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City Council

Approval of Joint Recommendation from City Manager and Finance Committee for Appropriation of 2020 Year-End Funds for General Fund and Proposed Use of America Rescue Plan funding

Agenda Date: 5/4/2021
Agenda Item Number: 6.C
File Number: 21-0441

Type: decision **Version:** 1 **Status:** Passed

Title

Approval of Joint Recommendation from City Manager and Finance Committee for Appropriation of 2020 Year-End Funds for General Fund and Proposed Use of America Rescue Plan funding

Recommended Action

Committee Recommendation:

Finance Committee met on March 17 and April 21 to review and discuss the 2020 year-end General Fund financial position and the America Rescue Plan funding. The Committee directed staff to forward a joint City Manager/Finance Committee recommendation to City Council to approve the joint recommendations of City Manager and Finance Committee for appropriating year-end funds and the proposal for use of America Rescue Plan (ARP) funding, and direct staff to include these appropriations in a future Quarterly Budget Amendment.

City Manager Recommendation:

Move to approve the joint recommendation of City Manager and Finance Committee to appropriate ~ \$3.9 million of 2020 year-end General Fund funds, as summarized in Attachment #1, and approve the proposed use of America Rescue Plan (ARP) funding, and direct staff to include these appropriations in a future Quarterly Budget Amendment.

Report

Issue:

Whether to approve the joint recommendation of City Manager and Finance Committee to appropriate ~ \$3.9 million of 2020 year-end General Fund funds, as summarized in Attachment #1, and approve the proposed use of America Rescue Plan (ARP) funding, and direct staff to include the appropriations with a future Quarterly Budget Amendment.

Staff Contact:

Nanci Lien, Finance Director, 360.753.8465

Presenter(s):

Jay Burney, City Manager
Nanci Lien, Finance Director

Background and Analysis:

The City ended 2020 with an approximate General Fund fund balance of \$3.9 million. This is the fund balance available for appropriations after adjustments were made to increase the Emergency Reserve (\$124,274) and the Budget Revenue Stabilization Reserve (\$395,000).

Finance Committee discussed the 2020 year-end General Fund financial position at their March 17 and April 21 meetings. The City Manager presented his recommendations for use of the year-end funds, as well as a proposal for use of the federal America Rescue Plan funds for 2021 and 2022. Finance Committee concurred with the City Manager's recommendation for allocation of the 2020 year-end funds. City Staff will present the joint City Manager and Finance Committee recommendation for use of 2020 year-end funds, as well as the proposal for use of the pending America Rescue Plan funding.

Neighborhood/Community Interests (if known):

The City's budget and its allocations are of interest to the community.

Options:

1. Approve joint recommendations of City Manager and Finance Committee for appropriating year-end funds and the proposal for use of America Rescue Plan (ARP) funding, and direct staff to include these appropriations in a future Quarterly Budget Amendment.
2. Approve joint recommendations of City Manager and Finance Committee for appropriating year-end funds and the proposal for use of America Rescue Plan (ARP) funding, with modifications, and direct staff to include these appropriations in a future Quarterly Budget Amendment.
3. Do not approve joint recommendation of City Manager and Finance Committee for appropriating year-end funds and the proposal for use of America Rescue Plan (ARP) funding, and request additional information at a future Finance Committee meeting.

Financial Impact:

The City's 2021 Operating Budget, adopted on December 15, 2020 via Ordinance 7268, appropriates \$167.6 million, which includes General Fund appropriations of \$88.1 million. The City Manager/Finance Committee recommendation for allocation of approximately \$3.9 million in 2020 year-end General fund funds restores budget reductions made during the 2021 Operating Budget balancing process and addresses other prior commitments and Council's priorities that were awaiting consideration of funding through the year-end process. The America Rescue Plan funding of approximately \$10 million, with restricted uses, is expected to be received over a two-year period.

Attachments:

2020 End of Year Funds
Olympia Economic Recovery Spending