



Staff Report

File #: 21-255

Version: 1

Date: 6/14/2021

Item #: 3.2d.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Robert Barron, Chief Financial Officer

SUBJECT:

General Fund Supplemental Budget for unanticipated City expenses caused by the winter storm event.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Good Governance; Natural Environment Stewardship; Safe Community; Safe, Reliable and Efficient Infrastructure; Strong and Diverse Economy; Welcoming and Livable Community.

ISSUE:

Shall the City Council adopt Resolution No. 2021-26, Fiscal Year 2021 Supplemental Budget Five (5), increasing General Fund expenditure appropriation authority in the amount of \$450,000 for unanticipated expenses caused by the winter storm event?

RECOMMENDATION:

Adopt Resolution No. 2021-26, Fiscal Year 2021 Supplemental Budget Five (5), increasing General Fund expenditure appropriation authority in the amount of \$450,000.

SUMMARY:

The City of Salem experienced a severe ice storm in February 2021, resulting in significant damage and adverse impact to the community. Work has been underway since to clear fallen trees, limbs, and debris from the storm. Due to increased demand for tree services and the severity of the storm, tree contractor expenses have exceeded estimates included in the \$1.4 million approved for ice storm response through Supplemental Budget Four (4) in May 2021. In order to continue recovery work and prepare for tree replanting, an additional \$450,000 is requested in the Parks budget in Supplemental Budget Five (5). The revenue source is insurance proceeds to the General Fund during fiscal year 2021.

FACTS AND FINDINGS:

As cleanup and restoration work related to the winter storm event progresses, more budget authority is needed for stump grinding and tree removal to prepare to replant trees. Tree contractor expenses are anticipated to be approximately \$625,000 more than original estimates. Projected savings in the Recreation Services budget will offset a portion of the additional costs, bringing the supplemental budget request down to \$450,000.

The City has insurance coverage of up to \$1,750,000 with a \$500,000 deductible for trees in the rights-of-way, landscaping, and damages to property. The General Fund will receive insurance proceeds of at least \$450,000 as reimbursement for eligible expenses this fiscal year. The City will also be seeking Public Assistance for storm damages from the Federal Emergency Management Association (FEMA).

If the supplemental budget is not approved, there will be an lack of compliance with Oregon budget law, and an impact to the Public Works budget which would prolong the restoration of parks and infrastructure.

BACKGROUND:

The ice storm caused trees, limbs, and debris to fall blocking roadways, sidewalks, park paths, and waterways; caused downed power lines creating outages throughout the City affecting 86 traffic signals and City pump stations; damaged City facilities / parks and private property; and created hazards such as hanging branches and slippery streets. Public Works Dispatch received 1,192 calls for service.

The State of Oregon requested a federal disaster declaration on April 7, 2021, from FEMA for the ice storm. The City of Salem coordinated with Marion County on a disaster declaration through the State of Oregon and FEMA. The City was notified on May 4, 2021 ice storm damages were eligible for FEMA reimbursement.

ORS 294.471(1) authorizes the adoption of a supplemental budget for a pressing necessity that could not be foreseen when preparing the original budget or a previous supplemental budget.

Kali Leinenbach
Senior Fiscal Analyst

Attachments:

1. Resolution No. 2021-26
2. Resolution No. 2021-26, Exhibit A
3. Resolution No. 2021-26, Exhibit B