REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 19, 2016				
Order ___ No.	**Ordinance ___ No.**	**Resolution _XX_ No. 2016-3249**	**Motion ___**	**Information ___**
SUBJECT: Request for approval of Supplemental Budget #1 for fiscal year 2015-2016 as described in Exhibit "A".			**Contact Person (Preparer) :** **Matt Zook**	

HEARING TYPE: **ADMINISTRATIVE**

RECOMMENDATION:

Adopt **Resolution No. 2016-3249** for approval of Supplemental Budget #1 for fiscal year 2015-2016.

EXECUTIVE SUMMARY:

The supplemental budget requested for approval is primarily for three reasons. First, the personnel services budget needs increased as a result of wage negotiations with both the fire and police unions, as well as a compensation study for non-represented employees. The Council has previously approved these increases in the latter half of 2015.

Second, operational costs are anticipated to exceed the current budget in the General Government, City Manager, EMS, Building Inspection, Wastewater, and Transient Lodging Tax programs as outlined in Exhibit A. Each of these budget increases will be covered from contingency, additional revenues or interfund transfers in the respective funds.

Third, several housekeeping items align the budget to reflect updated numbers after the close of the previous fiscal year. These items include capital project budgets, updated reserve balances, and other minor corrections.

FISCAL IMPACT:

The increase to the annual budget appropriations is $2,440,104, bringing total appropriations to $82,606,626 and the total budget to $91,990,548. The difference between these numbers represents Unappropriated Fund Balances ($1,818,501) and Reserves ($7,565,421), which are not appropriations.

RESOLUTION NO. 2016-3249

A RESOLUTION TO ADOPT SUPPLEMENTAL BUDGET #1 FOR FISCAL YEAR 2015-2016 BEGINNING JULY 1, 2015, AND ENDING JUNE 30, 2016

RECITALS:

1. The 2015-2016 Budget was adopted by Resolution No. 2015-3195 on June 1, 2015.

2. Subsequent to the adoption of the budget, several events occurred that have been previously presented and approved by Council, namely the adjustment to personnel costs resulting from wage negotiations with both the fire and police unions, as well as a compensation study for non-represented employees. This supplemental budget accounts for these changes.

3. Additional operational and unanticipated expenses have occurred for which the budget needs to be adjusted. These changes are identified by fund as shown in Exhibit "A".

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

To recognize unanticipated operational expenditures in various funds to be covered by transfers from contingencies and offset by additional resources as attached in Exhibit "A", which is hereby adopted and by this reference incorporated.

- **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: January 20, 2016.

ADOPTED by the City Council of the City of Newberg, Oregon, this 19th day of January, 2016.

_____
Sue Ryan, City Recorder

ATTEST by the Mayor this 20th day of January, 2016.

_____
Bob Andrews, Mayor

EXHIBIT "A" TO
RESOLUTION NO. 2016-3249

City of Newberg
Supplemental Budget #1
Fiscal Year 2015-2016

SUMMARY OF PROPOSED BUDGET CHANGES

AMOUNTS SHOWN ARE REVISED TOTALS IN THOSE FUNDS BEING MODIFIED

FUND 01 - GENERAL FUND		BUDGET	CHANGE	REVISED
Resources - Transfers In (TLT)	*Increase*	555,000	65,000	620,000
General Government	*Increase*	178,758	1,104	179,862
Municipal Court	*Increase*	356,023	26,441	382,464
Police	*Increase*	5,695,178	257,698	5,952,876
Fire	*Increase*	3,356,599	46,677	3,403,276
Communications	*Increase*	1,061,396	26,565	1,087,961
Library	*Increase*	1,251,056	59,969	1,311,025
Planning	*Increase*	613,035	13,330	626,365
Transfers	*Decrease*	39,067	(4,805)	34,262
Contingency	*Decrease*	1,462,022	(361,979)	1,100,043

Revised Total Resources	15,178,134
Revised Total Requirements	15,178,134

To cover additional personnel costs resulting from police and fire union negotiations, a compensation study for general employees, and other minor personnel adjustments. Minor materials & services increases. Recognizes higher anticipated Transient Lodging Tax (TLT) transfers from the TLT Fund. Also covers a payment to Peer Court that was carried over from FY 2014-15. Additional Library personnel costs due to increasing the open hours from 37 to 42 hours per week. Other minor operating adjustments are included. The net effect of these changes is being covered from contingency funds.

FUND 02 - STREETS		BUDGET	CHANGE	REVISED
Public Works	*Increase*	1,119,820	33,463	1,153,283
Contingency	*Increase*	635,729	(33,463)	602,266

Revised Total Resources	2,152,068
Revised Total Requirements	2,152,068

To cover additional personnel costs resulting from a compensation study for general employees. To cover a right-of-way acquisition on Villa Road that was not anticipated.

FUND 05 - EMERGENCY MEDICAL SERVICES		BUDGET	CHANGE	REVISED
Resources - User Fees	*Increase*	1,730,000	95,000	1,825,000
Fire	*Increase*	1,789,930	121,104	1,911,034
Contingency	*Decrease*	597,395	(26,104)	571,291

Revised Total Resources	2,482,325
Revised Total Requirements	2,482,325

To cover additional personnel costs resulting from fire union negotiations and a compensation study for general employees. To increase personnel services costs for support staff by 0.15 FTE, as well as overtime for EMS personnel, due to additional demand for service. Increased expenditures are offset by additional resources and contingency.

FUND 06 - WASTEWATER FUND		BUDGET	CHANGE	REVISED
Public Works	*Increase*	4,629,980	163,044	4,793,024
Contingency	*Decrease*	4,186,330	(163,044)	4,023,286

Revised Total Resources	17,436,899
Revised Total Requirements	17,436,899

To cover additional personnel costs resulting from a compensation study for general employees. To cover unanticipated failure of a rotor in an oxidation ditch at the wastewater treatment plant. These expenses are covered by contingency funds. Also reflected in the Revised Total Resources and Requirements numbers is an adjustment to the reserve transfer into Fund 06 from Fund 26, as explained in the Fund 26 section below, although these numbers are not reflected above since they do not result in increased appropriations in Fund 06.

FUND 07 - WATER		BUDGET	CHANGE	REVISED
Public Works	*Increase*	3,371,082	8,770	3,379,852
Contingency	*Decrease*	2,481,842	(8,770)	2,473,072

Revised Total Resources	13,278,601
Revised Total Requirements	13,278,601

To cover additional personnel costs resulting from a compensation study for general employees. These expenses are covered by contingency funds. Also reflected in the Revised Total Resources and Requirements numbers is an adjustment to the reserve transfer into Fund 07 from Fund 27, as explained in the Fund 27 section below, although these numbers are not reflected above since they do not result in increased appropriations in Fund 07.

FUND 08 - BUILDING INSPECTION		BUDGET	CHANGE	REVISED
Building Inspection	*Increase*	456,453	44,044	500,497
Contingency	*Decrease*	356,235	(44,044)	312,191

Revised Total Resources	812,688
Revised Total Requirements	812,688

To cover additional personnel costs resulting from a compensation study for general employees. To cover additional personnel and operational expenditures due to increase demand for services. Additional expenditures will be offset by contingency funds.

FUND 13 - 911 EMERGENCY		BUDGET	CHANGE	REVISED
Communications	*Increase*	197,566	7,062	204,628
Contingency	*Decrease*	18,402	(7,062)	11,340

Revised Total Resources	215,968
Revised Total Requirements	215,968

To cover additional personnel costs resulting from police union negotiations and a compensation study for general employees. These expenditures are covered from contingency funds.

FUND 14 - ECONOMIC DEVELOPMENT		BUDGET	CHANGE	REVISED
Planning	*Increase*	299,772	225	299,997
Contingency	*Decrease*	249,203	(225)	248,978

Revised Total Resources	695,843
Revised Total Requirements	695,843

To cover additional personnel costs resulting from a compensation study for general employees. Expenditures are covered from contingency funds.

FUND 16 - PUBLIC SAFETY FEE		BUDGET	CHANGE	REVISED
Police	*Increase*	325,996	15,715	341,711
Communications	*Increase*	196,800	9,092	205,892
Contingency	*Decrease*	92,773	(24,807)	67,966

Revised Total Resources	615,569
Revised Total Requirements	615,569

To cover additional personnel costs resulting from police union negotiations. Expenditures are covered from contingency funds.

FUND 17 - STORMWATER		BUDGET	CHANGE	REVISED
Public Works	*Increase*	1,097,519	5,038	1,102,557
Contingency	*Decrease*	581,889	(5,038)	576,851
				-

Revised Total Resources	2,498,617
Revised Total Requirements	2,498,617

To cover additional personnel costs resulting from a compensation study for general employees. Expenditures are covered from contingency funds.

FUND 19 - TRANSIENT LODGING TAX		BUDGET	CHANGE	REVISED
Resources - Transient Lodging Tax	*Increase*	855,000	100,000	955,000
General Government	*Increase*	300,000	35,000	335,000
Transfers	*Increase*	555,000	65,000	620,000

Revised Total Resources	955,000
Revised Total Requirements	955,000

Revision to reflect anticipated higher revenues, resulting in potentially higher expenditures as well as a larger transfer to General Fund.

FUND 26 - WASTEWATER CIP RESERVE FUND		BUDGET	CHANGE	REVISED
Resources - Beginning Fund Balance	*Increase*	5,193,602	1,252,498	6,446,100
Transfer	*Increase*	5,193,602	1,252,498	6,446,100

Revised Total Resources	6,446,100
Revised Total Requirements	6,446,100

To update budget to reflect higher beginning fund balance and associated higher transfer of Capital Improvement Project reserves to Fund 06-Wastewater Fund, as described in the section above.

FUND 27 - WATER CIP RESERVE FUND		BUDGET	CHANGE	REVISED
Resources - Beginning Fund Balance	*Increase*	5,018,630	133,216	5,151,846
Transfer	*Increase*	5,018,630	133,216	5,151,846
	Increase			-

Revised Total Resources	5,151,846
Revised Total Requirements	5,151,846

To update budget to reflect higher beginning fund balance and associated higher transfer of Capital Improvement Project reserves to Fund 07-Water Fund, as described in the section above.

FUND 31 - ADMIN SUPPORT SERVICES		BUDGET	CHANGE	REVISED
City Manager's Office	*Increase*	529,362	276,012	805,374
Finance	*Increase*	819,933	28,935	848,868
Information Technology	*Increase*	683,610	21,246	704,856
Legal	*Increase*	497,180	(28,526)	468,654
Public Works	*Increase*	596,467	53,711	650,178
Contingency	*Decrease*	580,655	(351,378)	229,277

Revised Total Resources	4,215,374
Revised Total Requirements	4,215,374

To cover additional personnel costs resulting from a compensation study for general employees. To cover unanticipated expenditures due to personnel turnover, including separation payout and recruitment expenditures. Additional expenses due to police department assessment. Legal department budget net decrease due to staff attrition. Public Works increased expenses due to higher facilities repairs. Expenditures are covered from contingency funds.

FUND 32 - VEHICLE/EQUIPMENT REPLACEMENT		BUDGET	CHANGE	REVISED
Resources - Beginning Fund Balance	*Decrease*	1,367,710	(5,284)	1,362,426
Resources - Internal Revenue & Transfers In	*Increase*	125,842	48,770	174,612
Information Technology	*Decrease*	241,635	(6,029)	235,606
Police	*Increase*	530,369	3,498	533,867
Fire	*Increase*	494,099	22,526	516,625
Communications	*Increase*	97,865	8,851	106,716
Public Works	*Increase*	395,610	14,640	410,250

Revised Total Resources	2,064,307
Revised Total Requirements	2,064,307

To update department appropriations based on revised beginning fund balance. These funds are reserved funds that were transferred in from other funds in current or previous years. This fund does not have a contingency, so the budget must reflect actual total resources.

FUND 36 - WASTEWATER FINANCED CIPS		BUDGET	CHANGE	REVISED
Resources - Beginning Fund Balance	*Decrease*	-	(749,096)	(749,096)
Resources - Interim Financing	*Increase*	-	1,500,000	1,500,000
Capital Projects	*Increase*	-	750,904	750,904

Revised Total Resources	750,904
Revised Total Requirements	750,904

To update budget to reflect remaining wastewater treatment plant renovation project that was anticipated to be completed by June 30, 2015. Negative beginning fund balance reflects timing of reimbursement from loan funds. Project will be closed in FY2015-16.