Resolution No. 27 for 2020 – The resolution transfers expenditure authority from various sources to cover necessary expenditures.
3. Amend the resolution by changing transfer amounts or eliminating some of the transfers of appropriation.

Recommendation:

Staff recommends Option 2, Move to adopt Resolution No. 27 for 2020. The resolution does not increase expenditure authority within the City budget but redistributes existing budget authority to needed areas for operational expenses and close out the 2020 budget year prior to the City's audit in November.