

Council Business Meeting

February 16, 2021

Agenda Item	Public Hearing for Resolution No. 2021-02 Adopting a Supplemental Budget for Changes to the 2019-21 Biennial Budget	
From	Melanie Purcell	Finance Director
Contact	Melanie.Purcell@ashland.or.us ; (541) 552-2003	

SUMMARY

During the course of the Biennium (BN) there are times that budget adjustments are required. The proposed budget amendments increase appropriations by more than ten percent in the case of the Insurance Fund which requires a public hearing. The Insurance Fund has received lower transfers from operations while experiencing increased claims, particularly property claims that come under the City's Self-Insurance program. This combination has used up the fund's balances which now must be replenished as shown on page 19 of the fiscal year (FY) 2021 Mid-Year Financial Statements (attachment 1 of the Mid-Year Financial Update). While there is not an easily identifiable set of causes, staff is working on additional strategies to promote safety and reduce risks to both employees and the public. Part of the BN2021-2023 proposed budget will include full funding of the insurance fund to avoid future mid-year adjustments, if possible.

The Supplement Budget includes recognition of the reimbursement to the General Fund for the Fire Department's response to the South Obenchain and Alameda Fires and increasing the Fire Department's appropriation to recognize those expenses. Similarly, the Community Development Department received additional funding from the US Housing and Urban Development (HUD) Department to supplement the City's response to the COVID-19 pandemic.

POLICIES, PLANS & GOALS SUPPORTED

Administrative/Governance goal:

"To ensure on-going fiscal ability to provide desired and required services at an acceptable level"

PREVIOUS COUNCIL ACTION

Staff presented the FY2020 fourth quarter and FY2021 first quarter update on November 16, 2020 and the FY2021 second quarter or mid-year update on February 16, 2021 indicating that the Insurance Fund would require a budget amendment to be brought into balance.

BACKGROUND AND ADDITIONAL INFORMATION

Oregon budget law (ORS 294.471) provides for mid-year amendments to the budget through the supplemental budget process. This supplement budget contains two types of amendments: the first is merely a transfer of appropriations from one category to another which does not increase nor decrease the original budget; and the second is an additional appropriation of revenue which will increase the total budget. Because these proposed changes consist of transfer and additional appropriation of greater than ten percent of the budgeted fund, Oregon budget law allows adoption by Council Resolution after a public hearing. The meeting has been noticed as required five days in advance of the meeting to allow the public time to review and submit questions.

The budget amendment reflects multiple increases in appropriations. The explanations of each change can be found on the attached Budget Transfer Request form.

<u>Transfer of appropriation only:</u>		
General Fund	To transfer to cover the insurance obligations within the insurance fund	224,912
Parks Fund	To transfer to cover the insurance obligations within the insurance fund	40,222
Street Fund	To transfer to cover the insurance obligations within the insurance fund	32,507
Airport Fund	To transfer to cover the insurance obligations within the insurance fund	2,132
Capital Imp Fund	To transfer to cover the insurance obligations within the insurance fund	6,533
Water Fund	To transfer to cover the insurance obligations within the insurance fund	34,504
Wastewater Fund	To transfer to cover the insurance obligations within the insurance fund	44,119
Stromwater Fund	To transfer to cover the insurance obligations within the insurance fund	13,391
Electric Fund	To transfer to cover the insurance obligations within the insurance fund	40,923
Telecommunication Fund	To transfer to cover the insurance obligations within the insurance fund	10,181
Central Services Fund	To transfer to cover the insurance obligations within the insurance fund	42,456
Equipment Fund	To transfer to cover the insurance obligations within the insurance fund	8,120
	Total transfer of appropriation needed	\$ 500,000

The budget amendments reflect several adjustments for transfer of appropriation to ensure compliance level. Below is the explanation of the needed transfers.

<u>Increase In appropriation:</u>		
General Fund	Reimbursement received from the Obenchan and Almeda Fires	122,786
Community Development Block Grant Fund	Grant received from CARES funding for issues related to Covid-19	293,820
Insurance Fund	To recognize the additional revenues received in the fund from the transfers	500,000
	Total Increased Appropriation	\$ 916,606

FISCAL IMPACTS

The Supplemental Budget transfers appropriations or increases appropriations within the budget.

STAFF RECOMMENDATION

That the Council adopt the attached resolution to authorize proposed changes as defined within this report for a 2019/21 supplemental budget.

ACTIONS, OPTIONS & POTENTIAL MOTIONS

I move to adopt Resolution No. 2021-02 authorizing a 2019/21 supplement budget.

REFERENCES & ATTACHMENTS

Attachment 1: Resolution No. 2021-02 Adopting a Supplemental Budget for Changes to the 2019/21 Biennial Budget

Attachment 2: Staff Budget Transfer Requests

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RESOLUTION NO. 2021-02
A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET
FOR CHANGES TO THE 2019/21 BIENNIAL BUDGET

RECITALS:

ORS 294.471 permits the governing body of a municipality to make a supplemental budget for one or more of the following reasons:

- a. An occurrence or condition which had not been ascertained at the time of the preparation of a budget for the current year which requires a change in financial planning.
- b. A pressing necessity which was not foreseen at the time of the preparation of the budget for the current year which requires prompt action.
- c. Funds were made available by another unit of federal, state or local government and the availability of such funds could not have been ascertained at the time of the preparation of the budget for the current year.

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1. In accordance with provisions stated above, the Mayor and City Council of the City of Ashland determine that it is necessary to adopt a supplemental budget, establishing the following amendments:

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	<u>Transfers:</u>	
	<u>Appropriation</u>	<u>Resource</u>
<u>General Fund</u>		
Transfer Out	224,912	
Ending Fund Balance		224,912
	\$ 224,912	\$ 224,912
<u>Parks Fund</u>		
Transfer Out	40,222	
Ending Fund Balance		40,222
	\$ 40,222	\$ 40,222
<u>Street Fund</u>		
Transfer Out	32,507	
Ending Fund Balance		32,507
	\$ 32,507	\$ 32,507
<u>Airport Fund</u>		
Transfer Out	2,132	
Ending Fund Balance		2,132
	\$ 2,132	\$ 2,132
<u>Capital Imp Fund</u>		
Transfer Out	6,533	
Ending Fund Balance		6,533
	\$ 6,533	\$ 6,533
<u>Water Fund</u>		
Transfer Out	34,504	
Ending Fund Balance		34,504
	\$ 34,504	\$ 34,504
<u>Wastewater Fund</u>		
Transfer Out	44,119	
Ending Fund Balance		44,119
	\$ 44,119	\$ 44,119
<u>Stromwater Fund</u>		
Transfer Out	13,391	
Ending Fund Balance		13,391
	\$ 13,391	\$ 13,391
<u>Electric Fund</u>		
Transfer Out	40,923	
Ending Fund Balance		40,923
	\$ 40,923	\$ 40,923
<u>Telecommunication Fund</u>		
Transfer Out	10,181	
Ending Fund Balance		10,181
	\$ 10,181	\$ 10,181
<u>Central Services Fund</u>		
Transfer Out	42,456	
Ending Fund Balance		42,456
	\$ 42,456	\$ 42,456
<u>Equipment Fund</u>		
Transfer Out	8,120	
Ending Fund Balance		8,120
	\$ 8,120	\$ 8,120

	<u>Additional appropriations:</u>	
	<u>Appropriation</u>	<u>Resource</u>
<u>General Fund</u>		
Fire Department	122,786	
Intergovernmental		122,786
	\$ 122,786	\$ 122,786
<u>Community Development Fund</u>		
Personnel Services	58,763	
Materials and Services	235,057	
Intergovernmental		293,820
	\$ 293,820	\$ 293,820
<u>Insurance Fund</u>		
Materials and Services	500,000	
Intergovernmental		500,000
	\$ 500,000	\$ 500,000

SECTION 2. All other provisions of the adopted 2019-2021 BIENNIUM BUDGET not specifically amended or revised in this Supplemental Budget remain in full force and effect as stated therein.

SECTION 3. This resolution is effective upon adoption.

ADOPTED by the City Council this _____ day of _____, 20__.

ATTEST:

Melissa Huhtala, City Recorder

SIGNED and APPROVED this _____ day of _____, 20__.

Julie Akins, Mayor

Reviewed as to form:

David H. Lohman, City Attorney

Budget Supplemental Request

Date: 1/19/2021

Department: Finance

Explanation of request:


As mentioned in the Financial Update provided to City Council on November 16, 2020, the Insurance Fund has experienced a decreasing balance for some time. Each year, the operating funds transfer internal service charges based on historical and anticipated costs allocated through the Cost Allocation Plan. For several years, these transfers have not fully funded the required payments, so the Insurance Fund has used its fund balance to cover the obligations. While it is expected that fluctuations will occur requiring the use of fund balance built up in other years, the system requires periodic rebalancing and a firm commitment to fully funding the Cost Allocation Plan for insurance. It is now necessary to offset the pending negative balance in the Insurance Fund with transfers from the operating funds

New Revenue

Account Number	Line Item Name	Amount
0720.Various	Transfer In	\$ 500,000.00
	From all the funds - See attachment	
Total Amount of Transfer		<u>\$ 500,000.00</u>

Additional Appropriations (Expense)

Account Number	Line Item Name	Amount
030022.XXX	Materials & Services	\$ 500,000.00
Total Amount of Transfer		<u>\$ 500,000.00</u>

Requested By: 

Approved By:  2/2/2021

Insurance Fund
FY 21

Shortfall **\$ 500,000**

	Allocation	Additional Fee		
Admin - Econ Develop	0.12%	\$ 619.48		
Admin - Muni Court	0.44%	2,193.16		
Administration	0.23%	1,139.66		
Band	0.00%	23.44		
Police	22.41%	112,045.28		
Fire	18.74%	93,703.50		
Cemetery	0.93%	4,649.73		
Comm Dev	1.65%	8,230.91		
Miscellaneous	0.46%	2,306.60		
General Fund	44.98%	224,911.75	224,912.00	0720.490411
 Parks Fund	 8.04%	 40,221.78	 40,222.00	 0720.490492
 Street Fund	 6.50%	 32,506.68	 32,507.00	 0720.490412
 Airport Fund	 0.43%	 2,132.01	 2,132.00	 0720.490413
 Capital Imp. Fund	 1.31%	 6,533.24	 6,533.00	 0720.490414
Supply	0.95%	4,747.95		
Distribution	3.32%	16,616.83		
Treatment	2.46%	12,296.65		
Conservation	0.17%	842.96		
Water Fund	6.90%	34,504.38	34,504.00	0720.490416
Collection	5.42%	27,081.45		
Treatment	3.41%	17,037.67		
Filters	0.00%	-		
Wastewater Fund	8.82%	44,119.12	44,119.00	0720.490417
 Storm Drain Fund	 2.68%	 13,390.81	 13,391.00	 0720.490427
Conservation	0.57%	2,829.15		
Supply	0.64%	3,185.63		
Transmission	0.11%	559.45		
Distribution	6.87%	34,348.93		
Electric Fund	8.18%	40,923.17	40,923.00	0720.490418

Telecomm Fund	2.04%	10,181.09	10,181.00	0720.490419
Administration	1.74%	8,701.13		
IT	1.27%	6,336.14		
Administrative Services	1.55%	7,773.46		
City Recorder	0.35%	1,759.23		
Public Works - Support	3.58%	17,886.45		
Central Services Fund	8.49%	42,456.42	42,456.00	0720.490420
Insurance Fund	0.00%	-		
Equipment Fund	1.62%	8,119.57	8,120.00	0720.490425
Total City and Parks		\$ 500,000.00	\$ 500,000.00	

adjusted to balance to \$500,000, need to cha

Budget Transfer Request

Date: 1/19/2021

Department: Finance

Explanation of request:

As mentioned in the Financial Update provided to City Council on November 16, 2020, the Insurance Fund has experienced a decreasing balance for some time. Each year, the operating funds transfer internal service charges based on historical and anticipated costs allocated through the Cost Allocation Plan. For several years, these transfers have not fully funded the required payments, so the Insurance Fund has used its fund balance to cover the obligations. While it is expected that fluctuations will occur requiring the use of fund balance built up in other years, the system requires periodic rebalancing and a firm commitment to fully funding the Cost Allocation Plan for insurance. It is now necessary to offset the pending negative balance in the Insurance Fund with transfers from the operating funds

Transfer From

Account Number	Line Item Name	Amount
	Ending Fund Balances	\$ 500,000.00
	See attached spreadsheet	
Total Amount of Transfer		<u>\$ 500,000.00</u>

Transfer To

Account Number	Line Item Name	Amount
	Transfers Out	\$ 500,000.00
	See attached spreadsheet	
Total Amount of Transfer		<u>\$ 500,000.00</u>

Requested By: 

Approved By:  2/2/2021
Department Head

Insurance Fund
FY 21

Shortfall **\$ 500,000**

	Allocation	Additional Fee		
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Miscellaneous	0.46%	2,306.60		
General Fund	44.98%	224,911.75	224,912.00	0720.490411
Parks Fund	8.04%	40,221.78	40,222.00	0720.490492
Street Fund	6.50%	32,506.68	32,507.00	0720.490412
Airport Fund	0.43%	2,132.01	2,132.00	0720.490413
Capital Imp. Fund	1.31%	6,533.24	6,533.00	0720.490414
Supply	0.95%	4,747.95		
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Insurance Fund	0.00%	-		
Equipment Fund	1.62%	8,119.57	8,120.00	0720.490425
Total City and Parks		\$ 500,000.00	\$ 500,000.00	

adjusted to balance to \$500,000, need to cha

Budget Supplemental Request

Date: 12/15/2020

Department: Fire

Explanation of request:

Alameda Fire State Conflagration reimbursement request for fire suppression
during the 9/8/2020 fire

New Revenue


Account Number	Line Item Name	Amount
0110.430123	Fire Grants	\$ 67,263
Total Amount of Transfer		<u>\$ 67,263.00</u>

Additional Appropriations (Expense)

Account Number	Line Item Name	Amount
071200.510100	Salaries- Regular	\$ 12,304.00
071200.510310	Overtime	\$ 30,673.00
071200.602140	Equipment	\$ 18,324.00
070900.510100	Salaries - Regular	\$ 2,305.00
072900.510100	Salaries - Regular	\$ 1,728.00
075100.510100	Salaries - Regular	\$ 1,929.00
Total Amount of Transfer		<u>\$ 67,263.00</u>

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email=emily.l.matlock.m@gmail.com, c=US
Date: 2020.12.17 11:49:55 -0800

Requested By: 79171148

Approved By: 
Department Head

Budget Supplemental Request

Date: 12/15/2020

Department: Fire

Explanation of request:

Obenchain Fire State Conflagration reimbursement request for the
personnel during the 9/10/2020-9/17/2020 fire

New Revenue

Account Number	Line Item Name	Amount
0110.430123	Fire Grants	\$ 55,523
Total Amount of Transfer		<u>\$ 55,523.00</u>

Additional Appropriations (Expense)

Account Number	Line Item Name	Amount
071200.510100	Salaries- Regular	\$ 10,394.00
071200.510310	Overtime	\$ 36,779.00
071200.602140	Equipment	\$ 8,350.00
Total Amount of Transfer		<u>\$ 55,523.00</u>

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DN: cn=MATLOCK.EMILY.IRENE.1379171148, o=ci,
email=emily.matlock.m@ci.mn, c=US
Date: 2020.12.17 11:58:58 -0800

Requested By: 79171148

Approved By: 
Department Head

Budget Supplemental Request

Date: _____

Department: _____

Explanation of request:

New Revenue

Account Number	Line Item Name	Amount
Total Amount of Transfer		

Additional Appropriations (Expense)

Account Number	Line Item Name	Amount
Total Amount of Transfer		

Requested By:  _____

Approved By: _____
Department Head