

Staff Report

File #: 22-131**Version:** 1**Date:** 3/28/2022**Item #:** 4.c.

TO: Mayor and City Council
THROUGH: Kristin Retherford, Interim City Manager
FROM: Josh Eggleston, Chief Financial Officer

SUBJECT:

Supplemental Budget 3 to amend and appropriate funds made available to the City in the FY 2022 budget.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Good Governance

SUMMARY:

Various unanticipated activities have occurred during the fiscal year that have caused necessary changes:

- Community Sanitation Response Team - The council moved to add seven full-time equivalent positions to the FY 2022 budget funded with the State Sheltering Grant through the end of the fiscal year. The State Sheltering grant will continue to be proposed to offset the cost of this team until expended.
- Navigation Center Construction - The City is anticipating two grants: one from Marion County for \$3M and one from the State Legislature for \$1.9M to fund the necessary tenant improvements to the recently purchased City of Salem Navigation Center.
- Ice Storm Tree Planting - The City received insurance proceeds for the damage caused during the ice storm to fund a multi-year replanting program for City owned trees. This action allows this program to begin its work within the current fiscal year.
- Emergency Medical Services (EMS) Fund - The City has activated a medic unit to assist its contractor Falck ambulance. This action has created an additional revenue and expense in the EMS Fund as well as the need to transfers funds to the General Fund to offset overtime expense.
- Transient Occupancy Tax / Tourism Promotion Area fee - the revenues for both the Transient Occupancy Tax (TOT) as well as the fee revenue for the Tourism Promotion Area have come in higher than budgeted and this action is needed to recognize that revenue and additional expense to make statutory payments that are based directly on the level of tax or fee.
- Traffic Safety Fund - Photo enforcement revenue has increased, and additional transfer

authority is needed to transfer funds to the General Fund.
A public hearing is required due Oregon Budget Law and the amount of individual fund appropriations being more than ten percent of the FY 2022 budget.

ISSUE:

Shall the City Council adopt Resolution No. 2022-22 appropriating \$7,606,950 and amending the FY 2022 budget?

RECOMMENDATION:

Adopt Resolution No. 2022-22 appropriating \$7,606,950 and amending the FY 2022 budget.

FACTS AND FINDINGS:

Community Sanitation Response Team

Fund 404, Misc State and Federal Grants

Reduce: Other Special Payments, 404-60981015-54850, \$423,750

Add: Interfund Transfers, 404-60981015-62110, \$423,750

Fund 101, General Fund

Parks Operations

Add: Transfers In, 101-21502000-39110, \$291,340

Add: Salaries and Wages, 101-21502000-51010, \$ 114,340

Add: Small Equipment and Supplies, 101-21502000-52820, \$20,000

Add: Equipment and Machinery, 101-21502000-55130, \$157,000

City Manager's Office

Add: Transfers In, 101-13101000-39110, \$47,520

Add: Salaries and Wages, 101-13101000-51010, \$37,520

Add: Small Equipment and Supplies, 101-13101000-52820, \$10,000

Police Community Engagement

Add: Transfers In, 101-35352080-39110, \$84,890

Add: Salaries and Wages, 101-35352080-51010, \$79,890

Add: Small Equipment and Supplies, 101-35352080-52820, \$5,000

The City Council moved to add seven full-time equivalent positions to the FY 2022 budget funded with the State Sheltering Grant through the end of the fiscal year. These positions will be dedicated to the City's response to managing public spaces and reduce the impacts of unmanaged sheltering. Community members regularly contact City staff with safety and livability concerns about unmanaged camps, including those in small neighborhood parks, larger event and recreational parks, abandoned

private property, downtown sidewalks, median strips, and other areas. The State Sheltering grant will continue to be proposed to offset the cost of this team until expended.

Navigation Center Construction

Resource - Fund 255, Capital Improvements, Navigation Center
Add: State Grants, 255-60903000-35510, \$1,900,000
Add: Other Grants, 255-60903000-35655, \$3,000,000

Requirement - Fund 255, Capital Improvements, Navigation Center
Add: Construction Contracts, 255-60903000-52620, \$4,900,000

The City of Salem Navigation Center was purchased using American Rescue Plan Act (ARPA) funds. After the purchase the estimate for the work needed for tenant improvements was much higher than anticipated. Requests were made to Marion County and the State Legislature to fill the funding gap.

Ice Storm - Tree Planting

Resource - Fund 447, Parks Facilities Reserves, PW Salem City Tree Fund
Add: Accident and Fire Recovery, 447-58983117-32310, \$721,860

Requirement - Fund 447, Parks Facilities Reserves, PW Salem City Tree Fund
Add: Interfund Transfers, 447-58983117-62110, \$119,600

Resource - Fund 101, Parks Operations, General Fund
Add: Transfers In, 101-21501500-32110, \$119,600

Requirement - Fund 101, Parks Operations, General Fund
Add: Personal Services, 101-21501500-51010, \$31,350
Add: Capital Outlay, 101-21501500-55130, \$88,250

The February 2021 ice storm resulted in significant damage to property in the City of Salem and particularly to the tree canopy. A total of \$721,860 has been received in insurance proceeds and placed in a trust account to fund a multi-year, limited duration program for replanting and reestablishment of city-owned trees in the rights-of-way, parks, and other city property. The Parks Section plans to begin the process of stump grinding in Spring 2022 and seeks to purchase equipment and begin recruitment for two limited duration Parks Maintenance operators. The supplemental budget request for FY 2022 includes \$88,250 for the stump grinder and trailer and \$31,350 for personal services. The existing 22-year old stump grinder is being replaced with one that is well-suited to addressing street trees in an efficient way with minimal disruption to traffic flow as well as park areas with challenging access. The proposed FY 2023 budget will continue the limited duration positions and expand the program to begin replanting.

Emergency Medical Services (EMS) Fund

Resource - Fund 320, Emergency Medical Services Fund
Add: Ambulance Service, 320-37401000-32385, \$909,820

Requirement - Fund 320, Emergency Medical Services Fund
Add: Bad debt - medicare write off, 320-37401000-53771, \$172,000
Add: Bad debt - medicaid write off, 320-37401000-53772, \$172,000
Add: Intrafund Transfers, 320-37401000-62110, \$350,000

Resource - Fund 101, Fire, General Fund
Add: Transfers In, 101-37202500-39110, \$350,000

Requirement - Fund 101, Fire, General Fund
Add: Personal Services, 101-3720250-51030, \$350,000

Falck Ambulance has not been able to provide the required and necessary service requirements to the community due to a decrease of available Paramedics along with the impacts of COVID. These impacts impacted the Unit Hour Availability and Falk was not able to meet the response standards that are set forth in the contract. Due to these issues, the Fire department has provided additional ambulance transport services.

Due to the additional transports (403 additional transports through March 8, 2022), the EMS Fund has experienced higher than anticipated revenue and expenses for FY 21-22.

The EMS Fund records billed ambulance transports in 32385 and write-offs to Medicare and Medicaid to 53771/53772 respectively. With the increase in revenue there is a corresponding increase to Medicare and Medicaid write-offs. Currently the department is experiencing a payer mix of 76% Medicare/Medicaid and 24% Commercial and private pay.

Transient Occupancy Tax / Tourism Promotion Area Fee

Resource - Fund 175, Cultural Tourism Fund
Add: Hotel/Motel taxes, 175-60915000-31310, \$450,000

Requirement - Fund 175, Cultural Tourism Fund
Add: Other Professional Services, 175-60915000-52670, \$450,000

Resource - Fund 177, Tourism Promotion Area
Add: Assessment - Principal, 177-60941000-33110, \$200,000

Requirement - Fund 177, Tourism Promotion Area
Add: Other Professional Services, 177-60941000-54850, \$200,000

The revenues for both the Transient Occupancy Tax (TOT) as well as the fee revenue for the Tourism Promotion Area has come in higher than budgeted and this action is needed to recognize that revenue and additional expense to make statutory payments that are based directly on the level of tax or fee.

Traffic Safety Fund

Resource - Fund 190, Traffic Safety Fund

Add: Photo red light fines, 190-60961500-36116, \$200,000

Add: Speed on green fines, 190-60961500-36117, \$150,000

Requirement - Fund 190, Traffic Safety Fund

Add: Transfers to other funds, 190-60961500-62110, \$350,000

The photo enforcement revenue has increased, and additional transfer authority is needed to transfer the funds to the General Fund.

BACKGROUND:

ORS 294.471(1)(a) authorizes a supplemental budget when an occurrence or condition that is not ascertained when preparing the original budget or a previous supplemental budget for the current year or current budget period and that requires a change in financial planning.

Attachments:

1. Resolution No. 2022-22
2. Resolution No. 2022-22, Exhibit A
3. Resolution No. 2022-22, Exhibit B